

MEMORANDUM

TO: **Real Estate & Transportation Committee**
Commissioner Don Selvage, Chairman
Commissioner Justin Troller
Commissioner Phillip Walker

FROM: City Attorney's Office

DATE: July 7, 2014

RE: **Lease Agreement with Florida Gate Masters, LLC**

Attached hereto for your consideration is a proposed Lease Agreement with Florida Gate Masters, LLC (Florida Gate Masters) for 1,125 square feet of office space and 4,575 square feet of warehouse space located at 3830 Airfield Court on the north side of the Airport, adjacent to the facility leased by the City's Telecommunications Department.

Florida Gate Masters, founded in 2008, is a family owned and operated company that is a provider of automatic gate systems in the Central Florida area. Florida Gate Masters has also expanded into several other fields such as custom fabrication of steel and aluminum gate designs, on-site welding repair, installation of card access and other access control systems and closed-circuit television (CCTV) systems.

The term of this Lease Agreement, with a retroactive effective date of July 1, 2014 and subject to approval by the City Commission, will be for an initial term of five (5) years, including two (2) additional two (2) year renewal options upon mutual written agreement of the parties. The annual rent will be \$33,000 for the first two (2) years of the Lease, with annual rent increases thereafter of \$1,200.00 for the remaining years of the initial term. Rent increases during any renewal term thereafter will be subject to adjustments in the Consumer Price Index (CPI).

The Lessee will be provided a sixty (60) day move in period during which Lessee will only be responsible for payment of the utilities. Florida Gate Masters is presently located in Lakeland and is currently under contract for the sale of its present location. The Lease Agreement provides a termination clause in the event the sale does not close in early August.

As a condition of Florida Gate Masters executing the Agreement, the Airport has agreed to upgrade the electric to the building to accommodate the required three phase power that Florida Gate Masters requires. In addition, the Airport will install a fence on the west side of the property to provide a secure area. The total costs for the improvements are estimated at \$12,000 for which the Airport is seeking City approval to appropriate these funds.

It is recommended that the appropriate City officials be authorized to execute the Lease Agreement and to appropriate the funds for the expenses outlined above.

RS

attachment

LEASE AGREEMENT

THIS AGREEMENT made this 7th day of July, 2014, by and between the **CITY OF LAKELAND**, a Florida municipal corporation (hereinafter referred to as the "**Lessor**"), whose address is 228 S. Massachusetts Avenue, Lakeland, Florida 33801 and **Florida Gate Masters, LLC** (hereinafter referred to as "**Lessee**"), whose physical address is 3830 Airfield Court, Lakeland, Florida 33811.

WITNESSETH:

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

SECTION 1

The Lessor, for and in consideration of the mutual promises, agreements, and covenants herein contained, does hereby lease, let, and rent unto the Lessee for an initial term of five (5) years commencing July 1, 2014 (the "**Effective Date**") and ending on June 30, 2019 the land and/or buildings owned and controlled by the Lessor (hereinafter referred to as the "**Premises**"), located in and comprising a part of the Lakeland Linder Regional Airport, as more particularly described on **Exhibit "A"** attached hereto and made a part hereof, consisting of approximately 1,125 square feet of building space and containing approximately 4,575 square feet of warehouse space.

SECTION 2

2.1 The Lessee shall pay to the Lessor as rent for the Premises a total annual sum of Thirty-Three Thousand and 00/100 Dollars (\$33,000.00) payable in monthly installments of Two Thousand Seven Hundred Fifty and 00/100 Dollars (\$2,750.00), commencing August 1, 2014 through June 30, 2016. Beginning July 1, 2016, and on each anniversary through the initial term of the Lease, rent shall be increased One

Thousand Two Hundred and 00/100 Dollars (\$1,200.00) annually. Each monthly rent installment shall be paid, together with sales taxes, pass through expenses, and all other applicable taxes and charges, in advance on or before the first day of each month. Late installments of rent, which shall be any installment received more than fifteen (15) days after the due date, shall bear a late payment charge of 5% of the late installment for any month or any portion of any month until paid.

2.2 Lessor reserves the right to pass through a pro rata portion of any taxes or governmental charges levied after the commencement date to the Lessee.

2.3 Commencing with the first two (2) year option of renewal as provided in Section 3.2, and at the beginning of each one year lease period thereafter during the term of this Lease, all rents to be paid hereafter shall be adjusted in accordance with the Consumer Price Index for all Urban Consumers, unadjusted (U.S. City Average: All Items, 1982-84=100), issued monthly by the Bureau of Labor Statistics of the U.S. Department of Labor. Such adjustment shall be made by multiplying said rent by a fraction, the numerator of which shall be the Index Number as set forth in said Consumer Price Index for the month which is three (3) calendar months prior to the commencement of the new one year lease period, and the denominator of which shall be the Index Number as set forth in said Consumer Price Index for the month which is three (3) calendar months prior to the month of the commencement of the preceding one year lease period.

2.4 In the event that the Index herein referred to ceases to be published during the term of this Lease or any renewals thereof, or if a substantial change is made in the method of establishing such Index, then the determination of the adjustment in all rents to be paid hereunder shall be made with the use of such conversion factor formula or table as may be published by the Bureau of Labor Statistics, or if none is available, the parties shall accept comparable statistics on the cost of living in the United States, as shall then

be computed and published by an agency of the United States, or if none, by a respected financial periodical selected by Lessor.

2.6 Lessee shall be responsible for payment of all utility charges incurred by Lessee commencing July 1, 2014 as part of its use of the Premises, including electric, water and wastewater utilities, storm water and refuse collection and any deposits or impact fees associated therewith. Lessee shall be required to place the utility bill in its name within forty (40) days of the execution of this Lease Agreement.

2.7 In the event the Premises become subject to taxation by legislative or judicial action, or a change in policy of the Polk County Tax Assessor's Office, then the Lessee shall pay to Lessor any ad valorem taxes thereafter assessed. The Lessor shall provide proof of the assessment as soon as is practical following receipt of the tax bill which shall then be payable by the Lessee on the date the next rental payment would be due.

2.8 Lessee has the right to terminate this Lease Agreement on or before August 15, 2014 if the sale of its existing building located at 4225 Frontage Road North, in Lakeland, Florida 33810 fails to close on or about August 11, 2014.

2.9 Lessee shall remit a security deposit of one (1) month's rent equal to Two Thousand Seven Hundred Fifty and 00/100 Dollars (\$2,750.00), which shall be due to Lessor upon execution of this Lease Agreement.

SECTION 3

3.1 In the event Lessee remains in possession of the Leased Premises after the expiration of the tenancy created hereunder, and without the execution of a renewal term or new lease, Lessee, shall be deemed to be occupying the Leased Premises on a month-to-month basis at twice the monthly rental as paid for the last month under the expiring

term of the lease. Such tenancy shall be subjected to all the other conditions, provisions and obligations of this lease.

3.2 The Lessee, so long as it is not in default of the Lease, may renew the Lease for two (2) additional two (2) year terms upon mutual written consent of Lessor, by written request to the Lessor of its intention to do so at least one hundred twenty (120) days prior to the expiration of the initial term or any renewal term thereafter, upon the same terms and conditions as herein contained.

3.3 Rent during any renewal term shall be adjusted in accordance with the provisions of Section 2 of the Lease Agreement.

SECTION 4

4.1 Lessee shall have the right to perform such non-structural alterations and improvements to the Premises as may be reasonably required by Lessee as part of its use of the Premises. Lessee is granted the right, at its own cost, to make such alterations and improvements in and to the Premises as described above subject to the following provisions:

(a) All such work shall be done subject to, and in accordance with, all applicable laws, rules, regulations and other requirements of all governmental authorities having jurisdiction thereof.

(b) All such work shall be performed in a good and workmanlike manner.

(c) Lessee shall promptly pay and discharge all costs, expenses, damages and other liabilities that may arise in connection with or by reason of such alterations or improvements.

(d) Lessee shall submit plans for all such alterations or improvements prior to commencement for approval by the Lessor, which approval shall not be unreasonable withheld.

4.2 Lessor shall pay for and provide three (3) phase power to the facility and fence the lay down area for Lessee as specifically set forth on **Exhibit "A"**.

SECTION 5

5.1 No building or other structure may be constructed or placed upon the Premises without the prior written approval of the Federal Aviation Administration and the Lessor. Upon the expiration or termination of the initial term of this Lease, or the term of any renewal, any and all improvements, including structures upon the Premises, shall become the property of the Lessor absolutely if not removed by the Lessee within ninety (90) days after such expiration.

5.2 The Lessee expressly agrees for itself, its successors and assigns, to restrict the height of structures, objects or natural growth and other obstruction on the Premises to such a height so as to comply with Title 49, Code of Federal Regulations, Federal Aviation Regulations, Part 77, and as amended. The Lessee agrees to comply with notification and review requirements of said Regulations in the event any future structure or building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

5.3 Lessee agrees to comply with all applicable codes, ordinances, statutes, or regulations of any governmental authority having jurisdiction in the design and construction of improvements made upon the Premises.

5.4 Copies of the plans and specifications for the construction of structures or other improvements or alterations upon the Premises, including the site plan therefore, are to be filed with the Lessor prior to the commencement of construction. The Lessor shall approve or disapprove such plans and specifications not more than thirty (30) days after receiving construction approval by the Federal Aviation Administration. Failure of the Lessor to disapprove such plans and specifications within the thirty (30) day period

shall constitute approval thereof. Any reasons for disapproval must be stated in writing and provided promptly to Lessee, and the Lessee shall have a reasonable period of time as determined by Lessor, to revise the plans and specifications to satisfy the Lessor's reasonable requests. All buildings, structures, and other improvements, and any machinery, equipment, and other fixtures or personal property located on the Premises shall be the property of the Lessee, and the Lessor shall have no interest therein for the term of this lease, and any extensions thereto, except as provided herein or as may be provided by law. Lessee has no authority to obligate the Premises for the costs of any improvements or alterations and shall not permit any lien to be filed upon said Premises.

5.5 The Lessor shall have the right to install all aviation aids permitted by the Federal Aviation Administration, or other governmental agencies regulating the Lakeland Linder Regional Airport. No structure, sign, obstruction, appurtenance, projection, or modification shall be installed or kept in place by Lessee on the Premises without the prior written approval from the Lessor and any applicable federal, state, county, or other governmental agency.

SECTION 6

6.1 The Premises, and any improvements thereon, whether in existence or constructed in the future pursuant to the terms and conditions contained herein, shall be used for powder coating, gate fabrication and gate sales, provided such use is permitted by and in accordance with the Lakeland Linder Regional Airport (the Airport) Minimum Standards, the Airport's Airport Layout Plan and Master Plan, and the Airport Rules and Regulations, each as may be from time to time amended, and shall not be used for purposes which are detrimental to aviation, the airport facility or the City of Lakeland, nor for any adult use as that term is defined by Ordinance 2492 of the City of Lakeland.

6.2 The Lessee shall conduct no self-fueling activities on the premises as defined by FAA regulations. In the event Lessee contemplates self-fueling activities, Lessee shall request written authorization from the Airport Director and agree to any applicable regulations or fees that any authority having jurisdiction may impose.

6.3 Environmental Matters

It is the intention of the parties that the Lessor shall be responsible for any contamination existing on the Effective Date and thereafter if due to activities occurring on the property prior to the Effective Date and that the Lessee shall be responsible for any contamination occurring after the Effective Date.

Lessee shall be responsible for reporting, containing and cleaning up the release or spill of any hazardous substance or material, including any petroleum product, discovered on or emanating from the Premises on or after the Effective Date of this Lease if due to activities occurring on the Premises after Lessee takes possession.

To the extent permitted by law and subject to the monetary limitations contained in § 768.28 Florida Statute, the Lessor shall pay, defend, indemnify and save harmless the Lessee, its agents, guests, invitees and employees from all suits, actions, claims, demands, damages, including attorneys fees and costs arising out of any government action or environmental claim brought by a Federal, State or Local agency requiring the remediation of environmental contamination to the extent that any such claims, fines and/or penalties imposed are proven by Lessee to have existed prior to the Effective Date of this Lease, caused by a third party or originated from causes otherwise not attributed to Lessee's activities.

SECTION 7

The Lessee may not sublet or assign, including corporate mergers and acquisitions, all or any portion of the Premises without the prior written approval of the Lessor. In

reviewing a request by the Lessee to sublet or assign all or any portion of the Leased Premises, the Lessor will consider, *inter alia*, the permitted and intended uses of the Leased Premises and the factors used to establish the rent and other fees under Section 2 of this Lease. If the Lessor approves the sublease or assignment of any portion of the Leased Premises, the Lessee shall remain liable for any and all obligations under this Lease, unless the Lessor determines in writing on the basis of evidence presented that the sub-lessee or assignee has the requisite financial capacity, resources and business plan to satisfy any and all obligations hereunder. The requirement to obtain the Lessor's approval applies, without limitation, to any assignment or sublease to or by a trustee or receiver in federal or state bankruptcy, receivership or other insolvency proceeding; and the sale, assignment or transfer of all or substantially all of the Lessee's assets. Use of the Premises by any sub-lessee shall be restricted to the uses as defined in this Lease.

SECTION 8

8.1 Lessee shall pay, defend, indemnify and save harmless the Lessor, its agents, guests, invitees and employees from all suits, actions, claims, demands, damages, losses and other reasonable expenses, including attorney's fees, and costs of every kind and description to which the Lessor, its agents, guests, invitees or employees may be subjected to by reason of injury to persons or death or property damage, resulting from the negligence of the Lessee, its agents, guests, invitees or employees, arising from and/or in connection with this lease or any operations necessary relating to the occupancy, maintenance, repair or improvement by the Lessee of the Premises. The Lessee shall defend, indemnify and save harmless the Lessor, its agents, guests, invitees or employees, against any claim or liability, including attorney's fees, arising from or based upon the violation of any federal, state, county or city law, by-law, ordinance, or regulation by such Lessee, its agents, guests, invitees, servants or employees.

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

8.3 The Lessee covenants and agrees to comply with all provisions of the Insurance Requirements, attached hereto as **Exhibit "B"** and incorporated by reference herein. The amounts of insurance coverage set forth in **Exhibit "B"** are set in contemplation of Lessee's use of the Premises. In the event of any change, alteration or expansion of the use of the Premises, the minimum limits of such coverage shall be subject to reasonable adjustments by the Lessor so as to reflect any increase in risk or exposure.

8.4 During the term of this Lease and any extension or renewal hereof, the Lessee shall keep in force fire legal liability and all perils insurance coverage in an amount of \$100,000.00 with a reputable insurance company authorized to do business in the State of Florida. Each policy required under this Lease shall name the Lessor as an additional insured and carry a provision that it will not be canceled without a thirty (30) day notice to the Lessor. The Lessee shall provide a certificate showing the insurance to be in effect to the Lessor.

8.5 If at any time during the term of this Lease the Premises and its related facilities (including the parking area, or any portion thereof) should be damaged or

destroyed by any casualty, Lessor shall forthwith remove any resulting debris, and repair or rebuild the damaged or destroyed structures or other improvements to the condition in which such structures and improvements existed prior to such casualty and return such structures and improvements to working order, whether or not any insurance proceeds shall be awarded to Lessor as a result of such damage or destruction. Until such time as the Premises and its related facilities are repaired, rebuilt, and put in working order, the base rent, or a fair and just proportion thereof, according to the nature and extent of the damage sustained, shall be abated. It is expressly provided, however, that if Lessor, for any reason whatsoever, fails to commence to repair or rebuild the Premises following damage or destruction arising from any cause whatsoever within ninety (90) days after the date upon which such damage or destruction occurs, or fails thereafter to proceed diligently to complete such repair work or rebuilding, Lessee, in addition to the other rights and remedies as may be afforded it by law, shall have the right and option to terminate this lease by giving Lessor written notice of Lessee's election to do so, and upon such notice being given by Lessee, this lease shall automatically terminate and end effective as of the date of said damage or destruction.

8.6 Lessee and Lessor shall cause to be inserted in any policy or policies of insurance acquired by them with regard to this lease a so-called "waiver of subrogation clause" as to the other. Lessee hereby waives, releases and discharges Lessor, its agents and employees from all claims whatsoever arising out of loss, claim, expense or damage to or destruction covered by insurance arising out of this agreement notwithstanding that such loss, claim, expense or damage may have been caused by Lessor, its agents or employees, and Lessee agrees to look to the insurance coverage only in the event of such loss. Lessor hereby waives, releases and discharges Lessee, its agents and employees from all claims whatsoever arising out of loss, claim, expense or

damage to or destruction covered by insurance arising out of this agreement notwithstanding that such loss, claim, expense or damage may have been caused by Lessee, its agents or employees, and Lessor agrees to look to the insurance coverage only in the event of such loss.

SECTION 9

The Lessor has appointed a director for the Lakeland Linder Regional Airport (the "Director"), and the Lessor reserves the right for the Director, or his duly authorized representative, to enter the leased premises during normal business hours upon 24 hours notice for the purpose of performing such inspections considered necessary by the Director, and Lessee does hereby consent to such entry and waive any right to requiring a warranty for such inspection, provided that such entry and inspections shall not interfere with the Lessee's operations or the conduct of its business. The Lessee, after written notice, shall promptly correct any condition which is a hazard to life or property. The Lessee agrees not to have explosives, gasoline or other highly flammable materials, in, on or about the Premises that do not meet the Lakeland Linder Regional Airport Minimum Standards.

SECTION 10

10.1 The Lessee shall, at its expense, perform all general maintenance and repairs associated with the Premises, to include interior electrical, interior above grade plumbing, HVAC system, interior walls, non-structural repairs, and shall maintain all of the building and mechanical systems in a good state of repair and condition at all times. The Lessor shall, at its expense, be responsible for exterior walls, roof replacement and structural repairs if required, but not including structural alterations necessitated or requested by the Lessee.

10.2 The Lessee shall at its expense maintain the Premises, including any structures thereon, in a neat and orderly condition at all times. Lessee shall maintain the grounds, all landscaping, exterior signage, so as to present a neat and attractive exterior appearance at all times during the term of this Lease including the mowing of grass and removal of trash and garbage arising out of the Lessee's occupancy.

10.3 The Lessee shall secure its own trash removal service and shall have such services performed on a not less than once a week basis.

10.4 Lessee shall be responsible for ordinary maintenance and repair of all concrete areas and all asphalt areas within the Premises. Lessee shall be responsible for repairs caused by fuel spills or other causes related to the operation of the Lessee or customers or invitees of the Lessor.

SECTION 11

Should the Lessee default in the payment of the rent or the performance of any of the promises, covenants or agreements herein made, the Lessor may, at its option, if such default continues after giving the Lessee fifteen (15) days written notice in the case of a default in the payment of the rent and thirty (30) days notice in the case of any other default, declare all future payments hereunder immediately due and payable. Lessor shall have a lien upon any and all buildings and other property of the Lessee located upon the Premises at the time of default for any amount due the Lessor by the Lessee. If Lessee's default requires for its cure a period longer than that allocated in this Section, Lessee shall not be in default if, in the Lessor's opinion, the Lessee proceeds diligently to effectuate the cure and same is accomplished within a reasonable period of time.

SECTION 12

Upon the occurrence of an event of default, as set forth in Section 11, Lessor may at its option exercise any one or more of the following remedies:

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

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

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

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

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

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

SECTION 13

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

SECTION 14

14.1 This Lease, and all provisions hereof, shall be subordinate to all the covenants and restrictions of the deeds under which the Lessor acquired the property known as the Lakeland Linder Regional Airport from the United States of America, insofar

as such covenants and restrictions remain in effect from time to time and after the date hereof, such deeds being identified as follows:

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

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

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

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

14.3 This Lease and all the provisions hereof shall be subject to whatever right the Government of the United States of America now has or in the future may have or acquire, affecting the control, operation, regulation and reacquisition of said airport or the

exclusive or nonexclusive use of the airport by the United States of America during the time of war or national emergency.

SECTION 15

Notwithstanding anything herein contained that may be or appear to the contrary, it is expressly understood and agreed that the rights granted under this Lease agreement are non-exclusive and the Lessor herein reserves the right to grant similar privileges to another operator or other operators on other parts of the airport.

SECTION 16

16.1 The Lessee, for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

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

(b) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and

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

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

SECTION 17

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

SECTION 18

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

SECTION 19

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

SECTION 20

The Lessee expressly agrees for itself, its successors, and assigns, to prevent any use of the Premises which would interfere with or adversely affect the operation or maintenance of the airport, or otherwise constitute an airport hazard.

SECTION 21

The Lessee specifically covenants and agrees to observe and obey all reasonable and lawful rules and regulations which may, from time to time, during the term hereof, be adopted and promulgated by the Lessor for operation at the airport. The Lessee shall conduct and operate its activities in accordance with any applicable federal, state and local laws, ordinances, regulations, directives, orders and judicial decisions.

SECTION 22

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

22.2 Notice to the Lessor shall be sufficient if either mailed by first class mail, postage prepaid, addressed to Airport Director, Lakeland Linder Regional Airport, City of Lakeland, 3900 Don Emerson Drive, Suite 210, Lakeland, Florida 33811, or delivered at such address, and notice to the Lessee named herein shall be sufficient if either mailed by first class mail, to Lessee at 3830 Airfield Court, Lakeland, Florida 33811, or delivered at such address. Either party may change its address at which notice is to be mailed or delivered, by giving written notice of such change of address to the other party in the manner provided in this Section.

SECTION 23

This Lease shall be binding upon and inure to the benefit of the parties and their respective successors and assigns to the extent assignment and subletting are permitted.

SECTION 24

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

SECTION 25

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

SECTION 26

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

SECTION 27

The Lessor represents that it is the owner in fee simple of the Premises and that the Premises are not subject to any mortgage or ground lease.

SECTION 28

Lessor and Lessee warrant that no broker is entitled to any commission arising out of this transaction to be paid by either party.

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

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

ATTEST:

BY: _____
Kelly S. Koos
City Clerk

(Seal)

BY: _____
R. Howard Wiggs
Mayor

APPROVED AS TO FORM AND CORRECTNESS:

BY: _____
Timothy J. McCausland
City Attorney

Florida Gate Masters, LLC

Signed in the presence of:

Witness

Witness

Exhibit "A"

3830 Airfield Court West

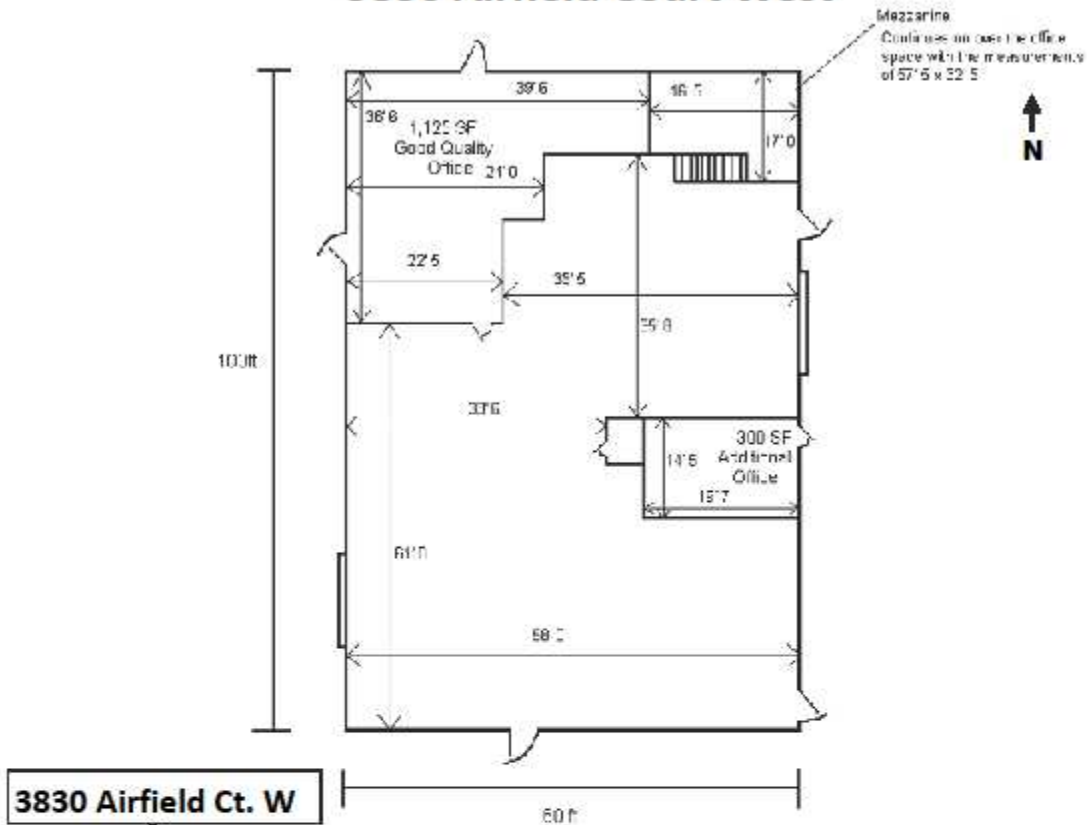


EXHIBIT "B"
INSURANCE REQUIREMENTS
LEASING AGREEMENTS

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

Where available all policies shall be of an occurrence type and provide a 30 day notice of cancellation or modification of coverages. Prior to commencement of work, the proper insurance certificates shall be provided to, and approved by the City.

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

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

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

The liability limits shall not be less than:

Bodily Injury and Property Damage	\$1,000,000 combined single limit each occurrence
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Business Auto Liability: This insurance shall cover any auto for bodily injury and property damage. This shall include owned vehicles, hired and non-owner vehicles, and employee non-ownership.

The liability limits shall not be less than:

Bodily Injury and Property Damage	\$500,000 combined single limit each occurrence
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Fire Legal Liability:

The liability limits shall be not less than:

\$100,000