

AGENDA
 PUBLIC FACILITIES COMMITTEE
 Tuesday, February 23, 2010
 4:30 p.m.
 Executive Conference Room
 Administration Building

Committee Members:
 Herbert Glaze, Chairman
 Steven Baer, Vice Chairman
 Gerald Dawson
 Brian Flewelling
 William McBride
 Paul Sommerville
 Jerry Stewart

Staff Support:
 Rob McFee, Division Director

- 4:30 p.m.** 1. CALL TO ORDER
2. CONSIDERATION OF CONTRACT AWARDS
- [Lighting Improvements for County Health Department](#)
 - [Re-roofing for the County Main Branch Library and Human Services Building](#)
 - [Engineering Design Services for Boundary Street Streetscape](#)
 - [C. C. Haigh Boat Landing Improvements](#)
 - [Hilton Head Island Airport Parking Concession](#)
 - [Sole Source Contract for Design Services for Courthouse, Administration Building and Detention Center Rehabilitation](#)
 - [Professional Services for Solid Waste Transfer Station Fatal Flaw Analysis](#)
3. [CONSIDERATION OF SIGNATURE FLIGHT SUPPORT HANGAR PROPOSAL](#)
4. ADJOURNMENT

County TV Rebroadcast	
Tuesday	4:00 a.m.
Tuesday	11:00 p.m.
Wednesday	6:00 p.m.

Public Facilities		
Date	Time	Location
March 23	4:30 p.m.	ECR
April 27	4:30 p.m.	ECR
May 25	4:30 p.m.	ECR
June 29	4:30 p.m.	ECR
July 27	4:00 p.m.	ECR
August 24	4:00 p.m.	ECR
September 28	4:00 p.m.	ECR
October 26	4:00 p.m.	ECR
November 23	4:00 p.m.	ECR
No Meeting in December		

A quorum of Council may be in attendance at all Committee meetings.
 Please silence your cell phone during the meeting.



COUNTY COUNCIL OF BEAUFORT COUNTY
BEAUFORT COUNTY ENGINEERING DIVISION

Building 3, 102 Industrial Village Road
Post Office Drawer 1228, Beaufort, SC 29901-1228
Phone: (843) 470-2625 Fax: (843) 470-2630

TO: Councilman Herbert N Glaze, Chairman, Public Facilities Committee

VIA: Gary Kubic, County Administrator
Bryan Hill, Deputy County Administrator
David Starkey, Chief Financial Officer
Robert McFee, Director of Engineering & Infrastructure

FROM: Bob Klink, County Engineer

SUBJ: **Lighting Improvements for the Beaufort County Health Department
IFB # 2285/101237**

DATE: February 5, 2010

BACKGROUND. On December 9, 2009, Beaufort County accepted bids for the lighting improvements for the Beaufort County Health Department at 601 Wilmington Street, Beaufort. This project will include the replacement of all existing lighting fixtures with new energy efficient fixtures. A certified tabulation of the bid results is attached and totals for each of the 7 companies submitting bids as follows:

<u>Company Name</u>	<u>Location</u>	<u>Bid Price</u>
Beacon/Lowcountry Electrical	61 Grand Oaks Way, Beaufort, SC	\$28,000.00
Burriss Electrical, Inc.	1251 North Lake Dr, Lexington, SC	\$28,740.00
Quality Electrical Systems	2735 Depot Road, Beaufort, SC	\$28,800.00
Powell Electric	287 Shanklin Rd, Beaufort, SC	\$29,750.00
Simoneaux Electric, Inc.	3A Lost Hollow Lane, Bluffton, SC	\$32,595.00
F. M. Young, Co., Inc.	941 Allendale Hwy, Fairfax, SC	\$39,999.00
Pace Electrical Contractors	131 Southern Blvd, Savannah, GA	\$41,700.00
Architect's Estimate		\$32,000.00

Beacon Electrical submitted the lowest qualified/responsible bid of \$28,000.00. Beacon Electrical bid was reviewed and found to be reasonable and is in compliance with the County's SMBE Ordinance. Beacon Electrical will be self performing all work. There is no apparent cause for rejecting their bid. Funding source for this project is the FY05 CIP account #11435-54428 Health Center with a total current balance of \$87,052.00.

RECOMMENDATION. The Public Facilities Committee approve the award of a construction contract to Beacon Electrical in the amount of \$28,000.00 for the lighting improvements for the County Health Department utilizing the funding source listed above.

REK/DC/mjh
DC/DH

Attachments: 1) Bid Certification
2) SMBE Documents

cc: Mark Roseneau
Dave Thomas

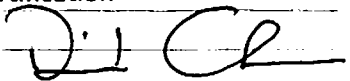
Award Recommendation for Public Facilities Committee February 23, 2010

PROJECT:	Lighting Improvements for Health Department IFB 2285/101237
NUMBER OF BIDS/PROPOSALS RECEIVED	7
	Beacon/Lowcountry Electrical, Beaufort, SC \$28,000
	Burriss Electrical, Lexington, SC \$28,740
	Quality Electrical Systems, Beaufort, SC \$28,800
	Powell Electric, Beaufort, SC \$29,750
	Simoneaux Electric, Bluffton, SC \$32,595
	F M Young Co., Fairfax, SC \$39,999
	Pace Electrical Contractors, Savannah, GA \$41,700
BIDDER/PROPOSER RECOMMENDED:	Beacon Electrical, Beaufort, SC
BID OFFER:	\$28,000.00
FUNDING SOURCE:	FY 05 CIP
COMMENTS:	Award approval for Public Facilities Committee Meeting on February 23, 2010

Lighting Improvements for the Beaufort County Health Department

IFB #2285/101237

Opened December 9, 2009 at 3:00 pm

	Vendor	Location	Total Bid	
1	Beacon/Lowcountry Electric	Beaufort, SC	\$ 28,000.00	
2	Burriss Electrical, Inc	Lexington, SC	\$ 28,740.00	
3	Quality Electrical Systems	Beaufort, SC	\$ 28,900.00	
4	Powell Electric	Beaufort, SC	\$ 29,750.00	
5	Simoneaux Electric, Inc	Bluffton, SC	\$ 32,595.00	
6	F. M. Young Co. Inc.	Fairfax, SC	\$ 39,999.00	
7	Pace Electrical Contractors	Savannah, GA	\$ 41,700.00	
	Bid Certification			
				
	Signature			
	<u>12/10/09</u>			
	Date			



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BEAUFORT COUNTY ENGINEERING DIVISION

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TO: Councilman Herbert N Glaze, Chairman, Public Facilities Committee

VIA: Gary Kubic, County Administrator
Bryan Hill, Deputy County Administrator
David Starkey, Chief Financial Officer
Robert McFee, Director of Engineering & Infrastructure

FROM: Bob Klink, County Engineer

SUBJ: **Re-Roofing for the Beaufort County Main Branch Library & Human Services Building IFB # 2909/101236**

DATE: February 5, 2010

BACKGROUND. On January 7, 2010, Beaufort County accepted bids for the re-roofing of the Beaufort County Main Branch Library at 311 Scott Street, Beaufort and the Beaufort County Human Services Building at 1905 Duke Street, Beaufort. This project will include the complete removal of the existing roofing and installation of a new roofing system on both buildings. A certified tabulation of the bid results is attached and totals for each of the 9 companies submitting bids as follows:

<u>Company Name</u>	<u>Location</u>	<u>Bid Price</u>
CEI Group, LLC	32 Courtyard Building, Hilton Head, SC	\$225,500.00
Alternative Roofing Solutions	1750 Hwy 160 W, Fort Mill, SC	\$231,990.00
AAR of NC	655 Peddycord Rd, Kernersville, NC	\$279,300.00
Coastal Commercial Roofing Co	4355 Adrian Hwy, Conway, SC	\$328,424.00
Peach State Roofing, Inc.	260 Chad Wesley Blvd, Rock Hill, SC	\$336,100.00
Southern Roof & Wood Care	145 Island Drive, Hilton Head, SC	\$331,645.00
Carolina Roofing, Inc.	4675 Franchise St., N. Charleston, SC	\$390,000.00
C. E. Bourne & Co	140 Industrial Dr, Greenwood, SC	\$402,562.00
Davis Roofing & Sheet Metal	4210 Piggly Wiggly Dr, Charleston, SC	\$419,557.00
Architect's Estimate		\$247,000.00

CEI Group, LLC submitted the lowest qualified/responsible bid of \$225,500.00. CEI Group, LLC bid was reviewed and found to be reasonable and is in compliance with the County's SMBE Ordinance. CEI Group, LLC will be self performing all work. There is no apparent cause for rejecting their bid. Funding source for this project is the FY05 CIP accounts #11435-54421 Library and #11435-54427 Human Services Building which have a total current balance of \$292,762.66.

RECOMMENDATION. The Public Facilities Committee approve and recommend to County Council the award of a construction contract to CEI Group, LLC in the amount of \$225,500.00 for the re-roofing improvements to County's Main Branch Library and the Human Services Building utilizing the funding sources listed above.

REK/DC/mjh
DC | DA

Attachments: 1) Bid Certification
2) SMBE Documents

cc: Mark Roseneau
Dave Thomas

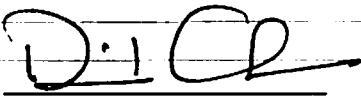
Award Recommendation for Public Facilities Committee February 23, 2010

PROJECT:	Re-Roofing Main Branch Library & Human Services Building IFB # 2909/101236
NUMBER OF BIDS/PROPOSALS RECEIVED	9
	CEI Group, Hilton Head, SC \$225,500
	Alternative Roofing Solutions, Fort Mill, SC \$231,990
	AAR of NC, Kernersville, NC \$279,300
	Coastal Commercial Roofing, Conway, SC \$328,424
	Peach State Roofing, Rock Hill, SC \$336,100
	Southern Roof & Wood Care, Hilton Head, SC \$331,645
	Carolina Roofing, N. Charleston, SC \$390,000
	C.E. Bourne & Co., Greenwood, SC \$402,562
	Davis Roofing & Sheet Metal, Charleston, SC \$419,557
BIDDER/PROPOSER RECOMMENDED:	CEI Group, Hilton Head, SC
BID OFFER:	\$225,500.00
FUNDING SOURCE:	FY 05 CIP
COMMENTS:	Award approval for Public Facilities Committee Meeting on February 23, 2010

Re-Roofing for Beaufort County Library Main Branch & Beaufort County Human Services Building

IFB #2909/101236

Opened January 7, 2010 at 3:00 p.m.

	Company	Location	Library Main Branch Roof	Human Services Roof	Grand Total
1	CEI Group, LLC	Hilton Head, SC	\$ 125,500.00	\$ 100,000.00	\$ 225,500.00
2	Alternative Roofing Solutions, Inc.	Fort Mill, SC	\$ 127,250.00	\$ 104,740.00	\$ 231,990.00
3	AAR of North Carolina	Kernersville, NC	\$ 170,900.00	\$ 108,400.00	\$ 279,300.00
4	Coastal Commercial Roofing Company, Inc.	Conway, SC	\$ 184,318.00	\$ 144,106.00	\$ 328,424.00
5	Peach State Roofing, Inc.	Rock Hill, SC	\$ 194,600.00	\$ 141,500.00	\$ 336,100.00
6	Southern Roof & Wood Care	Hilton Head, SC	\$ 206,145.00	\$ 125,500.00	\$ 331,645.00
7	Carolina Roofing	N. Charleson, SC	\$ 253,000.00	\$ 137,000.00	\$ 390,000.00
8	C. E. Bourne & Co., Inc.	Greenwood, SC	\$ 233,336.00	\$ 169,226.00	\$ 402,562.00
9	Davis Roofing & Sheet Metal, Inc	Charleston, SC	\$ 245,390.00	\$ 174,167.00	\$ 419,557.00
Bid Certification <div style="margin-top: 10px;">  </div>					
Signature					
Date					
1/8/10					



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TO: Councilman Herbert N. Glaze, Chairman, Public Facilities Committee

VIA: Gary Kubic, County Administrator
 Bryan Hill, Deputy County Administrator
 David Starkey, Chief Financial Officer
 Robert McFee, Director of Engineering & Infrastructure

FROM: Robert Klink, County Engineer

SUBJ: Engineering Design Services for Boundary Street Streetscape – RFP #3907/090566

DATE: November 17, 2009

BACKGROUND. In May of 2009, Beaufort County issued a Request for Proposal soliciting Engineering Design Services for Boundary Street Streetscape. This project will be funded by the Beaufort County 1% Sales Tax Program Funds Acct #33405-54500 for Sales Tax Project #5.

The following 8 consultant firms responded and provided proposals for the project on June 17, 2009:

<u>CONSULTANT</u>	<u>ADDRESS</u>
Kimley-Horn Associates	710 Boundary, St. 1D, Beaufort, SC 29902
Thomas & Hutton Engineering Co.	50 Park of Commerce Way, Savannah, GA 31405
Parsons Brinckerhoff	1501 Main St., Suite 700, Columbia, SC 29201
Wilbur Smith Associates	1301 Gervais St., Suite 1600, Columbia, SC 29201
Hussey, Gay, Bell & DeYong	329 Commercial Dr., Savannah, GA 31416
Empire Engineering, LLC	4930 Rivers Ave., North Charleston, SC 29406
Coleman-Snow Consultants, LLC	1951 Clements Ferry Road, Suite 100, Charleston, SC 29492
Florence & Hutcheson, Inc.	501 Huger St., Columbia, SC 29201

A selection committee consisting of the Beaufort County Director of Engineering & Infrastructure, Beaufort County Engineer, Beaufort County Assistant County Engineer, City of Beaufort City Manager and City of Beaufort Planning Director was assembled to review the proposals, evaluate and rank the proposals using established criteria on the basis of the “best experience and value offered” rather than solely on the lowest price. As a result, two consultant firms – Thomas & Hutton Engineering Company and Kimley-Horn Associates were chosen for the interviews. Based on their extensive project analysis and planning, their level of experience with urban roadway design, the selection committee recommends that Thomas & Hutton Engineering Company offers the overall best vision for the design of Boundary Street Streetscape.

RECOMMENDATION. That the Public Facilities Committee approve and recommend to County Council approval of an award to Thomas & Hutton Engineering Company for The Boundary Street Streetscape Engineering Design Services in the amount of \$550,000.

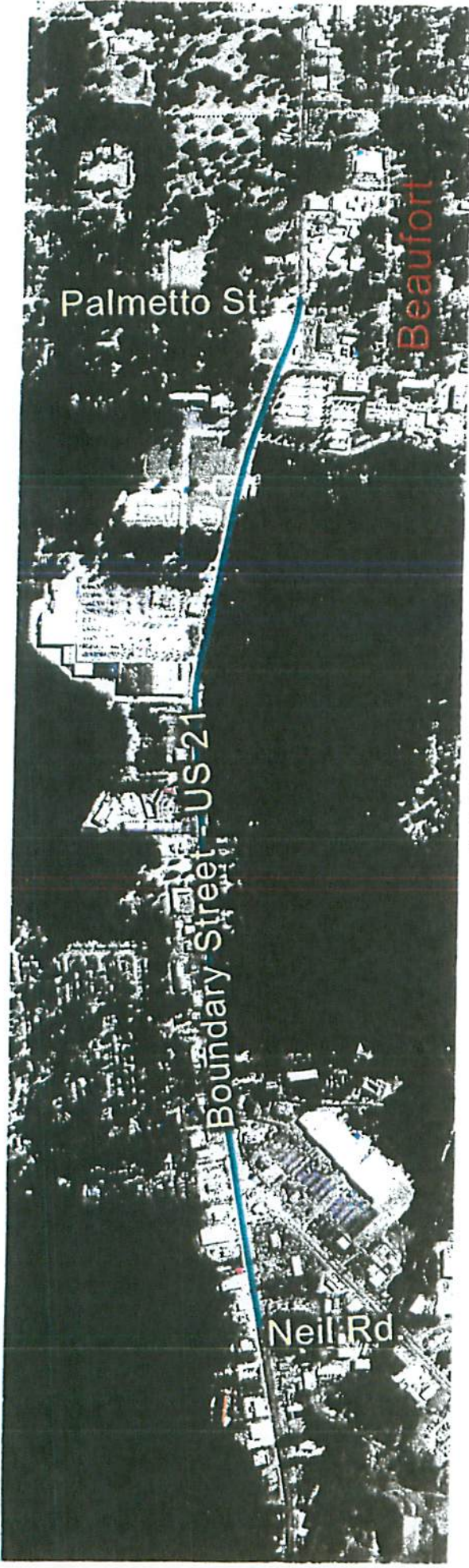
REK/JF/mjh

Attachment Location Map

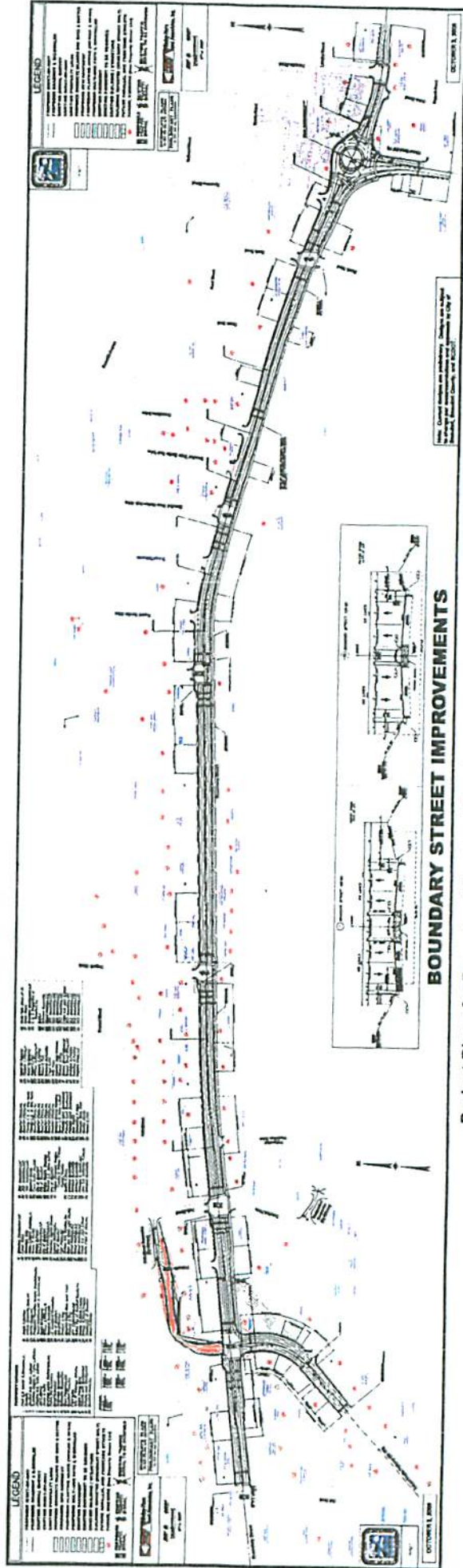
cc: Dave Thomas, Purchasing

Award Recommendation for Public Facilities Committee February 23, 2010

PROJECT:	Engineering Design Services for Boundary Street Streetscape Sales Tax Project #5 RFP 3907/090566
NUMBER OF BIDS/PROPOSALS RECEIVED	8
	Kimley-Horn Associates, Beaufort, SC
	Thomas & Hutton Engineering, Savannah, GA
	Parsons Brincherhoff, Columbia, SC
	Wilbur Smith Associates, Columbia, SC
	Hussey, Gay, Bell & DeYoung, Savannah, GA
	Empire Engineering, North Charleston, SC
	Coleman Snow Consultants, Charleston, SC
	Florence & Hutcheson, Columbia, SC
BIDDER/PROPOSER RECOMMENDED:	Thomas & Hutton Engineering Company, Savannah, GA
BID OFFER:	\$550,000.00
FUNDING SOURCE:	1% Sales Tax Program Funds
COMMENTS:	Award approval for Public Facilities Committee Meeting on February 23, 2010



Project Location



Project Plans for Boundary Street and Parallel Road Improvements and Additions



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BEAUFORT COUNTY ENGINEERING DIVISION
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TO: Councilman Herbert N. Glaze, Chairman, Public Facilities Committee

VIA: Gary Kubic, County Administrator
Bryan Hill, Deputy Administrator
David Starkey, Chief Financial Officer
Robert McFee, Director of Engineering & Infrastructure

FROM: Robert Klink, County Engineer

SUBJ: C. C. Haigh Public Boat Landing Improvement IFB #2971/100140

DATE: February 16, 2010

BACKGROUND. In December 09, Beaufort County issued an invitation for bids for improvements to C. C. Haigh Boat Landing located on Wm Hilton Parkway (US 278) between the two bridges before Hilton Head Island. The improvements consists of replacement of the existing concrete ramp with a new 128'x28' two-lane concrete boat ramp, a 108'x 8' aluminum "groundout" floating dock, a 43'x8' concrete abutment, riprap & scour protection, and replacement of one existing timber pile dolphin. The following seven bids were received on February 16, 2010.

<u>Contractors</u>	<u>Total Bid</u>	<u>Comments</u>
L-J, Inc. 220 Stoneridge Dr., Columbia, SC	\$238,210.00	Non-responsive bid due to non-compliance with County SMBE Ordinance
Henley's Construction Co 2876 Hwy 9, Cheraw, SC	\$258,600.00	Non-responsive bid due to non-compliance with County SMBE Ordinance
Alpha Construction Co 4250 Ogeechee Rd, Savannah, GA	\$275,555.00	Lowest response Bidder
AP Reale and Sons, Inc 4491 Hwy 17, Murrells Inlet, SC	\$287,000.00	Non-responsive bid due to non-compliance with County SMBE Ordinance
Steadfast Marine Services, Inc. 157 Fripp Pt. Rd, St. Helena, SC	\$316,750.00	
Cape Romain Contractors, Inc. 612 Cape Romain Rd, Wando, SC	\$328,000.00	
O'Quinn Marine Construction 95 Sheppard Rd, Beaufort, SC	\$380,000.00	
Engineer's Estimate	\$325,000.00	

Alpha Construction Company, Inc submitted the most qualified/responsible bid of \$275,555.00. Alpha Construction Company's bid was reviewed and found to be reasonable and is in compliance with the County's SMBE Ordinance. This project will be funded by FY 08 CIP Account #11437-54430 with a current balance of \$721,595.00

RECOMMENDATION The Public Facilities Committee approve and recommend to County Council approval of a contract award to Alpha Construction Company for \$275,555.00 for the C. C. Haigh Boat Landing Improvement project to be funded from the account listed above.

REK/JF/mjh

Attachments: 1). Bid Certification, 2) Location Map 3) SMBE Documentation

Award Recommendation for Public Facilities Committee February 23, 2010

PROJECT:	C. C. Haigh Boat Landing Improvements IFB # 2906/100140
NUMBER OF BIDS/PROPOSALS RECEIVED	7
	Alpha Construction Co, Savannah, GA \$275,555
	Steadfast Marine Services, St. Helena, SC \$316,750
	Cape Romain Contractors, Wando, SC \$328,000
	O'Quinn Marine Construction, Beaufort, SC \$380,000
	Following 3 contractors bids were non-responsive due to non-compliance with County SMBE Ordinance
	L-J, Inc., Columbia, SC \$238,210
	Henley's Construction, Cheraw, SC \$258,600
	AP Reale & Sons, Murrells Inlet, SC \$287,000
BIDDER/PROPOSER RECOMMENDED:	Alpha Construction Co, Savannah, GA
BID OFFER:	\$275,555.00
FUNDING SOURCE:	FY 08 CIP
COMMENTS:	Award approval for Public Facilities Committee Meeting on February 23, 2010

C.C. Haigh Public Boat Landing Improvements

IFB #2971/100140

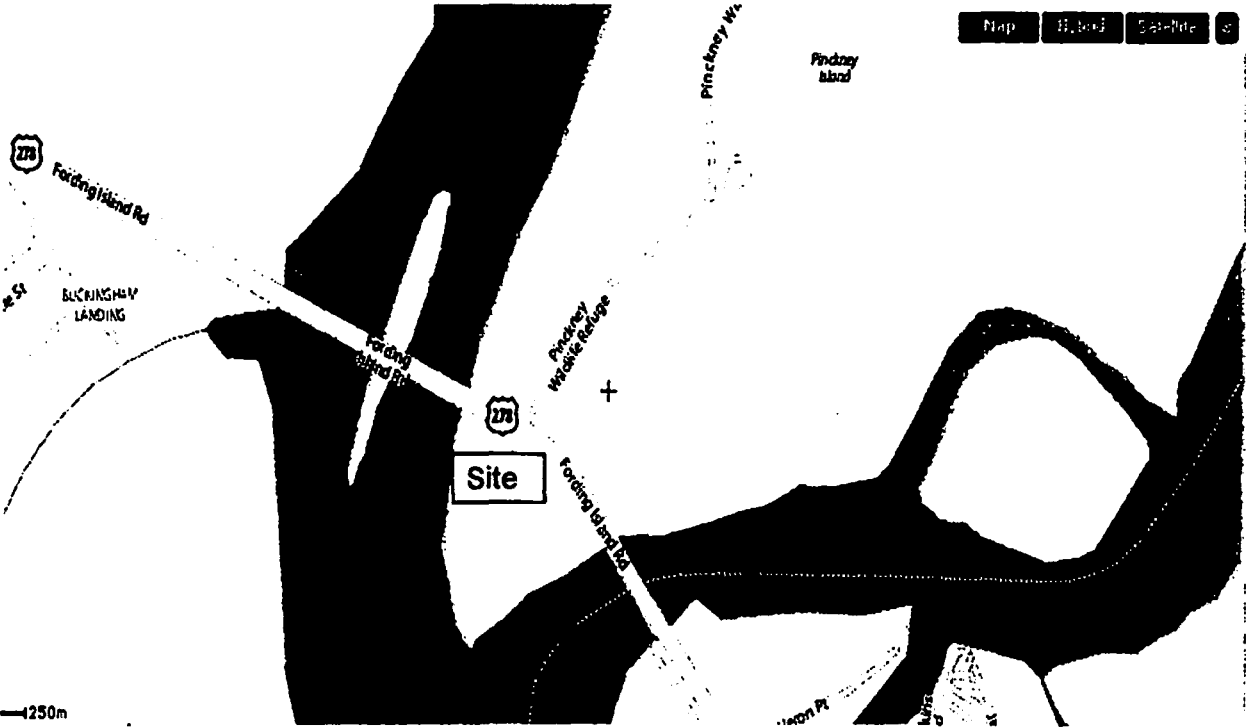
Opened February 16, 2010 at 3:00 pm

Vendor	Location		Total
1 L-J, Inc	Columbia, South Carolina	\$	238,210.00
2 Henley's Construction Company	Cheraw, South Carolina	\$	258,600.00
3 Alpha Construction Company, Inc.	Savannah, Georgia	\$	275,555.00
4 AP Reale and Sons, Inc	Ticonderoga, New York	\$	287,000.00
5 Steadfast Marine Services, Inc.	Beaufort, South Carolina	\$	316,750.00
6 Cape Romain Contractors, Inc.	Wando, South Carolina	\$	328,000.00
7 O'Quinn Marine Construction	Beaufort, South Carolina	\$	380,000.00
8			
9			
10			

Bid Certification BY: JFe:

Date: 2/16/10

LOCATION MAP





County Council of Beaufort County
Hilton Head Island Airport – www.hiltonheadairport.com
Beaufort County Airport – www.beaufortcoairport.com
Post Office Box 23739 – 120 Beach City Road
Hilton Head Island, South Carolina 29925-3739
Phone: (843) 689-5400 - Fax: (843) 689-5411

TO: Councilman Herbert Glaze, Chairman, Public Facilities Committee

VIA: Gary Kubic, County Administrator
David Starkey, Chief Financial Officer
Lad Howell, County Attorney
Rob McFee, Director, Engineering and Infrastructure Division

FROM: Paul Andres, Director of Airports PA

SUBJ: **Hilton Head Island Airport Parking Concession**

DATE: February 19, 2010

BACKGROUND. In response to our Request for Proposals, two proposals were received to handle the public parking concession at the Hilton Head Island Airport. A committee consisting of the Airport Director and two Beaufort County Airports Board members evaluated the proposals and ranked the firms in the following priority order: (1) Republic Parking System and (2) Potomac Parking Management. Subsequent negotiations with Republic Parking System have resulted in reaching an acceptable agreement. A copy of this proposed agreement is attached for your information. The initial term of the agreement is for five years with an additional five year option. Republic Parking System will install \$80,700.00 worth of new equipment at their expense subject to depreciation over the entire ten year period. A review of Republic Parking System's proposal indicates that they made a good faith effort with respect to local S/MBE participation. Copies of their good faith efforts are also attached. This agreement is anticipated to generate between \$25,000.00 to \$30,000.00 per year in revenue to the Hilton Head Island Airport. The Airports Board favorably endorses this agreement.

RECOMMENDATION. Request that the Public Facilities Committee approve and recommend to County Council approval of a contract with Republic Parking System to handle the public parking concession at the Hilton Head Island Airport in accordance with the attached proposed agreement.

Attachments: Agreement for Public Parking Facilities Hilton Head Airport
S/MBE Good Faith Effort Documentation

PAA/paa

**AGREEMENT FOR PUBLIC PARKING
FACILITIES HILTON HEAD AIRPORT,
HILTON HEAD ISLAND,
BEAUFORT COUNTY, SOUTH CAROLINA**

This Agreement entered into this first (1st) day of April 2010, by and between Beaufort County, a political subdivision of the State of South Carolina, herein referred to as "County" and REPUBLIC PARKING SYSTEM, INC. with its principal offices located at 633 Chestnut Street, Suite 2000, Republic Centre, Chattanooga, Tennessee 37450, hereinafter called "Operator".

WITNESSETH

WHEREAS, the County owns facilities for a parking lot at or in the vicinity of the Hilton Head Airport, located at 120 Beach City Road, Hilton Head Island, SC; and

WHEREAS, the County intends to charge fees for public parking in and about the Airport area; and

WHEREAS, the Operator is in the business of managing and operating such Public Parking Facilities;
and

WHEREAS, County and Operator have agreed upon the terms and conditions under which Operator will manage and operate County's Public Parking Facilities for the Airport.

NOW THEREFORE, intending to be legally bound, the parties hereto agree and stipulate as follows:

1. Term.

a. Operator hereby agrees to manage and operate all "Public Parking Facilities" in and about the terminal area at Airport for the use in connection with all commercial airline traffic for a term of five (5) years. County herewith grants to Operator the exclusive right to operate all the said "Public Parking Facilities" for County for a term of five (5) years. "Public Parking Facilities" shall include all areas available to members of the general public for the parking of vehicles, whether improved or unimproved. County Public Parking Facilities to be managed and operated by Operator are outlined on Exhibit "A" attached hereto and as County shall determine and designate from time to time; provided that such Public Parking Facilities outlined on Exhibit "A", shall not be permanently decreased during the term hereof. Any permanent decreases in excess of twenty (20) spaces shall be deemed to be material for the purposes of this paragraph.

b. A Relocation Event is defined herein as a permanent decrease in the physical space available for general public parking with a concomitant reduction in the number of general public parking spaces potentially available for use by the Operator.

c. Not less than thirty (30) days prior to a Relocation Event, County Airport Director or his designee, shall deliver to Operator notice specifying and designating the space to be substituted for the portion of the existing Public Parking Facilities to be affected. Notwithstanding such Relocation Event, this Agreement and all the terms, provisions, covenants and conditions contained herein shall remain and continue in full force and effect, except that the Public Parking Facilities set forth in Exhibit A shall be automatically and with no further action by the parties be amended and deemed to include such substitute space (hereinafter called "Substitute Space"), with the same force and effect as if the Substituted Space were originally specified in this Agreement.

In the event of a Relocation Event:

- (1) County shall, at its own expense, prepare the Substitute Space for use as a part of the Public Parking Facilities,
- (2) Upon County's completion of the Substitute Space and delivery of written notice of completion of the same to Operator, Operator shall within ten (10) days remove all of its property to the Substitute Space and surrender the affected portion of the Public Parking Facilities to County, and upon failure of Operator to so remove its personal property, County may remove the same from the affected portion of the Public Parking Facilities. Failure of Operator to move to the Substitute Space shall be deemed a substantial breach of this Agreement.

2. **Gross Parking Lot Receipts.** Operator shall be entitled to collect and receive any and all gross parking lot receipts from the Public Parking Facilities, including, without limitation, parking validations, and towing service fees, if any. Operator agrees to remit and pay to County the following percentage of the gross parking lot receipts (excluding towing fees, parking validations, credit card discount fees and if any, taxes levied and paid on the gross parking lot receipts), computed for each year of the original term of the parking agreement as follows:

Seventy Eight percent (78%) of annual gross revenues which are more than
One Hundred Thousand (\$100,000.00) Dollars but less than Three
Hundred Thousand (\$300,000.00) Dollars per year; plus
Ninety percent (90%) of the annual gross receipts in excess of
Three Hundred Thousand (\$300,000.00) per year.

Taxes levied on the gross parking receipts, if any, shall be deducted from gross receipts and paid by Operator prior to calculating rental percentages. Operator agrees to pay the County the compensation provided herein by delivering the applicable percentage of the gross parking lot receipts to the County on or before the twentieth (20th) day of each month, together with a statement setting forth Operator's calculations of the amounts payable to the County for such preceding months, certified by a financial officer of Operator.

If Operator shall make any payment of any fees payable hereunder more than twenty (20) days after the same is due and payable, Operator shall pay a late payment charge of five (5%) percent of the defaulted amount.

3. **Extension Right.** No sooner than One Hundred Twenty (120) days, nor later than the sixtieth (60th) day preceding the expiration of the initial five (5) year term of this Agreement and as long as Operator is not in material default of the terms and conditions of this Agreement, then the Operator and the County shall have the mutual option to extend this Agreement for an additional five (5) years. If either party does not extend the Agreement for the five (5) year option term then the County will repay the Operator the unamortized portion of the original \$80,700 investment. The investment will be spread over ten (10) years and amortized on a straight line basis at 8.00% interest. Estimated payoff amount at the renewal date will be \$48,289 as outlined in Exhibit "C".

4. The parties acknowledge and stipulate that Operator is experienced in the business of operating the Public Parking Facilities for cars, trucks, and other motor vehicles, and possesses expertise in the field of Airport parking. Operator shall institute revenue control procedures for all Public Parking Facilities at the Airport covered under this Agreement, including procedures to control ingress to and egress from the said Public Parking Facilities and procedures for collection of proper fees in accordance with the approved rate schedule in effect. Operator's services to the traveling public using Airport shall be performed in a first-class manner, courteously and efficiently. Operator shall keep and maintain complete, true and accurate accounts, records, and dates of its parking receipts as herein defined, including daily revenue and shift (cashiers') reports, bank deposit slips, tickets, car counts, and license inventory. Such records shall be maintained at a location agreed upon by the parties, and shall be available for inspection with prior written notice by the County or any authorized representative of

County during normal business hours. Operator shall submit to County a detailed statement of (i) gross receipts as herein defined for each monthly period of operation by the twentieth of each month, certified by a Financial Officer of Republic Parking System and (ii) a year-end statement of gross receipts, certified by the Operator's Chief Financial Officer. Operator shall keep its records in accordance with generally accepted accounting practices. All records will be kept for three years following the completion of a full year. At that time, the Operator will offer to transfer the records to the County or at the County's option have them properly destroyed.

5. Operator shall provide competent and sufficient staff to operate the Public Parking Facilities, and furnish all forms, tickets, uniforms, tools, office equipment, furniture, materials, and supplies needed for the efficient operation of its business. Those employed to operate the Public Parking Facilities shall be dressed in uniforms approved by County, such approval not to be unreasonably withheld or delayed. They shall be trained in the performance of their duties and required to be neat, polite and courteous at all times.

Operator's staff shall be deemed to be employees of Operator and not employees of County. Operator shall indemnify, defend and save County, its agents, and employees harmless from and against any liability or expense arising from the use or occupation of the Public Parking Facilities by Operator, or from any breach of this Agreement by Operator.

6. In addition to the collection of fees for the use of the Public Parking Facilities, Operator's staff will be sufficiently informed to respond to inquiries from the public regarding directions, and will promptly and courteously respond to complaints or problems of customers.

7. In the operation of the Public Parking Facilities, Operator shall have adequate personnel on duty at the Airport one half hour prior to the first daily arrival and one hour after the final daily arrival, seven (7) days a week, three hundred sixty-five (365) days a year.

8. Operator has the right to terminate this Agreement in the event that the Airport is not operated for use by commercial airlines for more than 60 consecutive days. At that point County agrees to pay the Operator any unamortized portion of the initial investment.

9. Operator shall, at its own expense, and at all times during the term of the Agreement, and any extension or renewal thereof, obtain and secure for its protection commercial general public liability and property damage insurance in the amount of \$1,000,000 per occurrence/\$5,000,000 aggregate per year. It is recognized that this is a contractual limit and does not limit operations liability under the contract. If needed, Operator will maintain auto liability insurance in the amount of \$1,000,000. Said policies or certificates, as the case may be, shall contain an endorsement that such insurance may not be cancelled except upon thirty (30) days' notice to Beaufort County Council. Operator's failure to provide and keep in force the aforementioned insurance shall be regarded as a material default hereunder entitling County to exercise any or all of the remedies provided in this Agreement in the event of Operator's default. Operator agrees to keep, save, indemnify, and hold County and the parties contained in the lease harmless from any and all claims for injury or damages arising out of or in connection with its negligence in the operation of the Public Parking Facilities or the exercise of any of its rights or duties under this Agreement.

Operator will meet all statutory requirements for worker compensation insurance required by the State of South Carolina and otherwise.

Operator will require all contractors working for Operator at the Airport to provide insurance coverage that indemnifies County and related parties. All subcontractors of the Operator are to be approved in writing by County prior to commencing work.

All insurance policies shall name Beaufort County Council, Beaufort, SC, and the respective trustees, members, directors, shareholders, partners, officers, employees, agents and disclosed and undisclosed principals of each as

additional insureds as their respective interests may appear. Evidence of insurance and notices of cancellation shall be furnished to the County.

10. Operator shall not be liable for the payments of any taxes that may be assessed against the premises or improvements thereon, save and except for the personal property owned by Operator. Ownership of all equipment and improvements shall vest with County upon installation. Except as otherwise provided herein, Operator shall remit, or in good faith contest, on or before their respective due dates, to the appropriate collection authority, all federal, state, and local taxes and fees which may be levied upon Operator on account of the business being conducted by Operator at the Airport. It is the express intent of the parties that this Agreement not be a lease and that this Agreement grant no real property rights to Operator. The Airport shall not assess or bill Operator for any property, real estate, or lease taxes. Operator shall secure and maintain all federal, state, and local licenses and permits required for the operation of the business conducted by the Operator at the Airport.

Operator may only make installations, additions, improvements and alterations to the premises with specific written consent of County. Any alteration, additions or improvements installed without County's consent shall be removed immediately upon written notice to Operator, at Operator's own cost and expense (including any costs to repair damages caused by such unauthorized installations). Any mechanic's lien filed against the Public Parking Facilities of the Airport for work claimed to have been done for or materials claimed to have been furnished to the Operator shall be discharged by Operator at its expense within thirty (30) days after such filing, by payment, filing of bond required by law, or otherwise. The improvements as outlined in this Agreement as initial investment are deemed to be approved by virtue of this Agreement.

All installations, additions, improvements and alterations to the premises made and installed by Operator (or at Operator's expense) and approved by County as set forth in the preceding paragraph, shall become and be the property of County, and shall remain upon and be surrendered with the Public Parking Facilities as a part thereof at the end of the term of this Agreement; provided, however, that nothing contained in the paragraph shall relieve Operator of its obligation to remove its personal property from the premises upon expiration of the term. Operator is familiar with the current condition of the Public Parking Facilities at the Airport and accepts the same in its current "as is" condition.

11. County agrees to maintain the paved and unpaved surfaces of Public Parking Facilities covered by this Agreement. Operator shall keep the paved Public Parking Facilities free from all dirt, trash, refuse, and other matter. County will maintain landscaping and lighting, in all public areas, and keep the same in a clean and sanitary and operating condition. The County is responsible for maintenance of all landscaped areas. Operator shall repair any damage to the Public-Parking Facilities caused by its employees, agents, or contractors.

Operator shall be responsible for the cleanup and appropriate removal of any hazardous materials in accordance with OSHA procedures as a result of incidents caused by Operator or its subcontractors during the term of the agreement.

12. County shall provide, at its expense, all electrical power for operation of the parking equipment and parking booth as well as illumination of the public parking facilities at the Airport, including installation, maintenance, and replacement of lighting fixtures. Telephone service shall be provided at the expense of Operator.

13. County shall designate by proper signs the following parking areas in the vicinity of the terminal: Airport limousine spaces, taxi spaces, rental car lessees' spaces, handicapped spaces, and employee parking spaces. County shall regulate the public parking to the effect that all public parking as defined in Paragraph 1, except passenger loading and unloading shall be required to be in the public parking area covered by this Agreement.

14. The initial daily maximum parking rates for the Public Parking Facilities at the Airport shall be:

a. Effective upon contract commencement:

Short Term:		Long Term:	
0-20 Minutes	Free	0-1 Hour	\$ 1.00
20-60 Minutes	\$ 2.00	Each Addtl. Hour	\$ 1.00
Each Addtl. 30 Minutes:	\$ 1.00	Daily Maximum	\$ 7.00
Daily Maximum:	\$ 9.00	Weekly Maximum	\$ 42.00

b. It shall be the responsibility of Operator to review and recommend to County any rate changes in keeping with other similar public airport parking facilities located in the southeastern section of the United States. Rate changes shall go into effect only when approved by County. However, in no event will the maximum twenty-four (24) hour rates (long term) be less than the rates listed above.

Operator will provide parking tickets at its expense and each vehicle parked on the premises herein specified shall be given a ticket upon entry or shall display the proper decal/hang tags.

15. Operator, its personal representatives, successors in interest and assigns, as part of the consideration hereof, does hereby covenant and agree that:

a. No person, on the grounds of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or use of guide dogs because of blindness of the user shall be excluded for participation in, denied the benefit of, or be otherwise subjected to discrimination in the use of the public parking 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, religious creed, ancestry, age, sex, national origin, or non job related handicap or disability, shall be excluded for participation in, denied benefits of, or otherwise be subjected to discrimination.

c. Operator 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 Secretary, Part 21, Nondiscrimination in Federally-Effectuation of Title VI of the Civil Rights Acts of 1964, and as said Regulations may be amended.

d. Operator, at its expense, shall comply with all Federal, South Carolina State and municipal laws, orders and regulations and with any related directive, and with all rules, orders, regulations or requirements of the South Carolina Board of Fire Underwriters, or any other similar body with respect to the Public Parking Facilities or the use or occupancy thereof, including, without limitation, any Environmental Law (as defined in Section 9 A herein), except where the failure to so comply will have a material adverse effect on Operator or its operation of the Public Parking Facilities. County reserves the right to deny access to the Airport and its facilities to any person, firm or corporation that fails or refuses to obey and comply with such rules, regulations or laws. Operator will comply in all material respects with Title III of the Americans with Disabilities Act of 1990, and all regulations promulgated thereunder (the "ADA") as a result of Operator's use of the Public Parking Facilities.

16. County and its authorized representatives shall have at all times the full unrestricted right to enter the Public Parking Facilities for the purposes of inspecting the same and of doing any and all things which may be necessary for the proper operation of the Airport terminal facility.

17. Except as otherwise agreed by the parties (including, for example, in connection with special Airport events, or "ribbon cutting" ceremonies, etc.), such agreements not to be unreasonably withheld or delayed, County agrees that there shall be no free public parking as defined in Paragraph 1, in and about the terminal areas, and County agrees to assist and cooperate with Operator to prevent any free public parking in and about the terminal area including, without limitation, the erection of signs. County shall, to the extent permissible by law, enforce the loading, unloading and no parking areas.

Operator acknowledges that County shall, throughout the term of this Agreement, maintain private parking facilities for employees of County or any tenant of the Airport and their respective visitors and invitees (other than passengers) and people doing business with them at areas adjacent to the buildings involved.

18. In the event of a default or unsatisfactory performance by Operator under the terms of this Agreement, County shall give written notice to Operator of the alleged failure of performance, detailing the particulars thereof. Operator shall have thirty (30) days from receipt of such notice to correct the said default or unsatisfactory performance and in the event it fails to do so, County shall have the right to terminate this Agreement.

If Operator shall default in the observance or performance of any term or covenant on Operator's part to be observed or performed under or by virtue of any of the terms or provisions in any provision of this agreement (a) County may remedy such default for the Operator, immediately and without notice in case of emergency, or in any other case only provided that Operator shall fail to remedy such default with the aforementioned thirty (30) day period; and (b) if County makes any expenditures or incurs any obligations for the payment of money in connection with such default including, but not limited to, financing charges, allocation of fringe benefits, overhead charges, administration charges and legal fees such sums or obligations incurred, with interest, shall be deemed to be owed and shall be paid by the Operator to County pursuant to this Paragraph 20. Operator waives any claim for damages, consequential or otherwise, as a result thereof. The waiver by County of performance of any provision of this Agreement shall not amount to a future waiver of strict performance of such provision or any other provision of this Agreement.

County may also terminate this Agreement if (i) Operator shall file an involuntary petition in bankruptcy if such event occurs without the acquiescence of Operator at any time after the event continues for one hundred twenty (120) days, or (ii) Operator shall be placed in receivership or make an assignment for the benefit of creditors.

In the event of any cancellation/termination event of the Agreement. County must pay Operator the unamortized portion of the initial investment within 30 days of notice of cancellation/termination as determined by Exhibit "B".

19. If County shall default in fulfilling any of the terms, covenants or conditions to be fulfilled by it hereunder, and shall fail to remedy said default within thirty (30) days after receipt by it of written demand from Operator to do so, Operator shall have the option to cancel this Agreement by notice given to County within ten (10) days after the expiration of the aforementioned thirty (30) day period. If Operator shall fail to timely exercise its option to terminate this Agreement as provided in the preceding sentence, Operator shall be deemed to have elected not to terminate this Agreement.

The waiver by Operator of performance of any provision of this Agreement shall not amount to a future waiver of strict performance of such provision or any other provision of this Agreement.

Dispute Resolution:

a. Negotiations Between Executives. The parties herein shall attempt in good faith to resolve any disputes arising out of or relating to this Agreement promptly by negotiation between executives who have authority to

settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement.

b. Any party may give the other party written notice of any dispute not resolved in the normal course of business. Within thirty (30) days after delivery of the disputing party's notice, the receiving party shall submit to the other a written response. The Notice and the response shall include (a) a statement of each party's position and a summary or arguments supporting that position and (b) the name and title of the executive who will represent that party, as well as the name of any other person who will accompany the executive. Within thirty (30) days after delivery of the disputing party's notice, the executives of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one party to the other will be honored.

c. **Mediation.** If the dispute has not been resolved by negotiation within forty-five (45) days of the giving of the disputing parties' notice as set forth herein, or if the parties have failed to meet within thirty (30) days of the giving of such notice, the parties shall endeavor to settle the dispute by mediation pursuant to the South Carolina Alternative Dispute Resolution / Mediation.

d. Any mediation or arbitration shall be conducted in Beaufort, South Carolina..

e. Any award of the arbiters shall be accompanied by a statement of the reasons upon which such award is based. In no event shall the arbitrators be authorized nor empowered to award punitive or exemplary damages, nor may they rule on any issue which is not brought before them in the original request for mediation.

f. Judgment on any award rendered by the arbitrators may be entered in any court having jurisdiction.

g. The statute of limitation of the State of South Carolina applicable to the commencement of a lawsuit shall apply to the commencement of an arbitration hereunder, except that no defense shall be available based upon the passage of time from the giving of the disputing party's notice hereunder or during any negotiation or mediation called for by the terms of these sections.

20. Notices to County shall be made by nationally recognized overnight courier, postage prepaid, addressed to the County Administrator, Beaufort County, P. O. Drawer 1228, 100 Ribaut Road, Beaufort, SC 29901. Notices to Operator shall be sufficient if sent by a nationally recognized overnight courier, postage prepaid, addressed to Chris Howley, Executive Vice President, 633 Chestnut Street, Suite 2000, Republic Centre, Chattanooga, Tennessee 37450, with copy to James C. Berry, Chairman & CEO at same address or to such other addresses as the parties may designate to each other in writing from time to time.

21. Operator will make an initial investment of \$80,700 to replace all existing parking equipment as well as install a Ticket IN/Credit Card Out (TICO) automated parking exit unit at the facilities. The equipment list is identified in Exhibit "B" attached to this Agreement. The selection of the equipment outlined in Exhibit "B" is deemed to be approved by virtue of this Agreement.

22. **Government Mandated Adjustments:** The parties recognize that there may be future increases from time to time during the term of this Agreement in local, state, and federal minimum wages or other governmental mandated benefits for Operator's employees that are imposed upon Operator by such governmental entities. The parties agree that the concession fees to County established herein have been negotiated between the parties based upon governmental statutes, laws and regulations (collectively "Governmental Laws") existing as of the date hereof. In the event that Governmental Laws enacted in the future mandate an increase in minimum wages or other benefits, or if Operator is required by Governmental Laws enacted in the future to provide additional employee benefits, the County and Operator shall each pay 50% of the actual increases in costs incurred by Operator that are required to be paid to or for the benefit of its employees or any governmental entity.

23. Operator may not assign' this Agreement or any right, duty, or interest therein or thereunder to any person, firm, or corporation without the written consent of County, which consent shall not be reasonably withheld.

24. The RFP "Terms and Conditions/Scope of Work" are incorporated in this Agreement and in the event of conflict between the Terms and Conditions in this Agreement and the "Terms and Conditions of the RFP, The Terms and Conditions of the Agreement will prevail.

25. This Agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the parties hereto.

26. This Agreement shall be construed under and in accordance with the laws of the State of South Carolina, County of Beaufort, without regard to its laws of conflicts.

IN WITNESS WHEREOF, the parties have hereunto set their hands on this ____ day of _____, 2010.

Signature: _____

Signature: _____

Mr. Chris Howley
Executive Vice President
Republic Parking System, Inc.
633 Chestnut Street, Suite 2000
Chattanooga, TN 37450
423-756-2771
FEIN# 59-1162686

Mr. Gary Kubic
County Administrator
Beaufort County
100 Ribaut Road/P. O. Drawer 1228
Beaufort, SC 29901-1228

Date: _____

Date: _____

Witness: _____

Witness: _____

EXHIBIT "A"

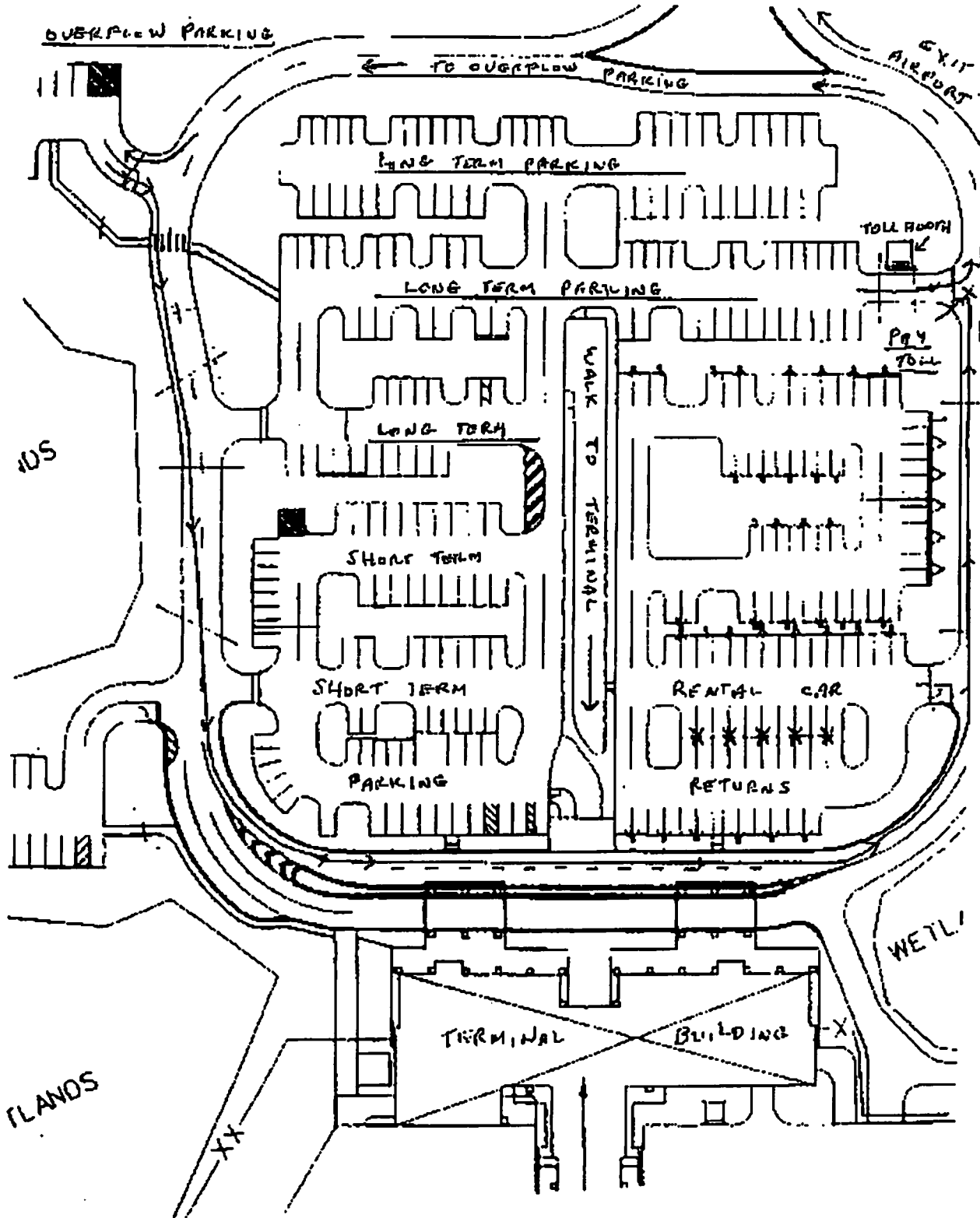


EXHIBIT "B"

Hilton Head Equipment Investment				
	Sale Price	Quantity	Sale Total	Equipment Manufacturer
Ticket Dispenser	\$6,669	2	\$13,338	Magnetic Automation
TICO Exit Station	\$42,752	1	\$42,752	Standard Parking Equipment
Access Gates	\$2,856	4	\$11,424	Magnetic Automation
Spare Parts	\$3,059		\$3,059	
Installation (15%)		1	\$10,127	
Total			\$80,700	

EXHIBIT "C"

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
1	441.11	538.00	441.11	538.00	80258.89
2	444.05	535.06	885.16	1073.06	79814.84
3	447.01	532.10	1332.17	1605.16	79367.83
4	449.99	529.12	1782.16	2134.28	78917.84
5	452.99	526.12	2235.15	2660.40	78464.85
6	456.01	523.10	2691.16	3183.50	78008.84
7	459.05	520.06	3150.21	3703.56	77549.79
8	462.11	517.00	3612.32	4220.56	77087.68
9	465.19	513.92	4077.51	4734.48	76622.49
10	468.29	510.82	4545.80	5245.30	76154.20
11	471.42	507.69	5017.22	5752.99	75682.78
12	474.56	504.55	5491.78	6257.54	75208.22
13	477.72	501.39	5969.50	6758.93	74730.50
14	480.91	498.20	6450.41	7257.13	74249.59
15	484.11	495.00	6934.52	7752.13	73765.48
16	487.34	491.77	7421.86	8243.90	73278.14
17	490.59	488.52	7912.45	8732.42	72787.55
18	493.86	485.25	8406.31	9217.67	72293.69
19	497.15	481.96	8903.46	9699.63	71796.54
20	500.47	478.64	9403.93	10178.27	71296.07
21	503.80	475.31	9907.73	10653.58	70792.27
22	507.16	471.95	10414.89	11125.53	70285.11
23	510.54	468.57	10925.43	11594.10	69774.57
24	513.95	465.16	11439.38	12059.26	69260.62
25	517.37	461.74	11956.75	12521.00	68743.25
26	520.82	458.29	12477.57	12979.29	68222.43
27	524.29	454.82	13001.86	13434.11	67698.14
28	527.79	451.32	13529.65	13885.43	67170.35
29	531.31	447.80	14060.96	14333.23	66639.04
30	534.85	444.26	14595.81	14777.49	66104.19
31	538.42	440.69	15134.23	15218.18	65565.77
32	542.00	437.11	15676.23	15655.29	65023.77
33	545.62	433.49	16221.85	16088.78	64478.15
34	549.26	429.85	16771.11	16518.63	63928.89
35	552.92	426.19	17324.03	16944.82	63375.97
36	556.60	422.51	17880.63	17367.33	62819.37
37	560.31	418.80	18440.94	17786.13	62259.06
38	564.05	415.06	19004.99	18201.19	61695.01
39	567.81	411.30	19572.80	18612.49	61127.20
40	571.60	407.51	20144.40	19020.00	60555.60
41	575.41	403.70	20719.81	19423.70	59980.19
42	579.24	399.87	21299.05	19823.57	59400.95
43	583.10	396.01	21882.15	20219.58	58817.85
44	586.99	392.12	22469.14	20611.70	58230.86
45	590.90	388.21	23060.04	20999.91	57639.96
46	594.84	384.27	23654.88	21384.18	57045.12
47	598.81	380.30	24253.69	21764.48	56446.31
48	602.80	376.31	24856.49	22140.79	55843.51
49	606.82	372.29	25463.31	22513.08	55236.69
50	610.87	368.24	26074.18	22881.32	54625.82
51	614.94	364.17	26689.12	23245.49	54010.88
52	619.04	360.07	27308.16	23605.56	53391.84
53	623.16	355.95	27931.32	23961.51	52768.68
54	627.32	351.79	28558.64	24313.30	52141.36
55	631.50	347.61	29190.14	24660.91	51509.86
56	635.71	343.40	29825.85	25004.31	50874.15
57	639.95	339.16	30465.80	25343.47	50234.20
58	644.22	334.89	31110.02	25678.36	49589.98
59	648.51	330.60	31758.53	26008.96	48941.47
60	652.83	326.28	32411.36	26335.24	48288.64
61	657.19	321.92	33068.55	26657.16	47631.45
62	661.57	317.54	33730.12	26974.70	46969.88

	Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
63	665.98		313.13	34396.10	27287.83	46303.90
64	670.42		308.69	35066.52	27596.52	45633.48
65	674.89		304.22	35741.41	27900.74	44958.59
66	679.39		299.72	36420.80	28200.46	44279.20
67	683.92		295.19	37104.72	28495.65	43595.28
68	688.47		290.64	37793.19	28786.29	42906.81
69	693.06		286.05	38486.25	29072.34	42213.75
70	697.68		281.43	39183.93	29353.77	41516.07
71	702.34		276.77	39886.27	29630.54	40813.73
72	707.02		272.09	40593.29	29902.63	40106.71
73	711.73		267.38	41305.02	30170.01	39394.98
74	716.48		262.63	42021.50	30432.64	38678.50
75	721.25		257.86	42742.75	30690.50	37957.25
76	726.06		253.05	43468.81	30943.55	37231.19
77	730.90		248.21	44199.71	31191.76	36500.29
78	735.77		243.34	44935.48	31435.10	35764.52
79	740.68		238.43	45676.16	31673.53	35023.84
80	745.62		233.49	46421.78	31907.02	34278.22
81	750.59		228.52	47172.37	32135.54	33527.63
82	755.59		223.52	47927.96	32359.06	32772.04
83	760.63		218.48	48688.59	32577.54	32011.41
84	765.70		213.41	49454.29	32790.95	31245.71
85	770.81		208.30	50225.10	32999.25	30474.90
86	775.94		203.17	51001.04	33202.42	29698.96
87	781.12		197.99	51782.16	33400.41	28917.84
88	786.32		192.79	52568.48	33593.20	28131.52
89	791.57		187.54	53360.05	33780.74	27339.95
90	796.84		182.27	54156.89	33963.01	26543.11
91	802.16		176.95	54959.05	34139.96	25740.95
92	807.50		171.61	55766.55	34311.57	24933.45
93	812.89		166.22	56579.44	34477.79	24120.56
94	818.31		160.80	57397.75	34638.59	23302.25
95	823.76		155.35	58221.51	34793.94	22478.49
96	829.25		149.86	59050.76	34943.80	21649.24
97	834.78		144.33	59885.54	35088.13	20814.46
98	840.35		138.76	60725.89	35226.89	19974.11
99	845.95		133.16	61571.84	35360.05	19128.16
100	851.59		127.52	62423.43	35487.57	18276.57
101	857.27		121.84	63280.70	35609.41	17419.30
102	862.98		116.13	64143.68	35725.54	16556.32
103	868.73		110.38	65012.41	35835.92	15687.59
104	874.53		104.58	65886.94	35940.50	14813.06
105	880.36		98.75	66767.30	36039.25	13932.70
106	886.23		92.88	67653.53	36132.13	13046.47
107	892.13		86.98	68545.66	36219.11	12154.34
108	898.08		81.03	69443.74	36300.14	11256.26
109	904.07		75.04	70347.81	36375.18	10352.19
110	910.10		69.01	71257.91	36444.19	9442.09
111	916.16		62.95	72174.07	36507.14	8525.93
112	922.27		56.84	73096.34	36563.98	7603.66
113	928.42		50.69	74024.76	36614.67	6675.24
114	934.61		44.50	74959.37	36659.17	5740.63
115	940.84		38.27	75900.21	36697.44	4799.79
116	947.11		32.00	76847.32	36729.44	3852.68
117	953.43		25.68	77800.75	36755.12	2899.25
118	959.78		19.33	78760.53	36774.45	1939.47
119	966.18		12.93	79726.71	36787.38	973.29
120	*973.29		6.49	80700.00	36793.87	-0.00

*The final payment has been adjusted to account for payments having been rounded to the nearest cent.

Exhibit "C" Continued



COUNTY COUNCIL OF BEAUFORT COUNTY
BEAUFORT COUNTY DIVISION DIRECTOR OF
ENGINEERING & INFRASTRUCTURE
Building #3, 102 Industrial Village Road
Post Office Drawer 1228, Beaufort, SC 29901-1228
Telephone: 843-470-2821 Facsimile: 843-470-2823

TO: Councilman Herbert N. Glaze, Chairman, Public Facilities Committee

VIA: Gary Kubic, County Administrator
Bryan Hill, Deputy Administrator
David Starkey, Chief Financial Officer
Dave Thomas, Purchasing Director

FROM: Robert McFee, Director of Engineering & Infrastructure

SUBJ: Sole Source Contract for Design Services for Courthouse, Administration Building and Detention Center Rehabilitation

DATE: February 16, 2010

BACKGROUND. Glick Boehm Architecture (GBA) served as the County's technical professionals in the litigation dealing with the 3 defective and failed building envelopes (County Courthouse, Administration Building and Detention Center). This litigation was well handled and recently settled in Beaufort County's favor for \$8.2 million dollars. We must now design specific repairs for the defective elements for these 3 structures. Based on the intensity of their previous work and immeasurable familiarity with these structures and their needs, GBA possesses the technological superiority over any other firm. In addition, their recent work on the Charleston County Courthouse provided crucial insight into how the rehabilitation must take place in a courthouse situation (security, staging and scheduling).

The development and advertisement of the Request for Proposals (RFP), staff review of the submitted proposals and subsequent interviews and contract award would add an additional 6 to 8 months to this process and cost the county approximately \$400,000.00 more in staff allocations and inflation costs based on the combined construction estimate of \$12.47 million.

GBA, by virtue of their role in the litigation, has a unique level of understanding regarding the problems that must be corrected in the 3 buildings. That their observations, opinions and conclusions have been subjected to the scrutiny of successful litigation and speaks to the value of this knowledge. Unfortunately this knowledge is very difficult, if not impossible, to impart to other professionals not intimately involved. If another bidder was to obtain this work, this 'information gap' easily has the potential to create risk to the County in the form of missed or incorrect plan details and poor design assumptions which will lead to cost overruns and change orders in the construction phase.

GBA has been involved with condition surveys, damage assessments, failure analysis and testimony on these buildings for over 6 years. During those many years of discovery and litigation, GBA was the expert witness on the behalf of Beaufort County. This thorough and demonstrated level of comprehension and familiarity makes it virtually impossible another firm would be able to provide equal or better service.

GBA has provided the County with a quote for design services totaling \$725,000 for the Courthouse, Administration Building and Detention Center Rehabilitation and would be funded from Acct #11440-51160.

RECOMMENDATION The Public Facilities Committee approve and recommend to County Council approval of a sole source contract award to Glick Boehm Architecture for \$725,000.00 for the design services for the Courthouse, Administration Building and Detention Center Rehabilitation.

JRM/mjh

Attachments: 1) GBA Quote
2) Sole Source Justification



REVISED

February 15, 2010

0926/1.1.1

Mr. Jay Robert McFec, PE
Division Director
Engineering and Infrastructure
Beaufort County
PO Box 1228
Beaufort, SC 29901

**Re: Architectural & Engineering Proposal
Beaufort County Administration Complex (Courthouse, Administration Building
& Detection Facility)
Beaufort, South Carolina**

Dear Mr. McFec:

I am pleased to present to you our A/E Proposal for the work as defined in our Basis of Design (BOD) report dated December 16, 2009 to Beaufort County. The scope of work includes the base bid, as well as alternates one, two and three. The total cost of the base bid and alternates is \$12,440,961.51.

This proposal represents the corporate knowledge that Glick/Boehm & Associates has acquired since 2004 and when the litigation involving construction deficiencies was brought to a successful conclusion. As principal in charge of the Beaufort County Administration Complex during the construction litigation of 2004-2006, I was involved with not only the success of the litigation, but I will also be involved as we move forward. The experience that the entire design team has because of our involvement in the litigation and follow up will expedite the design time for the recladding of the buildings. Glick/Boehm & Associates has the manpower and the ability to schedule this project immediately so that we can aim for the window of opportunity in the current marketplace where construction costs have been reduced.

The scope of our work and the scope of our services are defined in the BOD dated December 16, 2009 and the drawings previously presented to Beaufort County at our meetings on December 16, 2009 and January 13, 2010. I propose a fee of \$716,457.00 minus a credit to the owner for the previous \$24,250.00 paid to us. In addition to the credit of \$24,250.00, our construction administration services will include two days of site visits per week for the project as compared to once per week per the State Engineer's Handbook. We will provide the two days per week back to back with an overnight stay. Our construction administration services also include answering RFI's, approving shop drawings and approving the contractor's request for payment. Reports will be issued based on the site visits and distributed to the appropriate parties.

The lower than normal fees associated with this type of project is because of (a) our corporate knowledge, (b) our previous involvement studying the building structure, (c) our ability to start this work immediately and (d) previous working knowledge of building repairs similar to yours.

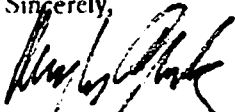
In addition to the base fee of \$722,207.00, there will be reimbursable expenses reimbursable to the architect at 1.1 times cost for project expenses including, but not limited to, blueprints, copies, long distance phone calls, etc. and mileage to and from the site at \$0.56 per mile.

ARCHITECTURE / PLANNING / INTERIOR DESIGN

493 King Street, Suite 100 • Charleston, South Carolina 29403
Telephone: 843.577.6377 • Fax: 722.1768 • Internet: www.glickboehmarchitecture.com

I hope you find this proposal acceptable to you and upon receipt of a signed agreement below; I can then prepare an AIA Standard Form of Agreement Between Architect and Owner. If Beaufort County has any specific types of A/E Contracts, we could certainly work with them in order to complete the administrative part of our engagement. I appreciate the opportunity to present this proposal to you and if you have any questions, please do not hesitate to call. I look forward to working with you and the others at Beaufort County with the greatest enthusiasm.

Sincerely,



Myles I. Glick, AIA, LEED AP
Senior Principal

cc: Andrew L. Wilson, AIA, Principal

ACCEPTED BY

DATE



Beaufort County Procurement Services
Sole Source/ Emergency Justification
(For Noncompetitive Purchases over \$500)

To: Purchasing Department:

Your approval is requested to initiate a sole source procurement action:

Requestor Name and Title: Robert McFee, PE
Division Director Engineering and Infrastructure

Note: Requestor must be an expert in the respective field who is able to defend this justification.

Requestor Dept: Facilities Management

Requisition #: _____

Recommended Sole Source procurement action with:

Company Name: Glick Boehm Architecture (GBA)
Contact Name: Myles Glick, AIA
Address: 493 King Street, Suite 100
City, State, Zip Charleston, South Carolina 29403
Telephone: (843) 577 6377

Is the recommended company the manufacturer? Yes No

Does the manufacturer sell the item(s) through distributors? Yes No

Description of Product or Service: Design Services for Courthouse, Administration Building and Detention Center rehabilitation due to failure of building envelope

Describe the full scope of work contemplated including installation if required; items should include brand, model and part number if applicable

Schedule: 6 months

Identify the date you need items delivered OR number of week/months work is to be performed or items delivered

Estimated Cost: \$ 725,000.00

SOLE SOURCE RATIONALE

Explain why the recommended company is the only company who can perform the requirement. Address the following: Are there any other companies who can do this job? What condition (e.g. technological



**Beaufort County Procurement Services
Sole Source/ Emergency Justification
(For Noncompetitive Purchases over \$500)**

superiority, or performance risks, etc.) exists so that the recommended company has a significant advantage over any other company who can do this job?

Glick Boehm Architecture (GBA) was our technical professionals in the litigation dealing with the 3 defective and failed building envelopes (County Courthouse, Administration Building and Detention Center). This litigation was well handled and recently settled in Beaufort County's favor for \$8.2 million dollars. We must now design specific repairs for the defective elements for these 3 structures. Based on the intensity of their previous work and immeasurable familiarity with these structures and their needs, GBA possesses the technological superiority over any other firm. In addition, their recent work on the Charleston County Courthouse provided crucial insight into how the rehabilitation must take place in a courthouse situation (security, staging and scheduling).

Also the development and advertisement of the Request for Proposals (RFP), staff review of the submitted proposals and subsequent interviews and contract award would add an additional 6 to 8 months to this process and cost the county approximately \$400,000.00 more in staff allocations and inflation costs based on the combined construction estimate of \$12.47 million.

It is important to sufficiently address the major reason for conducting a noncompetitive procurement, avoiding peripheral issues which detract from the main reason and reduce the credibility of the justification. The rationale must be clear and convincing, avoiding generalities and unsupported conclusions. Use one or more of the following as applicable.

Use additional sheets if necessary.

A specific contractor is the only source of the required item because (check all that apply):

- The required items are **proprietary to the Contractor**
- A specific item is needed:
 - to be compatible or interchangeable with existing hardware,
 - as spare or replacement hardware,
 - for the repair or modification of existing hardware, or
 - for technical evaluation or test.
- It is not possible to obtain competition** (i.e., only one source is capable of supplying the items or meeting the requirements). *In a brief explanation, provide supporting evidence for the conclusion; other sources considered should be identified and why they are not able to meet the requirements.*



**Beaufort County Procurement Services
Sole Source/ Emergency Justification
(For Noncompetitive Purchases over \$500)**

Substantial savings are only available during a limited time period. *In a brief explanation, provide supporting evidence for the conclusion; other sources considered should be identified and why they are not able to meet the requirements.*

X **There is a substantial technical risk in contracting with any other contractor, thereby making that an unacceptable course of action (e.g., where only one contractor has been successful to date in implementing a difficult manufacturing process). *In a brief explanation, provide supporting evidence of other contractor's with relevant capabilities and emphasize their inability to overcome the substantial technical risk.***

GBA, by virtue of their role in the litigation, has a unique level of understanding regarding the problems that must be corrected in the 3 buildings. That their observations, opinions and conclusions have been subjected to the scrutiny of successful litigation, speaks to the value of this knowledge. Unfortunately this knowledge is very difficult, if not impossible, to impart to other professionals not intimately involved. If another bidder was to obtain this work, this 'information gap' easily has the potential to create risk to the County in the form of missed or incorrect plan details and poor design assumptions which will lead to cost overruns and change orders in the construction phase.

When purchasing a used item from the open market the item may only be considered if: The using agency recommends purchase, the condition of the item is verified by appropriate county official and price analysis justifies purchase when the following factors are considered: New acquisition, Current book value, and maintenance cost. *In a brief description of how the item purchased meets the above criteria.*

X **For support services effort, there is no reasonable expectation that a meaningful cost or other improvement could be made in the incumbent contractor's performance (e.g., the chances of another firm winning a competition are clearly remote. *Please provide a brief explanation.***

GBA has been involved with condition surveys, damage assessments, failure analysis and testimony on these buildings for over 6 years. During those many



Beaufort County Procurement Services
Sole Source/ Emergency Justification
(For Noncompetitive Purchases over \$500)

years of discovery and litigation, GBA was the expert witness on the behalf of Beaufort County. This thorough and demonstrated level of comprehension and familiarity makes it virtually impossible another firm would be able to provide equal or better service.

- An **Emergency situation exists that threatens** the health, welfare of safety of any person(s) in Beaufort County.
- An **Emergency situation exists that threatens** the preservation or protection of property.
- An **Emergency situation exists that threatens** the functioning of Beaufort County Government.

If yes was Selected for any of the above three options please briefly outline the emergency.

ACKNOWLEDGEMENT

This Section Must be Completed

- X I am aware of the County's requirements for competitive bidding for purchases over \$500.00 and the criteria for justification for Single Source Purchasing. I have gathered the required technical information and have made a concerted effort to review comparable/equal equipment (e.g., market research). I have attached the pertinent documentation showing what market research was conducted to preclude other items from consideration.

Signature

Date



BEAUFORT COUNTY PUBLIC WORKS
 120 Shanklin Road
 Beaufort, South Carolina 29906
 Voice (843) 470-6400 Facsimile (843) 470-6418



TO: Councilman Herbert N. Glaze, Chairman, Public Services Committee

VIA: Gary Kubic, County Administrator
 Bryan Hill, Deputy Administrator
 David Starkey, Chief Financial Officer
 Robert McFee, Division Director, Engineering and Infrastructure

FROM: Eddie Bellamy, Public Works Director

SUBJ: RFP# 3918/100928 – Professional Services for Solid Waste Transfer Station Fatal Flaw Analysis

DATE: February 16, 2010

BACKGROUND. Beaufort County issued a Request for Proposals (RFP) to solicit proposals from qualified firms to provide solid waste consulting services for Beaufort County to conduct a Solid Waste Transfer Station Fatal Flaw Analysis for up to three pre-determined sites and update the results of a previous study conducted by R.W. Beck, Inc. in February 2005. Responses were received from the following firms: (1) R. W. Beck, Inc. (2) HDR Engineering, Inc. of the Carolinas (3) Hatch Mott McDonald in Association with Andrews Burgess Inc (4) Mid Atlantic Solid Waste Consultants in Association with BP Barber and Associates (5) Eagle Engineering (6) Richardson Smith Gardner & Associates. Please refer to attached bid table.

A review panel consisting of the Public Works Director, the Solid Waste Manager, Solid Waste Information Coordinator/Data Analyst, a representative of the Solid Waste Citizen Advisory Board, and a Special Projects Planner from the Beaufort County Planning Department evaluated the proposals and ranked them according to the selection criteria. The four highest ranked firms were interviewed by the panel and presented their proposals. Final ratings were assigned by the panel and negotiations with the highest ranked firm. We have reached an agreement with R. W. Beck, Inc. the highest ranked firm, featuring a phased approach for each step in the process. This approach offers the County flexibility and ensures the County is not obligated for tasks we may choose not to conduct. R. W. Beck, Inc. was not the lowest cost proposal but was rated by the panel as the highest value and strongest proposing firm. R. W. Beck, Inc. is the firm most familiar with our current issues and the firm has provided excellent guidance over the last five years, resulting in substantially reduced solid waste disposal and recycling costs. The agreement was reviewed with the Solid Waste and Recycling Advisory Board at their meeting on February 18, 2010 and is forwarded with their approval/endorsement. Funds are available in the Solid Waste and Recycling division FY 2010 Budget in account 33390-51160 – Professional Services balance of \$79,800.

Special consideration was given to the proposal submitted by Hatch Mott McDonald as they had partnered with the local engineering firm of Andrews Burgess, Inc. The project team represented in their proposal was deemed to be lacking in sufficient direct experience with Solid Waste Transfer Station projects when compared to other proposers and received lower scores in that area.

RECOMMENDATION.

Recommend that the Public Services Committee approve and recommend to Council award of the contract for Solid Waste consulting services to R. W. Beck, Inc.



MEMBER
 NATIONAL SAFETY COUNCIL



BID TABLE
RFP 3918/100928
Professional Services for Solid Waste Transfer Station Fatal Flaw Analysis

Company Name	Headquarters	Proposed Cost	Ranking
R.W. Beck, Inc.	Atlanta, GA	\$55,800 (1 site) \$67,800 (2 sites) \$79,800 (3 sites)	1
HDR Engineering, Inc.	Charlotte, NC	\$90,000 (1 site)	2
Hatch Mott McDonald Andrews & Burgess Inc.	New Jersey Beaufort SC	\$46,180 (3 sites)	3
MSW Consultants BP Barber & Associates	Maryland/Orlando Columbia, SC	\$36,930 (1 site) \$53,130 (2 sites) \$66,830 (3 sites)	4
Eagle Engineering	Atlanta/Charlotte	\$23,300 (1site) \$32,000 (2 sites) \$40,700 (3sites)	5
Richardson Smith Gardner	Raleigh, NC	\$6,100 (1 site) \$9,900 (2 sites) \$13,700 (3 sites)	6



County Council of Beaufort County
Hilton Head Island Airport – www.hiltonheadairport.com
Beaufort County Airport – www.beaufortcoairport.com
Post Office Box 23739 – 120 Beach City Road
Hilton Head Island, South Carolina 29925-3739
Phone: (843) 689-5400 - Fax: (843) 689-5411

TO: Councilman Herbert Glaze, Chairman, Public Facilities Committee

VIA: Gary Kubic, County Administrator
Lad Howell, County Attorney
David Starkey, Chief Financial Officer
Rob McFee, Director, Engineering and Infrastructure Division

FROM: Paul Andres, Director of Airports PA

SUBJ: **Signature Flight Support Hangar Proposal**

DATE: January 7, 2010

BACKGROUND. Signature Flight Support is seeking approval to lease and subsequently sublease additional land for the purpose of constructing two privately owned aircraft storage hangars at the Hilton Head Island Airport. Attached is a copy of the proposal and proposed sublease agreement for your consideration. Coin Toss, LLC, whose principals are Mr. Don Ryan and Mr. Ed Grisham, desire to build two hangars with a common center wall, one approximately 78 feet x 75 feet and the other 67 feet x 75 feet for the purpose of storing aircraft. The total area to be leased would be approximately 16,313 square feet. At the current ground lease rate of .1248 per square foot, the Airport would receive \$2,035.86 per year in ground rent. Coin Toss would be responsible for obtaining all approvals, permits, as well as paying all construction, maintenance, and utility costs. They are seeking a total of 30 years on the sublease arrangement to recapture their capital investment. This proposal is similar to another sublease arrangement approved by County Council in 2006 where HH&M, LLC built another private hangar facility with three separate storage compartments. The Airports Board favorably endorses this proposal with the caveat that County Council consider allowing private hangar development at the Lady's Island Airport as well.

RECOMMENDATION. That the Public Facilities Committee approve and recommend to County Council approval of leasing additional land to Signature Flight Support and further approving the subleasing of this land to Coin Toss, LLC for the purpose of building two aircraft storage hangars at the Hilton Head Island Airport in accordance with the attached proposal.

PAA/paa

Attachment: Signature Flight Support Hangar Proposal

Signature Flight Support
52 Gateway Circle
Hilton Head, SC 29926

Tel 843.689.3200
Fax 843.681.3960



Hilton Head Airport Hangar Addition
Signature Flight Support
Coin Toss LLC

Attached for your review and approval is Signature Flight Supports request to lease additional land with the intention of subleasing this land to Coin Toss LLC. The purpose for the sublease is to construct one hangar building, partitioned into two hangars with the sole intent of Coin Toss storing it's own aircraft.

- This request is congruent with the Master Lease and is preceded by agreements with similar intent and purpose
- The constructed hangar will be of similar shape, size, and color as the current county hangars
- The constructed hangar will be compliant with the following
 - o State, Town, and County laws, rules, regulations and building codes to be complied with during and after construction (see attached letters of compliance)
 - o FAA and Master Plan requirements (see attached letters of compliance)
- Included are the Articles of Incorporation naming principals/individuals involved
- The sublease address's insurance requirements before, during, and after construction. These requirements are congruent and in some cases exceed the minimum limits as required by the County
- The sublease address's proof of financial resources and a construction completion guarantee in the following:
 - o Personal Guarantee from each member of Coin Toss LLC
 - o Construction Performance Bond and or Letter of Credit provided by the construction company
- The sublease limits any and all hangar activities to the storage of aircraft only without prior written consent from the airport authority and Signature Flight Support

Please feel free to call if you have any questions.

Sincerely

A handwritten signature in black ink, appearing to read "Mike Bennett", with a long horizontal flourish extending to the right.

Mike Bennett
General Manager
Signature Flight Support HXD

Letter of Request and Intent

Signature Flight Support
201 South Orange Avenue
Suite 1100-S
Orlando, Florida 32801

Tel 407.648.7200
Fax 407.648.7352



6 January 2009

VIA FACSIMILIE AND EMAIL

Paul Andres
Beaufort County Director of Airports
Post Office Box 23739
Hilton Head, South Carolina 29925

Re: Signature Flight Support – HXD, Letter of Intent Regarding Option

Dear Mr. Andres:

Signature Flight Support seeks to exercise its option to lease additional unimproved land pursuant to Section 3.1.6. of the September 4, 2002 Lease with Beaufort County.

Pursuant to Paragraph 3.1.6 of the Lease, and contingent upon obtaining the requisite Beaufort County approvals for the proposed improvements by potential Sublessee Coin Toss, LLC, Signature Flight Support shall lease unimproved ground adjacent to its southeast border of Signature's present leasehold ("Additional Land"). The Additional Land shall be used for the purpose of subleasing space to Coin Toss, LLC who shall in turn construct two (2) aircraft hangars. The size of the hangars to be constructed by Coin Toss, LLC and the amount of Additional Land required will be conveyed under separate cover directly. The term of the Lease on the Additional Land shall commence upon the execution of an Addendum to the Lease that incorporates the Additional Land and includes a revised plat showing the specific location of the additional unimproved ground once the Town of Hilton Head has granted approval of a specific location. The ground rental rate shall be \$1085 per square foot per year.

^{\$1,1248} It is Signature's intent that all terms and conditions of the above referenced lease shall remain unchanged except for the additional rent generated by the exercise of this option. You can reach me at 407-206-5291 or wendy.mcdowell@bbassi.com should you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Wendy McDowell", written over a light gray dotted background.

Wendy McDowell
Senior Legal Counsel

Cc via email:
Michael Bennett

LETTER OF INTENT

RE: Hangar 400 (herein the "Premises"), Hilton Head Island Airport ("Airport") (The Premises shall be that three (3) acre parcel as described in Section 3.1.6. of Signature's underlying Master Lease with the Airport).

Coin Toss, LLC, a South Carolina limited liability corporation, does hereby propose to sublease the Premises from Signature Flight Support Corporation pursuant to the following general terms and conditions:

SUBLESSEE: Coin Toss, LLC ("Sublessee")
400 Buckwalter Place Blvd
Bluffton, SC 29910

SUBLESSOR: Signature Flight Support Corporation ("Sublessor")
Attention: Contracts
201 S. Orange Avenue, Suite 1100S
Orlando FL 32801

Local Address:
Signature Flight Support – HXD
General Aviation Terminal
52 Gateway Cr.
Hilton Head Island, SC 29926

SUBLEASE: Sublessee proposes to sublease the Premises from Sublessor pursuant to the terms and conditions of two (2) Subleases, which have yet to be negotiated but which final Subleases must be upon terms mutually agreed upon. Moreover, the Subleases are wholly contingent upon Signature first obtaining the requisite land and approvals from the Hilton Head Island Airport ("Airport").

TERM: The Initial Term of the Subleases shall commence at a date agreed upon by the parties and shall terminate December 31, 2018. The parties acknowledge that Sublessee intends to secure lease with a term and any extensions totaling thirty (30) years and will actively attempt to secure such extended term through negotiations with Sublessor and the appropriate governmental authorities, including, without limitation, Beaufort County. Sublessee acknowledges that the initial term of Sublessor's underlying master lease with the Airport ("Master Lease") expires on December 31, 2018, and that Sublessor has no obligation, right, or authority to provide, guarantee, or authorize an extended Sublease term beyond the date of the expiration of the Master Lease.

RENT: Rent under the Subleases for the Initial Term and any extended term shall be in such amounts as Sublessor and Sublessee agree upon under the Subleases.

USE: Sublessee acknowledges that it will be entitled to use the Premises only for development of hangars to store aircraft and for its subtenants storage of aircraft and uses incidental thereto (herein collectively the "Approved Use"). Sublessee agrees to use the Premises only for Approved Use and shall not permit the operation of any business substantially similar to any of Sublessor's general or commercial aviation operations at the Airport. Sublessor warrants and represents that the Approved Use is a permitted use under the Master Lease. Sublessee expressly warrants and represents without limitation that, with respect to the Premises, it shall not at any time during the term of the Sublease undertake or cause to be undertaken through others, including, but not limited to, its employees, agents, subcontractors, or invitees, any services permitted to Sublessor under the Master Lease, including, but not limited to, the following:

- a. Installation of any fuel storage and dispensing facilities (including mobile delivery of fuel);
- b. Receipt and storage of any fuel product, including, but not limited to, aviation and motor fuels;
- c. Into-plane or into-truck delivery of any aviation or motor fuels;
- d. Rotorcraft or aircraft sales or rentals (Sublessee demonstration flights excluded);
- e. Aircraft charter service and flight training (Sublessee in-house flight training excluded);
- f. Air transport of mail or cargo for hire;
- g. Hangaring, Servicing, Storing, or Parking of aircraft upon the Premises for a third party or for Transient Aircraft. Transient Aircraft means aircraft that are not managed, owned, or leased by Sublessee. At no time may Sublessee or its subtenants charge any third party or any Transient Aircraft for hangaring, parking, or the storage of aircraft;
- h. Other activity upon the Premises adverse or disruptive to Sublessor's interests as determined by Sublessor in its commercially reasonable judgment. Sublessor agrees that the activities constituting the Approved Use are not adverse or disruptive to Sublessor's interests.

CONSTRUCTION: Sublessee shall be required, at Sublessee's sole cost and expense, to construct two hangars and other facilities (herein collectively the "Facility") upon the Premises provided Sublessee obtains requisite approvals and complies with construction requirements as set forth in the Subleases. Hangar construction shall commence within six (6) months of the Sublease's Effective Date, and it shall be completed within twelve (12) months of the Effective Date.

PERMITTING PERIOD: The obligations of the parties under the Sublease will be contingent upon, among other things: (i) Sublessor obtaining approval of the Sublease by all necessary parties including, without limitation,

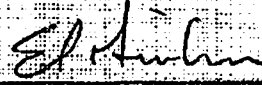
Beaufort County, and (ii) Sublessee obtaining all permits which it deems necessary in connection with the construction of the Facility and operation of Sublessee's contemplated business at the Facility.

Because this letter is intended solely as a proposal to enter in to a sublease, each party's execution hereof constitutes such party's acknowledgement and agreement that: (1) this letter is and will remain non-binding on the parties and their respective officers, managers, members, employees and agents; (2) the parties may not rely upon this letter for any reason; (3) the parties hereby waive claims for matters arising out of an allegation that this letter is a binding contract; (4) the parties and their respective officers, members, managers and agents are released and discharged from any claim of liability that this letter is a binding contract; and (5) either party may withdraw this letter of intent at any time upon written notice to the other party. Sublessee and Sublessor understand that any sublease or binding agreement negotiated by the parties is subject to approval by Beaufort County.

Date: May _____, 2009

Coin Toss, LLC

By:

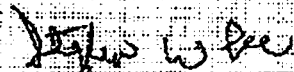


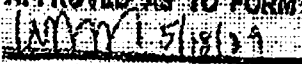
Agreed to and accepted by:

Date: May 18, 2009

Signature Flight Support Corporation

By:


Stephan W. Lee
President and Chief Operating Officer

APPROVED AS TO FORM:

LEGAL DEPT.

Compliance Letters



April 15, 2009

Mr David R. Karlyk, PE
Carolina Engineering
Post Office Box 294
Beaufort, South Carolina 29907

Subject: Letter of Consistency

Dear Mr Karlyk,

As requested, I have reviewed your plan sheet which shows development of a hangar building along the southwestern edge of the general aviation apron at the Hilton Head Island Airport (HXD). I have also reviewed the current Airport Layout Plan which shows hangar structures in that area.

Based on this, your proposed hangar development project is consistent with the ALP and the Airport's Master Plan.

Yours sincerely,

Christopher S. Eversmann, PE
Senior Project Manager

c: Mr Paul Andres, Beaufort County



U.S. Department
of Transportation

1701 Columbia Ave., Suite 2-260
College Park, GA 30337

Federal Aviation
Administration

August 04, 2009

Beaufort County
Attn: Paul Andres
120 Beach City Road
Hilton Head Island, SC 29925

RE: *(See attached Table 1 for referenced case(s))*
****FINAL DETERMINATION****

Table 1 - Letter Referenced Case(s)

ASN	Prior ASN	Location	Latitude (NAD83)	Longitude (NAD83)	AGL (Feet)	AMSL (Feet)
2009-ASO-649-NRA		HILTON HEAD ISLAND, SC	32-13-14.06N	80-41-51.24W	36	54

Description: The project includes the construction of a 10,875 square foot corporate hangar facility. All infrastructure improvements, including the aircraft apron and stormwater management improvements are in place. Development of a hangar at this location is consistent with the current ALP.

We do not object to the construction described in this proposal provided:

You comply with the requirements set forth in FAA Advisory Circular 150/5370-2E, "Operational Safety on Airports During Construction."

Final constructed height of Hangar cannot exceed submitted height.

Hanger is on Airport owned property. No Off-Airport Hangar construction permitted on federally obligated airports.

A separate notice to the FAA is required for any construction equipment, such as temporary cranes, whose working limits would exceed the height and lateral dimensions of your proposal.

This determination does not constitute FAA approval or disapproval of the physical development involved in the proposal. It is a determination with respect to the safe and efficient use of navigable airspace by aircraft and with respect to the safety of persons and property on the ground.

In making this determination, the FAA has considered matters such as the effects the proposal would have on existing or planned traffic patterns of neighboring airports, the effects it would have on the existing airspace structure and projected programs of the FAA, the effects it would have on the safety of persons and property

on the ground, and the effects that existing or proposed manmade objects (on file with the FAA), and known natural objects within the affected area would have on the airport proposal.

When your Airport Layout Plan is updated, please include this new development. In the meantime, we will show this feature on your current ALP approved on (pending update).

This determination expires on February 4, 2011 unless:

(a) extended, revised or terminated by the issuing office.

(b) the construction is subject to the licensing authority of the Federal Communications Commission (FCC) and an application for a construction permit has been filed, as required by the FCC, within 6 months of the date of this determination. In such case, the determination expires on the date prescribed by the FCC for the completion of construction, or the date the FCC denies the application.

NOTE: Request for extension of the effective period of this determination must be obtained at least 15 days prior to expiration date specified in this letter.

If you have any questions concerning this determination contact Anthony Cochran, (404)305-7144, anthony.cochran@faa.gov.

Anthony Cochran
Specialist
Chris Eversmann, WSA
Stephanie Sexton, CEC

TOWN OF HILTON HEAD ISLAND

One Town Center Court, Hilton Head Island, S.C. 29928

(843) 341-4600 Fax (843) 842-7728

<http://www.hiltonheadislandsc.gov>

Thomas D. Peoples
Mayor

30 Mar 09

Kenneth S. Heitzke
Mayor ProTem

Council Members

Willie (Bill) Ferguson
Drew A. Laughlin
W. J. (Bill) Mottel
John Safay
George W. Williams, Jr.

Stephen G. Riley
Town Manager

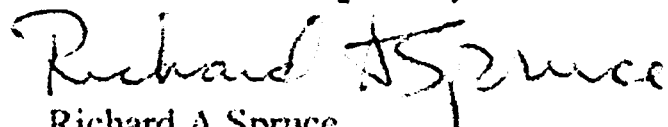
Kevin Arnold
Arnold Building Systems, Inc.
P.O. Box 21303
Hilton Head Island, SC 29925

Re: Proposed Aircraft Hanger
Hilton Head Island Airport

Dear Mr. Arnold:

This letter is to advise you that all local laws, rules, regulations and building codes will be enforced in the planning, construction and maintenance stages of this building.

Yours for Building Safety



Richard A Spruce
Plans Review Administrator
Town of Hilton Head Island

TOWN OF HILTON HEAD ISLAND
One Town Center Court, Hilton Head Island, S.C. 29928
(843) 341-4600 Fax (843) 842-7228
[Http://www.hiltonheadislandsc.gov](http://www.hiltonheadislandsc.gov)

April 9, 2009

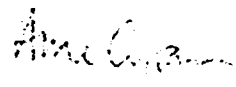
David Karlyk
Carolina Engineering
7 Lafayette Place
Hilton Head Island SC 29926

Re: Airport Hangar Project, PAPP090003

Mr. Karlyk:

This letter is to advise you that all local laws and regulations will be enforced during the planning, permitting, construction and final certification processes.

Sincerely,



Anne Cyran
Planner

cc: File

Articles of Incorporation

The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Existence

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

COIN TOSS, LLC, A Limited Liability Company duly organized under the laws of the State of South Carolina on March 23rd, 2009, with a duration that is at will, has as of this date filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to section 33-44-809 of the South Carolina Code, and that the company has not filed articles of termination as of the date hereof.

**Given under my Hand and the Great
Seal of the State of South Carolina this
25th day of March, 2009.**

Mark Hammond
Mark Hammond, Secretary of State

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

MAR 23 2009

ARTICLES OF ORGANIZATION
LIMITED LIABILITY COMPANY

Mark Hammond
SECRETARY OF STATE OF SOUTH CAROLINA

TYPE OR PRINT CLEARLY IN BLACK INK

The undersigned delivers the following articles of organization to form a South Carolina limited liability company pursuant to Sections 33-44-202 and 33-44-203 of the 1976 South Carolina Code of Laws, as amended.

1. The name of the limited liability company which complies with Section 33-44-105 of the South Carolina Code of 1976, as amended is CoIn Toss, LLC

2. The address of the initial designated office of the Limited Liability Company in South Carolina is
23 Seabrook Landing Drive
Street Address
Hilton Head Island, South Carolina 29926
City Zip Code

3. The initial agent for service of process of the Limited Liability Company is
Helen Ryan *Helen Ryan*
Name Signature

and the street address in South Carolina for this initial agent for service of process is
23 Seabrook Landing Drive
Street Address
Hilton Head Island, South Carolina 29926
City Zip Code

4. The name and address of each organizer is
(a) Helen Ryan
Name
23 Seabrook Landing Drive Hilton Head Island
Street Address City
South Carolina 29926
State Zip Code

(b) Ed Grisham
Name
67 Bearcreek Drive Hilton Head Island
Street Address City
South Carolina 29926
State Zip Code

(Add additional lines if necessary)

5. Check this box only if the company is to be a term company. If so, provide the term specified:

080326-0078
COIN TOSS, LLC

FILED: 03/23/2009

Filing Fee: \$110.00 ORIG



Mark Hammond

South Carolina Secretary of State

6. Check this box only if management of the limited liability company is vested in a manager or managers. If this company is to be managed by managers, specify the name and address of each initial manager:

(a) _____
Name

_____ City
Street Address

_____ Zip Code
State

(b) _____
Name

_____ City
Street Address

_____ Zip Code
State

(c) _____
Name

_____ City
Street Address

_____ Zip Code
State

(d) _____
Name

_____ City
Street Address

_____ Zip Code
State

(Add additional lines if necessary)

7. Check this box only if one or more of the members of the company are to be liable for its debts and obligations under section 33-44-303(c). If one or more members are so liable, specify which members, and for which debts, obligations or liabilities such members are liable in their capacity as members.

Coin Toss, LLC

Name of Limited Liability Company

8. Unless a delayed effective date is specified, these articles will be effective when endorsed for filing by the Secretary of State. Specify any delayed effective date and time:
-
9. Set forth any other provisions not inconsistent with law which the organizers determine to include, including any provisions that are required or are permitted to be set forth in the limited liability company operating agreement.
10. Signature of each organizer
- [Signature]
[Signature]
(Add Additional lines if necessary)
- Date 3-20-09

FILING INSTRUCTIONS

1. File two copies of this form, the original and either a duplicate original or a conformed copy.
2. If space on this form is not sufficient, please attach additional sheets containing a reference to the appropriate paragraph in this form, or prepare this using a computer disk which will allow for expansion of the space on the form.
3. This form must be accompanied by the filing fee of \$110.00 payable to the Secretary of State.

Return to: Secretary of State
P.O. Box 11350
Columbia, SC 29211

NOTE

THE FILING OF THIS DOCUMENT DOES NOT, IN AND OF ITSELF, PROVIDE AN EXCLUSIVE RIGHT TO USE THIS CORPORATE NAME OR IN CONNECTION WITH ANY PRODUCT OR SERVICE. USE OF A NAME AS A TRADEMARK OR SERVICE MARK WILL REQUIRE FURTHER CLEARANCE AND REGISTRATION AND BE AFFECTED BY PRIOR USE OF THE MARK. FOR MORE INFORMATION, CONTACT THE TRADEMARKS DIVISION OF THE SECRETARY OF STATE'S OFFICE AT (803) 734-1728.

Sublease

GROUND SUBLEASE

THIS GROUND SUBLEASE ("Sublease") is entered into this ____ day of _____, 2010 by and between SIGNATURE FLIGHT SUPPORT CORPORATION, a Delaware corporation, with its principal offices located at 201 South Orange Avenue, Suite 1100, Orlando, Florida 32801 ("Signature") and COIN TOSS, LLC, a South Carolina limited liability company, with its principal offices located at 400 Buckwalter Place Blvd., Bluffton, South Carolina 29910 ("Sublessee"). For purposes of this Sublease, Signature and Sublessee may from time to time be referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, by agreement dated September 4, 2002, and Addendums 1 dated June 21, 2005, Addendum 2 dated June 21, 2005, Addendum 3 dated June 21, 2005, Addendum 4 dated 2006, and the Consent to Assignment dated September 28, 2007 Hilton Head Island Airport, an agency of Beaufort County Council of Beaufort, South Carolina ("Authority") leased certain real property at Hilton Head Island Airport, Hilton Head island, South Carolina, ("Airport") to Signature, said lease agreement and all current and subsequent amendment(s) being incorporated by reference and a redacted copy attached to this Sublease as Exhibit A ("Master Lease"); and

WHEREAS, Sublessee desires to sublease a parcel of land situated on Signature's Airport leasehold parcel as described in the Master Lease and as depicted in Exhibit B, and incorporated by reference; and

WHEREAS, consistent with the terms and conditions set forth herein, Sublessee further desires to construct a new aircraft storage and hangar facility improvements ("Improvements"), as depicted in Exhibit B-2, upon a parcel of land situated at the Airport comprising approximately [REDACTED] square feet, as depicted in Exhibit B attached hereto, ("Leased Premises"), and as more precisely defined in that certain final land survey certified to Signature, made part of Exhibit B-1, all of which Exhibits are incorporated into this Sublease by reference; and

WHEREAS, Sublessee and Signature acknowledge Sublessee's intent to construct an aircraft hangar of approximately [REDACTED] square feet ("Hangar") on the Leased Premises; and

WHEREAS, Sublessee and Signature acknowledge that once the Hangar's construction is completed, Sublessee intends to use the Leased Premises for the purpose of housing all aircraft which are directly owned, leased, managed, operated or otherwise in the care, custody and control of Sublessee (individually and collectively, the "Aircraft") and from time to time to perform Preventative Maintenance (collectively, "Approved Uses"). For purposes of this Sublease, Preventative Maintenance shall mean that maintenance performed by an aircraft owner without the assistance of an aircraft mechanic as is covered under Part 43.3 (g) of the Federal Aviation Regulations unless Signature has otherwise granted prior written consent to expand the meaning.

WHEREAS, Sublessee and Signature have or shall enter into a Nondisturbance and Attornment Agreement regarding the Leased Premises. Both Parties shall undertake its best efforts to ensure that that Authority shall also enter into a Nondisturbance and Attornment Agreement regarding the Leased Premises; and

WHEREAS, Signature agrees to sublet the Leased Premises to Sublessee and Sublessee agrees to sublet the Leased Premises from Signature consistent with the terms and conditions set forth in this Sublease.

The recitals herein are incorporated herein and made a part hereof.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth, the Parties hereby agree as follows:

1. **Leased Premises.** For purposes of this Sublease, the Leased Premises are more specifically described as Plot ~~1~~ (1 or 2) on Exhibit B and, unless otherwise excepted herein, shall include the Improvements to be constructed by Sublessee thereon.

a. **Rights, Title, and Interest In Leased Premises** - With the exception of Sublessee's Improvements, Signature retains all rights, title, and interest in and to the Leased Premises at all times during and after expiration of this Sublease. Upon the expiration or earlier lawful termination of the Term, or any subsequent or extended term which may be granted by the Authority or Signature to the Sublessee, the Hangar shall become a fixture or improvement to the land and owned by the Authority

2. **Subordination and Incorporation of Master Lease.** This Sublease is at all times conditioned upon Signature's continuing authority to operate at the Airport and shall at all times be subject to the terms and conditions of the Master Lease as attached hereto in Exhibit A. All terms, provisions, covenants, and conditions contained in the Master Lease are hereby made a part of this Sublease except as herein otherwise expressly provided. Sublessee shall not violate any of the terms of the Master Lease and shall comply with such terms as applicable to a subtenant. In the event of any conflict or inconsistency between the terms and conditions of this Sublease and those of the Master Lease, those terms and conditions, which are the most restrictive on Sublessee shall control.

3. **Term.**

a. **Initial Term** - Unless the Master Lease is terminated early in accordance with its terms, this Sublease shall be for an initial term of ~~20~~ years commencing ~~2010~~ ("Effective Date") and expiring December 31, 2018 ~~20~~ ("Initial Term")

b. **Renewal Options** - Sublessee shall have the right to extend this Sublease beyond the Initial Term for two (2) additional periods of five (5) year(s) each (collectively, "Renewal Terms") provided Sublessee is not then in default under this Sublease. All Master Lease and Sublease terms, covenants, and provisions apply to each and every Renewal Term. Sublessee shall exercise its option to extend this Sublease by serving written notice of its intention to do so not later than ninety (90) days prior to the expiration of the Initial Term and each subsequent Renewal Term option. All subsequent extensions of the Sublease beyond the expiration of the Renewal Term shall be at the sole discretion of Signature and shall be subject to renegotiation of all terms, covenants, rates and provisions. The Initial Term and the Renewal Terms shall hereinafter be collectively referred to as the "Term."

In no event shall the Term extend past the expiration of Signature's Master Lease unless Sublessee has obtained prior approval of the Authority.

4. **Rent.**

a. **Base Rent** - Sublessee agrees to pay Base Rent to Signature, commencing with the Effective Date (a prorated amount if such Date is other than the first day of the month) and on the first day of each month thereafter the rental fee(s) as outlined below, exclusive of all applicable and then prevailing Authority imposed concession fees and state and federal taxes ("Base Rent"). Such Base Rent is payable in advance without setoff, demand or deduction, except as provided in this Sublease.

i. Commensurate with the joint execution of this Sublease and continuing in effect thereafter until Dec 31 2018, Sublessee shall pay Base Rent in an amount per square foot equal to twenty six cents (\$0.26). The total square footage shall be determined as set forth in Section 17(b) and in Exhibit B-1.

b. **Base Rent Adjustments**

i) Commencing January 1, 2011 and on each and every subsequent second anniversary date thereafter (each such anniversary second anniversary date being referred to herein as an "Adjustment Date") the Base Rent under Paragraph 4a. above may be increased to an amount reflecting the fair market value as determined by Beaufort County, South Carolina pursuant to Section 3.4.2 of the Master Lease but in no event greater than fifteen (15) percent on the initial adjustment nor five (5) percent on any subsequent Adjustment Date. Signature shall give Sublessee written notice indicating the amount of the adjusted Base rent and the method of computation.

ii) **Adjustment for Improvements.** The parties agree that the Final Survey Certified to Signature, and authentically commissioned by a licensed civil engineer or a registered land surveyor by Sublessee to be completed on or about the time of Beneficial Occupancy constitute the accurate square footage for purposes of assessing rent. This assessment shall be calculated using the Per Square Footage Per Annum ("PSFPA") cost, as it relates to the square footage of the Improvements. A Beneficial Occupancy shall be the earlier of a) the date Sublessee takes occupancy of the Leased Premises, or b) the date a certificate of occupancy is issued.

c. **Supplemental Rent -** "Supplemental Rent" is defined as any and all additional sums due and owing to Signature as a result of Sublessee's tenancy, including, but not limited to, any alterations of prevailing land rents or concessions fees (subparagraph d), utilities (subparagraph e), and taxes (subparagraph f). Sublessee shall remit such Supplemental Rent in full as part of the Aggregate Rent.

d. **Alteration of Prevailing Land Rents by Authority -** Signature reserves the right to increase Sublessee's then-prevailing monthly Base Rent by a corresponding amount of any increase imposed by the Authority or any other authority having jurisdiction over the Airport and Signature's leasehold interest by changes in rules, regulations, ordinances, orders, decrees, or any law resulting in an increase in the prevailing land rents or concession fees applicable to Signature.

e. **Utilities -** Utilities, specifically electricity, natural gas, telephone and telecommunications, water, garbage removal, are not installed, connected, or available to the Leased Premises. If Sublessee requires any such utilities, Sublessee is solely responsible to arrange for them, coordinate their installation with Signature's requirements, and pay for such costs, including any impact fees.

f. **Taxes -** Sublessee shall be responsible for the pro-rata payment of any and all applicable taxes or assessments against the Leased Premises, including, but not limited to real estate tax and/or *ad valorem* tax, and assessments. Additionally, Sublessee agrees to pay all such taxes and assessments, which are assessed against Signature for personal property in the care, custody and control of Sublessee located in, on or about the Leased Premises. Signature agrees to furnish Sublessee promptly with all official tax bills, statements, invoices, and assessments against the Office Space portion of the Lease Premises consistent with Signature's receipt of the same.

g. **Triple Net Lease -** This Sublease is defined, interpreted, and enforced as a triple net lease to Signature and, therefore, Sublessee shall pay all costs and expenses associated with the operation and maintenance of the Leased Premises except as set forth in this Sublease.

h. **Aggregate Rent -** Base Rent and Supplemental Rent constitute "Aggregate Rent." Sublessee agrees to pay Aggregate Rent on the first of each month. Signature shall assess a late fee of one and one-half percent (1.5%) of any amount unpaid within ten (10) calendar days from its due date. Signature does not waive any rights under this Sublease by assessing or receiving late charges.

i. **Pro-Rata Rent Payments -** Sublessee's Aggregate Rent shall be prorated for any partial months during the Term.

5. **Use.** Sublessee agrees to use the Leased Premises for Approved Uses and shall not permit the operation of any business substantially similar to any of Signature's authorized general or commercial aviation operations at the Airport pursuant to the Master Lease. Sublessee expressly warrants and represents without limitation that it shall not at any time during the term of this Sublease

undertake itself or cause to be undertaken through others, including, but not limited to, its employees, agents, subcontractors, or invitees, any services permitted Signature under the Master Lease, including, but not limited to, the following:

- fuels;
- a. Installation of any fuel storage and dispensing facilities (including mobile delivery of fuel);
 - b. Receipt and storage of any fuel product, including, but not limited to, aviation and motor fuels;
 - c. Into-plane or into-truck delivery of any aviation or motor fuels;
 - d. Rotorcraft or aircraft sales or rentals (Sublessee demonstration flights excluded);
 - e. aircraft charter service and flight training (Sublessee in-house flight training excluded);
 - f. Rotorcraft or aircraft radio and instrument sales and service (avionics);
 - g. Specialized rotorcraft or aircraft repair service for a third party;
 - h. Air transport of mail or cargo for hire;
 - i. Hangaring or servicing of aircraft for a third party or for transient aircraft including providing hangaring or parking, fuel, deicing, ground handling, GPU, catering, limos, rental of passenger automobiles, pilot lounge and other services provided by FBOs;;
 - j. Maintenance/ avionics services for a third party;
 - k. Other activity adverse or disruptive to Airport interests as may be determined by Signature in its sole reasonable judgment; and,
 - m. Commercial activities without prior written consent.

Sections 5 (a)-(k) notwithstanding, Sublessee may sublease all or a portion of the Hangar provided Sublessee has obtained Signature's prior written consent in accordance with Section 25, below.

6. **Third Party Vendors.** Third Party Vendors may enter Leased Premises only after it has:
- a. Executed the Vendor Release, a copy of which is attached as Exhibit C;
 - b. Provided a Certificate of Insurance for the requisite insurance coverage and;
 - c. Signature has authorized its entry in writing.

Sublessee shall bear any and all costs associated with ensuring such supplemental personnel or third party providers fully comply with any and all prevailing Airport and government regulations, including, but not limited to, those of the Federal Aviation Administration ("FAA") and the Transportation Safety Administration ("TSA") for all purposes, including, but not limited to security, identification, and clearance for access.

7. **Termination of Master Lease.** In the event the Master Lease is terminated or abated, such termination or abatement shall operate as cancellation or abatement of this Sublease and Sublessee shall look to Signature's successor-in-interest or to the Authority for relief or continuance of its rights as established in this Sublease.

In such event, Sublessee shall have the right to remove all of its fixtures, equipment, personal property and other property from the Leased Premises deemed to be removable, provided Sublessee shall repair any damage to the Leased Premises as a result of such removal.

8. **Destruction or Condemnation of Leased Premises.** If any significant portion of the Leased Premises after Beneficial Occupancy is destroyed by fire or other casualty, Sublessee shall have the option upon written notice to Signature to terminate its obligations under this Sublease provided such destruction or casualty does not arise either directly or indirectly from Sublessee's acts or omissions.

If all or part of the Leased Premises is taken or condemned by any authority for any public use or purpose, which renders the Leased Premises untenable or unusable, this Sublease shall terminate as of the date title vests in such authority, and the Aggregate Rent shall be apportioned as of such date.

9. **Maintenance of Leased Premises.**

a. Sublessee is solely responsible for all routine maintenance and repair to the Leased Premises, including, but not limited to, all interior maintenance and repair such as HVAC systems, trash removal, painting, cleaning and glass replacement, and structural repairs.

b. Sublessee warrants and represents that it shall not otherwise perform or conduct any operation which in any way adversely impacts the integrity of any portion of the Leased Premises or which accelerates its ordinary deterioration. Any repair, restoration, or rehabilitation required, and undertaken to the Leased Premises as a result of Sublessee's actions shall be Sublessee's sole responsibility and shall be completed in a timely and proper manner at Sublessee's cost and expense.

c. Sublessee is primarily responsible for underground piping and conduits and ordinary and routine pavement repair and rehabilitation to the Vehicle Parking Space and the ramp area as part of the Leased Premises.

10. **Non-Exclusive Easements.** Signature grants to Sublessee a non-exclusive easement to transition Sublessee's Aircraft to and from the Hangar Deck Space to an Airport taxiway and to provide ingress and egress to and from the Leased Premises for vehicles, including, all vehicles and other equipment required by Sublessee's employees, vendors, contractors and authorized subcontractors. All such vehicles and vehicle operators shall fully comply with prevailing Signature and Authority rules and regulations regarding Airport and Aircraft Operations Area (AOA) access.

11. **Indemnification.**

a. **Sublessee's Indemnification** - Sublessee shall be liable for the acts or omissions of its officers, directors, employees, agents, servants, vendors, contractors, subcontractors, and invitees (collectively, "Sublessee's Related Parties") without limitation. Further, Sublessee agrees to indemnify, defend, and forever hold harmless Signature, the Authority and their respective officers, directors, employees, agents, servants, contractors, subcontractors, vendors and invitees from and against any and all claims, liabilities, losses, demands, fines, suits, penalties, actions, judgments or other expenses, including, but not limited to, Federal Aviation Administration ("FAA"), and Transportation Security Administration ("TSA") fines or assessments, reasonable attorneys' fees and costs (collectively, "Damages") incurred by Signature or the Authority as a result of personal injury, death (including wrongful death), or property damages to the extent such Damages arise from Sublessee's use or occupancy of the Leased Premises or from any negligent acts or omissions of Sublessee or Sublessee's Related Parties; provided, however, that this indemnity does not apply to such Damages caused by Signature's negligence or that of its officers, directors, employees, agents, servants, contractors, subcontractors, vendors, invitees. Such indemnification is subject to Paragraph 14 Disclaimer of Liability.

b. **Signature's Indemnification** - Signature agrees to indemnify, defend, and forever hold harmless Sublessee and Sublessee's Related Parties from and against any and all claims, liabilities, losses, demands, fines, suits, penalties, actions, judgments or other expenses, including, but not limited to, reasonable attorneys' fees and costs (collectively, "Damages") incurred by Sublessee as a result of personal injury, death (including wrongful death) or property damages to the extent such Damages arise on or about the Leased Premises from Signature's gross negligence or willful misconduct or that of its officers, directors, employees, agents, contractors, subcontractors, vendors, and invitees ; provided, however, that this indemnity does not apply to such Damages caused by Sublessee's negligence or that of Sublessee's Related Parties. Such indemnification is subject to Paragraph 14 Disclaimer of Liability.

c. **Exclusion and Duration** - These provisions expressly exclude all Environmental Damages as set forth in this Sublease. These provisions survive the termination or expiration of this Sublease and shall not be construed to negate or abridge any other indemnity obligation which would exist at common law or under this Sublease and are not limited by any provision of insurance.

12. **Security.** Sublessee shall comply at its own expense with all applicable security requirements, including, but not limited to, those of Federal Aviation Regulations ("FAR") and the TSA, the Airport Security Program, as amended from time to time, and Signature. Any such security

requirements issued by Signature shall be applicable to all of Signature's subtenants and shall be uniformly enforced by Signature. Sublessee shall take all action necessary or as directed by Signature or the Authority to ensure that Sublessee's Related Parties comply with such requirements. If Signature or Authority incur any fines as a result of Sublessee's acts or omissions, Sublessee agrees to pay all such fines and penalties in accordance with its indemnification obligation set forth above and to cure any security deficiency immediately. Signature and the Authority reserve the right to take whatever action necessary to cure any security deficiency if Sublessee fails to remedy the security deficiency promptly and to be reimbursed any and all costs and expenses associated with such action.

13. Environmental Removal and Disposal.

a. **Compliance with Environmental Regulation** - Sublessee is solely responsible for the proper removal and disposal of all hazardous substances, hazardous wastes and petroleum products as defined and regulated under applicable local, state, or federal law (collectively, "Regulated Substances"), which Sublessee generates, or which are generated by Sublessee's Related Parties on or from the Leased Premises. Such removal and disposal shall include, but not be limited to, proper documentation of such Regulated Substances under its assigned Environmental Protection Agency ("EPA") Identification Number in Sublessee's name. Sublessee agrees to provide Signature with the required EPA identification number and copies of any and all documentation in Sublessee's name. Sublessee shall comply with Signature Tenant requirements attached as Exhibit E, and any and all applicable local, state and federal law and any and all Airport requirements in such removal and disposal. Additionally, Sublessee is solely responsible for any and all environmental contamination which impacts the Leased Premises or any portion of Signature's leasehold premises as a result of Sublessee's or Sublessee's Related Parties in their storage or handling of any Regulated Substances on, in or at the Leased Premises. Sublessee shall remediate such contamination to the extent required by the Authority, or any government agency exercising jurisdiction over the contamination.

b. **Environmental Audits** - Sublessee acknowledges that Signature may enter the Leased Premises from time to time to conduct environmental audits. If such environmental audit reveals the presence of contaminants in excess of acceptable levels under applicable law as a result of Sublessee's use of the Leased Premises, Signature shall serve written notice to Sublessee to correct the conditions within seven (7) days. Sublessee shall act diligently to remove any and all such contaminants and to take all such prompt action necessary to satisfy Signature and any authorities having jurisdiction over the Leased Premises that proper remediation has occurred as described above. If Sublessee fails to act within the seven (7) day period, Signature shall act to correct the conditions and shall be entitled to reimbursement for any and all costs directly or indirectly associated with such corrective action.

c. **Indemnification by Sublessee** - Sublessee shall indemnify, defend, and forever hold harmless Signature, the Authority and their respective officers, directors, employees, agents, servants, contractors, subcontractors and invitees from and against any and all environmental claims, liabilities, damages, fines, penalties, losses or impairments, including, but not limited to, any penalty or fine imposed by any governmental agency and the expense of cleaning up or disposing of any Regulated Substances, as well as any and all reasonable attorneys' fees (collectively, "Environmental Damages") resulting from the Sublessee's use and occupancy and any negligent act or omission of Sublessee or Sublessee's Related Parties. Sublessee is not responsible for any retroactive Environmental Damages including, without limitation, any type of Environmental Damages or any environmental conditions, which existed prior to Sublessee's occupancy of the Leased Premises, which date is deemed to be the Effective Date.

d. **Indemnification by Signature.** Signature shall indemnify, defend and forever hold harmless Sublessee from and against any and all Environmental Damages arising from the gross negligence or willful misconduct of Signature or Signature's officers, directors, employees, agents, servants, contractors, subcontractors, or invitees during and the occupancy of the Leased Premises by Sublessee.

The foregoing indemnities survive termination or expiration of this Sublease.

14. DISCLAIMER OF LIABILITY. NOTWITHSTANDING ANY INDEMNITY SET FORTH IN THIS SUBLEASE, THE PARTIES HEREBY AGREE THAT UNDER NO CIRCUMSTANCES SHALL SIGNATURE BE LIABLE TO SUBLESSEE FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, WHETHER IN CONTRACT OR TORT (INCLUDING STRICT LIABILITY AND NEGLIGENCE), SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE, DIMINUTION OR LOSS OF VALUE, LOSS OF USE, LOSS OF ANTICIPATED PROFITS OR THE COST ASSOCIATED WITH SUBSTITUTE OR REPLACEMENT AIRCRAFT.

15. Insurance.

a. Sublessee shall maintain the following insurance coverage for the Leased Premises, including, but not limited to, all improvements from financially solvent insurance carriers acceptable to Signature and the Authority in amounts set forth in Exhibit D attached hereto and incorporated herein:

i) Workers' Compensation Insurance – per statutory coverage as prescribed by the state in which the leasehold is located;

ii) Employer's Liability Insurance – Five Hundred Thousand Dollars (\$500,000.00) combined single limit, written on an occurrence basis. (Required only if Sublessee has employees);

iii) Commercial General Liability Insurance – One Million Dollars (\$1,000,000.00) combined single limit, written on an occurrence basis, including endorsements for Aircraft Liability, Hangarkeeper's Liability, Contractual Liability;

iv) All-Risk Property Insurance - Coverage commensurate with the value of the Leased Premises contents, including, but not limited to, all furnishings and equipment (excluding the Aircraft), as well as, all Leased Premises improvements underwritten and constructed by Sublessee against fire (fire legal liability) and any other loss or damage for the full replacement value of all Sublessee property contained therein. Coverage shall, at a minimum, insure against any and all other perils included within the classification of "all risk" coverage under insurance industry practice in the state where the Leased Premises are located, together with insurance against vandalism, malicious mischief, wind, smoke, riot, civil commotion, sprinkler leakage or other sprinkler damage;

v) Comprehensive Automobile Liability Insurance – Five Million Dollars (\$5,000,000.00) coverage equivalent to a combined single limit, written on a per occurrence basis including all Sublessee owned, leased and for-hire vehicles, with an express acknowledgment that the policy shall be effective on airport premises;

vi) Environmental Liability Insurance – Five Hundred Thousand Dollars (\$500,000.00);

vii) Hull Insurance on all Aircraft in amounts deemed appropriate by Sublessee;

viii) Insurance required from Sublessee and its contractors and subcontractors as set forth in Paragraph 17- Leasehold Improvements

b. Signature shall conditionally waive the requirement for a products and completed operations endorsement on Sublessee's Commercial General Liability insurance requirement based upon Sublessee representations as to its operations. Should Sublessee change its operations or use of the Hangar such that in Signature's sole and reasonable judgment a products and completed operations endorsement is warranted, the waiver shall be rescinded.

Sublessee shall procure insurance from one or more insurance companies licensed to do business in the state in which the Leased Premises are located and as approved by Signature such approval not to be unreasonably withheld. Each policy shall be primary and non-contributing with any

insurance maintained by Signature and shall expressly waive subrogation against Signature and its insurers. Each policy shall name Signature, its parent, subsidiary, related, and affiliated companies and the Authority as additional insureds. Sublessee shall furnish duly executed certificates of all required insurance and additional insured endorsements, together with satisfactory evidence of the premium payment as of the effective date of this Sublease. Each policy shall provide at least thirty (30) days advance written notice to Signature of any material changes, cancellation, non-renewal or changes adverse to the interests of Signature. Sublessee shall provide certificates of insurance upon each renewal no less than thirty (30) days prior to coverage expiration.

Send to: Signature Insurance Department, PO Box 12010, Hemet, CA 92546-8010

Signature's acceptance of such certificates is not to be construed as any waiver of Signature's rights to the insurance required under this Sublease. Further, if Signature fails for any reason to receive certificates or other evidence of insurance from Sublessee, such failure shall not be deemed a waiver of required coverage. Signature retains the right to terminate this Sublease if Sublessee fails to provide adequate and proper evidence of required insurance.

c. **SUBLESSEE ACKNOWLEDGES THAT ITS POTENTIAL LIABILITY IS NOT LIMITED TO THE AMOUNT OF ANY LIABILITY INSURANCE COVERAGE OR TO INSURANCE POLICY LIMITS REQUIRED IN THIS SUBLEASE.**

d. Signature shall maintain at its own cost certain liability insurance, fire insurance with extended coverage and other insurance on the Leased Premises with adequate coverage. Sublessee shall not act or fail to act in any way that will a) invalidate or conflict with any insurance policies covering the Leased Premises or any part thereof; or b) increase the rate of insurance on the Leased Premises or any property located therein. If Signature's insurance premiums increase as a direct result of Sublessee's conduct on the Leased Premises, Sublessee shall reimburse Signature such additional cost.

16. **Compliance With Laws.** Sublessee shall comply and shall require Sublessee's Related Parties to comply with all prevailing and applicable federal, state and local rules, regulations, orders, and laws of all jurisdictions having authority over the Leased Premises, including, but not limited to the Airport, FAA, TSA and those of Signature.

17. **Improvements**

a. **Construction-**

i) **Utility Facilities** - All utility connections and facilities shall be provided and installed in accordance with Sublessee's Concept and Scope Schedule, Exhibit F attached hereto, at Sublessee's cost and expense and without expense to Signature.

ii) **Cost of Construction and Development Fees** - The Parties expressly agree and understand that the design and construction of the Improvements shall be undertaken and completed materially and substantially in accordance with Sublessee's approved drawings and specifications and solely at Sublessee's cost and expense. All design and construction costs, including, but not limited to, drawings including as-builts; specifications; permits and approvals; insurance and bonds; financing and administration; construction labor, materials, and services; utilities and site work; and any equipment or other fixture installation, maintenance, alterations, repairs, replacement, use and removal on the Leased Premises shall be at Sublessee's sole cost, expense and liability throughout the Lease Term. Upon Sublessee's completing the Improvements, Sublessee shall provide to Signature a certified statement of any and all fixed improvement costs. Such statement shall include but not be limited to costs as set forth in this subparagraph. Further, Sublessee shall provide Signature and the Authority copies of complete as-built drawings, at Sublessee's sole cost and expense. As additional improvements, if any, are added by Sublessee from time to time during the Term, as the same may be extended, the requirements of this section shall be applicable to such additional improvements. Signature shall not have any liability or responsibility for the payment of development fees, impact fees or other similar fees or charges pertaining

to or arising out of the development, improvements, construction, and occupation of the Hangar. Sublessee shall pay all such fees or otherwise cause payment by the proper party responsible for payment.

iii) **Payment and Performance Bond** - Sublessee shall require its Construction Contractor ("Contractor") to provide a construction payment and performance bond on a form acceptable to Signature and issued by a surety company acceptable to Signature. Signature shall be named as a co-beneficiary, or dual obligee, on all bonds required. Each such bond shall be renewed no later than thirty (30) days prior to the expiration of each such bond renewing at intervals and evidence of such renewals shall be provided to Signature thirty (30) days prior to their expiration date, to the extent that such bonds must be renewed. To the extent the bond requires riders because of changes or increases to the contract sum, Sublessee shall require that its contractors procure such bond riders. The bond shall waive notice of change, modification, or alteration and shall be in a form substantially similar to the form attached.

Alternatively, Contractor may substitute a letter of credit in lieu of a payment and performance bond. In which case, before commencing construction, Sublessee shall provide Signature with an irrevocable letter of credit from the Contractor for the total amount of the estimated cost of construction, including material, labor, permitting fees, etc., which figure shall be presented to and approved by Sublessor before Contractor obtains the letter of credit. The letter of credit shall be sufficient to cover all expenses associated with the completion of the Improvements. The letter of credit shall name Signature as the beneficiary and (subject to the renewal provisions herein required) shall expire no sooner than one (1) year from the date of issuance. The letter of credit shall be issued by a financial institution reasonably acceptable to Signature (it being agreed that _____ Bank, and its successors are acceptable to Signature), and shall contain the following special provisions:

This letter of credit shall not be presented for payment or paid unless accompanied by an affidavit signed by an officer of Signature stating that the Contractor has abandon its obligation to construct the Improvements and that Signature has delivered written notice to Contractor that Signature intends to draw on the letter of credit to complete the construction. In the alternative, Signature's affidavit may state that (i) the letter of credit will expire in less than ten (10) days; and (iii) Contractor has failed to renew or extend the letter of credit.

At least thirty (30) days before the expiration of the letter of credit, Sublessee shall ensure that Contractor replaces the letter of credit with a letter of credit that satisfies all the conditions of this Sublease. If Signature has not received the replacement letter of credit at least ten (10) days before the letter of credit expires, Signature may draw on the letter of credit. Sublessee agrees to ensure that Contractor maintain the letter of credit in the full amount until such time as a certificate of occupancy has been issued and presented to Signature.

iv) **Insurance during Construction Phase** - Prior to commencing construction, Sublessee shall ensure that its general contractor obtain the insurance set forth below in amounts set forth in Exhibit D attached hereto and incorporated herein:

- a) Builder's Risk insurance for the full replacement value of the project;
- b) Worker's Compensation;
- c) Employer's Liability;
- d) Commercial General Liability including Contractual Liability, Products Liability and Completed Operations;
- e) Automobile Liability.

Signature and the Authority shall be named as additional insureds on all policies and shall provide copies of such additional insured endorsements. Sublessee's general contractor and Major Subcontractors shall be required to provide Signature with certificates of insurance which evidence the coverages required by Paragraph 14 and Exhibit D. Sublessee and Sublessee's general contractor and Major Subcontractors shall also comply with all insurance requirements set forth in the Master Lease. (For purposes hereof, "Major Subcontractors" means those subcontractors whose subcontracts exceed Fifty Thousand (\$50,000.00) Dollars).

v) **Approval of Plans and Specifications** - Prior to the commencement of any construction by Sublessee, Signature and the Authority shall have the right to approve all design and architectural plans, drawings and specifications for the Leased Premises and any Additional Improvements contemplated by Sublessee from time to time during the Term hereof, as same may be extended, and no material modification, change, or addition shall be made to any such plans and specifications nor any material alteration of any then-existing improvements shall be made, without the prior approval of Signature and the Authority. Such approval rights of the Authority shall be in accordance with the terms of the Master Lease, but as to Signature, such approval rights shall be in Signature's reasonable discretion. Signature agrees to review and comment promptly. Sublessee agrees to provide Signature with specific deadlines for approval. In this regard, both parties acknowledge that time is of the essence.

Sublessee shall perform all design and construction, and provide all material, equipment, tools and labor, necessary to construct all improvements in accordance with the scope of the work and solely in accordance with the Plans and Specifications approved by Signature and the Authority. Signature reserves the right to require Sublessee, at its expense, to remove and replace any deviations in the design or construction at variance from those Plans and Specifications, and to stop all construction, at Sublessee's expense, until such deviations are corrected to the reasonable satisfaction of Signature. If any construction work is stopped pending such corrections in the work, the term of this Sublessee will not be extended.

vi) **Compliance with Codes and Regulations** - Sublessee and its contractors shall comply with all building codes, standards, laws, regulations, and ordinances for the initial design and construction of the Improvements and the construction from time to time of any Additional Improvements made by Sublessee, standards, criteria, laws, regulations and ordinances established by the Authority and any and all other local, state and federal agencies having jurisdiction over the design and construction of the Improvements, including without limitation, storm water, sanitary sewer and environmental requirements. Further, Sublessee and its contractor shall comply with Authority's Design Manuals then in effect. In addition, to the extent applicable, Sublessee shall comply with all applicable codes and regulations as set forth in the Master Lease.

vii) **Construction Impact on Signature** - Sublessee, its general contractor, subcontractors, employees and agents shall take all appropriate commercially reasonable action to minimize interference with the Airport's and Signature's business operations during the construction of the Improvements, if any, undertaken by Sublessee. In furtherance of the foregoing, Sublessee, its general contractor and subcontractors and Signature shall, throughout the period of construction meet upon reasonable advance notice in order to, in good faith, coordinate all construction activities which might affect the Airport, Signature or its operations. Sublessee covenants, for itself, and shall require its general contractor and subcontractors to act diligently (a) avoid interrupting utility service to Signature's Premises, and (b) provide Signature's local General Manager with at least 24 hours' written notice (except where twenty-four (24) hours' prior notice is impracticable) if any utility service will be interrupted to Signature's Premises. In the event interruption to utility service to Signature's Premises is unavoidable, such interruption shall be scheduled for non-peak hours, as required by Signature. Sublessee shall designate an individual who shall serve as a single point of contact for communicating and coordinating all construction related issues with Signature. Sublessee shall also provide Signature with monthly construction updates and Sublessee shall also coordinate all construction activities with Signature and the Authority. Sublessee shall also provide Signature with business interruption insurance, in the amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) covering Signature's losses, which result from Sublessee's construction activities on the Leased Premises or on Signature's Premises.

viii) **Construction Liens** - If any claims, liens or encumbrances are filed against the Leased Premises or any part of the Hangar or the Premises, Sublessee shall, within thirty (30) days after notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. Notwithstanding the foregoing, however, Sublessee shall have the right to, in good faith, contest any lien by appropriate legal proceedings so long as such contest does not subject Sublessee, any of Sublessee's lenders, Signature, the Authority, the Hangar or the Leased Premises to the imposition of any penalty, fine, charge, interest, cost or the like, or to civil or criminal prosecution, or cause the Hangar or any portion of the Leased Premises to be subject to foreclosure by any of Sublessee's lenders; provided, further, however, that, upon the termination of any such legal proceedings, Sublessee shall immediately cause any claim, lien or encumbrance to be discharged of record.

Sublessee shall conduct its own site investigation, at its own expense, including, but not limited to, any wetlands testing and environmental assessments, studies, reports, and remediation required in connection with the construction of the Improvements, and any additional improvements. Copies of such reports shall be provided to Signature. Sublessee shall design the Improvements consistent with the Concept Scope and Schedule as set forth on **Exhibit F**.

Notwithstanding any provision of this Sublease relating to improvements, additions, alterations, repairs and/or reconstruction of or to the Leased Premises, Signature and Sublessee hereby agree and confirm that (a) neither Signature nor the Authority have consented and will not consent to the furnishing of any labor or materials to the Leased Premises that would or may result in any mechanics' or materialmen's liens attaching to Signature's or the Authority's interest in the Leases premises, (b) Sublessee is not the agent of the Signature or the Authority for the purposes of any such improvements, additions, alterations, repairs and/or reconstruction, and (c) except as expressly provided herein, neither Signature nor the Authority has retained any control over the manner in which any such improvements, additions, alterations, repairs and/or reconstruction are accomplished, and has made no agreement to make or be responsible for any payment to or for the benefit of any person furnishing labor and/or materials to or for the account of Sublessee shall be entitled to claim any lien against the interest of the Signature or the Authority in the Leased Premises and such person(s) shall look solely to Sublessee and the leasehold interest of Sublessee under this Lease for satisfaction of any such claims.

ix) **Change in Airport Operations** - If the Authority or the federal government ceases, limits, or modifies operations of the Airport prior to the completion of construction of the Improvements, the Authority shall have the right to request modifications to the Improvements, which modifications Signature shall be afforded the reasonable right to review and approve. In the event of an Airport shutdown or a modification to Airport operations, which would jeopardize the feasibility of or need for the Improvements, the Authority shall have the right to order Sublessee to cease construction. In any such event, the condemnation provisions contained in the Master Lease shall apply. Signature shall not be liable to Sublessee for any loss of business or revenues sustained by Sublessee as a result of any change in the operation or configuration of the Airport or any change in any procedure governing the use of the aeronautical areas of the Airport, including a complete shutdown of the Airport for security or any other reason.

x) **Tie-In with Signature's Premises** - Sublessee shall promptly coordinate with the Authority and Signature regarding all design and construction activities including, without limitation connections to utility construction, construction activities, interruption concerns, capacity issues, and traffic issues and tie ins to the existing Signature ramp, taxiways and utilities. This provision shall apply to any and all tie-ins with Signature's Premises.

xi) **Personal Guaranty** - Prior to commencing construction, Donald R. Ryan and Lawrence Edward Grisham Jr. on behalf of Sublessee shall provide Signature with a personal guaranty securing all obligations required of Sublessee under this Sublease, which Guaranty shall be in the form attached hereto as **Exhibit G**, and the execution and delivery of such Guaranty shall be a condition precedent to the effectiveness of this Agreement.

b. **Survey of Leased Premises** - Sublessee, at its sole cost and expense, shall obtain within One Hundred Twenty (120) days from the Effective Date a boundary survey of the Leased Premises (the "Survey"). The Survey shall be certified to the Sublessee, Signature, the Authority and Sublessee's Lender and Title Company. The Survey shall:

- i) Be in sufficient form to satisfy the reasonable requirements of Signature.
- ii) Be prepared in accordance with the minimum technical standards (including Surveyor's Certification) required in the jurisdiction.
- iii) Set forth an accurate metes and bounds description of the Leased Premises, the gross number of acres contained in the Leased Premises, and the number of acres of land contained in the Leased Premises.
- iv) Locate all existing easements and rights of way, whether recorded or visible (setting forth the book and page number of the recorded instruments creating the easement).
- v) Show any encroachments onto the Leased Premises from adjoining property and any encroachments onto the adjoining property.
- vi) Show all existing improvements (such as buildings, power lines, fences, roads, driveways, railroads, underground utilities) and all rivers, creeks drainage ditches or other water courses.
- vii) Show all roads providing access to the Leased Premises.
- viii) Identify any flood zones as defined on Federal Flood Insurance rate Maps (F.I.R.M.) for the applicable jurisdiction of the Leased Premises.

Upon completion of the Survey, it shall be attached to this Sublease as **Exhibit B-1**.

c. **Signage.** Sublessee shall not place or permit to be placed on the Leased Premises any signs or insignias without Signature's and the Airport's written consent, such consent not to be unreasonably withheld. Sublessee may place appropriate interior and exterior signs to identify and direct other to its operations and locations.

18. **Brokers.** The Parties acknowledge that no broker was in any way involved consummating this Sublease and that no conversations or prior negotiations were had with any broker. Signature agrees to defend, indemnify and hold Sublessee and the Authority harmless against any claims for a brokerage commission(s) arising out of any conversations or negotiations had by Signature with any broker. Sublessee agrees to defend, indemnify and hold Signature and the Authority harmless against any claims by any broker for a brokerage commission(s) arising out of this Sublease and/or any conversations or negotiations had by Sublessee with any broker.

19. **Notice.** Any notice or demand required under this Sublease may be by personal service, courier, United States mail, certified mail /postage prepaid, or facsimile transmittal. Notices served by mail are deemed properly delivered effective the third (3rd) business day and personal service, courier delivery, or facsimile transmittal are deemed served at the time and date of receipt confirmation provided that such notice is addressed to the Party as follows:

In the case of Signature: Signature Flight Support – HXD
 Attention: General Manager
 General Aviation Terminal
 52 Gateway Cr.

Hilton Head Island, SC 29926
Facsimile: 843.681.3960

and

Signature Flight Support Corporation
Attention: Contracts
201 South Orange Avenue, Suite 1100
Orlando, Florida 32801
Facsimile: (407) 648-7352

In the case of Sublessee: Coin Toss, LLC
Attention: Joseph O'Brien
400 Buckwalter Place Blvd.
Bluffton, South Carolina 29910
Facsimile: [REDACTED]

20. Default and Remedies.

a. **Default - Without limitation, each of the following shall constitute a default under this Sublease ("Default"):**

i. if Sublessee fails to make any Base Rent payment when due and such failure shall not have been remedied within ten (10) days following Sublessee's receipt of Signature's written demand; or

ii. if Sublessee shall fail to pay any portion of Aggregate Rent or other obligations under this Sublease and such failure shall not have been remedied within ten (10) days following Sublessee's receipt of Signature's written demand; or

iii. if Sublessee shall make a general assignment for the benefit of creditors or file a voluntary petition in bankruptcy or a petition or answer seeking its reorganization or the readjustment of its indebtedness under the United States Bankruptcy Code (the "Code") or any other similar law or statute of the United States or of any State, or consent to the appointment of a receiver, trustee or liquidator of all or substantially all of the property of Sublessee; or

iv. if by order or decree of a court of competent jurisdiction Sublessee shall be adjudged bankrupt or an order shall be made approving a petition seeking its reorganization or the readjustment of its indebtedness under the Code or any law or statute of the United States or any State, territory or possession thereof; or

v. if by order or decree of any court of governmental authority having jurisdiction, a receiver, trustee or liquidator shall take possession or control of all or substantially all of Sublessee's property for the benefit of creditors; or

vi. if Sublessee should abandon the Leased Premises rendering it unoccupied for a period of thirty (30) consecutive days; or

vii. if Sublessee shall fail to perform any term of this Sublease; then the following shall apply:

b. **Default Notice and Remedies - Signature shall serve written demand upon Sublessee to cure the Default. If Sublessee fails to cure the Default within thirty (30) days (except for failure to pay Aggregate Rent in which case the cure period is ten (10) days) after receiving Signature's written demand to do so, or if such Default cannot by its nature be cured within thirty (30) days and Sublessee fails to initiate steps immediately to cure the Default, then Sublessee shall have failed to cure the Default and**

Signature may seek any and all appropriate remedies to recover its loss, including, but not limited to, the following:

i. Signature may terminate this Sublease by giving Sublessee written notice of termination and such termination shall be effective as of the date set forth in such notice. Sublessee shall immediately vacate the Leased Premises no later than forty-eight (48) hours after receiving Signature's written demand to surrender possession of the Leased Premises;

ii. Signature may enter upon and take possession of the Leased Premises and expel or remove Sublessee and any other person who may be occupying the Leased Premises in or on Sublessee's behalf with or without terminating this Sublease;

iii. Signature may declare all Aggregate Rent and other sums due and unpaid and all future Aggregate Rent for the balance of the Initial Term (or Renewal Term then in effect) to be immediately due and payable;

iv. Signature may perform Sublessee's obligations and Sublessee shall reimburse Signature for any and all costs and expenses Signature incurs, including, but not limited to, attorney's fees plus a ten percent (10%) administrative fee;

vii. Signature may enter the Leased Premises and proceed to sell all goods, chattels and personal property, with the exception of aircraft, found to offset any portion of Aggregate Rent and outstanding additional payments. Such sale shall be conducted in a commercially reasonable manner. Sublessee shall pay all costs and expenses incurred or chargeable to Signature as a result of such sale;

viii. Signature may, at Signature's sole option, alter or repair the Leased Premises as necessary in order to relet the entire or any part or parts of it either in Signature's name or otherwise on terms at Signature's option which may be less than or greater than the balance of Sublessee's Term. Such new sublease may be on terms and conditions in Signature's best interest entered into at Signature's sole discretion. Upon each such reletting all rents Signature receives shall be applied: first, to Sublessee's indebtedness other than for Aggregate Rent; second, to Signature's costs to relet the Leased Premises, including, but not limited to, alterations, repairs, brokerage fees, attorneys' fees; third, to Aggregate Rent due and unpaid; and the residue, if any, shall be applied to pay future Aggregate Rent as it may become due and payable hereunder. If such rentals received from such reletting during any month shall be less than those under this Sublease, Sublessee shall pay any such deficiency to Signature monthly.

No re-entry, alteration, repairs or reletting shall be construed as Signature's election to terminate this Sublease unless Signature has so indicated in the Default Notice. Sublessee for Sublessee and Sublessee's successors and assigns hereby irrevocably constitutes and appoints Signature as its agent to collect the rents due and to become due under any of Sublessee's subleases of the Leased Premises (or any parts thereof) without in any way affecting Sublessee's obligation to pay any unpaid balance of Aggregate Rent due or to become due hereunder.

c. **Remedies Cumulative** - Each party is entitled to all rights and remedies available to it at law or equity. Signature reserves its rights against Sublessee as would be available to the Authority against Signature under the Master Lease. Signature is further entitled to injunctive relief if Sublessee breaches or threatens breach of this Sublease. If either Party is forced to engage legal services to protect its interests under this Sublease, the prevailing party is entitled to reasonable attorney's fees and costs.

21. **Independent Contractor.** The relationship between the Parties shall be that of independent contractors for all purposes and in no event shall persons employed or retained by either Party, irrespective of the type of uniform worn, be held or construed to be employees or agents of the other. Sublessee, therefore, is responsible to pay any and all local, state, and federal taxes associated

with its employment of personnel. All persons' performance hereunder and the manner and details of performance thereof shall be under the exclusive control of the respective employing or subcontracting party, with such employing or subcontracting party possessing the sole right to direct such persons performance.

22. **Force Majeure.** Excepting the payment of Aggregate Rent and any other sums due hereunder by Sublessee, neither Party shall be liable for its failure to perform under this Sublease or for any loss, injury, damage or delay of any nature whatsoever resulting therefrom caused by any act of God, act of terrorism, act of nature, fire, flood, wind storm, strike, labor dispute, riot, insurrection, war or any other cause beyond either Party's control, providing, however, should the force majeure continue for more than one hundred eighty (180) days, either party may terminate this Sublease upon ten (10) days written notice.

23. **Governing Law.** This Sublease shall be construed, interpreted and enforced in accordance with the laws of the state in which the Leased Premises are located.

24. **Waiver of Jury Trial.** The parties waive their right to trial by jury.

25. **Assignment and Subletting.** Sublessee shall have no right to assign, sell, transfer, mortgage, pledge, hypothecate or encumber this Sublease or any interest herein or sublet the Leased Premises or any part thereof, or permit the use of the Leased Premises by any other party without Signature's prior written consent, such consent not to be unreasonably withheld. Any such contemplated assignment, sale, transfer or subletting shall further be subject to advance, written approval by the Authority, such consent not to be unreasonably withheld. Any such transactions in violation of the foregoing requirement shall be considered null and void and shall constitute a Default.

If Signature consents to assignment or subletting of the Leased Premises, Sublessee acknowledges that such action shall in no way be construed or interpreted as a diminution, abatement, or mitigation of its responsibilities and liabilities set forth in this Sublease. Sublessee remains liable for the acts or omissions of its Related Parties irrespective of any subcontract or sublease.

Any assignment, sale, transfer or subletting of this Sublease shall be subject to the same conditions, provisions, and Term as herein stated.

26. **Incorporation of Sublease Provisions in Subtenant Agreements.** If Signature consents in writing to subletting any portion of the Leased Premises, any subleases - shall be subject to the terms and conditions of this Sublease and the Master Lease and Sublessee shall incorporate such terms and conditions of this Sublease and the Master Lease into such sublease. Such indemnities, waivers, insurance endorsements, and limitations of liability are deemed applicable and binding upon Sublessee and its subtenants.

27. **Concurrent Term of Subtenant Agreements With Sublease.** The term of any subtenant agreement entered into by Sublessee shall at no time exceed the Term specified in the Sublease, subject to subsequent renewal, extension or replacement thereof negotiated by the Authority and/or Signature. In the event this Sublease is thereafter terminated for any reason prior to the expiration date of the Term or any subsequent extension or renewal thereto, including, but not limited to, Sublessee's uncured acts of default, then the termination of this Sublease shall also serve as the termination of any and all subtenant agreements entered into by Sublessee, concurrent with the effective date of Sublease termination.

28. **Fuel Purchases.** Sublessee agrees to purchase reasonable quantities of fuel or to require its subtenants to purchase reasonable quantities of fuels from Signature in connection with the operation of the Aircraft based or otherwise operated from the Leased Premises in exchange for Signature furnishing Sublessee the use of Signature's general aviation terminal facilities and amenities, as well as, furnishing other basic and customary services related to the Aircraft based or operated from

the Leased Premises. Such fuel purchases constitute an integral part of the basis of bargain and material consideration for Signature to enter into this Sublease.

29. **Aircraft Towing.** Sublessee shall have the primary responsibility to tow Aircraft at the Airport.

30. **Amendment.** No amendment, modification or alteration of the terms of this Sublease shall be binding unless it is in writing and executed by both Parties.

31. **Time of Essence.** Time is of the essence for the performance of each and every covenant and the satisfaction of each and every condition and obligation specified in this Sublease.

32. **Entire Agreement.** The Exhibits attached are fully incorporated into the terms and conditions of this Sublease. This Sublease constitutes the entire agreement and all prior correspondence, memoranda, negotiations, or understandings (written or oral) and are merged into and superseded by this Sublease, excepting the Parties' joint and several obligations under the Master Lease. This Sublease shall be interpreted simply according to the plain meaning of its terms and not strictly for or against with Party regardless of which party drafted it.

33. **Severability.** If in arbitration or in court, any authority determines that one provision is illegal, unenforceable, or invalid in whole or in part for any reason, all valid and enforceable provisions remain unaffected.

34. **Election of Remedies.** The Parties' rights and remedies are cumulative and in addition to all other rights and remedies at law and equity. No action initiated by either Party shall be construed or interpreted as a sole election of remedies and will in no way diminish, restrict, prejudice or otherwise waive any other Signature right or remedy.

35. **Authority Consent Required.** Sublessee acknowledges that, pursuant to the provisions of the Master Lease, Signature may be required to obtain Authority's written consent to this Sublease, and accordingly, if applicable the obligations, understandings and commitments of the Parties as set forth herein are expressly subject to obtaining such Authority consent.

36. **Estoppel Certificates.** Sublessee shall, within fifteen (15) days after any written request from Signature, execute, acknowledge and deliver a statement (i) certifying that this Sublease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Sublease as so modified, is in full force and effect (or if this Sublease is claimed not to be in force and effect, specifying the ground therefore), and any dates to which any Aggregate Rent has been paid in advance, and the amount of any security deposit, (ii) acknowledging that no uncured defaults exist on Signature's part, to Sublessee's knowledge, or, alternatively, specifying such defaults, if any are claimed, and (iii) certifying such other matters as Signature may reasonably request or as may be requested by Signature's current or prospective holders, insurance carriers, auditors, and prospective purchasers. Any such statement may be relied upon by any such parties. If Sublessee shall fail to execute and return such statement within the time required herein, Sublessee shall be deemed to have agreed with the matters set forth therein.

37. **Memorandum of Sublease.** Either Party may request that the other join in executing a Memorandum of this Sublease, which may be recorded in the jurisdiction where the Leased Premises are located.

38. Covenant of Quiet Enjoyment. Sublessee shall peaceably and quietly hold and enjoy the Leased Premises against Signature and all persons claiming by, through, or under Signature subject to this Sublease provided Sublessee has fully performed all terms, covenants, agreements, and conditions of this Sublease.

IN WITNESS WHEREOF, the authorized representatives of Signature and Sublessee have executed this Sublease effective as of the date and year first written above.

SIGNATURE FLIGHT SUPPORT CORPORATION

COIN TOSS, LLC

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

(if applicable)
CONSENT OF AIRPORT AUTHORITY

The Airport Authority of _____, _____, _____ hereby consents to the terms and conditions of this Sublease.

ATTEST: FOR AND ON BEHALF OF THE AIRPORT AUTHORITY
OF _____, _____

Title: _____

Date: _____

APPROVED AS TO FORM & LEGALITY:

RECOMMENDED BY:

Legal Counsel

THE STATE OF FLORIDA
COUNTY OF ORANGE

This instrument was acknowledged before me on _____ by _____ of Signature Flight Support Corporation, a Delaware corporation, personally known to me, on behalf of said corporation.

NOTARY SEAL

Notary Public, State of Florida

Printed or Typed Name of Notary
My commission expires: _____

THE STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on _____ by _____ of _____, Inc., a _____ corporation, personally known to me, on behalf of said corporation.

NOTARY SEAL

Notary Public, State of _____

Printed or Typed Name of Notary
My commission expires: _____

EXHIBIT "A"

"Copy of Master Lease (Less Proprietary Information)"
Dated _____

{AS ATTACHED HERETO}

32
38
Finger

BEAUFORT COUNTY SC- ROD
BK 01688 P 0731 IN 2002086397
DATE: 12/30/2002 02:45:06 PM

SOUTH CAROLINA)
BEAUFORT COUNTY)

REC BY B BING RCPT# 107784

**FIXED BASED OPERATION
LEASE AND OPERATING
AGREEMENT**

THIS LEASE AND OPERATING AGREEMENT (hereafter referred to as "Agreement"), entered into this 4th day of September 2002, by and between the Hilton Head Island Airport, an agency of Beaufort County Council of Beaufort, South Carolina, hereafter called "County," and Carolina Air Center, Inc., a business corporation authorized to transact business in the State of South Carolina, hereafter called CACI;"

WITNESSETH

THAT WHEREAS, the Beaufort County Council is duly empowered to operate, manage, and control the Hilton Head Island Airport and all facilities located thereon under the authority of Chapter 6 of the Code of Ordinances of Beaufort County; and whereas, CACI is an experienced provider of general and commercial aviation services, and proposed to provide such services at the Airport as a fixed base operator; and whereas, County has determined that fixed base operation aviation services are necessary and essential in order to accommodate the needs of the general public and persons and firms using the Airport.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth hereafter, the parties to hereby agree with each other as follows:

1. LEASED PREMISES

1.1 General. County hereby leases to CACI, and CACI hereby accepts from Beaufort County as tenant, the premises more particularly described and defined in Schedule A attached hereto and made a part hereof (hereafter referred to as the "Leased Premises"). The premises is let in its condition as of the effective date of this agreement, without representation or warranty by County, subject to any state of facts which an accurate survey or a physical inspection thereof might show, to all applicable legal requirements and any violation of any legal requirement which may exist as of the date hereof. CACI has examined and approved the premises for all purposes of this Agreement. CACI acknowledges that all existing improvements and fixtures included in the premises are in good working order.

2. TERM

2.1 Initial Term. The initial term of this Agreement shall be for a period of 15 years commencing on the 1st day of January 2004, and running through the 31st day of December 2018.

2.2 Option Terms. Provided it is in compliance with all the terms and conditions of this Agreement, CACI shall have the option to renew this Agreement upon all the same terms and conditions for two (2) additional terms of five (5) years each.

This option shall be exercised by written notice to County not later than ninety (90) days prior to expiration of the existing term. If both options are exercised by CACI, the expiration date of this Agreement will be December 31, 2028.

3. RENTALS, FEES AND CHARGES

3.1 **Rent.** As consideration for the lease of the premises and the rights and privileges granted herein, CACI agrees to pay County the rentals, fees, and charges set forth below:

3.1.1 **Ground rental.** CACI shall pay a rental rate of \$0.1085 per square foot per year in year six and every year thereafter for the 345,126.68 square feet of paved ramp/apron as described in Schedule A. In years one (1) through five (5), rents are to be phased-in as described below:

3.1.1.1 Beginning on January 1, 2004, \$4,000 per year.

3.1.1.2 Beginning on January 1, 2005, \$8,000 per year.

3.1.1.3 Beginning on January 1, 2006, \$16,000 per year.

~~3.1.1.4 Beginning on January 1, 2007, \$24,000 per year.~~

3.1.1.5 Beginning on January 1, 2008, \$32,000 per year.

3.1.1.6 Beginning on January 1, 2009, \$34,887.52 per year.

3.1.2. The Rent is payable on a quarterly basis, calculated at $\frac{1}{4}$ of the indicated annual rent, commencing on the 1st day of January 2004, and payable on the 1st day of each and every successive calendar quarter thereafter, without demand. If County makes additional land available for CACI to lease, such land shall be provided at the rental rate in effect at that time, as described in this Agreement.

3.1.3. **Percentage rent.** CACI shall pay a percentage rent of three percent (3%) of all gross sales revenues, excluding the following:

3.1.3.1. All revenues derived from the sales of retail fuel.

3.1.3.2. Sales taxes collected on retail sales and paid to the State of South Carolina.

3.1.3.3. All revenues derived from the sale of new or used aircraft.

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- 3.1.3.4. All revenue earned in the first seven (7) years from the leasing of hangar space in the facilities proposed to be constructed by CACI under the terms of this Agreement. This seven-year period shall begin at the issuance of a Certificate of Occupancy from the Town of Hilton Head Island.
- 3.1.4. Percentage rent is payable on a quarterly basis commencing on the 1st day of January 2004, and payable on the 1st day of each and every successive quarter thereafter without demand.
- 3.1.5. **Fuel flowage fee.** CACI shall pay a fuel flowage fee equal to one and one-half (1.5%) percent of gross revenues from the sale of retail fuel by CACI beginning on January 1, 2004. Fuel sold to U. S. Military aircraft and scheduled air carriers serving Hilton Head Island Airport shall be exempt from the fuel flowage fee. If County chooses to increase the fuel flowage fee, County shall not increase the fee more than one-half (0.5%) percent per adjustment period. However, at no time during the term of this lease shall fuel flowage fee increase to a level exceeding three (3%) percent of the gross retail fuel revenues. Retail fuel revenues shall exclude all Federal, State and local applicable fuel taxes. The fuel flowage fees will be paid to the County on a quarterly basis, with records maintained by CACI. Records shall be maintained at CACI, but the County shall have the right to review fuel sales records during normal business hours with a minimum 24-hour notice.
- 3.1.6. **Unimproved ground rental rate.** CACI shall have an option to lease an adjacent three (3) acre parcel (130,680 square feet) along the southeastern boundary of its leasehold. If CACI shall exercise this option, they shall pay an unimproved ground rental rate, which shall be used for the construction of the maintenance and aircraft storage hanger described below. Ground rent shall be paid as follows:
- 3.1.6.1. Beginning in CY-2004 or on the issuance of a Certificate of Occupancy (whichever comes first), \$0.08 per square foot per year for the proposed maintenance hanger site of 1.5 acres.
- 3.1.6.2. Beginning in CY-2004, \$0.08 per square afoot per year for the proposed aircraft storage hangar site of 1.5 acres.
- 3.2 **Exemption From Percentage of Gross Revenue Fees for Maintenance Subtenant.** County shall exempt the first subtenant selected by CACI to provide maintenance services in the new maintenance hangar from any percentage of gross revenue fees for the first two (2) years of business operation. After two years, the maintenance subtenant shall not be required to pay not more than three (3%) percent of gross revenues to County for the privilege of operating at the airport.

3.2.1. The above exemption shall apply only to the first subtenant CACI engages during the terms of this Agreement. County may at its option charge second and subsequent subtenant(s) a percentage of gross revenue fee of not more than three (3%) percent, effective upon the date such subtenant(s) sign an Operating Agreement with County.

3.2.2. Place of Payments. All payments due County from CACI shall be paid at the Airport Director's Office, unless otherwise specified in writing delivered to CACI. All payments due County, with the exception of fixed quarterly rent, which is payable in advance, shall be due and payable on the 20th day of each calendar month following the quarter during which the sale of service occurred.

3.3 Financial Reports and Records

3.3.1. Quarterly Reporting. With the payment of quarterly percentage fees by the twentieth (20th) day of the month as provided above, CACI shall submit to County a statement showing gross receipts from the operations of its business for the preceding calendar month. These reports shall show such reasonable detail and breakdown as may be required by County, including a separate accounting of revenues from fuel sales, on forms agreeable to County.

3.3.2. Fuel Flow Reporting. CACI shall submit to County, by the 20th day of the month following the most recently ending quarter, a statement showing the amount of fuel dispensed in the previous quarter from each fuel vehicle CACI operates, with such reasonable detail and breakdown as may be required by county. Such breakdown shall include the amount of fuel sold to U. S. Military aircraft and scheduled air carriers serving Hilton Head Island Airport, and therefore exempt from the fuel flowage fee.

3.3.3. Annual Reporting. Within ninety (90) days after the end of each calendar year during the initial and option terms of this Agreement, CACI shall submit to County a detailed statement of applicable gross receipts for the preceding year of operation. Such statement shall be reviewed by a Certified Public Accountant and shall be accompanied by CACI's payment covering any deficiency between payment made during the previous year of operation and payments due for such year of operation as set out above. In the event that CACI's payments to County for the previous year of operation exceeds the amount of payment required by this Agreement, County shall reimburse CACI the sum overpaid.

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- 3.3.4. **Reporting based Aircraft.** At the date(s) and interval(s) prescribed by County, CACI shall submit to County a list of all aircraft, by FAA registration number, that are based on its leasehold.
- 3.3.5. **Books and Records of CACI.** CACI shall maintain complete and adequate books and records for the purpose of determining the gross receipt from Fixed Base Operations for the current and immediately prior three calendar years and shall make such books and records available for inspection by County or its authorized representatives at any and all reasonable hours and times.
- 3.3.6. **Audit.** County shall have the right during each calendar year to authorize an audit of CACI's records pertaining to its operation on the Airport with a forty-eight hour notification. Such audits shall be undertaken by the County's properly degreed accounting staff or a firm of certified public accountants, satisfactory to County and CACI. The cost of such audit shall be paid by County, unless the results of such audit reveal a proven discrepancy of more than three percent (3%) between the gross receipts reported above and the gross receipts as determined by audit for any calendar year or pro-rata calendar year reported. In case of such discrepancy, the full cost of the audit shall be paid by CACI. CACI has the ability to challenge said audit, if the discrepancy is proven unfounded, the County will reimburse CACI for all costs incurred. Any additional auditing expense resulting from CACI's inability or refusal to provide records as required by the auditor shall be paid by CACI. CACI shall forthwith pay to County the full amount of fees and charges, including late fees, discovered to be due to County as a result of the audit. County shall forthwith refund to CACI the full amount of fees and charges overpaid by CACI that are discovered to be due to CACI as a result of the audit.
- 3.4. **Adjustments to Fuel Flowage Fees and Ground Rental Rates.** County reserves the right to adjust the fuel flowage fees and ground rental rates every two-year period during the initial and option terms of this Agreement.
- 3.4.1. The first possible adjustment to the fuel flowage fee may occur on January 1, 2006, and every two years thereafter. Increases are limited to the terms and conditions set forth in Section 3.1.5 within this lease, unless otherwise changed as described in paragraph 3.4.3 below.
- 3.4.2. The first adjustment for all ground rent rates may occur on January 1, 2010. On that date, County has the option to adjust the rates to reflect fair market value, but by not more than fifteen percent (15%). Subsequent increases may be made every two years thereafter and shall not amount to more than five percent (5%) over the previous two-year period.

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3.4.3. If at any point during the term of the lease, economic or aviation conditions at the Hilton Head Island Airport reflect a significant and demonstrable change, either positive or negative, either the County or CACI shall have the right to request an adjustment to the rental rates and fuel flowage fees then in effect, to account for said change. However, in no event shall the new rates and/or fees exceed the range of those charged to FBOs at competing or similar airports within the Southeastern United States.

4 RIGHTS OF CACI: MINIMUM STANDARDS FOR SERVICES TO BE PROVIDED

4.1 **Specific Rights and Minimum Standards for Services.** CACI is hereby granted the non-exclusive right and privilege to engage in business as a Fixed Base Operator at the Airport and shall be allowed but not required to provide the services listed below. By providing any of the service(s) listed, CACI agrees to provide such service(s) to standards consistent with the high quality of facilities and services provided by other operators at the Airport, and in accordance with the current edition of the Minimum Standards for Beaufort County Airports:

4.1.1 **Fuel Sales.** ~~The purchase, sale, and storage of aviation petroleum products, including fuel, propellants and lubricants, or any product or products incident to the use of aircraft, including the use of fueling vehicles to service aircraft.~~ Fueling vehicles shall be constructed and equipped in accordance with all applicable Federal Aviation Administration (FAA) and National Fire Protection Association (NFPA) rules, regulations, and guidelines.

4.1.2 **Fuel Farm.** The construction, operation, and improvement of modern state-of-the-art, fuel storage facilities for servicing aircraft and to conduct fueling operations or upgrading of existing facilities. Fuel storage facilities shall comply with all applicable FAA, NFPA, local, state, federal, and County rules, regulations, ordinances, and standards.

4.1.3 **Aircraft Maintenance and Repairs.** The maintenance, repair, and overhaul of air frames for all types of general aviation aircraft, engines, and power plants, and to remove, install, or reinstall engines or power plants and other equipment of a general aviation nature normally used at Hilton Head Island Airport. CACI or its subtenant shall employ at least one full-time FAA certified Airframes and Powerplants mechanic and as many properly FAA certified personnel as may be required to perform aircraft maintenance and repairs to meet the public demand. CACI or its subtenant shall provide adequate shop space to house aircraft parts, equipment, and adequate machines, tools, jacks, lifts, towbars, dollies,

testing equipment, and other required equipment to perform overhauls and repair of parts, at a minimum, on single engine land and light multi-engine land general aviation aircraft. Non-airworthy aircraft shall be screened from public view.

- 4.1.4 **Aircraft Sales.** The sale and leasing of new and used aircraft, staffed by adequate sales personnel, hangar space, showroom and office space to conduct a full time, progressive business operation.
- 4.1.5 **Aircraft Storage and Tie Downs.** Aircraft parking, storage, hangar, rental, and tie down services for both based and transient aircraft.
- 4.1.6 **Line Service and Pilot/Passenger Services and Facilities.** Ground support servicing of aircraft, including auxiliary power unit capability, ramp equipment, aircraft cleaning, and other related on-apron services by trained, uniformed personnel; courtesy transportation of passengers, crews and baggage from the FBO apron to other points on the airport; ramp equipment to tow or move aircraft of a size and weight equal to or in excess of a Gulfstream IV aircraft; and waiting lounge, pilot briefing room, rest rooms, telephone facilities, and other customer services.
- 4.1.7 ~~Flight Instruction and Aircraft Rental.~~ Flight instruction by properly certified instructors and pilots with ratings and qualifications, operating aircraft that are properly certified and maintained in accordance with applicable Federal Aviation Regulations. CACI shall provide an office, office personnel, and suitable arrangements for hangaring or parking aircraft in the performance of said services.
- 4.1.8 **Aircraft Rental.** Rental of aircraft that are properly certified and maintained in accordance with applicable Federal Aviation Regulations. CACI or its subtenant shall take reasonable measures to ensure that persons renting its aircraft are properly licensed and qualified to operate the aircraft they desire to rent.
- 4.1.9 **Aircraft Charter Service.** Provision of on-demand aircraft charter service under FAR Part 135. CACI or its subtenant shall provide at least one or more airworthy aircraft, or shall have said aircraft available on an on-call basis under written contract with an independent contractor. All aircraft charter services, if provided, shall be conducted under a valid FAA Air Carrier Certificate, in accordance with FAR Part 135 or other applicable FAR.
- 4.1.10 **Operational Goods and Services.** The right, but not any requirement, to engage in aerial survey, photography, mapping, sightseeing services, inspection, and licensing of aircraft; training employees or the public in

any art, science, craft, or skill pertaining directly or indirectly to aviation, including navigation, aircraft design, theory and construction; providing services to scheduled and non-scheduled airlines serving the airport to include ground handling, cleaning, into-plane fueling, aircraft maintenance, and ground support equipment maintenance; the loading and unloading of aircraft incidental to the conduct of any services or operations described herein; the right to sell pilot supplies, tobacco, candy, sandwiches, soft drinks, notions, and refreshments over the counter or from coin-operated vending machines on the leased premises only; the right to sell, lease, and repair aircraft instruments, electronic equipment, radio equipment, and avionics.

4.2 **Covenant Not To Compete By County.** County covenants and agrees not to engage in competition with CACI at Hilton Head Island Airport and will not sell or provide any of the goods and services that CACI chooses to provide in paragraphs 3.1.1 through 3.1.10 above. However, if CACI chooses to discontinue the sale or provision of any of the above listed goods or services, then County's covenant not to compete shall not be applicable, and County shall have the right to provide, in any manner, those discontinued goods and services. This covenant not to compete by County shall not be construed to grant to CACI an exclusive right and privilege to engage in business free from competition from other fixed base operators at the Airport. Additionally, this covenant not to compete by County shall not be applicable to other leased facilities owned by County, or other buildings which may become the property of County at the expiration of other existing leases, and the parties understand and agree that County shall have the right to rent said facilities to an existing tenant or any new tenant in the future, notwithstanding this covenant not to compete. As facilities become available, they may, upon negotiation, be rented to CACI.

4.3 **Prohibited Uses.** CACI is authorized to conduct only the business operations described in this Agreement, unless otherwise authorized in writing by County. Without limited the generality of such prohibition, the following uses are specifically prohibited, unless prior written consent is secured:

4.3.1 Sale of alcoholic beverages, except for those included in catering packages for aircraft.

4.3.2 Rental of passenger automobiles, except that CACI may continue existing agreements or enter into new agreements with rental car agencies already authorized by County to do business on the airport, to provide rental cars for its customers. Any new such agreement(s) must be approved in writing by the Airport Director. CACI has the option to rent specialty vehicles not otherwise provided by the on airport rental companies.

4.3.3 Any activities prohibited by law or regulation.

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4.4 **Subcontracting of Services.** CACI has the right to subcontract for the provision of any of the services it is authorized to provide, provided that such subcontractors are required, in writing, to provide those services in accordance with this Agreement and to the same standards, guidelines, rules, regulations, and other documents as though CACI were providing the service itself. Subcontractors who must establish a physical presence on airport property in order to provide their services (such as aircraft maintenance activities), or who must otherwise operate at the airport as a principal aspect of their business (such as flight instructors) shall be required to execute an Operating Agreement with the County before they are allowed to commence operations at the airport and perform work for CACI.

4.4.1. **Appurtenant Rights.** In addition to the rights herein specifically granted, CACI shall have the following appurtenant rights:

4.4.1.1. **Use of Public Areas.** The non-exclusive right in common with others to use the Hilton Head Island Airport Unicom, and public portions of the Airport and the appurtenances thereto, subject to all ordinances, rules, and regulations in effect and hereafter promulgated by County from time to time. All public facilities and improvements may be changed or altered by County from time to time in its discretion. County shall make all efforts to not cause a disturbance in CACI business activities when and if improvements or alterations to public use areas are made. If the potential exists to create a disruption in normal CACI business activities, the County will make every effort to work with CACI management to minimize the effect.

4.4.1.2. **Ingress and Egress.** The right in common with others of free ingress and egress from the leased premises over Airport roads, driveways, and common vehicular areas as designated from time to time by County.

4.4.1.3. **Signs.** The right to install and operate, at its own expense, signs denoting its occupancy of the leased premises; provided, however that the number, size, type, design, and location of all signs displayed or maintained in view of the general public shall be subject to the prior written approval of the Airport Director. Any signs not approved in writing in advance may be removed by County at the expense of CACI. The total costs of such removal shall be paid by CACI to County, upon receipt of County's invoice for the same.

4.5 **Discontinuance.** In the event CACI elects to discontinue any goods or services that CACI is authorized to provide in Paragraph 4.1 through 4.10, CACI shall

notify the Airport Director in writing to describe the service or services being discontinued and shall provide said written notice no less than 15 days prior to discontinuing said service or services.

4.6 Unauthorized Activities. CACI shall not engage in any business not authorized in this Agreement and shall not engage in any aeronautical activities at the airport until specific authorization is granted by the FAA or any other governmental agency having jurisdiction over CACI's operations, including, but not limited to, 14 CFR Part 135.

4.7 Rights Reserved. All rights and activities not herein expressly granted to CACI, or reasonably incidental and necessary to the exercise of the rights specifically granted to CACI as a Fixed Base Operator are hereby reserved and retained by County.

4.8 Exclusive Rights. It is specifically understood and agreed that nothing in this Agreement shall be construed as granting or authorizing of an exclusive right within the meaning of the current edition of FAA Order 5190.6, Airport Compliance Requirements, current Advisory Circulars, and the current version of Federal Grant Assurances. County reserved the right to grant similar privileges to another operation or operators on other parts of the Airport.

5. CAPITAL IMPROVEMENTS

5.1 General. Subject to the conditions and provisions of this Agreement, CACI shall, at its sole cost and expense, construct the Capital Improvements listed below. The Improvements shall be constructed in accordance with Federal, State, and local regulations, ordinances, building codes, The Airport Master Plan/Airport Layout Plan, the Airport Minimum Standards for Construction of Hangars, and other applicable documents as deemed necessary by governmental authorities having jurisdiction.

5.2 Contractors, Subcontractors, and Suppliers. The construction of the improvements shall be performed by qualified, responsible, and reputable contractors, subcontractors, and suppliers, all of who shall be subject to County's approval in advance of the commencement of work. Such contractors, subcontractors, and suppliers at all times shall operate in compliance with the Airport Rules and Regulations, and in a manner compatible with operations on, and other employees and tenants at the Airport, so as to avoid the occurrence of disturbance, disruption, or conflict in all or any part of the Airport or in connection with its operation.

5.3 Permits, Certificates, and Approvals. Prior to the commencement of the construction of any capital improvements, CACI shall obtain, at its own cost and expense, from all governmental authorities have jurisdiction, all building, zoning,

and other permits and certificates necessary for the construction of the improvements, in accordance with the Airport Master Plan/Airport Layout Plan and Final Plans which have been approved by the County and the Town of Hilton Head Island, to include (but not limited to) FAA Form 7460-1 (Notice of Proposed Construction) and any other permits or certificates required by Federal, state, or local authorities. County shall not be responsible in any way for obtaining any such permits or certificates.

- 5.4 **Quality of Work and Conformance to Plans.** All construction shall be done in good and workmanlike manner using new and first-quality materials, strictly in accordance with the Final Plans and in accordance with all requisite certificates and permits from governmental authorities having jurisdiction. CACI shall make no changes in the Final Plans without the prior written approval of County; such approval may be granted or withheld at County's sole discretion; however, any notice of disapproval from County shall state the specific reasons for such disapproval, with approval not unjustly withheld.
- 5.5 **Inspections.** During the construction of the improvements, County, its architects and engineers, and any authorized representative may (but shall not be obligated to) inspect the construction of the improvements and all construction plans, drawings and documents, change orders, addenda, shop drawings, and samples in the possession of CACI and its contractors for the purpose of confirming that such construction is being performed in accordance with the Final Plans, the requirements of all public authorities having jurisdiction, and the other requirements of this Agreement. Any such inspection shall be performed solely for the benefit of County and shall not be relied upon in any manner by CACI or any third party. At County's request, CACI shall promptly furnish County with one copy of all construction plans, drawings and documents, change orders, addenda, shop drawings, and samples not previously delivered to County. In the event that County, its architects, or its engineers notify CACI that the construction of the improvements is not being done in accordance with the Final Plans, with the requirements of public authorities having jurisdiction, or with some other requirement of this Agreement, CACI shall promptly take such steps as are necessary to cause such construction or installation to conform with the Final Plans and such requirements. Nothing contained herein shall be deemed to obligate County to inform CACI of any problem, deficiency, or omission as described above, nor shall County's failure to so notify CACI be deemed a waiver of any of CACI's rights hereunder.
- 5.6 **Completion of Improvements.** As required, CACI shall substantially complete (as defined herein) the improvements no later than the last day of the month of the period or Calendar Year indicated for each improvement. However, the completion date shall be extended for a period of time equal to the duration of any delay caused by Force Majeure, subject to the limitations described below. The term "Force Majeure" as used herein shall mean causes beyond the control of

CACI, including without limitation, strike, lockout, action of labor unions, malicious mischief, inability (in spite of good faith and diligent efforts) to procure, or general shortages of labor, equipment, facilities, materials or supplies on the open market, failure of transportation, fires, epidemics, quarantine restrictions, freight embargoes, unusually severe weather, delays occasioned by or excavation efforts to uncover archaeological artifacts, and delays of contractors or subcontractors due to such causes and not caused by the act, or failure to act, by the party thereby delayed in such performance. Lack of financial credit or liquidity of CACI or any contractor or subcontractor, or unavailability of financing shall not constitute "Force Majeure." If there occurs any event or series of events which CACI believes constitutes Force Majeure, CACI shall give notice to County of such event or series of events (with adequate identification and documentation) within a reasonable period of time (not to exceed thirty (30) days after CACI becomes aware) of the occurrence of such event or series of events. Failure to provide such notice shall constitute a waiver by CACI of any claim that such event or series of events resulted in a delay caused by Force Majeure. Notwithstanding, anything contained in this Agreement to the contrary, under no circumstances shall the Completion Date extend beyond one year after the original Completion Date first set forth below, unless such extension is deemed to be solely in the best interest of County. Any such extension granted by County to CACI shall not be constituted as a waiver of any of County's rights contained in this Agreement; nor shall any such extension obligate it to grant similar extension for any other improvement with similar or different circumstances.

- 5.7 **Failure to Complete Capital Improvements.** In the event that CACI fails to substantially complete construction of the Capital Improvements by the agreed Completion Date, County may pursue other remedies in order to complete the construction.
- 5.8 **Documents.** Promptly upon the completion of the construction of the improvements, CACI shall deliver to the County:
- 5.8.1 A certificate signed by CACI's architect or engineer stating that the improvements have been completed in accordance with the Final Plans, in accordance with the requirements of public authorities having jurisdiction, and in accordance with all other requirements of this Agreement;
 - 5.8.2 Copies of such Certificates of Occupancy and other certificates, permits, and licenses as shall be necessary for the use, occupancy, and operation of the improvements.
 - 5.8.3 Copies of final and complete releases, executed by CACI's general contractors and their subcontractors and suppliers, of their respective rights to file or assert a mechanic's lien against all or any portion of the premises, including an acknowledgment that they have been paid in full;

- 5.8.4 Two (2) complete sets of reproducible "as built" or record drawings of the premises showing the additional improvements; and
- 5.8.5 A statement, certified by CACI and an architect licensed to practice in the State of South Carolina or a certified public accountant, showing a total expenditure for the improvements, with appropriate detail reasonably satisfactory to County. Such amount shall include only actual out-of-pocket expenses paid to contractors, subcontractors, suppliers, and other unrelated third parties.
- 5.9 **Responsibility for Utilities Construction.** CACI shall undertake whatever construction is necessary to extend water and sewer utility lines from existing lines to the improvements. Such construction shall be at CACI's sole cost and expense.
- 5.10 **Certificate of Occupancy.** Improvements shall be deemed "Substantially Completed" when CACI has been granted a Certificate of Occupancy by the governmental jurisdiction possessing the authority to issue such Certificate. Minor punch list items that do not materially interfere with the occupancy and use of the improvements shall not be reason to deem an improvement as not "~~Substantially Completed.~~"
- 5.11 **Title.** Title to the Improvements shall at all time during the initial and option terms be and remain with CACI or its successor. Upon expiration of the initial and option terms of this Agreement, or earlier termination of this Agreement, title to all Improvements shall pass immediately to County, and CACI shall not remove any Improvements from the Premises upon the surrender thereof.
- 5.12 **Capital Improvements Described.** CACI shall, at its sole expense, construct the following capital improvements:
- 5.12.1 **Fuel Storage.** A state-of-the-art fuel storage facility that shall store a minimum of 30,000 gallons of Jet-A fuel and 12,000 gallons of 100-octane low-lead aviation gasoline. The facility shall be put into operation no later than two (2) years after the effective date of this Agreement.
- 5.12.2 **General Aviation Maintenance Hangar.** A general aviation maintenance hangar facility of at least 7,500 square feet in size. The facility shall be completed and ready for occupancy no later than Calendar Year 2006, if demand can be identified. As a part of the ground lease for the facility, CACI shall have the option to rent sufficient land area to facilitate expansion of the structure in order to accommodate demand for additional or improved maintenance services.

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5.12.3 **Multi-Aircraft Storage Hangar.** A multi-aircraft storage hangar of at least 12,000 square feet in size. The facility shall be completed and ready for occupancy in CY-2007, if demand can be identified. CACI shall have the option to rent sufficient land area to facilitate expansion of the structure in order to accommodate demand for additional hangar storage.

6. USE OF PREMISES

6.1 **Use by CACI.** During the term of this Agreement, the leased premises shall be used and occupied by CACI solely for the purposes set forth and enumerated in Article 4. CACI shall not use or permit the leased premises to be used for any other purpose whatsoever, without the prior written consent of County Council.

6.2 **Licensed Personnel.** CACI shall employ or contract with trained personnel who hold valid and current certificates, ratings and licenses to perform all services which CACI is authorized by this Agreement to offer to the public, including, but not limited to, licenses required and issued by the Federal Aviation Administration and all Federal, State, and local agencies having jurisdiction and control over the activities engaged in by CACI.

6.3 **Hours of Operation.** CACI shall remain open for business to provide the sale of fuel and propellants and other essential ramp services to the public between the hours of 0600 and 2000, or as demand indicates. Additional services shall be provided twenty-four (24) hours per day, seven (7) days per week on an on-call basis. County may waive the requirements for twenty-four (24) hours per day provision of those services in the event that the requirement therefore is not necessary to meet public demand, and said requirement is deemed waived for the first year of this agreement, provided the requirements herein are met fourteen (14) hours a day, seven (7) days a week. CACI shall remain open for business to provide all other permitted or required services to the public at a minimum of forty (40) hours per week, excepting public holidays and weekends.

7. OPERATING STANDARDS AND OBLIGATIONS

7.1 **Operating Standards.** CACI represents to County that it, or its affiliate organizations, are experienced fixed base operators possessing the financial capability and technical experience and knowledge in the field of fixed base operation. CACI shall provide services adequate to meet all reasonable demands for the services authorized herein, on a fair, reasonable, and nondiscriminatory basis to all users at the Airport. CACI shall charge fair, reasonable, and not unjustly discriminatory prices for its services; provided, however, that CACI may make reasonable and nondiscriminatory discounts, rebates, or other types of price reductions to volume purchasers.

- 7.2 **Control.** CACI shall control the conduct, demeanor, and work activities of its employees, and shall be responsible for the safety of persons and property that may in any way be affected by CACI's business as a Fixed Base Operator at the Airport. CACI shall not maintain in its employ any person who is objectionable to Airport Management on account of said person's character, reputation, appearance, dress, or conduct. CACI will adopt and implement a substance abuse policy in accordance with FAA requirements.
- 7.3 **Compliance with Laws.** During the term of this Agreement and CACI's occupancy of the leased premises, CACI covenants and agrees to at all times observe, obey, and comply fully with all laws, ordinances, rules, regulations, and requirements now in effect and hereafter promulgated by County Council and any Federal, State, local, or other governmental entity having jurisdiction over the leased premises or activities of CACI including, but not limited to, NFPA 407, FAR Part 139, and FAA Advisory Circular 150/5230-4 with respect to fueling procedures. CACI shall take all measures to prevent contamination of pollution of the leased premises by petroleum products or other contaminants, and shall pay all costs for the treatment of storm water runoff from leased premises, which can be determined by have been caused by CACI, now required or which may in the future be required by any local, state, or federal agency. CACI shall pay all taxes, licenses, costs of building permits for improvements required or authorized by this Agreement, and any other charges levied or imposed upon the rights, leasehold interests, or other property of CACI.
- 7.4 **Air Operating Area Security.** CACI covenants and agrees to assume full responsibility for providing and maintaining airside security within the leased premises, and at all times control vehicle and person access from the leased premises to restricted areas on the Airport, in full compliance with the Airports Security Plan and Parts 107 and 108 of the Federal Aviation Regulations.
- 7.5 **Maintenance, Utilities, and Cleanliness.** During the term of this Agreement and its occupancy of the leased premises, CACI shall continuously keep and maintain the same in good condition, repair at its own sole cost and expense, make all repairs as necessary, keep the premises in safe, neat, and clean condition at all times, free and clear of trash and debris, furnish its own janitorial and trash removal service, bear the cost of all utilities, and deliver up the premises to County at the termination of this Agreement in good condition, reasonable wear and tear excepted. CACI shall be responsible for correcting discrepancies in maintenance, cleanliness, and safety to its facilities that are identified by the Airport Director, FAA airport certification officials, Town of Hilton Head Island building and fire code inspection officials, and other duly authorized governmental officials. No outside storage of aircraft being repaired shall be permitted.

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- 7.6 **Alterations of Premises.** In performing all repairs, maintenance, alterations, replacements, refurbishments, and construction affecting the premises, CACI shall:
- 7.6.1 Have the work performed by qualified, responsible, and reputable contractors, subcontractors, and suppliers. Such contractors, subcontractors, and suppliers at all times shall operate in compliance with the Airport Rules and Regulations, and in a manner compatible with operations on, and other employees and tenants at the airport, so as to avoid the occurrence of disturbance, disruption, or conflict in all or any part of the airport or in connection with its operation.
 - 7.6.2 Have the work performed done in a good and workmanlike manner, using new and first quality materials, in accordance with all applicable plans and specifications previously approved by County and the Town of Hilton Head Island.
 - 7.6.3 Obtain, at its own cost and expense, all necessary building, zoning, and other permits and certificates necessary from all governmental authorities have jurisdiction. County shall not be responsible in any way for obtaining any such permits or certificates.
- 7.7 **Temporary Structures.** CACI or its contractors, subcontractors, or suppliers shall not install, maintain, operate, or permit anywhere on the Airport any mobile or temporary facilities, unless expressly authorized by County. County shall not unreasonably withhold such authorization, if requested by CACI to support the construction of capital improvements as described in this Agreement. CACI shall ensure that such structures are installed and maintained safely and in accordance with applicable ordinances and regulations, and so as to present a neat and orderly appearance at all times.
- 7.8 **Fuel Storage.** All fuel tanks, associated pumping equipment and fixtures, and related buildings and structures utilized by CACI in the storage, pumping, and dispensing of fuel shall be continuously maintained in compliance with the National Electric Code, the National Fire Code of the NFPA, applicable codes and regulations of the United States Environmental Protection Agency, all FAA regulations and advisory circulars, and all other applicable local, State, Federal fire and safety codes, standards and regulations.
- 7.9 **Fuel Spill Prevention and Cleanup.** CACI covenants and agrees at all times during the term of this Agreement to comply with Federal, State, local regulations. In the event CACI, its employees, or agents shall spill, leak, or otherwise discharge any fuel onto the leased premises, or any other areas of the Airport, CACI shall take immediate steps at its own expense to clean up, contain, and dispose of all spilled materials and comply fully with applicable regulations

while engaging in such clean-up operations. Failure by CACI to take immediate action to clean up any spills or leaks shall entitle County to proceed with clean-up procedures and action; the entire expense of which shall be paid in full by CACI within ten (10) days after notice and invoice from the Airport Director of the actual costs incurred in such clean-up operations.

7.10 **Environmental Matters.** CACI shall indemnify and hold County harmless from damage or injury resulting from hazardous material or petroleum product contamination or pollution of the leased premises occurring or existing after the commencement of CACI's operation on the leased premises.

7.11 **Inspection of Premises.** During the term of this Agreement, the Airport Director, FAA airport certification officials, Town of Hilton Head Island building and fire code inspection officials, and other duly authorized government officials shall be permitted to enter upon the leased premises at all times for the purpose of making inspection of said premises, or for any other purpose necessary for, incidental to, or connected with the performance of County governmental functions under federal, state, or local rules, regulations and laws, including, but not limited to, necessary and proper inspections under applicable health, mechanical, building, electrical, plumbing, fire codes, or other health, safety, and general welfare regulations enforced pursuant to County's police powers. Additionally, CACI's rights under this Agreement shall be subject to all existing and future utility easements and rights-of-way for the installation, maintenance, inspection, repair, or removal of public utilities such as electric, gas, water, sewer, or other public utilities which are owned or operated by County or utility companies; CACI represents that it has inspected the leased premises with respect to the location of existing public underground utilities and necessary easements therefore, specifically including underground utilities, and CACI agrees to take all measures to avoid injury, damage, or interruption of services provided by said utilities; CACI agrees that all present utilities do not unreasonably or unnecessarily interfere with CACI's use, development, and maintenance of the leased premises; County agrees that any future utilities or easements therefore shall not be located or placed so as to unreasonably or unnecessarily interfere with CACI's use or development of the leased premises.

7.12 **Business Activities on CACI Leasehold.** CACI shall advise the Airport Director before entering into any agreements to allow any individuals or businesses to lease space and/or conduct business activities on CACI's leasehold, and to not allow such individuals or business to operate on its leasehold until authorized in writing by County. This stipulation does not apply to contractors that CACI may engage to provide supplies or support (such as caterers and aircraft fuel supply and delivery) that CACI purchases in the normal course of business. CACI further agrees to advise the Airport Director of any unauthorized or unapproved individuals or businesses CACI may become aware of, that are conducting business on CACI's leasehold.

8. RELOCATION OF LEASED PREMISES

- 8.1 **Notice of Relocation.** If at any time during the term of this Agreement, the Beaufort County Council determines that the leased premises, or any portion thereof, is required to permit development of planned long-range airport improvements proposed by County Council and approved by the Federal Aviation Administration (or its successor agency) upon twelve (12) months prior written notice to CACI (if a structure or fuel facility is involved), or six (6) months if no structure is involved, County shall coordinate with CACI in the selection of another location on the Airport which, in the judgment of County and CACI, is an appropriate and suitable location for CACI's use and operations. Such notice will specify the date upon which the proposed relocation is to become effective; the date shall not be earlier than the date of said notice as described in this paragraph. Upon issuance of such notice and without delay, County shall consult with CACI as to the location and other aspects of replacement space for its permitted operation. County Council will not give Notice of Relocation without sufficient infrastructure (taxiway, ramps, etc.) in place or planned to be in place at the time of actual relocation, for CACI to adequately perform the services required.
- 8.2 **Agreement to Relocate.** If CACI agrees to such relocation, it shall commence and continue to complete the construction, erection, and installation of all necessary buildings and improvements (consistent with the quality of existing and proposed facilities), or removal and re-erection of exiting improvements upon the new locations. All costs related to and created as a result of said relocation and facility redevelopment shall be borne by the County. In either event, the plans and specifications for such new or relocated buildings and improvements shall be subject to review and approval in writing by the appropriate authorities, as otherwise described in this Agreement for Capital Improvements, prior to commencement of any construction or re-erection. Upon completion of relocation of CACI's facilities as contemplated herein, the new location shall thereupon become the "leased premises" within the definition of such term as used in this Agreement, and all rights of CACI to use any portion of the old location as described in paragraph 1. shall cease and terminate. All other provisions of this Agreement shall apply to the new location as fully and to the same extent as if the same were the original leased premises described herein.
- 8.3 **Failure to Relocate.** If CACI does not agree in writing to relocate the leased premises as contemplated in this Article within ninety (90) days after notice from County Council to do so, CACI's right of occupancy of the leased premises shall terminate one-hundred eighty (180) days after the date of County's notice to relocate, and County shall thereafter be under no obligation to provide any replacement site for the leased premises.

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8.4 Payment by County. In the Event CACI elects relocation of the leased premises and construction of replacement facilities upon the new location as provided in paragraphs 8.1 and 8.2 above, County agrees to pay to CACI an amount equal to the undepreciated portion of CACI's costs of construction of buildings and improvements which are not relocated to the new location, or deduct such amount from future rents and fees owed by CACI to County, calculated by application of a straight-line method of depreciation, based upon a twenty (20) year life of such buildings and improvements, with the exception of paving, lighting, and fencing, which shall be depreciated on the basis of a ten (10) year useful life. The amount of such payment shall be determined as of the effective date of relocation, or the date of termination of CACI's occupancy of the leased premises, whichever is applicable. The costs of construction of the buildings and improvements on the leased premises shall be documented by CACI by original bills, invoices, and construction contracts; copies of which shall be provided to County Council by CACI within ninety (90) days following completion of construction of the same. Within a period of sixty (60) days after receipt of such documentation, CACI and County Council shall agree on an amount, which represents the total costs of construction for the purposes of this paragraph.

9. SERVICES BY COUNTY. Subject to CACI's requirement to provide airside security as provided in paragraph 7.4, CACI will be provided with police and fire protection in common with other tenants of premises located on the Airport.

10. INSURANCE.

10.1 Coverages. CACI shall procure and maintain in full force and effect at all times and at its sole cost and expense the insurance coverage listed below, and shall provide County with certificates of insurance evidencing the required coverages.

10.1.1 Broad form fire and extended coverage to the extent of not less than 90% of the replacement value of all improvements and structures leased to, constructed by, or used by CACI.

10.1.2 Comprehensive automobile liability insurance with the following minimum limits:

- Bodily injury or death: \$ 500,000.00 per person
- Bodily injury or death: \$1,000,000.00 per occurrence
- Property damage \$ 500,000.00 per occurrence

10.1.3 Comprehensive Airport liability insurance covering premises operations, independent contractors, contractual liability, with single limits coverage of \$1,000,000.00 per occurrence.

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10.1.4 Aircraft Liability insurance endorsed for contractual liability coverage with single limits of \$1,000,000.00 per occurrence with no internal passenger amount restrictions.

10.1.5 Products liability/completed operations insurance with single limits coverage of \$1,000,000.00 per occurrence and an annual aggregate of \$1,000,000.00.

10.1.6 Hangar Keeper's legal liability insurance with single limits coverage of \$1,000,000.00 per occurrence. Such insurance shall not be required until such time as CACI receives Certificate of Occupancy for its first aircraft storage hangar. CACI shall increase coverage when needed to appropriately reflect the value of the aircraft stored therein.

10.1.7 Workers Compensation Insurance as required by South Carolina law.

10.1.8 Refueling liability insurance with single limits coverage of \$10,000,000.00 per occurrence. An additional insured excess liability amount on fuel supplier insurance policy is acceptable.

10.2 Waiver of Coverages. In situations where one or more of the above coverages or coverage is clearly not necessary to be maintained by CACI, County may waive such coverage(s) or limits by appropriate written letter or memorandum.

10.3 County as Additional Insured Named By Endorsement and Notice of Cancellation of Coverage. Each of the insurance policies and certificates required herein, except for workers compensation insurance shall, by endorsement, show County as an additional insured with respect to its contractual obligations, and shall bear the following provision:

"This policy cannot be cancelled or not renewed, reduced in amount, or coverage eliminated in less than thirty days after the insurer mails written notice to the insured and County giving notice of such alteration, cancellation, or reduction in coverage sent by certified mail to County at the following address: Hilton Head Island Airport, Post Office Box 23739, Hilton Head Island, SC 29925."

11. INDEMNIFICATION

11.1 Indemnification by CACI. To the extent County is not indemnified by insurance proceeds by insurance carried by CACI for the County's benefit, CACI shall indemnify and hold harmless County from and against any and all legal liability, claims, demands, suits, judgments, costs, and expenses, including attorney's fees, which may be incurred by County by reason of any act or omission of CACI, its employees, agents, contractors, or customers, asserted by any person or persons for whom CACI is legally liable on account of (a) the death

of or injury to person; (b) loss of or damage to property; ©) the violation of FAA security requirements by any person using the leased premises, or gaining access to restricted areas of the airfield over or through premises leased or controlled by CACI, proximately caused by any act or omission of CACI while exercising the rights and privileges granted in this Agreement; except, however, any claims, actions, liability, or expense which may be incurred by reason of the sole negligence of County.

- 11.2 **Indemnification From Losses Due to Fines, Penalties, or Loss of Grant Funds.** CACI further contracts and agrees to indemnify and hold County harmless from and against any and all losses CACI may suffer as a result of any fines or penalties imposed against County by and Federal, State, or local agency, and any loss of grant funds from the United States Federal Aviation Administration or the South Carolina Department of Transportation, which may be incurred by County by reason of any act or omission of County, its employees, agents, contractors, or customers, while exercising the rights and privileges granted in this Agreement. The provisions of this section shall apply regardless of whether County has received notice, actual or constructive, of any violation that results in the fines, penalties, or loss of grant funds.

12. DAMAGE TO IMPROVEMENTS

- 12.1 **Partial Damage.** In the event that any time during the term of this Agreement, any portion of the improvements shall be partially damaged by fire or other casualty, but not rendered untenable, CACI shall repair the same with due diligence and in reasonable time at its own cost and expense.
- 12.2 **Extensive Damage.** In the event that at any time during the term of this Agreement, the leased premises or any part thereof is destroyed by fire or other casualty, or damaged to such extent that the same is untenable, CACI may repair or reconstruct said premises with due diligence and in reasonable time at its own costs and expense, and the provisions of Paragraph 5.2 shall again apply to any replacement structure or improvement proposed for installations by CACI; provided, however that CACI shall have the right to reconstruct the damaged structure or improvement in accordance with previously approved plans and specifications for the original construction thereof, so long as said reconstruction complies with all governmental laws, rules, regulations, and standards applicable thereto. Should CACI elect not to repair or reconstruct the damaged structure or improvement, CACI shall remove the remains from said premises with due diligence at its own cost and expense.
- 12.3 **Application of Insurance Proceeds.** Should CACI elect not to repair or reconstruct the damaged structure or improvement, and if the damaged structure or improvement is real estate or an improvement in the nature of real property title to which reverts to County at the expiration or other termination of this

Agreement, as set forth in section 8.3, then and in that event, insurance proceeds covering said damaged structure or improvement shall be prorated between County and CACI, with County receiving an amount equal to the depreciated portion of CACI's cost of construction of the damaged improvements, calculated by application of a straight line method of depreciation, based upon a twenty (20) year life of such improvement, and CACI receiving an amount equal to the undepreciated portion of CACI's cost of construction.

13. INDEPENDENT CONTRACTOR

- 13.1 **CACI as an Independent Contractor.** In conducting its business hereunder, CACI acts as an independent contractor and not as an agent of the County. The selection, retention (except as provided in Section 7.2 above), assignment, direction, and payment of CACI's employees shall be CACI's sole responsibility, and County shall not attempt to exercise any control over the daily performance of duties by CACI's employees.

14. ASSIGNMENT AND SUBLETTING

- 14.1 **Assignment.** Neither the whole nor any part of this Agreement nor the leased premises may be assigned, transferred, or sublet by CACI, either by process or operation of law, or in any other manner whatsoever without the prior written consent of County. Said assignment shall not be unreasonably withheld. Provided, however, CACI shall not execute any leasehold mortgage, leasehold deed or trust, and nothing contained in any other CACI security financing arrangement shall ever be construed to pledge, mortgage, encumber, hypothecate, alienate, or otherwise grant or convey all or any part of the fee simple title to the real property underlying the leasehold, as same is publicly owned property not subject to encumbrance or involuntary sale of divestiture. CACI shall not at any time sell its business or assets by stock or otherwise, which would result in the transfer of this Lease without permission of County. Said permission shall not be unreasonably withheld. County reserves the right to develop the Airport as it sees fit, regardless of the desires or views of CACI, and without interference or hindrance on the part of CACI.
- 14.2 **Subletting.** All subletting agreements may be subject to approval by County. A fee of ten percent (10%) of the revenues to CACI shall be paid to County. This fee applies only in the instance that CACI elects to sublease the entire premises to a third-party, and does not apply to the revenues derived by CACI solely from the subleasing of any portion thereof.
- 14.3 **Operations Services Described Herein.** CACI shall provide a copy of all sublease agreements to County prior to their effective date.

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15. **DEFAULT AND RIGHT TO CURE**

15.1 **Default.** The occurrence of any one or more of the following listed events (hereinafter referred to singularly as "event of default" and plurally as "events of default") shall constitute a breach of this Agreement on the part of CACI.

15.1.1 The failure of CACI to pay any rent, fees, charges or other amounts pursuant to this Agreement to County within thirty (30) days of the date said rent, fees, charges or other amounts are due.

15.1.2 The failure of CACI to perform any act which it is required to perform pursuant to the provisions of this Agreement, or to otherwise comply with any term or provision hereof, within twenty (20) days after receipt of written notice of any event of default from County, during which said twenty (20) days CACI shall have a right to cure said default; provided, however that CACI's right to cure a default shall not negate the penalty for late payment of rent within twenty (20) days as provided above. Provided further that CACI may be required to pay County a fine of up to Five Hundred Dollars (\$500.00) for any offense of failure of CACI to comply with any fire code, safety code, security regulation, or standard or regulation of any federal, state, or local governmental agency having jurisdiction over CACI's operations or activities, including, but not limited to, all FAA rules, regulations, and advisory circulars, all EPA rules and regulations, the National Fire Code of the NFPA, or the National Electric Code, without said offense constituting an event of default as described herein. Provided further, that any subsequent third offense of failure of CACI to comply with any of the above-named codes, regulations, or standards occurring within twelve (12) months of the first offense for which CACI can be fined up to Five Hundred Dollars (\$500.00) shall constitute an event of default and a breach of this Agreement without CACI having any period of time within which to cure said default. The Airport Director or his agent shall then have the right to order CACI or CACI's employees to immediately cease such unsafe act or practice, and the Airport Director shall have the right to exercise all remedies available to County, as set forth in this Agreement.

15.1.3 The commencement in any court or tribunal of any proceeding voluntary or involuntary, to declare CACI insolvent or unable to pay its debts.

15.1.4 The appointment by any court or under any law, of a receiver, trustee, or other custodian of the property, assets, or business of CACI.

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- 15.1.5 The assignment by CACI of all or any part of its property or assets for the benefit of creditors.
- 15.1.6 The levy of execution, attachment, or other taking of property, assets, or the leasehold interest of CACI by process of law or otherwise in satisfaction of any judgment, debt, or claim.
- 15.1.7 The abandonment of the leased premises by CACI, or failure by CACI to conduct FBO services at the leased premises on a continuing full time basis, except for reasons giving CACI the right to cancel this Agreement as provided by paragraph 17.2, hereafter.
- 15.2 **No Waiver.** No waiver by County of default by CACI of any of the terms, covenants or conditions hereof to be performed, kept, and observed by CACI shall be construed to be a waiver of any subsequent default. The acceptance of rental or the performance of all or any part of this Lease Agreement by County for or during any period or periods after a default of any of the terms, covenants, and conditions herein contained to be performed, kept, and observed by CACI shall not be deemed a waiver of any right on the part of the County to declare a default or cancel this Lease Agreement for a subsequent breach thereof. However, all notices affecting the aforementioned default provisions shall be provided to CACI in-writing.
- 15.3 **Effect of Default.** Upon the happening of any event of default as defined in paragraph 16.1 above, this Lease shall automatically terminate, and County may, at its option: (1) terminate this Lease Agreement, and/or (2) terminate CACI's right to possession and occupancy of the premises, without terminating this Agreement, and re-enter and take possession of the leased premises and summarily eject CACI.
- 15.4 **Termination of Agreement.** In the event County shall terminate this Agreement or CACI's right to possession or occupancy of the leased premises as provided herein, CACI shall promptly vacate the premises, surrender and delivery possession thereof to County, and not remove from the leased premises any furnishings, personal property, equipment, or materials which CACI was permitted to install and maintain under the rights granted herein without the written consent of County.
- 15.5 **Termination of Possession.** In the event County shall elect to terminate CACI's right to possession and occupancy of the premises only, without terminating the term of this Agreement, County may at its option enter into the premises, remove CACI's property and other evidences of tenancy, and take and hold possession thereof without such entry and possession terminating the term of this Lease of otherwise releasing CACI in whole or in part from its obligation to pay the rent called for in this Agreement for the full term hereof. In any such case, County

may lease or relet the premises, or any part thereof, to any other tenant or tenants who may be satisfactory to County and for such terms and for such rent as County may deem advisable. Upon any such repossession and reletting of the leased premises, County shall apply the rents from the same to the account of rent due by CACI as such rent accrues; and in any such event, CACI covenants and agrees to pay County the difference or deficit between the rent due according to the terms and provisions of this Agreement and the actual amount received from any new tenant or tenants to whom the premises have been relet, together with the cost of any repairs, alterations, or redecorations necessary for such reletting. In the event of any reletting as provided in this paragraph, County agrees and binds itself to undertake to lease or relet the leased premises to the best advantage and for the highest rent reasonably obtainable under the circumstances at the time.

16. **DELINQUENT PAYMENTS**

16.1 **Late Charge.** Upon failure by CACI to pay all or any part of any rentals, fees, or charges within thirty (30) days after the same becomes due and payable, notwithstanding any fines levied on or paid by CACI, each delinquent amount shall be subject to a late charge at the rate of one and one-half percent (1-1/2%) per month from the due date thereof until paid, with a minimum charge for one month. CACI covenants and agrees to pay such interest promptly on demand and in any event not later than the next payment date after which the late charge is imposed.

16.1.1 **Conditions for Imposing Late Charge.** CACI further covenants and agrees that the imposition of any late charge by County or the payment thereof by CACI:

16.1.1.1 shall not constitute an extension of time for the payment of any amount to be paid by CACI;

16.1.1.2 shall not be considered as, or interpreted to be a loan by County to CACI of any amount due to be paid by CACI pursuant to this Agreement;

16.1.1.3 shall not relieve CACI of any default in the payment of any amount to be paid hereunder or constitute a waiver by County of any such default; and

16.1.1.4 shall not affect in any manner the right of County Council to exercise any and all rights available to it pursuant to the terms of this Agreement by reason of such default.

16.2 **No Waiver.** CACI covenants and agrees that county may accept late payments or partial payments, even though marked or designated as payment in full or words of similar import, without being treated as having accepted such payment as

payment in full, or having agreed to so do, and without having waived, compromised, or settled any of its rights pursuant to the provisions of this Agreement.

17. CANCELLATION

17.1 By Beaufort County. Upon the occurrence of any event of Force Majeure, or other act or event beyond the control of County, or in the event of the assumption by the United States Government or any authorized agency thereof of the operation, control or use of the Airport facilities, or any substantial part thereof, in such a manner as to substantially restrict CACI from operating its business at the Airport for a period of ninety (90) days, County may cancel this Agreement without penalty by given CACI written notice to be served as hereinafter provided.

17.2 By CACI. CACI may cancel this Agreement and terminate its obligations hereunder at any time when CACI is not in default in the payment of any rentals, fees, or charges to County by giving written notice to be served as hereinafter provided, upon or after the happening of any one of the following events:

17.2.1 Upon the occurrence of any event of Force Majeure, or other act or event beyond the control of CACI which prevents CACI's use of premises for a period in excess of ninety (90) days, or the issuance of any order, rule, or regulation by the Federal Aviation Administration or any other competent governmental authority which prevents CACI from operating at the premises for a period in excess of ninety (90) days.

17.2.2 Default by County in the performance of any covenant or agreement herein required to be performed by County and the failure by County to commence remedial action to correct such default within a period of sixty (60) days after service of written notice to remedy same; provided, however that no notice of cancellation, as above provided, shall be of any force or effect if County shall have remedied the default prior to receipt of CACI's notice of cancellation.

17.2.3 Assumption by the United States government or any authorized agency thereof, of the operation, control or use of the Airport and facilities, or a substantial part thereof, to such an extent as to substantially restrict CACI from operating its business at the Airport for a period of not less than ninety (90) days.

17.2.4 Voluntary closure of the Airport by County. In the event that County voluntarily and on its own initiative closes the Airport, County agrees to pay to CACI an amount equal to the undepreciated portion of CACI's costs of construction of buildings and improvements which are not

relocated to the new location, or deduct such amount from future rents and fees owed by CACI to County, calculated by application of a straight-line method of depreciation, based upon a twenty (20) year life of such buildings and improvements, with the exception of paving, lighting, and fencing, which shall be depreciated on the basis of a ten (10) year useful life. The amount of such payment shall be determined as of the effective date of relocation, or the date of termination of CACI's occupancy of the leased premises, whichever is applicable. The costs of construction of the buildings and improvements on the leased premises shall be documented by CACI by original bills, invoices, and construction contracts, copies of which shall be provided to County Council by CACI within ninety (90) days following completion of construction of the same. Within a period of sixty (60) days after receipt of such documentation, CACI and County Council shall agree on an amount, which represents the total costs of construction for the purposes of this paragraph.

- 17.3 **No Waiver.** CACI's performance of all or any part of this Agreement during any period of time after a default by County shall not be deemed a waiver of any right on the part of CACI to cancel this Agreement for failure by county to perform any of the terms, covenants, or conditions of this Agreement. No waiver of default by CACI shall be construed or interpreted to be a waiver by CACI of any subsequent default by County.

18. **SURRENDER OF POSSESSION**

- 18.1 **Surrender Upon Expiration or Termination.** Upon the expiration or other termination of this Agreement, CACI's right to occupancy and use of the leased premises and exercise the rights herein granted shall cease. CACI shall thereupon promptly surrender the leased premises to County in good condition, reasonable wear and tear excepted.

19. **HOLDING OVER**

- 19.1 **Month to Month Tenant.** In the event CACI shall continue to occupy the leased premises after the expiration of this agreement without any agreement in writing with County as to the term or conditions of such continued occupancy, such tenancy shall be on a month-to-month basis under the same terms and conditions as provided in this Agreement, except that the rentals, fees, and charges for such tenancy shall be such as are established from time to time by County. The month-to-month tenancy created by CACI's continued occupancy may be terminated and cancelled by County or by CACI upon giving written notice to the other party thirty (30) days in advance of said cancellation or termination.

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20. NOTICES

- 20.1 **Forms of Notice.** All notices, consents, and approvals required or authorized by this Agreement to be given by or on behalf of either party to the other, shall be in writing and signed by a duly designated representative of the party by or on whose behalf they are given, and shall be deemed given at the time a registered or certified letter, properly addressed, postage prepaid, is deposited with the United States Postal Service, or is delivery by hand to the local office of either party.
- 20.2 **Notice to Beaufort County.** Notice to County shall be addressed to it and delivered at the office of the Airport Director, Hilton Head Island Airport, Post Office Box 23739, Hilton Head Island, SC 29925, either by hand or registered or certified mail, postage prepaid.
- 20.3 **Notice to CACI.** Notice to CACI shall be addressed to CACI and delivered by hand to the office of CACI at the Hilton Head Island Airport, or mailed to PO box 22719, Hilton Head Island, SC 29925 by registered mail, postage prepaid.

21. FEDERAL AGREEMENTS

- 21.1 **Federal Aviation Administration Agreements.** County hereby advised ~~CACI~~ that County has entered into an agreement with the United States Government (Federal Aviation Administration) regarding the improvements at the Airport. County further represents that it intends from time to time hereafter to enter into additional agreements with Governmental agencies with respect to applications for funds for improvements to be made at said Airport, as required by pertinent statutes, rules, and regulations of duly constituted governmental authorities having jurisdiction thereof. This Agreement is expressly made subject to all of said agreements now existing or hereafter made. This Agreement shall be subordinate to the provision of any existing or future agreements entered into between County and the United States Government to obtain federal aid for the improvement and maintenance of the airport.

22. NON-DISCRIMINATION

- 22.1 **Non-Discrimination.** Notwithstanding any other or inconsistent provision of this Agreement, CACI, for itself, its heirs, personal representatives, successors in interest and assigns, as a part of the consideration for this Agreement, hereby covenants and agrees:

- 22.1.1 That no person shall be excluded from participation in, denied the benefits of, or otherwise subject to discrimination in the use of the leased premises on the grounds of race, color, religion, sex, age, or national origin.

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22.1.2 That in the construction of any improvements on, over, or under the leased premises, and the furnishings of services therein or thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, color, religion, sex, age, or national origin.

22.1.3 That CACI shall use the leased premises in full compliance with all other requirements imposed by Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, entitled Non-Discrimination in Federally Assisted Programs of the Department of Transportation and Title VI of the Civil Rights Act of 1964, as said regulations may be amended.


23. MISCELLANEOUS PROVISIONS

- 23.1 Entire Agreement. This Agreement constitutes the entire understanding between the parties with respect to the leased premises and the subject matter hereof. Any change of modification of this Lease Agreement must be in writing signed by both parties, and shall be subject of all FBO minimum standards now in existence or adopted hereafter by Beaufort County Council.
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- 23.2 Severability. In the event any provisions hereof shall be declared void or illegal by any court or administrative agency having jurisdiction, the remaining provisions shall continue in full force and effect, as nearly as possible, in accordance with the original intent of the parties.
- 23.3 Headings. The headings used in this Agreement are intended for convenience of reference only and do not define, expand, or limit the scope or meaning of any provision of this Agreement.
- 23.4 Governing Law. This Agreement is to be construed in accordance with the laws of the State of South Carolina.
- 23.5 Venue. The venue for the trial of any civil action pertaining to this Agreement shall be Beaufort County, South Carolina.
- 23.6 Written Correspondence. All communications regarding lease terms shall be in writing, and any item requiring or causing an action shall be at a minimum sixty (60) days in advance of said action.

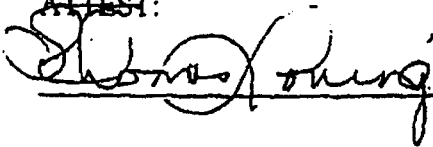
EA

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by its duly authorized officers in duplicate originals, one of which is retained by each of the parties, this the day and year first above written.


BEAUFORT COUNTY COUNCIL

By: 
John J. Kachmar, Administrator
Beaufort County, Beaufort, South Carolina

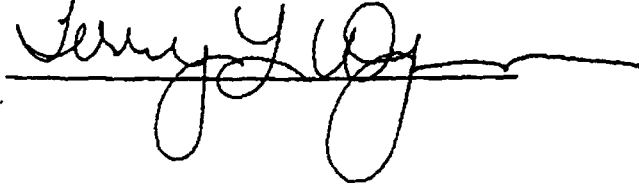
WITNESS:
ATTEST:



Carolina Air Center, INCORPORATED

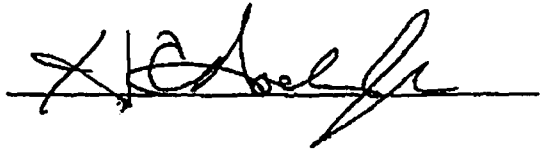
By: 
Ed Grisham, President

WITNESS:
ATTEST:



STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF BEAUFORT)

PERSONALLY appeared before me H.C. Boehm Jr and made oath that s/he saw the within member of the Beaufort County Council, by John J. Kachmar, its Administrator sign, seal and as his act and deed the within written instrument; and that s/he with THOMAS N. LOVING witnessed the execution thereof.



SWORN to before me this 12 (12)
day of September, 2002.

Demon H. Traub (SEAL)
Notary Public for South Carolina
My Commission Expires: April 26, 2011

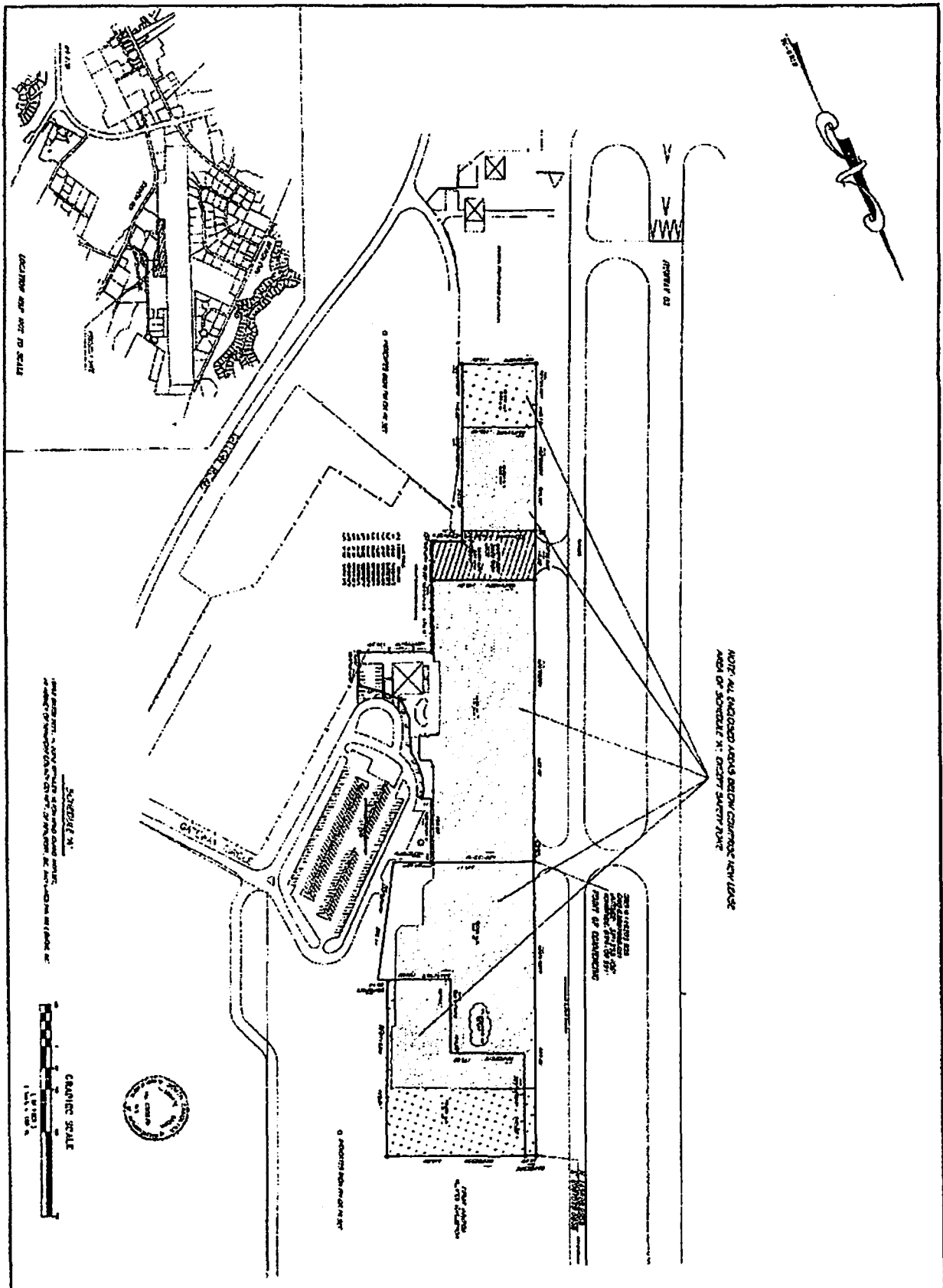
STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) PROBATE

PERSONALLY appeared before me Sandra I. Shields and made oath that s/he saw the within Carolina Air Center, Inc., by Ed Grisham, its President sign, seal and as his act and deed the within written instrument; and that s/he with Terry L. Wynn witnessed the execution thereof.

Sandra I. Shields

SWORN to before me this 13
day of September, 2002.

D. H. [Signature] (SEAL)
Notary Public for South Carolina
My Commission Expires: April 26, 2011



CALLING PROJECT #2124009100-VN-00001107-0000 12/16/2002 11:29:09 AM EST

<p>CONTRACT COMPANY BEAUFORT COUNTY 100 North 1st Beaufort, NC 28520 252-733-1100</p>	<p>I hereby certify that the above is a true and correct copy of the original as shown to me by the contractor and that the same has been approved by me as the Board of Directors of Beaufort County, North Carolina.</p> <p><i>[Signature]</i> BOARD OF DIRECTORS BEAUFORT COUNTY, N.C.</p>	<p>THE ABOVE PLAN PREPARED BY ME AT THE REQUEST OF BEAUFORT COUNTY BOARD OF DIRECTORS 100 North 1st Street, Beaufort, North Carolina 28520 BEAUFORT COUNTY, NORTH CAROLINA BOARD OF DIRECTORS BOARD OF DIRECTORS BEAUFORT COUNTY, N.C.</p>	<p>APPROVED 12/16/2002 11:29:09 AM EST 252-733-1100</p>
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3/10/05
5/10/05
SOUTH CAROLINA
BEAUFORT COUNTY

LEASE AND OPERATING AGREEMENT – ADDENDUM 1

This Addendum, entered into this 21st day of JUNE, 2005, serves as Addendum 1 to the Fixed Base Operation Lease and Operating Agreement by and between the Hilton Head Island Airport, an agency of Beaufort County Council of Beaufort, South Carolina hereafter called "County", and Carolina Air Center, Incorporated, hereafter called "CACI", dated the 4th day of September 2002;

WITNESSETH:

That whereas, the Beaufort County Council is duly empowered to operate, manage and control the Hilton Head Island Airport and all facilities located thereon under the authority of Chapter 6 of the Code of Ordinances of Beaufort County; and whereas, CACI is an experienced provider of general and commercial aviation services.

Now, therefore, in consideration of the premises and the mutual covenants and conditions set forth hereafter, the parties do hereby agree to add this Addendum 1 to the existing CACI Lease and Operating Agreement with each other as follows:

1.0 GENERAL

- 1.1 In Section 4.2 of the CACI Lease, the County agreed to not to engage in competition with CACI at Hilton Head Island Airport, and in paragraph 4.1.5, CACI was permitted to build hangars for aircraft parking, and storage, and tiedown services for both based and transient aircraft.
- 1.2 Upon mutual agreement between the County and CACI, CACI gives County permission to construct hangars adjacent to the CACI leasehold in an effort to provide lower cost hangars for Airport users. Therefore, this Addendum serves to release CACI of the obligation to build hangars in accordance with paragraph 5.12.2 and 5.12.3 of their lease. In exchange for said release of these obligations by County, and the said release of competition by CACI, the County agrees to contract for management services with CACI for any County-owned hangars at the Airport. The County further agrees to provide CACI with a minimum of an 80x80 hangar of which CACI will pay fair market rent less management fees. If a larger hangar becomes available at a later date CACI has the right of first refusal to move its operation into the larger of the two hangars. It should be noted that this said release of competition by CACI is for hangars and hangar rental only.

2.0 TERMS AND FEES

- 2.1 The Addendum further authorizes CACI to manage and lease the storage hangars on behalf of the County for a period concurrent with CACI's primary lease approved on

September 4th, 2002.

- 2.2 CACI will market, advertise, lease, and keep the hangars in a generally neat and orderly condition. All major repairs will be the financial responsibility of the County. In order to compensate CACI for the management and operation of the hangars, the County authorizes a management fee payable to CACI in the amount of 25% of the gross revenues collected by CACI from the hangars.
- 2.3 Routine maintenance activities will be identified and where appropriate, performed by CACI, paid for by County, with a 10 percent mark-up for labor and supplies. Airport Director must approve any maintenance with an estimated cost of \$200.00 or greater. County has the right to perform any or all maintenance.
- 2.4 All payments due County, for individual storage hangar rentals, shall be due and payable concurrent with the lease dated September 4th, 2002.
- 2.5 The County will establish the per unit hangar rental fee(s) and determine the amount of security deposit required.
- 2.6 The County will provide the lease document(s) for the storage hangars.

3.0 FINANCIAL REPORTS AND RECORDS

- 3.1 CACI shall submit to the County a statement showing gross receipts from the leasing operations of the storage hangars for the preceding quarter. These reports shall show such reasonable detail and breakdown as may be required by County.
- 3.2 All maintenance and repairs detail for the previous month will be presented in a quarterly report to the County.
- 3.3 At the date(s) and interval(s) prescribed by County, CACI shall submit to County a list of all aircraft, by FAA registration number, that is based within the storage hangars.

4.0 ASSIGNMENT

- 4.1 Assignment. CACI may transfer this addendum in conjunction with the CACI lease dated September 4th, 2002. Said transfer must have prior written consent by County. Said written consent to transfer shall not be unreasonably withheld.

5.0 CANCELLATION

- 5.1 By Beaufort County. Upon the occurrence of any event of Force Majeure, or other act or event beyond the control of County, or in the event of the assumption by the United States Government or any authorized agency thereof of the operation, control or use of the Airport facilities, or any substantial part thereof, in such a manner as to substantially restrict CACI from performing the task as identified within this Addendum for a period of

ninety (90) days, County may cancel this Addendum without penalty by giving CACI ninety (90) days written notice. Notice to CACI shall be addressed to CACI and delivered by hand to the office of CACI at the Hilton Head Island Airport, or mailed to 52 LOWEWAY CTR., by registered or certified mail, postage prepaid.

- 5.2 **By CACI.** CACI may cancel this Agreement and terminate its obligations hereunder at any time when CACI is not in default in the payment of any rentals, fees, or charges to County by giving ninety (90) days written notice to the County. If CACI chooses to cancel this Addendum, then County has the right to pursue other management arrangements. Notice to County shall be addressed to it and delivered at the office of the Airport Director, Hilton Head Island Airport, Post Office Box 23739, Hilton Head, South Carolina 29925, either by hand or registered or certified mail, postage prepaid.

This Addendum constitutes the entire understanding between the parties with respect to the services provided by CACI in acting as the County agent in the leasing and minor maintenance of the County-owned storage hangars. Any change or modification of this Addendum must be in writing signed by both parties.

All other terms and conditions not impacted by this Addendum of the CACI primary leased dated SEP. 4, 2002 remain in effect.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by its duly authorized officers in duplicate originals, one of which is retained by each of the parties, this the day and year first above written.

BEAUFORT COUNTY COUNCIL

By: _____

ATTEST:

Stacy W. Bradshaw

CAROLINA AIR CENTER, INCORPORATED

By: _____

(Corporate Seal)

President

ATTEST:

[Signature]

Handwritten notes:
File
to
register
5/16/05

**SOUTH CAROLINA
BEAUFORT COUNTY**

**BEAUFORT COUNTY SC - ROD
BK 02178 PGS 2366-2367
FILE NUM 2006062818
07/01/2006 11:48:40 AM
REC'D BY A WILLIAMS RCPT# 342625
RECORDING FEES 10.00**

LEASE AND OPERATING AGREEMENT – ADDENDUM 2

This Addendum, entered into this 21st day of JUNE, 2005, serves as Addendum 2 to the Fixed Base Operation Lease and Operating Agreement by and between the Hilton Head Island Airport, an agency of Beaufort County Council of Beaufort, South Carolina hereafter called "County", and Carolina Air Center, Incorporated, hereafter called "CACI", dated the 4th day of September 2002;

WITNESSETH:

That whereas, the Beaufort County Council is duly empowered to operate, manage and control the Hilton Head Island Airport and all facilities located thereon under the authority of Chapter 6 of the Code of Ordinances of Beaufort County; and whereas, CACI is an experienced provider of general and commercial aviation services.

Now, therefore, in consideration of the premises and the mutual covenants and conditions set forth hereafter, the parties do hereby agree to add this Addendum 2 to the existing CACI Lease and Operating Agreement Section 4.1 as follows:

4.1 Covenant Not To Compete By County

In Section 4.1 of the CACI Lease, the original document incorrectly references certain subsections. The following statement shall replace Section 4.1.

Covenant Not To Compete By County. County covenants and agrees not to engage in competition with CACI at Hilton Head Island Airport and will not sell or provide any of the goods and services that CACI chooses to provide in paragraphs 4.1.1 through 4.1.10 above.

All other terms and conditions not impacted by this Addendum of the CACI primary leased dated SEPT. 4, 2002 remain in effect.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by its duly authorized officers in duplicate originals, one of which is retained by each of the parties, this the day and year first above written.

BEAUFORT COUNTY COUNCIL

By: _____

Handwritten signature of Gary Julia

ATTEST:

Stacy Q. Broadbent

CAROLINA AIR CENTER, INCORPORATED

By: Ed Smith
(Corporate Seal) President

ATTEST:

D. H. [Signature]
~~Secretary~~ Attorney for CACI

2005
10/16
3/16
Handwritten notes and dates.

**SOUTH CAROLINA
BEAUFORT COUNTY**

BEAUFORT COUNTY SC - ROD
BK 02178 PGS 2369-2370
FILE NUM 2005062617
07/01/2005 11:48:40 AM
REC'D BY A WILLIAMS RCPT# 342525
RECORDING FEES 10.00

LEASE AND OPERATING AGREEMENT - ADDENDUM 3

This Addendum, entered into this 21st day of JUNE, 2005, serves as Addendum 3 to the Fixed Base Operation Lease and Operating Agreement by and between the Hilton Head Island Airport, an agency of Beaufort County Council of Beaufort, South Carolina hereafter called "County", and Carolina Air Center, Incorporated, hereafter called "CACI", dated the 4th day of September 2002;

WITNESSETH:

That whereas, the Beaufort County Council is duly empowered to operate, manage and control the Hilton Head Island Airport and all facilities located thereon under the authority of Chapter 6 of the Code of Ordinances of Beaufort County; and whereas, CACI is an experienced provider of general and commercial aviation services.

Now, therefore, in consideration of the premises and the mutual covenants and conditions set forth hereafter, the parties do hereby agree to add this Addendum 3 to the existing CACI Lease and Operating Agreement as follows:

Please revise the Fixed Base Operation Lease and Operating Agreement to reflect the change of our corporate ownership status. Said change is in the corporate name only, and reflects no change in ownership.

Please replace *Carolina Air Center, Inc.*, an Arkansas corporation in good standing, with, *Carolina Air Center of Hilton Head, Inc.*, a South Carolina corporation in good standing.

All other terms and conditions not impacted by this Addendum of the CACI primary lease dated September 4, 2002, remain in effect.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by its duly authorized officers in duplicate originals, one of which is retained by each of the parties, this the day and year first above written.

BEAUFORT COUNTY COUNCIL

By: _____


ATTEST: (Signature on Following Page)

Atty in Brodsky

CAROLINA AIR CENTER, INCORPORATED

By: Ed Steinbaum
(Corporate Seal) President

ATTEST: D. H. [Signature]

~~Secretary~~ Attorney for CACI

**SOUTH CAROLINA
BEAUFORT COUNTY**

LEASE AND OPERATING AGREEMENT - ADDENDUM 4

This Addendum, entered into this ____ day of _____, 2006, serves as Addendum 4 to the Fixed Base Operation Lease and Operating Agreement by and between the Hilton Head Island Airport, an agency of Beaufort County Council of Beaufort, South Carolina hereafter called "County", and Carolina Air Center, Incorporated, hereafter called "CACI", dated the 4th day of September 2002;

WITNESSETH:

Whereas, the Beaufort County Council is duly empowered to operate, manage and control the Hilton Head Island Airport and all facilities located thereon under the authority of Chapter 6 of the Code of ordinances of Beaufort County; and whereas, CACI is an experienced provider of general and commercial aviation services.

Now, therefore, in consideration of the premises and the mutual covenants and conditions set forth hereafter, the parties do hereby agree to add this Addendum 4 to the existing CACI Lease and Operating Agreement to permit CACI's exercise of an option to lease additional unimproved property for construction and operation of an air craft storage hanger in accordance with Paragraph 3.18 of the Fixed Based Operation Lease and Operating Agreement of September 4, 2002 (Lease and Operating Agreement) as follows:

That CACI hereby agrees to lease unimproved property from Beaufort County identified in Exhibit A, attached herewith and made part hereof consisting of a total of 14,587 square feet.

The ground rental rate shall be \$.08 per square foot in addition to those rents and fees payable pursuant to 3.1.3, 3.1.4 and 3.1.5 of the Fixed Base Operation Lease and Operating Agreement, beginning on the date of the execution of this agreement. Beginning January 1, 2009, the ground rental rate shall increase to \$.1085 per square foot per year.

Rent shall be payable in accordance with Paragraph 3.1.2 of the Fixed Based Operation Lease and Operating Agreement dated September 4, 2002 (the Lease and Operating Agreement).

As additional consideration to Beaufort County for CACI's Lease of Additional Property, CACI agrees to build or cause to be built an aircraft storage hanger on the subject property in accordance with the attached contract for construction, attached herewith and made a part hereof as Exhibit B.

CACI agrees to provide Beaufort County with a Letter of Credit in the amount of Four hundred five thousand (\$405,000.00) Dollars as security to guarantee completion of construction and payment for construction of the aforementioned storage hanger to ensure completion and payment of construction and payment for construction of the storage hanger. This Letter of Credit shall be in a form acceptable to Beaufort County. Beaufort County agrees that upon satisfactory completion and inspection of the completed hanger, and upon issuance of the Certificate of Completion and payment of all other obligations and upon receipt of contractor receipt and lien waivers that the requirement of the Letter of Credit may be withdrawn.

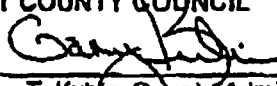
The parties hereto agree that the construction of the subject aircraft storage hanger will be governed by all terms and conditions of the Lease and Operation Agreement to including but not be limited to Paragraph 5 of the Lease and Operation Agreement addressing requirements of capital improvements made on the subject property.

not be limited to Paragraph 5 of the Lease and Operation Agreement addressing requirements of capital improvements made on the subject property.

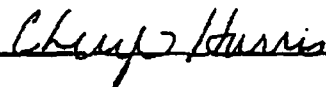
All other terms and conditions not impacted by this Addendum of the CACI primary leased dated September 4, 2002 remain in effect.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by its duly authorized officers in duplicate originals, one of which is retained by each of the parties, this day and year first above written.

BEAUFORT COUNTY COUNCIL

By: 
Gary T. Kubic, County Administrator

ATTEST:



CAROLINA AIR CENTER, INCORPORATED

By: 
(Corporate Seal) President

ATTEST:



CONSENT

This Consent ("Agreement"), made and entered into effective as of the date provided below, by and among Signature Flight Support Corporation, a Delaware corporation ("Signature"), Carolina Air Center of Hilton Head, Inc. a South Carolina corporation ("Carolina") formerly known as Carolina Air Center Inc., and Hilton Head Island Airport, an agency of Beaufort County Council of Beaufort, South Carolina (the "Lessor");

WITNESSETH:

WHEREAS, the Lessor and Carolina Air Center Inc. entered into the following agreements relating to land and improvements at the Hilton Head Island Airport (the "Airport") collectively referred to herein as the "Lease Agreement": Fixed Based Operation Lease and Operating Agreement dated September 4, 2002, the Lease and Operating Agreement - Addendum 1 dated June 21, 2005, the Lease and Operating Agreement - Addendum 2 dated June 21, 2005, the Lease and Operating Agreement - Addendum 3 dated June 21, 2005, and the 2006 Lease and Operating Agreement - Addendum 4;

WHEREAS, Carolina Air Center, Inc. changed its name to Carolina Air Center of Hilton Head, Inc.;

WHEREAS, Signature intends to acquire all of Assets of Carolina pursuant to an Asset Purchase Agreement dated August 17, 2007 (the "Purchase Agreement");

WHEREAS, Lessor has certain consent rights to an assignment of the lease pursuant to the terms of the Lease Agreement;

WHEREAS, as a condition to the consummation of the transactions contemplated by the Purchase Agreement, Signature has requested the delivery of this Agreement from the parties hereto;

NOW, THEREFORE, in consideration of the above premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Lessor consents to the assignment of the Lease Agreement to Signature.
2. Consent to the assignment shall not be deemed a novation of the Lease Agreement.
3. The Fixed Based Operation Lease and Operating Agreement dated September 4, 2002, the Lease and Operating Agreement - Addendum 1 dated June 21, 2005, the Lease and Operating Agreement - Addendum 2 dated June 21, 2005, the Lease and Operating Agreement - Addendum 3 dated June 21, 2005, and the

2006 Lease and Operating Agreement - Addendum 4 are the complete agreements between Lessor and Carolina relating to the leased premises and the operation of Carolina's business thereon. There have been no other amendments, modifications or revisions to aforesaid agreements, and there are no further agreements of any kind between the Lessor and Carolina regarding the premises leased or Carolina's business conducted at the Airport.

IN WITNESS WHEREOF, the undersigned hereby execute this instrument effective on the last date provided below.

Carolina:

CAROLINA AIR CENTER OF
HILTON HEAD, INC.,
a South Carolina corporation,
formerly known as Carolina Air
Center, Inc.

By: Edward Grisham
Edward Grisham, President

Signature:

SIGNATURE FLIGHT SUPPORT
CORPORATION:

By: Joseph I. Goldstein

Title: Secretary

Lessor:

Hilton Head Island Airport, an agency
of Beaufort County Council of Beaufort, South Carolina

By: Alan ...
Title: Administrator

Date: September 28, 2007

Col
L.A.
of

EXHIBIT "B"

Depiction of Leased Premises

**Final Land Survey Certified to Signature shall be provided
and attached upon completion of construction.**

{AS ATTACHED HERETO}

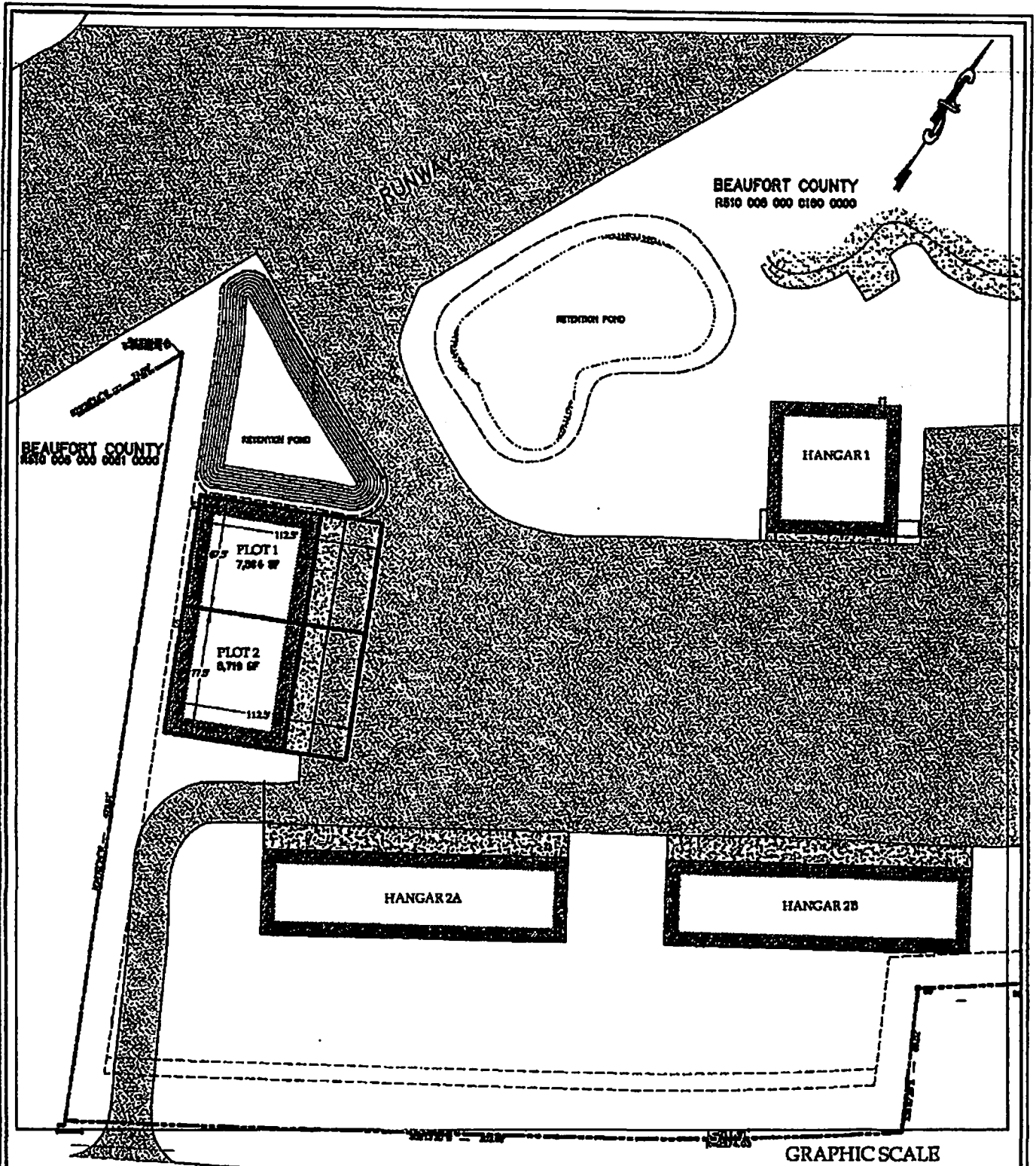


EXHIBIT B

**HILTON HEAD AIRPORT
HANGAR ADDITION
BEAUFORT COUNTY, SC**

**CAROLINA ENGINEERING
CONSULTANTS, INC.
843-322-0553 843-322-0556 (FAX)**

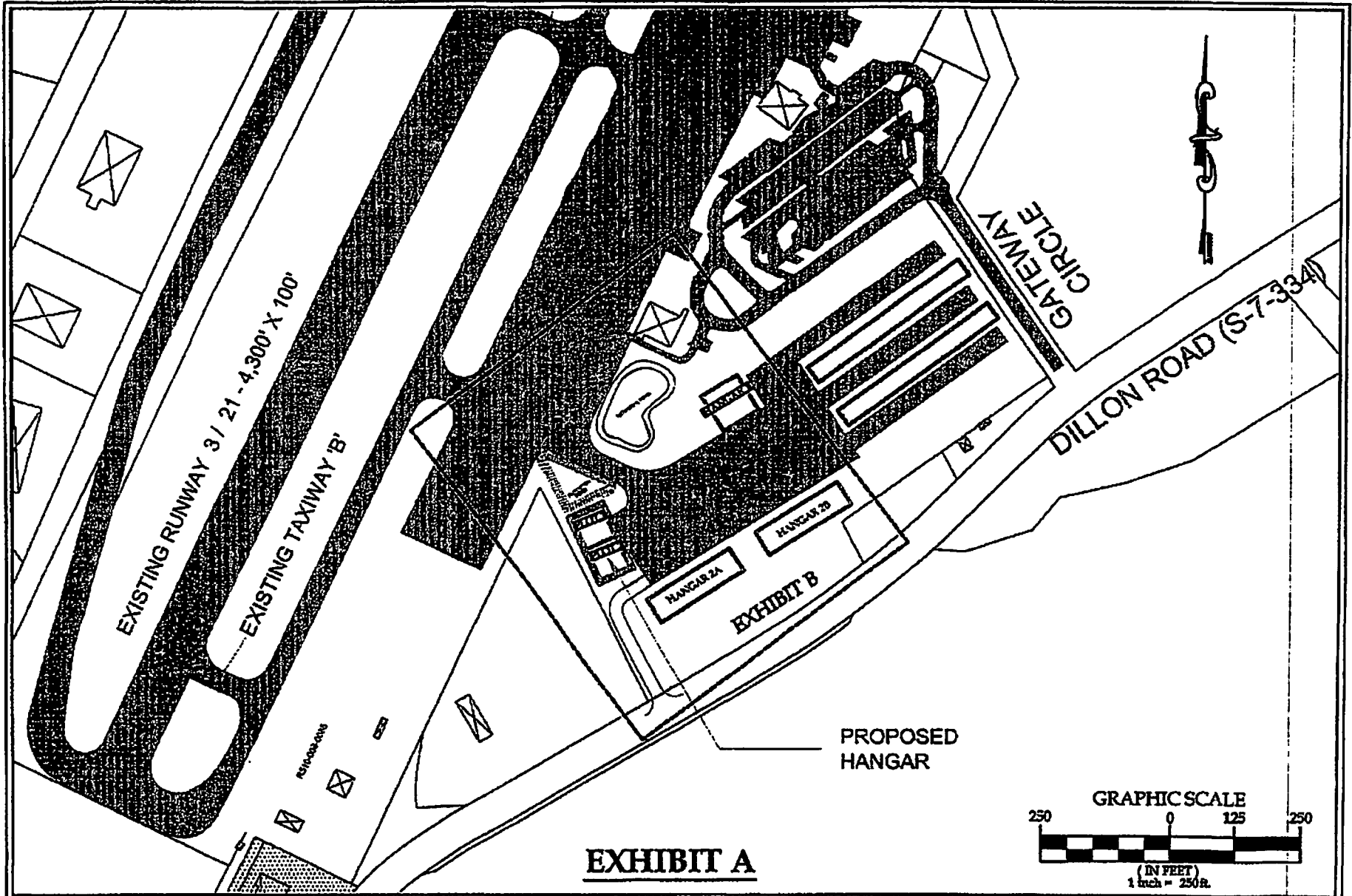


EXHIBIT A

**HILTON HEAD AIRPORT
 HANGAR ADDITION
 BEAUFORT COUNTY, SC**

**CAROLINA ENGINEERING
 CONSULTANTS, INC.**

EXHIBIT "B-1"

Final Survey of Leased Premises

**Final Land Survey Certified to Signature shall be provided
and attached upon completion of construction.**

{AS ATTACHED HERETO}

EXHIBIT "B-2"
Depiction of Improvements

{AS ATTACHED HERETO}

SITE DEVELOPMENT PLAN
 OF 4

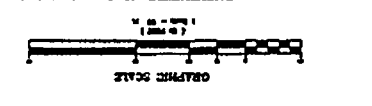
DATE: 12/15/2011
 DRAWN BY: J. W. WILSON
 CHECKED BY: J. W. WILSON

HILTON HEAD AIRPORT HANGAR ADDITION
 TOWN OF HILTON HEAD
 BEAUFORT COUNTY, SC

CAROLINA ENGINEERING CONSULTANTS, INC.
 2100 N. W. 10TH AVE.
 SUITE 100
 BOCA RATON, FL 33433
 PHONE: (561) 995-1100
 FAX: (561) 995-1101
 WWW: WWW.CAROLINAENGINEERING.COM

PLAN REVISIONS

NO.	DATE	DESCRIPTION



SEDIMENT & EROSION CONTROL NOTES:

1. ALL SLOPES SHALL BE PROTECTED WITH EROSION CONTROL MEASURES AS SHOWN ON THIS PLAN.

2. ALL EXPOSED SOILS SHALL BE PROTECTED WITH EROSION CONTROL MEASURES AS SHOWN ON THIS PLAN.

3. ALL EXPOSED SOILS SHALL BE PROTECTED WITH EROSION CONTROL MEASURES AS SHOWN ON THIS PLAN.

4. ALL EXPOSED SOILS SHALL BE PROTECTED WITH EROSION CONTROL MEASURES AS SHOWN ON THIS PLAN.

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8. ALL EXPOSED SOILS SHALL BE PROTECTED WITH EROSION CONTROL MEASURES AS SHOWN ON THIS PLAN.

9. ALL EXPOSED SOILS SHALL BE PROTECTED WITH EROSION CONTROL MEASURES AS SHOWN ON THIS PLAN.

10. ALL EXPOSED SOILS SHALL BE PROTECTED WITH EROSION CONTROL MEASURES AS SHOWN ON THIS PLAN.

GENERAL NOTES:

1. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.

2. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODES AND THE LATEST EDITIONS OF THE INTERNATIONAL MECHANICAL AND ELECTRICAL CODES.

3. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODES AND THE LATEST EDITIONS OF THE INTERNATIONAL MECHANICAL AND ELECTRICAL CODES.

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GENERAL NOTES:

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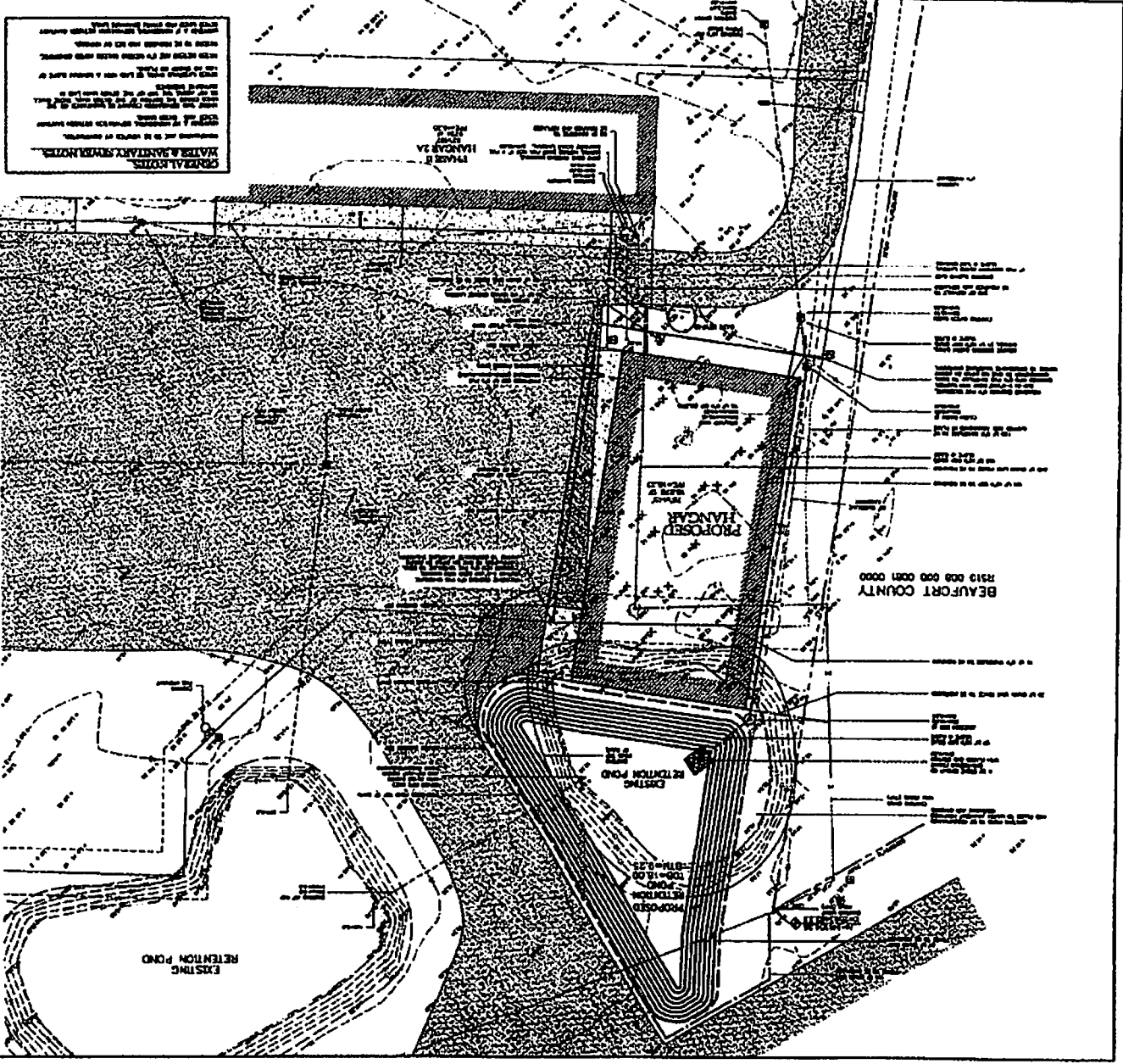
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9. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODES AND THE LATEST EDITIONS OF THE INTERNATIONAL MECHANICAL AND ELECTRICAL CODES.

10. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODES AND THE LATEST EDITIONS OF THE INTERNATIONAL MECHANICAL AND ELECTRICAL CODES.



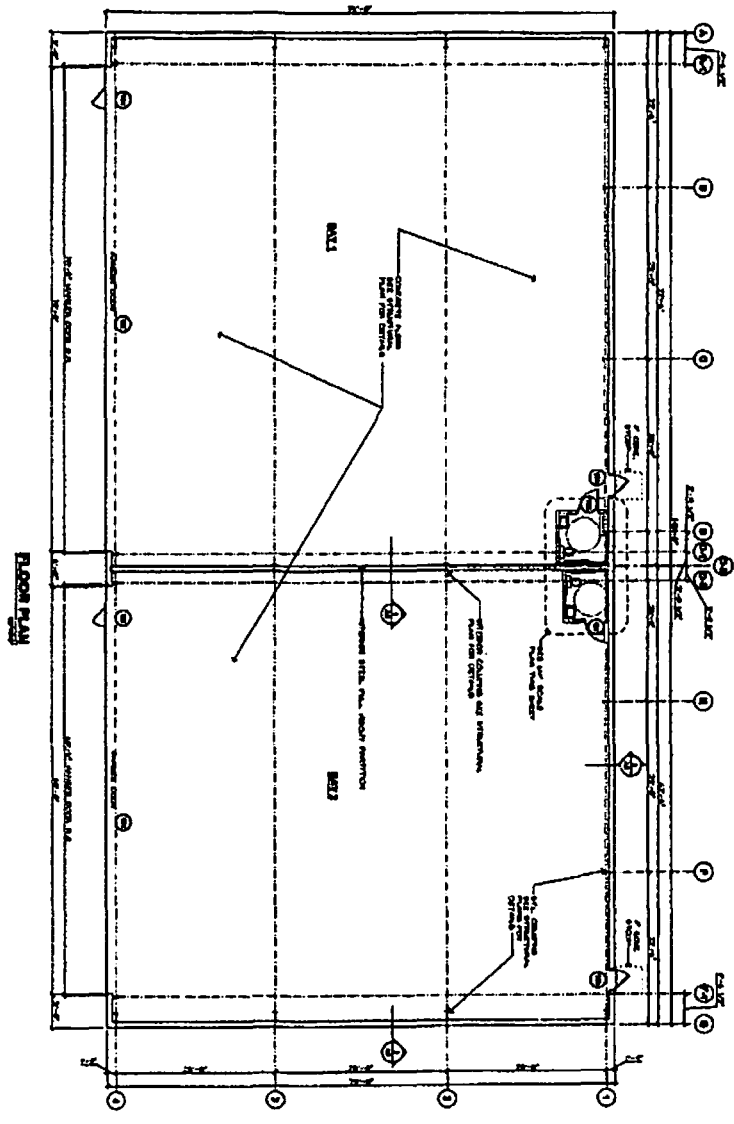
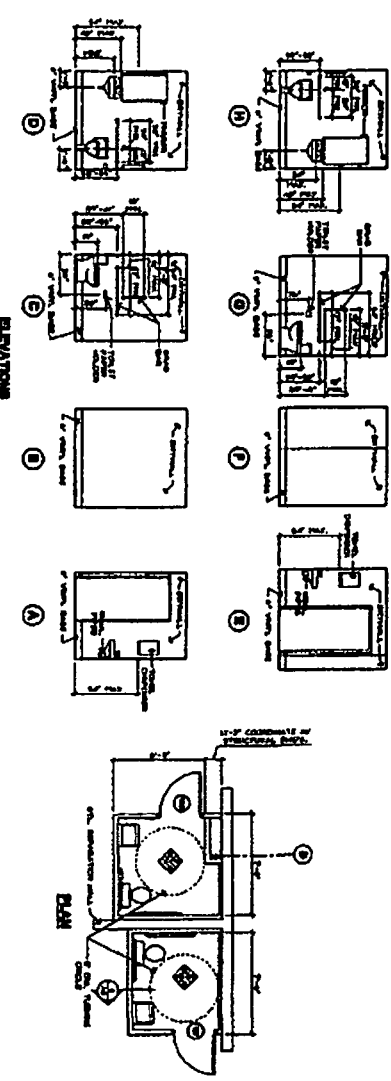
PRELIMINARY
 NOT FOR CONSTRUCTION

1

DOOR SCHEDULE		DOOR TYPE		DOOR MATERIAL		DOOR FINISH		DOOR WEIGHT	
NO.	DESCRIPTION	TYPE	FINISH	WEIGHT	FINISH	WEIGHT	FINISH	WEIGHT	FINISH
1	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
2	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
3	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
4	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
5	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
6	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
7	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
8	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
9	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
10	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
11	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
12	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
13	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
14	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
15	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
16	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
17	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
18	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
19	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1
20	2'-0" x 8'-0" SWING	1	1	150	1	150	1	150	1

GENERAL DOOR SCHEDULE & NOTES
 1. ALL DOORS TO BE 2'-0" X 8'-0" UNLESS OTHERWISE NOTED.
 2. ALL DOORS TO BE 1 1/2" MIN. THICK UNLESS OTHERWISE NOTED.
 3. ALL DOORS TO BE 1 1/2" MIN. CLEARANCE UNLESS OTHERWISE NOTED.

DOOR TYPES



<p>1</p>	<p>FLOOR PLAN</p>	<p>MICHAEL GRIFFITH ARCHITECT P.O. BOX 847 BOSTON, MASSACHUSETTS 02111 617-267-8888</p>	<p>DIVISION</p>	<p>COPYRIGHT</p>
	<p>PREPARED FOR GRISHAM RYAN HANGAR BUILDING 1000 WASHINGTON AVENUE BOSTON, MASSACHUSETTS 02111</p>		<p>DATE: 01-15-88</p>	<p>SCALE: AS SHOWN</p>

EXHIBIT "C"
VENDOR RELEASE AND INDEMNIFICATION
FOR THE PERFORMANCE
OF AIRCRAFT MAINTENANCE AND OTHER SERVICES TO TENANT AIRCRAFT

SIGNATURE FLIGHT SUPPORT CORPORATION, a Delaware corporation, (hereinafter, "Signature"), which maintains a flight support operation (hereinafter "FSO") at _____ Airport, _____, _____ (hereinafter "Airport"), by its execution hereof, hereby authorizes the following person or entity, (hereinafter "Vendor"), to enter the FSO premises on a temporary basis, consistent with the terms and conditions hereinafter stated.

1. **Vendor.** The name, address and telephone number of the Vendor are as follows:

Name

Address: _____

Telephone: _____

Type of Aircraft Requiring Maintenance/ Servicing: _____

Aircraft Registration Number: _____

Aircraft Owner / Operator: _____

2. **Services To Be Performed.** Vendor shall enter the premises of Signature for the sole purpose of performing maintenance, cleaning or other related work on the above referenced aircraft (hereinafter, "Aircraft") at the request of the Aircraft owner, pilot or other designated representative. Vendor shall be authorized to perform maintenance and repair work exclusively to the Aircraft and only in the area designated for such maintenance, cleaning and/or repair work by local Signature management. Vendor expressly agrees that at no time shall its maintenance activities infringe upon the ability of Signature or other tenants to operate aircraft, including, but not limited to, ingress and egress from the FSO, and their respective office, shop, parking and/or hangar space(s) as a result of Vendor's maintenance activities.

3. **Aircraft Security.** The Aircraft, which is the subject of this Release shall be stored within the boundaries of the Airport's perimeter fence. Vendor represents that it shall adhere at all times to the prevailing and applicable Airport and Federal Aviation Administration ("FAA") security regulations and the Transportation Security Administration ("TSA").

4. **Indemnification.** Vendor agrees to indemnify, defend and hold harmless Signature and the Airport, their respective officers, directors, agents and employees and Signature's parent, subsidiary, related and affiliated companies from and against any and all liabilities, damages, injuries, losses, claims, fines, penalties or judgments, of any kind whatsoever (including those arising from third parties), including all costs, attorneys' fees, and expenses incidental thereto, which may be suffered by, or charged to, Signature by reason of any loss of or damage to any property or injury to or death of any person arising out of or by reason of any breach, violation or non-performance by Vendor or its agents, servants, consultants, contractors, subcontractors, licensees or employees of any covenant or condition of this Release or by any act or failure to act or negligence of such persons.

5. **Insurance.** Vendor represents to Signature that it has secured and presently maintains Worker's Compensation, Employer's Liability, Automobile, and Comprehensive

General Liability insurance with respect to Airport liability and completed operations on an occurrence basis from a qualified insurer as set forth on the attached Exhibit "D." Vendor further agrees to provide a Certificate of Insurance on a standard ACCORD form showing Signature and Airport Authority, its respective officers, directors, agents, and employees and Signature's parent, subsidiary, related and affiliated companies as additional insureds.

Vendor and its insurers agree to waive their rights of subrogation in favor of Signature with respect to loss or damage resulting from the services to be performed or furnished hereunder, except where loss or damage results from the gross negligence or willful misconduct of Signature.

Additionally, it is understood that Vendor's liability extends beyond the FSO and its immediate surrounding environment to encompass all of Vendor's acts or omissions while operating on the Airport and Signature's entire leasehold.

IN WITNESS WHEREOF, the parties have executed this Release as of the day and year first above written.

SIGNATURE FLIGHT SUPPORT CORPORATION

(Vendor)

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT "D"

INSURANCE

MAIL CERTIFICATES TO: Signature Insurance Department, PO Box 12010, Hemet, CA 92546-8010

Insurance Company Financial Strength Requirements

- AM Best Rating : B+
- Financial Size : V

Minimum Insurance Dollar Limits Required From SFSC Customers, Tenants & Vendors entering or using our ramp and/or hangars as services apply and/or construction/vendor activity:

➤ Liability - Airport Premises:

- Aircraft Hull "All Risk" Aircraft Hull insurance for 100% of the total cost of the aircraft insuring against loss to the aircraft or other property
- Commercial General Combined Single Limit \$1,000,000 per occurrence
- Auto Combined Single Limit \$5,000,000 per occurrence
- Environmental/Pollution Combined Single Limit \$500,000 per occurrence

➤ Liability - Other:

- Builder's Risk "All Risk", Full Completed Value of Project and must include "Delay in Start-Up"

➤ Property:

- Property "All Risk" Full Replacement Value

➤ Worker's Compensation & Employer's Liability:

- Worker's Compensation Statutory
- Employer's Liability \$500,000 each occurrence for bodily injury by accident
- Employer's Liability \$500,000 each occurrence for bodily injury by disease.
- Employer's Liability \$500,000 policy limit for bodily injury by disease.

Special Provisions For Certificate of Insurance: All such required liability insurance, except Automobile, Workers Compensation and Employers Liability shall name Signature Flight Support Corporation, its parent, subsidiary, related and affiliated companies, and the Airport Authority, its respective officers, directors, agents, and employees as additional insureds. If the required liability policies do not contain a standard separation of insured provision, they shall be endorsed to provide cross liability coverage. All required insurance policies, except Workers Compensation, Employers Liability and Automobile Liability shall contain a waiver of subrogation in favor of Signature Flight Support Corporation and its subsidiaries. All required insurance policies shall be evidenced by Certificates of Insurance, which provide at least thirty (30) days advance written notice of any cancellation or changes adverse to the interests of Signature Flight Support Corporation and its subsidiaries.

NOTE: Minimum insurance amounts stated cannot be lowered without express written consent of Signature Flight Support Corporation. Higher insurance limits required by Airport Authorities, will supersede the limits stated above and will require verification and possible coverage & premium increases.

EXHIBIT F
Concept Scope and Schedule
(Attached)

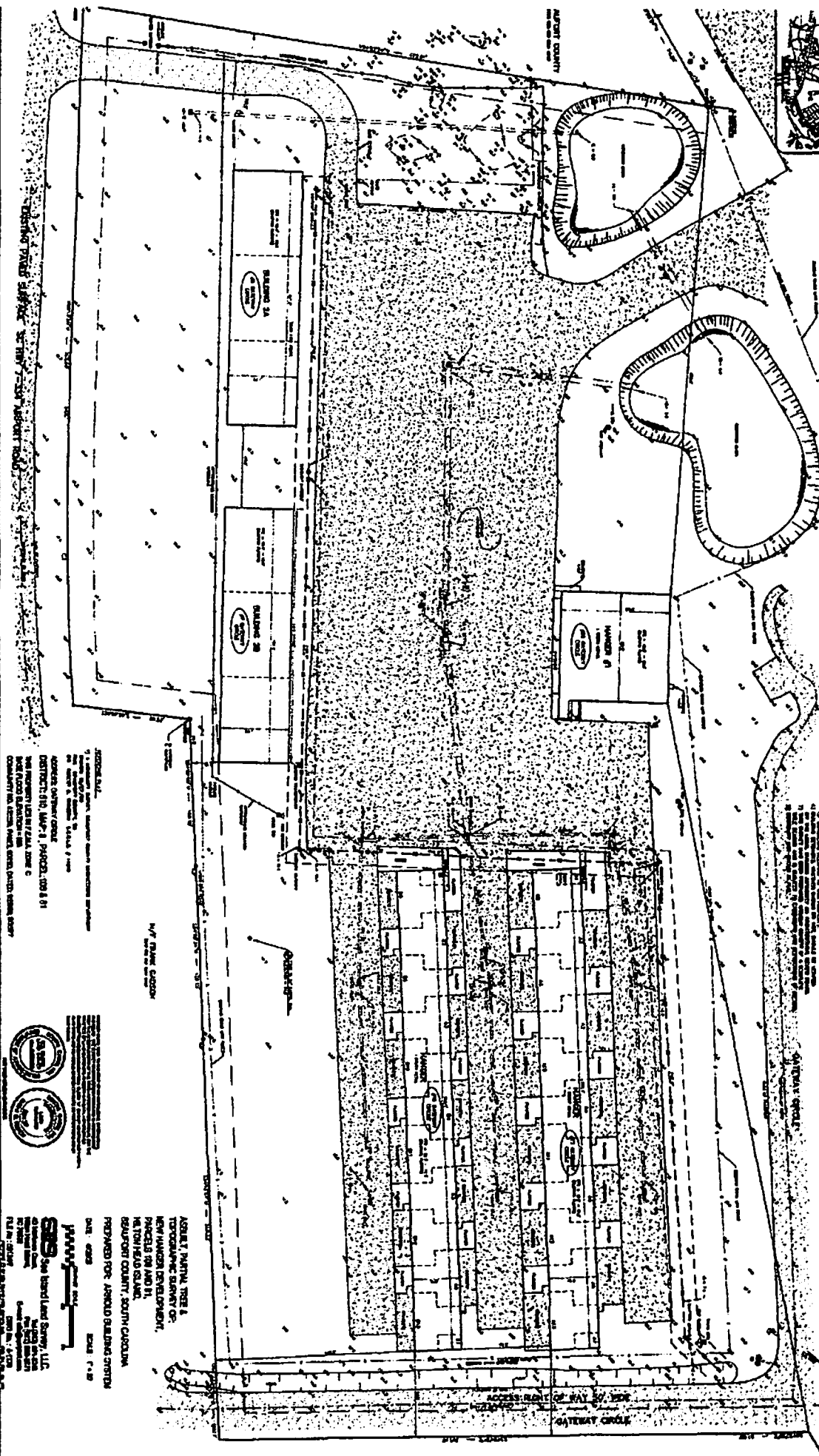


ASBESTOS ABATEMENT REPORT

ASBESTOS ABATEMENT REPORT

DATE: 02/15/2011
TIME: 08:00 AM
BY: [Name]
[Signature]

1. The purpose of this report is to provide a detailed description of the asbestos abatement work performed at the site. This report is intended for use by the project owner and the regulatory agency. It is not intended to be used as a legal document. The information contained herein is based on the visual inspection and sampling of the site. It is not intended to be used as a legal document. The information contained herein is based on the visual inspection and sampling of the site.

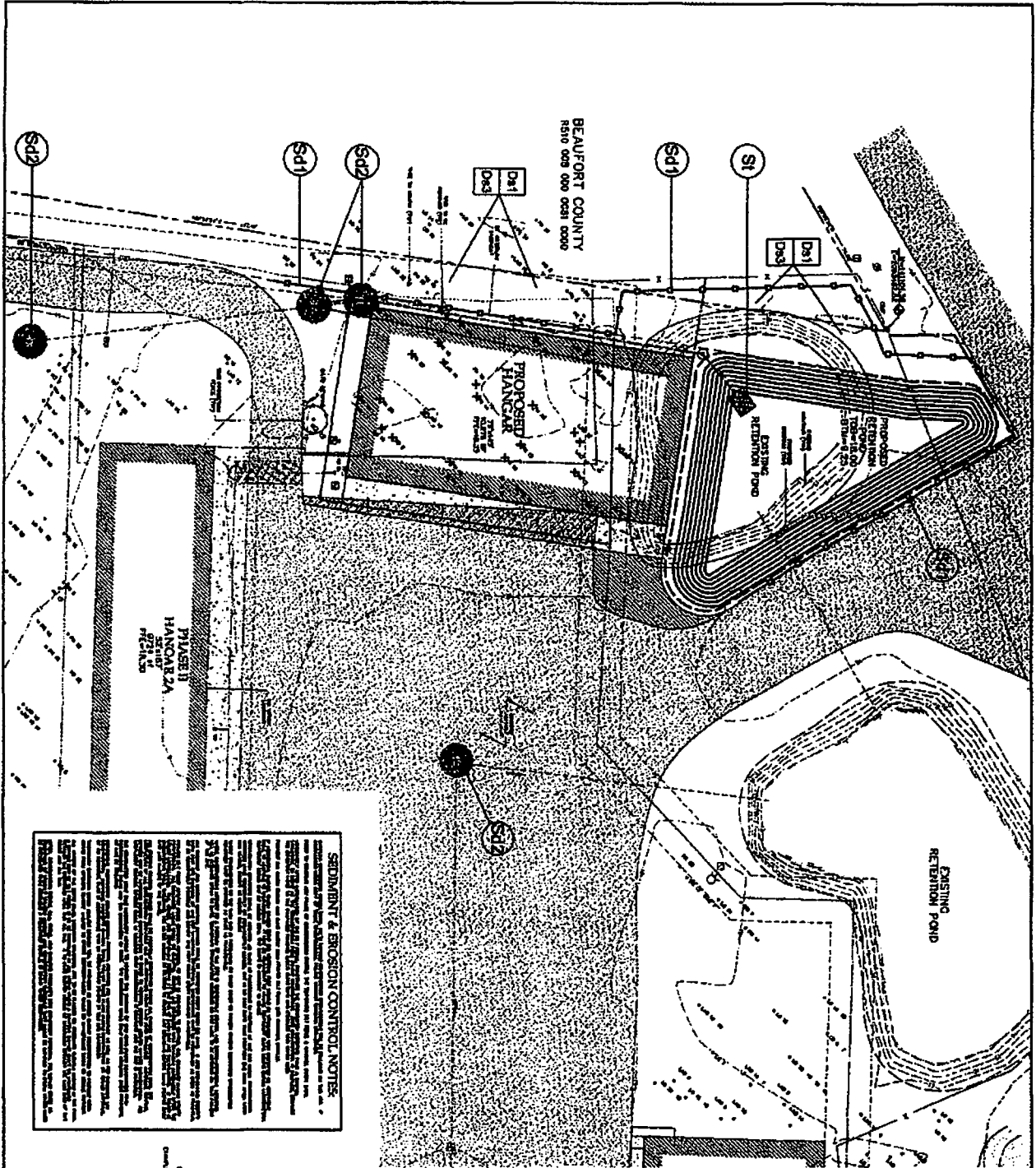


1. The purpose of this report is to provide a detailed description of the asbestos abatement work performed at the site. This report is intended for use by the project owner and the regulatory agency. It is not intended to be used as a legal document. The information contained herein is based on the visual inspection and sampling of the site. It is not intended to be used as a legal document. The information contained herein is based on the visual inspection and sampling of the site.



ASBESTOS ABATEMENT REPORT
DATE: 02/15/2011
TIME: 08:00 AM
BY: [Name]
[Signature]

PREPARED FOR: ARNOLD BUILDING SYSTEMS



BEAUFORT COUNTY
HS10 005 000 0031 0030

SEDIMENT & EROSION CONTROL NOTES

1. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE BEAUFORT COUNTY EROSION CONTROL MANUAL, 2008 EDITION.

2. ALL EROSION CONTROL MEASURES SHALL BE DESIGNED BY A PROFESSIONAL ENGINEER LICENSED IN THE STATE OF SOUTH CAROLINA.

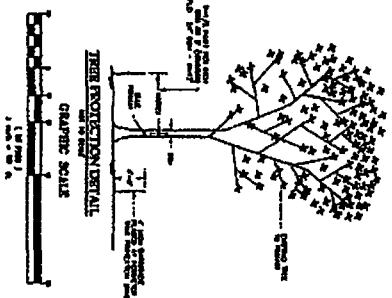
3. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED PRIOR TO THE START OF CONSTRUCTION AND SHALL BE MAINTAINED THROUGHOUT THE CONSTRUCTION PERIOD.

4. ALL EROSION CONTROL MEASURES SHALL BE REMOVED UPON COMPLETION OF CONSTRUCTION AND THE SITE SHALL BE RESTORED TO ORIGINAL OR BETTER CONDITION.

5. ALL EROSION CONTROL MEASURES SHALL BE MAINTAINED AND REPAIRED AS NEEDED TO PREVENT EROSION AND SEDIMENTATION.

6. ALL EROSION CONTROL MEASURES SHALL BE DESIGNED TO PREVENT EROSION AND SEDIMENTATION FROM THE CONSTRUCTION SITE.

7. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE BEAUFORT COUNTY EROSION CONTROL MANUAL, 2008 EDITION.



TREE IDENTIFICATION

NO.	DATE	IDENTIFICATION	PROTECTION
1			
2			
3			
4			
5			
6			
7			

TREE LEGEND

SYMBOL	DESCRIPTION
(Symbol)	PROTECTED TREE
(Symbol)	TREE TO BE REMOVED
(Symbol)	TREE TO BE PRESERVED

PRELIMINARY
NOT FOR CONSTRUCTION

TREE PROTECTION AND EROSION CONTROL PLAN
2 OF 5

HILTON HEAD AIRPORT HANGAR ADDITION
TOWN OF HILTON HEAD
BEAUFORT COUNTY, SC

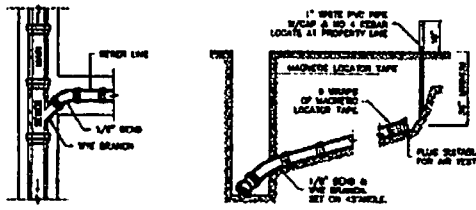
CAROLINA ENGINEERING CONSULTANTS, INC.
PO BOX 291
BEAUFORT, SC 29516

REGISTERED PROFESSIONAL ENGINEER
SOUTH CAROLINA
NO. 10000

PLAN REVISIONS

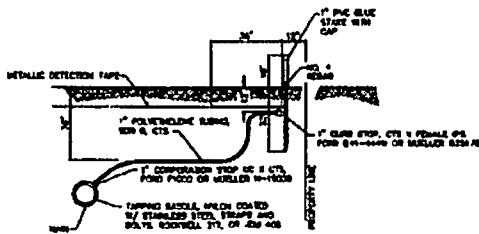
NO.	DATE	DESCRIPTION
1		
2		
3		
4		
5		
6		
7		

Professional Engineer Seal for Carolina Engineering Consultants, Inc., South Carolina, License No. 10000.

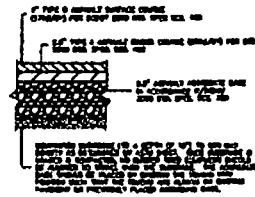


- PLAN**
- NOTES:**
1. ELEVATION SAME AS FOR OTHER LINE.
 2. SERVICE LINE SHALL BE ON SURF & GRADE SHALL BE AT LEAST 6 INCHES OF PROPERTY BOUNDARY GRADE SHALL BE ONE HANDED GRADE SHALL BE FOR
 3. NO VERTICAL TIGHTENING WILL BE ALLOWED.

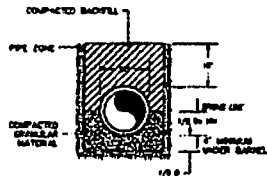
SEWER SERVICE CONNECTION DETAIL
NOT TO SCALE



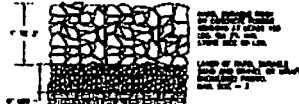
1" WATER SERVICE CONNECTION DETAIL
NOT TO SCALE



HEAVY DUTY ASPHALT PAVING DETAIL
NOT TO SCALE



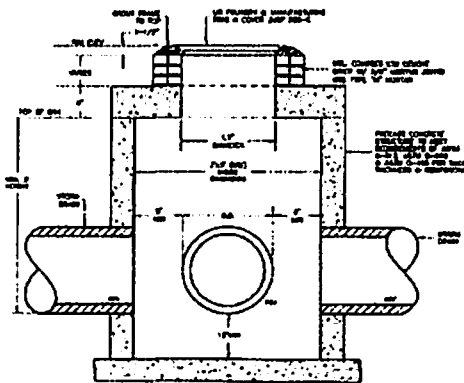
STORM PIPE BEDDING
NOT TO SCALE



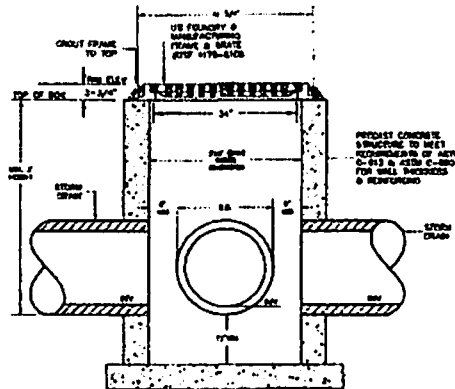
DUMPED RIP-RAP
NOT TO SCALE



**CONCRETE PAVING W/
WELDED WIRE FABRIC**
NOT TO SCALE



JUNCTION BOX DETAIL
NOT TO SCALE



CATCH BASIN DETAIL
NOT TO SCALE



POND CROSS-SECTION
NOT TO SCALE

PRELIMINARY
NOT FOR CONSTRUCTION



NO.	DATE	DESCRIPTION
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

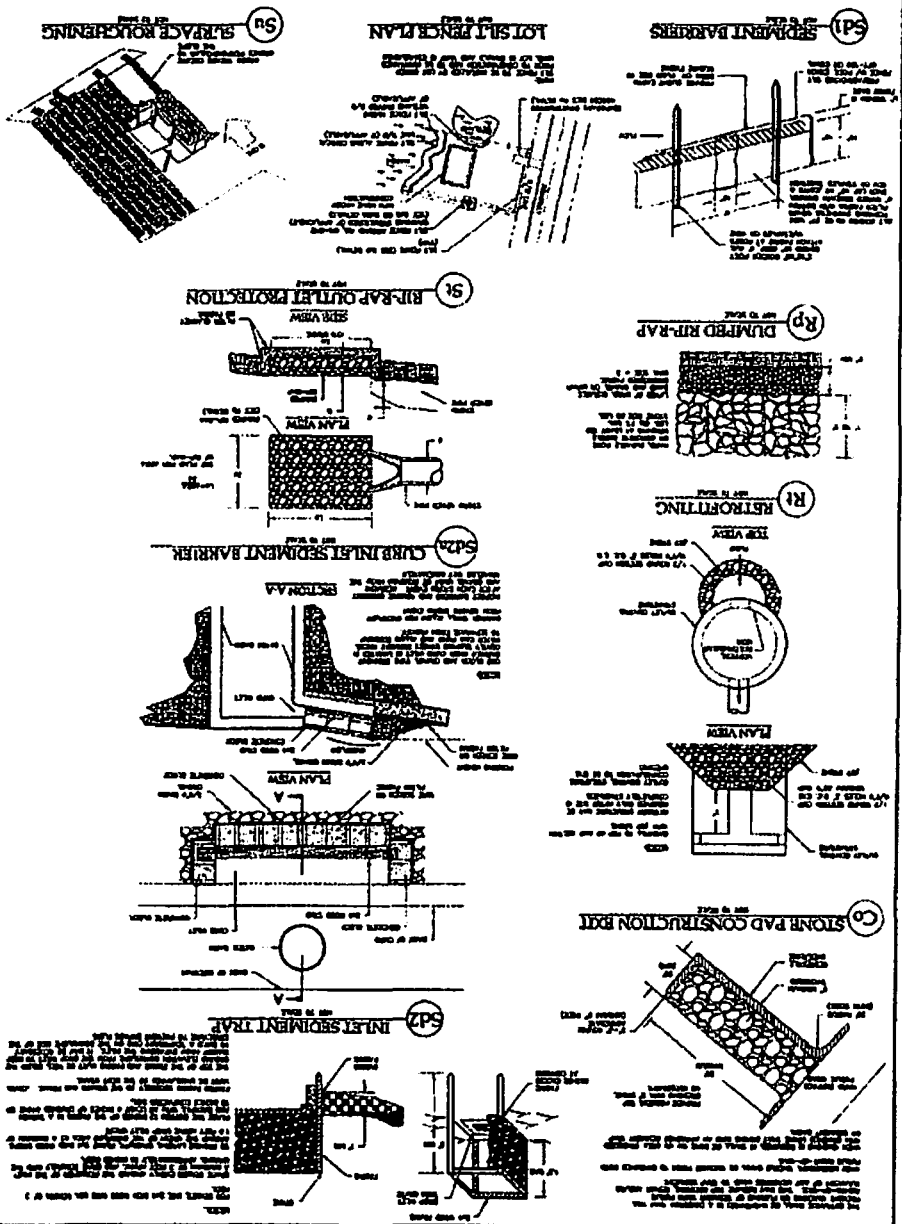
HILTON HEAD AIRPORT HANGAR ADDITION
TOWN OF HILTON HEAD
BEAUFORT COUNTY, SC

CAROLINA ENGINEERING CONSULTANTS, INC.
REGISTERED PROFESSIONAL ENGINEER
NO. 10000
BEAUFORT, SC 29501
401-272-8888 (FAX)

DESIGNED BY	DRS
CHECKED BY	DRS
DATE	01/20/00
SCALE	AS SHOWN

SITE DEVELOPMENT DETAILS

5
OF 5



STRUCTURAL PRACTICES		VEGETATIVE MEASURES	
DESCRIPTION	SYMBOL	DESCRIPTION	SYMBOL
1. Concrete curb and rip-rap barrier	(Sd1)	1. Grass	(V1)
2. Dumped rip-rap	(Rp)	2. Mulch	(M1)
3. Retrofitting	(Rt)	3. Sod	(V2)
4. Curb inlet sediment barrier	(Sd2)	4. Turf	(V3)
5. Lot silt punch plan	(Sd3)	5. Erosion control mat	(V4)
6. Surface roughening	(Sd4)	6. Geotextile fabric	(V5)
7. Rip-rap outlet protection	(Sd5)	7. Erosion control blanket	(V6)
8. Inlet sediment trap	(Sd6)	8. Erosion control mat	(V7)
9. Stone pad construction foot	(Sd7)	9. Erosion control blanket	(V8)

ACTIVITY SCHEDULE		MULCHING NOTES	
ACTIVITY	DATE	DESCRIPTION	SYMBOL
1. Site preparation	1/15/24	1. Clearing	(C1)
2. Foundation work	1/20/24	2. Grading	(G1)
3. Framing	1/25/24	3. Mulching	(M1)
4. Roofing	2/5/24	4. Sod	(V2)
5. Siding	2/10/24	5. Turf	(V3)
6. Interior finish	2/15/24	6. Erosion control mat	(V4)
7. Exterior finish	2/20/24	7. Erosion control blanket	(V5)
8. Final inspection	2/25/24	8. Erosion control mat	(V6)

SEDIMENT & EROSION CONTROL DETAILS

DESIGNED BY: [Signature]

DRAWN BY: [Signature]

CHECKED BY: [Signature]

DATE: 1/15/24

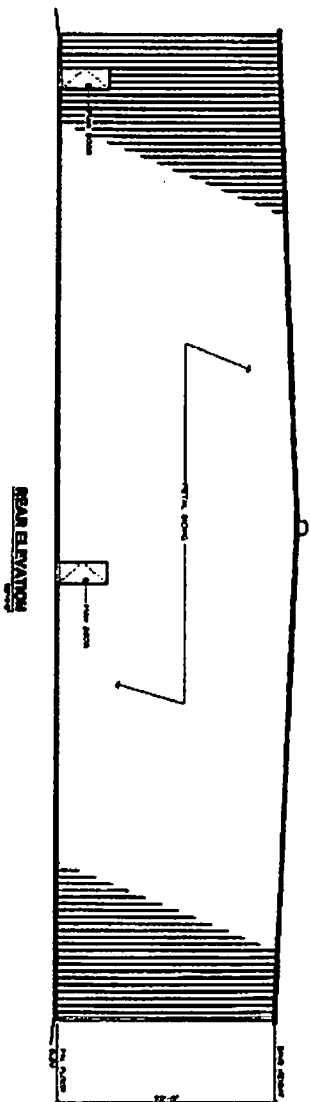
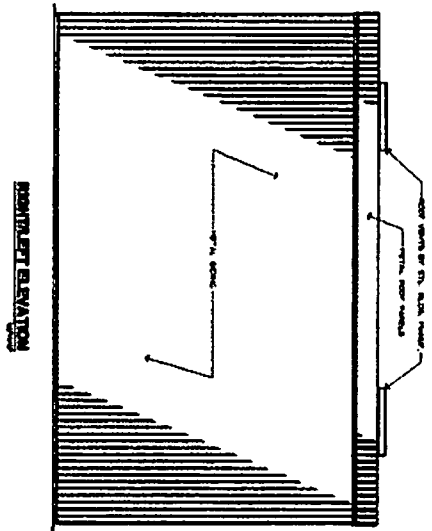
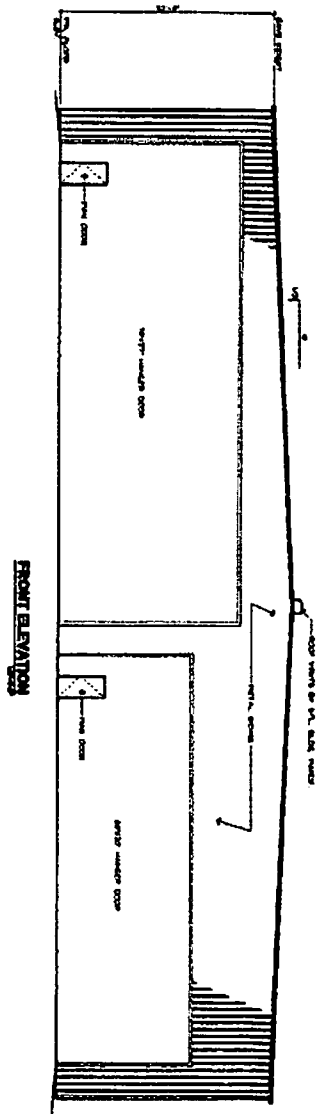
PLAN REVISIONS

NO.	DESCRIPTION	DATE
1	Issue for Review	1/15/24
2	Revised	1/20/24
3	Final	1/25/24

HILTON HEAD AIRPORT HANGAR ADDITION
 TOWN OF HILTON HEAD
 BEAUFORT COUNTY, SC

CAROLINA ENGINEERING CONSULTANTS, INC.
 1100 WEST 9TH STREET, SUITE 100
 FAYETTEVILLE, NC 28404
 919-437-0800
 www.carolina-engineers.com

2



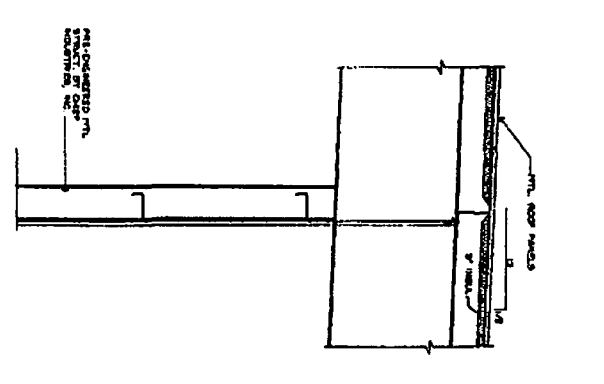
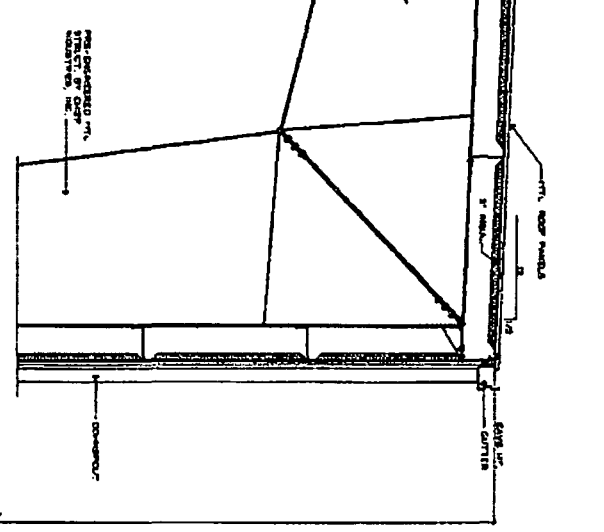
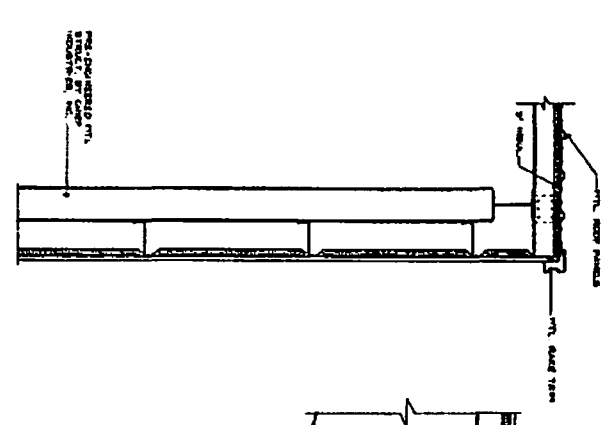
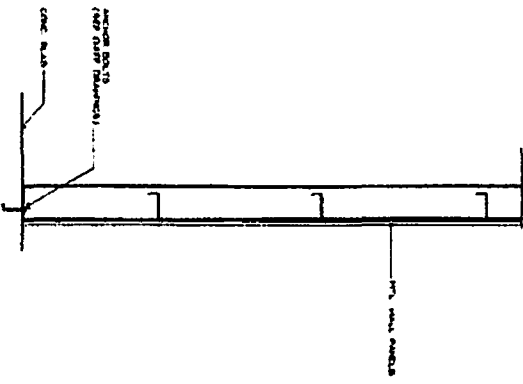
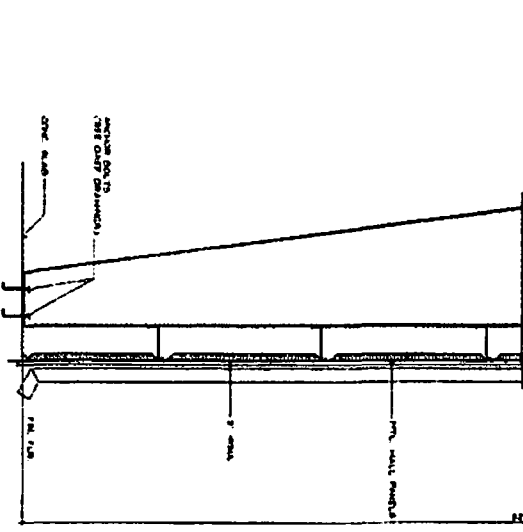
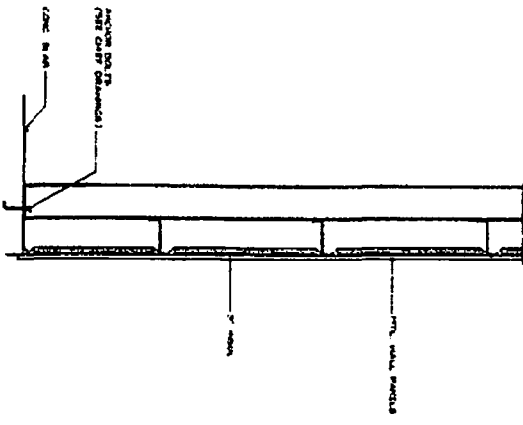
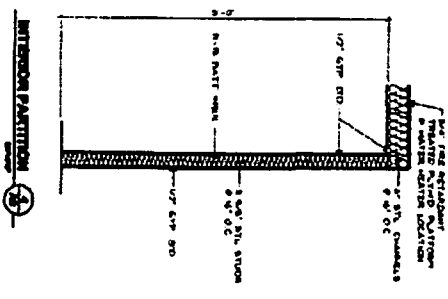
2

ELEVATIONS
 PREPARED FOR
GRISHAM RYAN HANGAR BUILDING
 2475 S. 400th ST. | SCALA AS NOTED | SHEET NO. 10 | PROJECT 8888
 PALTO WEA DEPOT | CHICAGO, IL 60608

MICHAEL GRUFFITH
 ARCHITECT
 700 N. 1ST ST.
 SUITE 100
 CHICAGO, IL 60610
 312-467-0212

REVIEWS
 COPYRIGHT





3
 PREPARED FOR
GRISHAM RYAN HANGAR BUILDING
 DATE: 4-26-11 SCALE: AS NOTED
 DRAWN BY: CG CHECKED BY: JG PROJECT NO: 6888

MICHAEL GRIFFITH
 ARCHITECT
 1000 10TH ST
 SAN FRANCISCO, CA 94103
 415-774-3333

REV: 0000
 COPYRIGHT



**EXHIBIT G
Personal Guaranty
(Attached)**

GUARANTY OF SUBLEASE

THIS GUARANTY OF SUBLEASE is entered into this ____th day of _____, 2010, by Donald R. Ryan, 23 Seabrook Landing Dr., Hilton Head Island, SC 29926, an individual ("Guarantor") in favor of Signature Flight Support Corporation ("Signature"), its successors and assigns.

WITNESSETH

WHEREAS, Signature proposes to enter into a Sublease with Coin Toss, LLC, a South Carolina limited liability company ("Coin Toss"), with respect to a Sublease at Hilton Head Island Airport, Hilton Head island, South Carolina,

and

WHEREAS, Signature will not enter into the Sublease unless Guarantor guarantees the full and timely payment of all sums due under the Sublease and performance of all terms and conditions therein by Coin Toss.

NOW, THEREFORE, as a material inducement to Signature to enter into the Sublease with Coin Toss, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor does hereby irrevocably and unconditionally warrant and agree as follows:

1. Guarantor hereby guarantees unto Signature the full and timely payment of all sums due under the Sublease during the Term of the Sublease.
2. Subject to any applicable cure periods provided Signature in the Sublease, Guarantor hereby agrees to effect the prompt and complete performance of each of the terms, covenants, conditions and provisions in the Sublease on the part of Signature to be kept, observed and performed during the Term of the Sublease. Guarantor's obligations under this Guaranty are specifically contingent upon receipt by Guarantor of notice of any default and a minimum of ten (10) days to cure such default prior to termination of the Sublease or execution on this Guaranty.
3. Guarantor hereby agrees to indemnify and save Signature harmless from any loss, attorneys' fees, costs and damages arising out of any failure to pay the aforesaid sums or the fail to perform any of the terms, covenants, conditions and provisions of the Sublease.
4. Guarantor hereby waives (i) all notice, except as set forth herein, of acceptance hereof, protest, demand and dishonor, presentment and demands of any kind now or hereafter provided for by any statute or rule of law; (ii) any right to require Signature to proceed against Signature or pursue any rights or remedies with respect to the Sublease, including the right of Signature to proceed against or exhaust any security of Coin Toss held by Signature or any other remedy whatsoever in Signature's power; (iii) any defense arising by reason of any bankruptcy, reorganization, discharge by the filing of bankruptcy or discharge in bankruptcy of Coin Toss or of the Sublease; (iv) any defense arising by insolvency, lack of authority or power or dissolution of Coin Toss (even though rendering same void, unenforceable or otherwise uncollectible), it being understood that Guarantor shall remain liable hereon, regardless of whether Coin Toss or any such other party be found not liable thereon for any of the foregoing reasons.
5. Guarantor hereby agrees that the liability of the Guarantor shall not be affected by any repossession of the Sublease by Signature or the termination of the Sublease by Signature; provided, however, that the net payments received by Signature after deducting all costs and expenses of repossession and/or reletting and/or recontracting with another operator, the same shall be credited from time to time by Signature to the account of Guarantor, and the Guarantor shall pay any balance owing to Signature promptly upon demand. Notwithstanding the foregoing, it is in no way intended that Guarantor's obligations under this Paragraph 5 be in any way greater than or extend beyond the obligations of Coin Toss.

6. Guarantor hereby agrees that (i) the sums due under the Sublease itself may be modified, amended, extended or terminated; (ii) any party who may become personally liable under the Sublease may hereafter be released from their liability thereon; (iii) the Sublease may be assigned transferred or sublet; (iv) Signature may take or delay in taking or refuse to take any and all action with reference to the Sublease and this Guaranty (regardless of whether same might vary the risk or alter the rights, remedies or recourses of the Guarantor), including specifically the settlement or compromise of any amount allegedly due thereunder, all without notice to, consideration to or the consent of Guarantor, and no such acts shall in any way release, diminish or affect the absolute nature of Guarantor's obligations and liabilities hereunder.

7. This Guaranty shall be one of payment and performance and not of collection. The liability of the Guarantor is primary and may be enforced before or after proceeding against Coin Toss or without proceeding against Coin Toss.

8. The Guarantor agrees that it shall, without limiting the generality of the foregoing, be bound by this Guaranty and shall be primarily liable for the obligations of Coin Toss under the Sublease.

9. This Guaranty shall be governed by the laws of the State of South Carolina. If any provision of this Guaranty or the application thereof for any reason or to any extent be deemed invalid or unenforceable, neither the remainder of this Guaranty nor the application of such provision to any other person or circumstances shall be affected thereby, but rather, the same shall be enforce to the greatest extent permitted by law.

10. This Guaranty and all the terms, provisions and conditions hereof shall be binding upon the Guarantor and on the legal representatives, successors and assigns of Guarantor and shall inure to the benefit of Signature and its successors and assigns.

11. Assuming Signature has given its consent to an assignment of the Sublease upon completion of such assignment, and when there has been delivered to Signature a guaranty of the Sublease in form and substance identical to this Guaranty executed by a substitute guarantor approved by Signature in connection with its consent to the requested assignment, Guarantor shall be relieved from all future liability under this Guaranty, but shall retain liability hereunder for all sums, loss, fees, costs and damages arising out of any failure to pay such sums or failure of Coin Toss to perform any terms, covenants, conditions or provisions of the Sublease prior to the date of such assignment.

IN WITNESS WHEREOF, the undersigned has executed this GUARANTY OF SUBLEASE the date and year first above written.

GUARANTOR:

By: Donald R. Ryan

THE STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on _____
by _____, _____, of _____, Inc., a _____ corporation,
personally known to me, on behalf of said corporation.

NOTARY SEAL

Notary Public, State of _____

Printed or Typed Name of Notary
My commission expires: _____

GUARANTY OF SUBLEASE

THIS GUARANTY OF SUBLEASE is entered into this ____th day of _____, 2010, by Lawrence Edward Grisham Jr. , 67 Bear Creek Dr., Hilton Head Island, SC 29926, an individual ("Guarantor") in favor of Signature Flight Support Corporation ("Signature"), its successors and assigns.

WITNESSETH

WHEREAS, Signature proposes to enter into a Sublease with Coin Toss, LLC, a South Carolina limited liability company ("Coin Toss"), with respect to a Sublease at Hilton Head Island Airport, Hilton Head Island, South Carolina,

and

WHEREAS, Signature will not enter into the Sublease unless Guarantor guarantees the full and timely payment of all sums due under the Sublease and performance of all terms and conditions therein by Coin Toss.

NOW, THEREFORE, as a material inducement to Signature to enter into the Sublease with Coin Toss, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor does hereby irrevocably and unconditionally warrant and agree as follows:

1. Guarantor hereby guarantees unto Signature the full and timely payment of all sums due under the Sublease during the Term of the Sublease.
2. Subject to any applicable cure periods provided Signature in the Sublease, Guarantor hereby agrees to effect the prompt and complete performance of each of the terms, covenants, conditions and provisions in the Sublease on the part of Signature to be kept, observed and performed during the Term of the Sublease. Guarantor's obligations under this Guaranty are specifically contingent upon receipt by Guarantor of notice of any default and a minimum of ten (10) days to cure such default prior to termination of the Sublease or execution on this Guaranty.
3. Guarantor hereby agrees to indemnify and save Signature harmless from any loss, attorneys' fees, costs and damages arising out of any failure to pay the aforesaid sums or the fail to perform any of the terms, covenants, conditions and provisions of the Sublease.
4. Guarantor hereby waives (i) all notice, except as set forth herein, of acceptance hereof, protest, demand and dishonor, presentment and demands of any kind now or hereafter provided for by any statute or rule of law; (ii) any right to require Signature to proceed against Signature or pursue any rights or remedies with respect to the Sublease, including the right of Signature to proceed against or exhaust any security of Coin Toss held by Signature or any other remedy whatsoever in Signature's power; (iii) any defense arising by reason of any bankruptcy, reorganization, discharge by the filing of bankruptcy or discharge in bankruptcy of Coin Toss or of the Sublease; (iv) any defense arising by insolvency, lack of authority or power or dissolution of Coin Toss (even though rendering same void, unenforceable or otherwise uncollectible), it being understood that Guarantor shall remain liable hereon, regardless of whether Coin Toss or any such other party be found not liable thereon for any of the foregoing reasons.
5. Guarantor hereby agrees that the liability of the Guarantor shall not be affected by any repossession of the Sublease by Signature or the termination of the Sublease by Signature; provided, however, that the net payments received by Signature after deducting all costs and expenses of repossession and/or reletting and/or recontracting with another operator, the same shall be credited from time to time by Signature to the account of Guarantor, and the Guarantor shall pay any balance owing to Signature promptly upon demand. Notwithstanding the foregoing, it is in no way intended that Guarantor's obligations under this Paragraph 5 be in any way greater than or extend beyond the obligations of Coin Toss.

6. Guarantor hereby agrees that (i) the sums due under the Sublease itself may be modified, amended, extended or terminated; (ii) any party who may become personally liable under the Sublease may hereafter be released from their liability thereon; (iii) the Sublease may be assigned transferred or sublet; (iv) Signature may take or delay in taking or refuse to take any and all action with reference to the Sublease and this Guaranty (regardless of whether same might vary the risk or alter the rights, remedies or recourses of the Guarantor), including specifically the settlement or compromise of any amount allegedly due thereunder, all without notice to, consideration to or the consent of Guarantor, and no such acts shall in any way release, diminish or affect the absolute nature of Guarantor's obligations and liabilities hereunder.

7. This Guaranty shall be one of payment and performance and not of collection. The liability of the Guarantor is primary and may be enforced before or after proceeding against Coin Toss or without proceeding against Coin Toss.

8. The Guarantor agrees that it shall, without limiting the generality of the foregoing, be bound by this Guaranty and shall be primarily liable for the obligations of Coin Toss under the Sublease.

9. This Guaranty shall be governed by the laws of the State of South Carolina. If any provision of this Guaranty or the application thereof for any reason or to any extent be deemed invalid or unenforceable, neither the remainder of this Guaranty nor the application of such provision to any other person or circumstances shall be affected thereby, but rather, the same shall be enforce to the greatest extent permitted by law.

10. This Guaranty and all the terms, provisions and conditions hereof shall be binding upon the Guarantor and on the legal representatives, successors and assigns of Guarantor and shall inure to the benefit of Signature and its successors and assigns.

11. Assuming Signature has given its consent to an assignment of the Sublease upon completion of such assignment, and when there has been delivered to Signature a guaranty of the Sublease in form and substance identical to this Guaranty executed by a substitute guarantor approved by Signature in connection with its consent to the requested assignment, Guarantor shall be relieved from all future liability under this Guaranty, but shall retain liability hereunder for all sums, loss, fees, costs and damages arising out of any failure to pay such sums or failure of Coin Toss to perform any terms, covenants, conditions or provisions of the Sublease prior to the date of such assignment.

IN WITNESS WHEREOF, the undersigned has executed this GUARANTY OF SUBLEASE the date and year first above written.

GUARANTOR:

By: Lawrence Edward Grisham, Jr.

THE STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on _____
by _____, _____, of _____, Inc., a _____ corporation,
personally known to me, on behalf of said corporation.

NOTARY SEAL

Notary Public, State of _____

Printed or Typed Name of Notary
My commission expires: _____