

GROUND LEASE AGREEMENT

This Lease Agreement (the "Agreement") entered into as of the 24th day of November, 2008, by and between the Butler County Board of Commissioners ("Lessor"), and DHS Hangars, LLC ("Lessee").

Witnesseth:

WHEREAS, Lessor now owns, controls, and operates the Butler County Regional Airport (the "Airport") in Butler County, Ohio;

WHEREAS, Lessee desires to construct a hangar for aeronautical operations on the airport;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement, the parties hereby agree as follows:

**ARTICLE I
TERM**

The term of this Agreement shall be for a period of twenty (20) years, commencing on the first day of December, 2008, and continuing through the last day of November, 2028, (the "Termination Date") unless earlier terminated under the provisions of this Agreement. The parties agree that six (6) months prior to the expiration of the original lease term they may enter, in good faith, into negotiations for a successor lease for a term of ten (10) years, with a payment schedule that takes into consideration the economic circumstances of the Airport as they exist at that time, including the terms of leases to other tenants. The parties further agree that six (6) months prior to the expiration of any successor lease term they may enter, in good faith, into negotiations for additional term(s) of ten (10) years, with a payment schedule that takes into consideration the economic circumstances of the Airport as they exist at that time, including the terms of leases to other tenants. The maximum length of the original and any successor leases cannot exceed sixty (60) years.

**ARTICLE II
LEASED PREMISES**

Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the following premises, identified and shown on Exhibit A and described in exhibit C hereto ("Premises"), together with the right of appropriate ingress and egress for both vehicles and aircraft:

A. Real Property as follows:

For purposes of this Agreement, the Premises shall consist of an area of 25,268 square feet (see exhibit A incorporated herein) and shall include leasehold improvements constructed by Lessee pursuant to Article IV of this Agreement.

Lessee shall promptly pay when due all expenses and charges, of whatever nature, arising in connection with the use of the premises and the rights and privileges herein granted, including but not limited to real estate and personal property taxes, permit fees, license fees and assessments lawfully levied or assessed upon the Premises or property at any time situated therein and thereon. However, Lessee may, at its sole expense and cost, contest any tax, fee or assessment. In such a case Lessor agrees to cooperate with Lessee by signing any instruments necessary to contest provided Lessee makes satisfactory payment arrangements so that Lessor is not required to pay Lessee's debts or act as Lessee's surety while Lessee contests a tax, fee or assessment.

Lessee shall comply with all Laws Rules and Regulations promulgated by Federal, State and Local Governments as well as those promulgated by Lessor, and Lessee shall keep in effect and post in a prominent place all necessary and/or required licenses or permits.

Lessee shall comply with Lessor's "Minimum Operating Standards and Requirements for Commercial Operations at the Butler County Regional Airport" and any subsequent amendments.

Lessee shall be responsible for the maintenance, drainage and repair of the Premises and Maintenance Area (see exhibit B incorporated herein) and any structures erected by Lessee thereon, and shall keep and maintain the Premises and Maintenance Area in good condition, order and repair. Lessee shall be responsible for cutting of grass and snow removal on the premises, and the adjacent obstacle free areas.

No additional interior or exterior construction or improvement of any type beyond the scope and design of the original proposal is permitted without prior written permission from both airport administration and the City of Fairfield. The current Lessee/Contractor Pre-Construction/Development Meeting, Common Safety Issues and Policies Review Checklist must also be complied with.

It is the intent of the parties hereto that the Premises shall be used for a hangar and ramp area for storage of aircraft, or ancillary office operations. In the event Lessee desires to make any other use of the Premises, written notice of the intended use shall be given to Lessor, and no additional use of the Premises shall be made without express written consent and upon terms agreeable to Lessor. Lessee shall provide the Administrator with an annual inventory of all aircraft stored in or on the premises on or before January first of each year. This inventory shall include the name, address and phone number of the owner(s) and N-number of each aircraft.

B. Non-Exclusive Right. This Agreement grants no exclusive right to Lessee to provide any or all of the services described in this article at any time during the term of this Agreement. Lessor reserves the right, at its sole discretion, to grant others certain rights and privileges upon the Airport which are identical in part or in whole to those granted to Lessee. However, Lessor does covenant and agree that:

1. It shall enforce all minimum operating standards and requirements for all aeronautical endeavors and activities conducted at the Airport.

2. Operators of aeronautical endeavors or activities will not be permitted to operate on the Airport under rates, terms or conditions which are significantly more favorable than those set forth in this Agreement taking into account the location and scope of the other operator's operations.

3. It will not knowingly permit the conduct of any aeronautical endeavor or activity at the airport except under an approved lease or operating agreement which shall comply with Lessor's "Minimum Operating Standards and Requirements for Commercial Operations at the Butler County Regional Airport" and any subsequent amendments.

ARTICLE III APPURTENANT PRIVILEGES

A. **Use of Airport Facilities.** Lessee shall be entitled, in common with others so authorized, to the use of all facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the Airport, including the use of landing areas, runways, taxiways, navigational aids, terminal facilities and aircraft parking areas designated by Lessor, however, Lessor reserves the right to modify, remove, or temporarily close such improvements at its discretion. Vehicles are to remain on authorized paved roads and parking areas only. Under no condition shall vehicles of any kind, other than aircraft, be permitted on grass, taxiways, aprons or runways without prior permission from the Airport Administrator or authorized representative. Aircraft are to remain in hangars or on paved aprons, taxiways, and runways only. Lessee is responsible for controlling appropriate access through the leased property.

B. **Aerial Approaches.** Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft.

ARTICLE IV REQUIRED LEASEHOLD IMPROVEMENTS

As part of the consideration for the privileges herein granted, Lessee agrees to construct or otherwise make improvements to the Premises. The leasehold improvements are to include a Hangar Building fifty one point six (51.6) feet by two hundred thirty eight point seven (238.7) feet (12,317 square feet), taxiways, aprons, walkways and parking facilities as shown in Exhibit A hereto. All improvements shall comply with Lessor's "Butler County Regional Airport Construction Design Standards" and any subsequent amendments. Hangar construction and all improvements associated with the proposed hangar are to be completed within twelve (12) months following the commencement of this agreement.

Lessee shall retain ownership of the hangar during the term of this lease and any successor leases. At the expiration or termination of this lease or any successor lease, Lessee shall promptly quit and surrender the leased land and improvements, and deliver to Lessor actual possession and ownership of the leased land and improvements in good order, condition, and repair.

Lessee shall have the right to remove from the leased land and improvements all non-fixtures used or procured for use in connection with its possession of the property on or before expiration or termination, provided that Lessee shall promptly repair, or cause to be repaired, any damage resulting to the leased land or improvements by reason of this removal.

Any trade fixtures, equipment, or articles of personal property of Lessee that remain at or on the leased Premises after expiration or termination shall be deemed to have been abandoned by the Lessee, and may either be retained by Lessor as its property or disposed of by Lessor without accountability to Lessee for the value of these trade fixtures, equipment, or articles of personal property, or any proceeds derived from the sale of these items.

ARTICLE V PAYMENTS

A. **Rent and Fees.** In consideration of the rights and privileges granted by this Agreement, Lessee agrees to pay to Lessor during the term of this Agreement the following:

Minimum Rent. In consideration of the rights and privileges granted by Lessor to Lessee by this lease Agreement, the parties agree that on January 1, 2009, Lessee shall pay rent to Lessor the amount of \$0.30 per square foot per annum for the first five years of the term of this agreement, which equals an annual rent of seven thousand two hundred thirty dollars and zero cents (\$7,580.40). Rent shall be paid semi-annually in advance. A delinquency charge of one (1) percent per month shall be added to rent payments which are more than ten (10) days delinquent.

Automatic Rental Adjustments.

a. At the end of the first five years of the lease term, and at five year intervals throughout the rest of the lease term, the yearly rent shall be adjusted as set forth in this Paragraph to reflect increases or decreases in the Consumer Price Index of the United States Department of Labor for the Midwest All Urban Consumer Index, using 1982-1984 as the base year. The index numbers referred to in Subparagraph (b), below, will be taken from this consumer price index, except as set forth in Subparagraph (c), below.

b. The adjustments in the yearly rent shall be determined by multiplying \$7,580.40, by a fraction, the numerator of which is the index number for the last month of the last year prior to the adjustment and the denominator of which is the index number for the first month of the first year of the lease term. If the product of this multiplication is greater than the minimum yearly rent of \$7,580.40, Lessee shall pay this greater amount as the yearly rent until the time of the next rental adjustment as called for in this Paragraph. If the product of this multiplication is less than \$7,580.40, Lessee shall pay this lesser amount until the time of the next rental adjustment as called for in this Paragraph.

c. If the Midwest All Urban Consumer Index is discontinued during the term of this lease, the remaining rental adjustments called for in this Paragraph shall be made using the formula set forth in Subparagraph (b) above, but substituting the index numbers for the Consumer Price Index-Seasonally Adjusted U.S. City Average for All Items For All Urban Consumers ("CPI-U") for the index number for the Midwest All Consumer Index. If both are discontinued during the term of this lease, the remaining rental adjustments called for in this Paragraph shall be made using the statistics of the Bureau of Labor Statistics of the United States Department of Labor that are most nearly comparable to the Midwest All Consumer Index. If the Bureau of Labor Statistics of the United States Department of Labor ceases to exist or ceases to publish statistics concerning the purchasing power of the consumer dollar during the term of this lease, the remaining rental adjustments called for in this Paragraph shall be made using the most nearly comparable statistics published by a recognized financial authority selected by Lessor.

B. **Landing Fees.** Lessor reserves the right to collect landing fees from non-resident aircraft using Lessee's facility in accordance with a schedule of landing fees established by Lessor. Fees so collected by Lessee shall be reported and paid monthly to Lessor.

C. **Place of Payment.** All payments due Lessor from Lessee shall be delivered to the place designated in writing by Lessor.

ARTICLE VI UTILITIES

Should Lessee's operations require utility service facilities, Lessee shall, at its expense, extend such facilities to the Premises.

Lessee agrees to pay the cost of all utilities and shall have installed separate utility meters for the leasehold Premises. Lessee agrees to indemnify Lessor from any claim for unpaid utility service. Lessor shall pay for any repairs to utilities required outside the leasehold.

Lessee agrees to install at Lessee's expense adequate exterior lighting on each side of its hangar which has an external entrance and shall operate those lights at its own expense at night.

ARTICLE VII INSURANCE

A. **Required Insurance.** Lessee shall obtain and maintain continuously in effect at all times during the term of this Agreement, at Lessee's sole expense, insurance suitable to Lessor, including Hangar Keeper and General Liability Insurance in an amount not less than One Million Dollars (\$1,000,000) single limit. Workers Compensation insurance for any employee performing any work or service in or upon the leased premises. Lessee shall furnish to Lessor a copy of the certificate of insurance naming the Butler County Board of County Commissioners as additionally insured. For commercial operations, the insurance requirements shall be those stated in the "Minimum Operating Standards and Requirements for Commercial Operations at the Butler County Regional Airport."

Lessee must ensure that all Contractors, Sub Contractors and/or any service provider and their employees performing or offering any service or function within or on the leased premises obtain and maintain workers compensation insurance.

B. **Notice.** Lessee agrees to notify Lessor in writing as soon as practical of any claim, demand, or action arising out of an occurrence covered under Lessee's insurance, of which Lessee has knowledge, and to cooperate with Lessor in the investigation and defense thereof.

**ARTICLE VIII
INDEMNIFICATION**

To the extent not covered by insurance carried in favor of Lessor, Lessee shall keep and hold harmless Lessor from and against any and all claims, demands, suits, judgments, costs, and expenses asserted by any person or persons, including agents or employees of Lessor or Lessee, by reason of death or injury to persons or loss or damage to property, resulting from Lessee's operations, or anything done or omitted by Lessee, under this Agreement except to the extent that such claims, demands, suits, judgements, costs and expenses may be attributed to the acts or omissions of Lessor or its agents or employees.

**ARTICLE IX
LESSEE AS INDEPENDENT CONTRACTOR**

In conducting its business hereunder, Lessee acts as an independent contractor and not as an agent of Lessor. The selection, retention, assignment, direction and payment of Lessee's employees shall be the sole responsibility of Lessee, and Lessor shall not attempt to exercise any control over the daily performance of duties by Lessee's employees.

Lessee agrees that employees, assignee or subtenant will be subject to airport's rules regulations and other rules and regulations and policies as stated within this agreement to the same extent as Lessee. Lessee shall be held responsible for the actions of all of its tenants, subtenants employees and guests.

**ARTICLE X
ASSIGNMENT**

Lessee shall notify Lessor of any changes of ownership, membership, officers or any other person or persons as it relates to interest within Lessees business, BDA, corporation or group of related companies or corporations associated with this lease at least thirty days prior to such intended actions for prior approval from Lessor. Such actions will shall not be withheld unreasonably as it relates to airport policy of hangar ownership diversity.

This Agreement, or any part thereof, may not be assigned, transferred or subleased by Lessee, by process or operation of law or in any other manner whatsoever, without the prior written consent

of Lessor, which consent shall not be withheld unreasonably. Lessor reserves the right to deny any request from lessee for transfer, assignment, assumption, or sublease based on the airport's desire and current policy to maintain hangar ownership and/or control diversification. This Agreement may also be assigned by Lessor without the consent of Lessee. In the event that this Agreement is assigned or transferred, Lessor may enter into a new Agreement with the new Lessee. Should the assignee be a county government, the assignment process and any new Agreement shall comply with rules governing the lease of County property if any extension of the term is sought.

ARTICLE XI NON-DISCRIMINATION

Notwithstanding any other inconsistent provision of this Agreement, during the performance of this Agreement, Lessee, for itself, its heirs, personal representatives, successors in interest and assigns, as part of the consideration for this Agreement, does hereby covenant and agree, as a covenant running with the land, that:

A. No person on the ground of race, color, religion, sex, national origin, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in, the use of the Premises;

B. In the construction of any improvements on, over or under the Premises, and the furnishing of services therein or thereon, no person on the ground of race, color, religion, sex, national origin, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination.

C. Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

D. In the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate this Agreement and to reenter and repossess the Premises and hold the same as if said Agreement had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 have been followed and completed, including expiration of appeal rights.

ARTICLE XII REQUIREMENTS OF THE UNITED STATES

This Agreement shall be subject and subordinate to the provisions of any existing or future agreement between Lessor and the United States, or any agency thereof, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development or operation of the Airport;

Provided, however, that Lessor shall, to the extent permitted by law, use its best efforts to cause any such agreement to include provisions protecting and preserving the rights of Lessee in and to the Premises, and to compensation for the taking thereof, interference therewith and damage thereto, caused by such agreement or by actions of Lessor or the United States pursuant thereto.

ARTICLE XIII **DEFAULT AND TERMINATION**

A. Termination by Lessee. This Agreement shall be subject to termination by Lessee in the event of any one or more of the following events:

1. The abandonment of the Airport as an airport or airfield.
2. The default by Lessor in the performance of any of the terms, covenants or conditions of this Agreement, and the failure of Lessor to remedy, or undertake to remedy to Lessee's satisfaction, such default for a period of thirty (30) days after receipt of notice from Lessee to remedy the same.
3. Damage to or destruction of all or a material part of the Premises or Airport facilities necessary to the operation of Lessee's business.
4. The lawful assumption by the United States, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as to restrict substantially Lessee from conducting business operations for a period in excess of ninety (90) days.

B. Termination by Lessor. This Agreement shall be subject to termination by Lessor and eviction of Lessee in the event of any one or more of the following events:

1. The default by Lessee in the performance of any of the terms, covenants or conditions of this Agreement, and the failure of Lessee to remedy, or undertake to remedy, to Lessor's satisfaction, such default for a period of thirty (30) days after receipt of notice from Lessor to remedy the same. A default by Lessee includes failure to pay expenses or charges when due as required by Article II A hereof.
2. Lessee files a voluntary petition in bankruptcy, including a reorganization plan, makes a general or other assignment for the benefit of creditors, is adjudicated as bankrupt or if a receiver is appointed for the property or affairs of Lessee and such receivership is not vacated within (30) days after the appointment of such receiver.

C. Exercise. Exercise of the rights of termination set forth in Paragraph A and B, above, shall be by written notice to the other party within thirty (30) days following the event giving rise to the termination.

D. Cause of Breach; Waiver.

1. Neither party shall be held to be in breach of this Agreement because of any failure to perform any of its obligations hereunder if said failure is due to any cause for which it is not responsible and over which it has no control; provided, however, that the foregoing provision shall not apply to failures by Lessee to pay fees, rents or other charges to Lessor.

2. The waiver of any breach, violation or default in or with respect to the performance or observance of the covenants and conditions contained herein shall not be taken to constitute a waiver of any such subsequent breach, violation or default in or with respect to the same or any other covenant or condition hereof.

**ARTICLE XIV
ARBITRATION**

Except for eviction proceedings brought pursuant to Article XIII(B) hereof, all claims or disputes arising out of or relating to this Agreement shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then existing. Notice of the demand for arbitration shall be filed in writing with the other party to the Agreement and with the American Arbitration Association and shall be made within a reasonable time after the claim or dispute has arisen. The award rendered by the arbitrators shall be final, and judgement may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

Except by written consent of the person or entity sought to be joined, no arbitration arising out of or relating to the Agreement shall include, by consolidation, joinder or in any other manner, any person or entity not a party to the Agreement, unless it is shown at the time the demand for arbitration is filed that (1) such person or entity is substantially involved in a common question of fact or law; (2) the presence of such person or entity is required if complete relief is to be accorded in the arbitration; and (3) the interest or responsibility of such person or entity in the matter is not insubstantial.

The agreement of the parties to arbitrate claims and disputes as set forth above shall be specifically enforceable under the prevailing arbitration law.

Pending final decision of the arbitrator or arbitrators, the parties shall proceed diligently with the performance of their obligations under this Agreement.

**ARTICLE XV
EASEMENTS**

Notwithstanding any other provisions of this Ground Lease Agreement and without further assent from Lessee and without the need for further consideration passing between Lessor and Lessee, the Lessor may grant utility easements on and under portions of the Premises which are not improved

by construction of enclosed hangar space in order to facilitate utility service to the Butler County Regional Airport and surrounding properties.

With respect to such utility easements, Lessor and Lessee further agree:

1. That Lessee shall not place or permit any new, additional or relocated permanent or temporary structures to be located atop such easement area. Any pre-existing permanent structures located atop the easement granted by Lessor shall be permitted to remain atop the easement area but the ground beneath may be cut or opened for installation of utility improvements, fixtures, equipment or apparatus. For purposes of this Article, aircraft taxiways, hangar aprons, and airport driveways are not considered a permanent structure as may therefore be opened for utility infrastructure activity.
2. That the party making use of the utility easement shall be permitted to enter upon unenclosed portions of the Premises during reasonable time and at reasonable hours for only the minimum necessary period of time for the purpose of reconstructing, maintaining, repairing, replacing, relocating, restoring, and rehabilitating said underground utilities upon the condition and with the understanding that any such utility work shall be undertaken and completed in conformity with this instrument and reasonable utility practice. Moreover, any such party making use of the utility easement shall clean, sweep, keep clear and restore the easement both during and following its work on the Premises.
3. That aviation facilities including, but not limited to, aircraft taxiways, hangar aprons, and airport driveways that are disturbed by utility activities authorized by this Article shall be restored by the utility or contractor making use of the easement with the same type, quality, condition, and thickness of materials as existed before disturbance. The utility or contractor making use of the easement shall restore the non-aviation facilities portion of the above described easement area to as near as possible to its original condition after any necessary future reconstruction, maintenance, repair, replacement, relocation, restoration, or rehabilitation required for such underground utilities.
4. That any easement granted by Lessor is subordinate to Lessee's prevailing use of the property for aviation and aviation related purposes such that in the event relocation of this easement is necessary to accommodate said prevailing aviation use, Lessee agrees to a relocation of this easement to a mutually suitable location which is consistent with both reasonable aviation and reasonable utility practices so long as it does not pass within or beneath an enclosed structure on Lessee's Premises.
5. That any user of the utility agrees not to unreasonably interfere with Lessee's predominate aviation use of the surface of the easement area for aviation purposes, including, but not limited to maintaining the weight bearing capability and reasonable availability of the surface for aircraft.
6. That the county may, at its own expense, construct fencing or other form of barricade on leased property to prevent unauthorized access of people and/or vehicles onto obstacle free areas, airport movement areas, taxiways, and taxiway and runway safety areas.

ARTICLE XVI
MISCELLANEOUS PROVISIONS

A. **Entire Agreement.** This Agreement, together with the other agreements referenced herein, constitutes the entire understanding between the parties, and as of its effective date supersedes all prior or independent agreements between the parties covering the subject matter hereof. Any change or modification hereof must be in writing and signed by both parties.

B. **Severability.** If a provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction, the entire Agreement shall not be void, but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the parties.

C. **Notice.** Any notice given by one party to the other in connection with this Agreement shall be in writing and shall be sent by registered mail, return receipt requested, with postage and registration fees prepaid:

1. If to Lessor, address to:

Butler County Regional Airport
c/o Airport Administrator
2820 Airport Road, East
Hamilton, Ohio 45015

2. If to Lessee, address to:

DHS Hangars, LLC
Attn: William Duffey
3180 Springdale Road
Cincinnati, Ohio 45251

Notices shall be deemed to have been received on the date of receipt as shown on the return receipt.

D. **Headings.** The headings used in this Agreement are intended for convenience of reference only and do not define or limit the scope or meaning of any provision of this Agreement.

E. **Governing Law.** This Agreement is to be construed in accordance with the laws of the State of Ohio.