

Factual Report - Attachment 7

Tarco Lease

OPERATIONAL FACTORS

WPR21FA286

EXCLUSIVE AIRCRAFT LEASE AGREEMENT
(Part 135 Operations)

Dated as of the May 1, 2021,

by and among

Tarco Aircraft Funding, LLC
3201 W. Commercial Blvd, Suite 218
Fort Lauderdale, FL 33309

as Lessor,

and

Aeolus Air Charter,
7155 Valjean Avenue
Van Nuys, CA 91406
a Delaware corporation

as Lessee,

concerning one (1) Bombardier Challenger 605
and
manufacturer's serial number as per Exhibit "E"

This **EXCLUSIVE AIRCRAFT LEASE AGREEMENT** (the “**Agreement**”) is entered into as of this First Day of May, 2021 (the “**Effective Date**”), by and among **Tarco Aircraft Funding, LLC**, (the “**Lessor**”), and **Aeolus Air Charter**, a Delaware corporation (the “**Lessee**”). The Lessor and the Lessee may be referred to herein as a “**Party**” and together as the “**Parties**”.

W I T N E S S E T H:

WHEREAS, title to the Aircraft (as defined in Exhibit “E”) is held by the Lessor; and

WHEREAS, the Lessee holds a current and valid Air Operating Certificate and is authorized by its Certificate and the operations specifications indicated therein to conduct On-Demand Operations in common carriage in accordance with the applicable requirements of Part 135 of the **FAR** (as defined below); and

WHEREAS, the Lessee desires to Lease from the Lessor, and the Lessor desires to Lease to the Lessee, the Aircraft, on an exclusive basis without crew, upon and subject to the terms and conditions of this Agreement, in order for the Lessee to use the Aircraft to conduct On-Demand Operations in common carriage.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained and other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

SECTION 1. DEFINITIONS

1.1 The following terms shall have the following meanings for all purposes of this Agreement:

“**Aircraft**” means the Airframe, the Engines, the Parts, and the Aircraft Documents. The Engines shall be deemed part of the “Aircraft” whether or not from time to time attached to the Airframe or removed from the Airframe.

“**Aircraft Documents**” means all flight records, maintenance records, historical records, modification records, overhaul records, manuals, logbooks, authorizations, drawings and data relating to the Airframe, any Engine, or any Part, or that are required by Applicable Law to be created or maintained with respect to the maintenance and/or operation of the Aircraft.

“**Airframe**” means the Bombardier Challenger 605 aircraft bearing U.S. registration number N605TR as per Exhibit “E”, and manufacturer’s serial number 5715 as per Exhibit “E”, together with any and all Parts (including, but not limited to, landing gear and auxiliary power units but excluding Engines or engines) so long as such Parts shall be either incorporated or installed in or attached to the Airframe.

“**Applicable Law**” means, without limitation, all applicable laws, treaties, international agreements, decisions and orders of any court, arbitration or governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority, including, without limitation, the FAR and 49 U.S.C. § 41101, *et seq.*, as amended.

“**APU Program Rate Payment**” means the monthly payment determined by multiplying the JSSI APU Program 2021 Rate (or any subsequent rate as determined by JSSI) multiplied by the flight hours in a given calendar month.

“**Cape Town Convention**” shall mean, collectively, (i) the official English language text of the Convention on International Interests in Mobile Equipment adopted on November 16, 2001 at a diplomatic conference held in Cape Town, South Africa, as the same may be amended or modified from time to time, and (ii) the Protocol.

“Certificate” shall mean the Lessee Certificate issued to Lessee by the Federal Aviation Administration pursuant to Part 119 of the FAR and bearing certificate number RHAA377Q, together with all other certificates, registrations (including, without limitation, registration with the DOT as an air taxi operator), and documents (including, without limitation, operations specifications) required in order that Lessee may lawfully conduct On-Demand Operations in common carriage in accordance with the applicable requirements of Part 135 of the FAR.

“Charter Customers” means any person or entity to whom or which Lessee provides charter air transportation services for hire under Part 135 of the FAR using the Aircraft.

“DOT” means the United States Department of Transportation or any successor agency.

“Engines” means two General Electric CF34-3B engines as per Exhibit “E” bearing manufacturer’s serial numbers 950573 and 950576 as per Exhibit “E”, together with any and all Parts so long as the same shall be either incorporated or installed in or attached to such Engine. Any engine which may be, from time to time, substituted for an Engine shall be deemed to be an Engine and subject to this Agreement for so long as it remains attached to the Airframe.

“Engine Usage Rate Payment” means the monthly payment determined by multiplying the GE Onpoint Engine Program 2021 Rate (or any subsequent rate as determined by GE) multiplied by the flight hours in a given calendar month.

“FAA” means the Federal Aviation Administration or any successor agency.

“FAR” means collectively the Aeronautics Regulations of the FAA and the DOT, as codified at Title 14, Parts 1 to 399 of the United States Code of Federal Regulations.

“International Interest” shall have the meaning given to such term in the Cape Town Convention.

“International Registry” shall mean the registry established pursuant to the Cape Town Convention.

“Lien” means any mortgage, security interest, license, lease or other charge or encumbrance or claim or right of others, including, without limitation, rights of others under any airframe or engine interchange or pooling agreement, and any international interest under the Cape Town Convention, except for mechanics liens to be discharged in the ordinary course of business.

“On-Demand Operations” shall have the same meaning given the term in Section 110.2 of the FAR.

“Operating Base” means Van Nuys, California, or other location as mutually agreed to by the Parties.

“Operational Control” has the same meaning given the term in Section 1.1 of the FAR.

“Parts” means all appliances, components, parts, instruments, appurtenances, accessories, furnishings or other equipment of whatever nature (other than complete Engines or engines) which may from time to time be incorporated or installed in or attached to the Airframe or any Engine and includes replacement parts.

“Possession, Command and Control” has the meaning determined under rules, regulations and interpretations of the Internal Revenue Service under Internal Revenue Code Section 4261.

“Registerable Interests” shall mean all existing and prospective international interests and other interests, rights and/or notices, sales and prospective sales, assignments, subordinations and discharges, in each case, susceptible to being registered at the International Registry pursuant to the Cape Town Convention

“Term” means the entire period from the Effective Date to the date this Agreement is terminated pursuant to **Section 3.1**.

“Taxes” means all taxes of every kind assessed or levied by any federal, state, county, local, district, foreign, or other governmental authority, including, without limitation, sales taxes, use taxes, property or ad valorem taxes, retailer taxes, value added taxes and other similar duties, fees, and excise taxes.

SECTION 2. LEASE AND DELIVERY OF THE AIRCRAFT

- 2.1 **Lease of Aircraft.** The Lessor hereby leases the Aircraft to the Lessee and the Lessee hereby accepts such Lease for the Aircraft from the Lessor on an exclusive basis, effective as of the Delivery Date (as defined below), subject to the terms and conditions set forth herein. The Lessee shall take all necessary action to ensure that the Aircraft may be lawfully operated under Part 135 in accordance with Lessee’s Certificate.
- 2.2 **Delivery of Aircraft.** The Lessee’s obligation to accept delivery of the Aircraft shall be conditioned upon the Aircraft being delivered by the Lessor to the Lessee at Bangor International Airport (BGR), Bangor, Maine, unless otherwise mutually agreed upon by both Parties in writing (**“Delivery Location”**), with all the Aircraft Documents required by the DOT or the FAA with respect to the maintenance and operation of the Aircraft and in compliance with all Delivery Conditions (as set forth on Exhibit “A”); *provided, however*, that the Lessor’s obligation to deliver possession of the Aircraft to Lessee shall be conditioned upon (i) the absence of any Event of Default hereunder on the part of the Lessee as of the Delivery Date; and (ii) no Event of Loss (as defined below) having occurred as of the Delivery Date. The execution by the Lessee of an acceptance certificate in the form attached hereto as Exhibit “B” (the **“Acceptance Certificate”**) will evidence that the Aircraft is Leased under, and is subject to all of the terms, provisions and conditions of this Agreement and shall constitute the Lessee’s unconditional and irrevocable acceptance of the Aircraft for all purposes of this Agreement and the Lessee’s satisfaction that the Aircraft meets the Delivery Conditions and it shall be conclusively presumed between the Parties that the Lessee has fully inspected the Aircraft having knowledge that it is in good condition and repair and that the Lessee is satisfied with and has accepted the Aircraft in such condition and repair. The term **“Delivery Date”** means the date upon which the Aircraft is physically tendered to the Lessee at the Delivery Location as indicated on the Acceptance Certificate and all conditions set forth in this **Section 2** with respect to delivery of the Aircraft having been satisfied or having been waived in writing by the Party for whom such condition(s) has been included. It is agreed as between the parties that the intended Delivery Date is June 1, 2021. Lessor shall use diligent efforts to deliver the Aircraft at such date and Lessee shall make appropriate arrangements to inspect same on such date.
- 2.3 **Inspection.** Prior to its execution of the Acceptance Certificate, Lessee shall have the right to inspect the Aircraft to ensure it meets the Delivery Conditions. On the Delivery Date, the Lessor shall make the Aircraft, including all Aircraft Documents, available to Lessee at the Delivery Location to immediately commence an inspection of the Aircraft, which may, at Lessee’s option, include: a borescope of the engines, a records review, a test flight of a duration that is mutually agreeable to the parties, but not to exceed one (1) hour, and any other inspections as selected by Lessee which are necessary to confirm that the Lessor has accomplished all Delivery Conditions (the **“Inspection”**). All expenses for the Inspection including the direct costs of the test flight (which shall equal the actual fuel cost and direct crew charges subject to the limits on the amount of reimbursements as set forth by FAR 91.501(d)(1)-(9)) shall be at Lessee’s sole expense. Lessor shall be responsible for the cost of the correction by a mutually acceptable authorized Bombardier service facility of all discrepancies identified during the Inspection by Lessee which are required to be corrected to make the Aircraft meet the Delivery Conditions (**“Discrepancies”**). The Parties agree that any items which are not Discrepancies shall be the sole responsibility of Lessee. It is understood and agreed that the Lessor shall be responsible for Discrepancies noted during the Inspection and shall be responsible for the cost of remedying such discrepancies within a reasonable period, so that the Delivery Date shall then be amended to be that date on which Lessor completes the work and delivers the Aircraft to Lessee with all Discrepancies cured.

Notwithstanding the foregoing, Lessor shall not be required to correct Discrepancies if the total cost thereof exceeds one (1) month's rental amount hereunder ("Major Repairs"), so that if Lessor elects not to make Major Repairs, this Lease shall terminate and all funds previously delivered hereunder shall be returned. Should Lessor be unwilling to repair Discrepancies that are not Major Repairs or Lessee be unwilling to sign the Acceptance Certificate as provided in Section 2.2 above, then such action shall be a default hereunder, for which the parties will have the remedies set forth in Section 9 below.

SECTION 3. TERM, FINANCIAL MATTERS, TAXES and MONTHLY REPORTING

3.1 Term.

- 3.1.1 This Agreement shall become effective on the Effective Date provided that Lessee's obligation to pay Rent shall not commence until the date that Lessee executes and delivers the Acceptance Certificate (the "**Commencement Date**") and shall continue in effect for a period of thirty (30) months subsequent to the Commencement Date (the "**Initial Term**"), with an option held by Lessee to extend for an twenty-four (24) months subsequent to the expiration of the Initial Term upon terms and conditions as otherwise mutually agreed by both Parties (the "**Additional Term**," and together with the Initial Term the "**Term**").
- 3.1.2 This Agreement may be terminated prior to the expiration of Initial Term, and if applicable the Additional Term, by a non-defaulting Party in accordance with **Section 9** as a result of an Event of Default (as defined below) of the other Party.

3.2 Financial Matters.

- 3.2.1 **Rent.** Commencing on the Commencement Date, and on the same day of each subsequent month during the Term (unless such day is not a holiday, in which case, on the next business day), the Lessee shall pay a monthly payment in advance in the amount identified on Exhibit "D" hereto ("**Rent**"). Rent to be due on the Commencement Date shall be paid upon the full execution hereof. The Commencement Date and each such subsequent payment date shall be a "**Rent Payment Date**". All payments of Rent hereunder shall be paid by wire transfer of free, clear and immediately available funds of the United States in accordance with the following instructions:

Tarco Aircraft Funding LLC wire INSTRUCTIONS here:
Bank of America
Address: 401 East Las Olas Blvd
[REDACTED]
Account Name: Tarco Aircraft Funding, LLC
Account Address: 3201 W. Commercial Blvd. Suite 218
Fort Lauderdale, FL 33309
Account Number: [REDACTED]

The Lessee agrees to make all payments for any other amounts due, other than Rent, under this Lease no later than fifteen (15) days following receipt of the Lessor's written invoice therefor (it being understood that no invoice is required for payments of Rent, which are due on the date specified herein). . Should Lessee fail to make any payment required under this Lease, including Rent, within five (5) working days of its due date, Lessee shall pay a late charge equal to Five percent (5%) of such payment, such late charge being in addition to all other remedies as Lessor may pursue for Lessee's breach .

- 3.2.2 **Security Deposit.** The Lessee will deposit into a mutually agreeable escrow account a security deposit (the "**Deposit**") in the amount as per Exhibit "D". Upon Lessee's delivery of the Acceptance Certificate, this Deposit will be released to the Lessor to be held by the Lessor, for the purpose of covering any defaults of any payments as per Exhibit "D", default of any aircraft

maintenance program payments, insurance payments and return deficiencies and default in each case, only to the extent such obligations consist of Lessee's obligations in accordance with the terms of this Agreement (collectively the "**Obligations**"), and the Lessee hereby irrevocably authorizes the Lessor to immediately apply and credit all or any portion of the Deposit in payment or satisfaction of all or any portion of the Obligations in any manner and in any priority as Lessor determines in its sole discretion, upon an Event of Default pursuant to Section 9A (provided that the security deposit is not intended to be a cap or limit on Lessee's liability hereunder), provided Lessor may apply any portion of the Security Deposit immediately, without notice and prior to an Event of Default, if such funds are necessary to protect human life or prevent imminent harm to the Aircraft. The Lessee shall restore and replace the Deposit so applied (or the portion thereof, as the case may be), by payment of a like amount to the Lessor, as the case may be, within ten (10) days after any demand by the Lessor for the same. Upon termination of this Agreement by its terms and the satisfaction of all of the Lessee's Obligations to the Lessor, and further provided that no Event of Default of Lessee has occurred and is continuing under or in connection with the Agreement and/or the Agreement shall not have been earlier terminated as a result of any Event of Default of Lessee, the balance of the Deposit, if any, then held by Lessor shall be promptly paid to the Lessee, but in no case later than thirty (30) days from the termination date.

3.3 Taxes.

- 3.3.1 The Rent does not include the amount of any Taxes the IRS seeks to impose under IRC § 4261 (the "**Federal Excise Tax**" or "**FET**") or other Taxes or fees imposed by federal, state, or foreign authorities or countries, and expenses that are deemed to be payable related to this Agreement and any operations conducted hereunder which may be assessed or levied by any taxing jurisdictions as a result of this Agreement and the lease of the Aircraft to the Lessee (collectively, the "**Lessee Taxes**"). For the avoidance of doubt, any property taxes assessed with respect to the Aircraft and any other Taxes which are assessed based on ownership of the Aircraft by Lessor, shall be solely the responsibility of Lessor ("**Lessor Taxes**"). The Lessee shall be responsible for, shall indemnify and hold free and harmless the Lessor against, and the Lessee shall pay, all Lessee Taxes arising out of the provision of transportation services by the Lessee to the Charter Customers or the conduct of flights by the Lessee hereunder. Notwithstanding anything in the forgoing to the contrary, the Lessor shall remain responsible for the payment of any and all Taxes related to the Lessor's possession, ownership and/or use of the Aircraft prior to the Commencement Date and any and all Lessor Taxes. The Lessor shall be responsible for all Taxes related to the Lessor's possession, ownership and/or use of the Aircraft prior to the Commencement Date and all Lessor Taxes.
- 3.3.2 The Lessor hereby acknowledges and agrees that the Lessee may, from time to time, pursue refunds of any Taxes that the Lessee is required to pay, to or on behalf of the Lessor or otherwise, hereunder. The Lessor agrees to fully cooperate in the process of obtaining such refunds, without cost to Lessor, which may require the submission of claims for refund by the Lessor in the Lessor's own name. Upon receipt of any such refund, the Lessor agrees to immediately pay the amount of such refund to the Lessee, to the extent the original taxes were in fact paid by Lessee. In connection with any such refund pursuit by the Lessee under the circumstances described above, the Lessee hereby agrees to indemnify the Lessor for any liability or loss which the Lessor may incur as a result of or in any way relating to such contest or related proceeding and agrees to pay the Lessor on demand all reasonable costs and expenses, including reasonable attorneys' fees, incurred by or on behalf of the Lessor in connection with such contest/pursuit.
- 3.3.3 The Lessee shall be liable for and shall pay all fees for licenses, registrations, permits, and other certificates as may be required for the lawful operation of the Aircraft that relate to this Agreement. Copies of such licenses, registrations and permits shall immediately be provided to the Lessor upon receipt of written request by the Lessee from the Lessor. The Lessee shall also pay any and all liabilities, fines, forfeitures, or penalties for violations of any applicable governmental regulations

arising out of Lessee's operation of the Aircraft hereunder and reimburse the Lessor for any reasonable amounts expended by the Lessor on account of such violations.

- 3.3.4 The Lessee hereby agrees to reimburse the Lessor for any amount paid by the Lessor on behalf of the Lessee or otherwise for any of the Lessee's obligations under this **Section 3** within ten (10) days after Lessee's receipt of a written demand for such reimbursement from the Lessor together with supporting invoices relating to such payments. The Lessee shall show the Lessor as the owner of the Aircraft on all tax reports or returns and send the Lessor a copy of each report or return and evidence of the Lessee's payment of Taxes upon request.
- 3.3.5 Notwithstanding the foregoing, neither Party shall be responsible for the payment of any of Taxes to the extent they are (1) taxes imposed by the United States of America or any state or political subdivision thereof which are on or measured by the gross or net income of the other Party hereto; (2) in the nature of franchise or conduct of business taxes imposed on the other Party hereto; (3) the result of the other Party's own bankruptcy or any act on the part of the other Party in contravention of the provisions of this Agreement or any failure of the other Party to observe the provisions of this Agreement; (4) imposed solely as a result of a transaction by the other Party which is unrelated to the transactions contemplated under this Agreement; (5) interest or penalties resulting from the other Party's failure to file timely and proper tax returns for which such other Party is responsible for pursuant to any provision of this **Section 3** unless such failure is a result of the Party's failure to provide the other Party in a timely manner with the information needed to pay such Taxes; or (6) a result of the misconduct or negligence of the other Party. Each Party shall pay or cause to be paid, at its sole cost, all Taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any property belonging to it, prior to the date on which penalties attach thereto and all lawful claims, which, if not paid, might become a lien or charge upon the property of such Party. Neither Party shall permit the sale, forfeiture or loss of any part of the Aircraft or interest therein during, or as a result of, any such proceedings.
- 3.3.6 The Lessee shall also pay all liabilities, fines, forfeitures, or penalties for violations of any applicable governmental regulations relating to this Agreement. Lessee shall operate the Aircraft in full compliance with all such government regulations, and the failure to do so will be an Event of Default hereunder.
- 3.4 **Minimum/Maximum Use.** Not later than the fifteenth (15th) day of each month within the Term, the Lessee shall send to the Lessor a report summarizing all operations of the Aircraft conducted during the previous calendar month by or on behalf of the Lessee, including charter flights, repositioning flights, and non-revenue operations conducted by the Lessee, and shall pay to Lessor the appropriate Engine Usage Rate Payment and APU Program Rate Payment based on hours operated (subject to the minimums set forth below). . On each anniversary of the Commencement Date, the Lessee will submit to the Lessor, a report summarizing the total of hours that the Aircraft was flown in the preceding 12-month period (each such 12-month period, a "**Contract Year**"). During each calendar month Lessee will use the Aircraft for a minimum of Fifteen (15) flight hours. If during any calendar month Lessee fails to meet the minimum limit set forth above, Lessee shall pay to Lessor Engine Usage Rate Payment and APU Program Rate Payment for such month as if the number of flight hours operated was equal to Fifteen (15) hours. Any hours in excess of 600 hours, flown in any Contract Year will be charged to the Lessee at a rate of [REDACTED] per flight hour (as calculated by the Aircraft's Hobbs meter as recorded in the Aircraft flight logs for actual time that the Aircraft is aloft (takeoff to landing) expressed in one-tenth of an hour increments) in addition to all other payments required hereunder. Lessee shall also pay to Lessor, simultaneously with the monthly Engine Usage Rate Payment and APU Program Rate Payment, the monthly installments of the Maintenance Reserves and CAMP Maintenance Subscription as set forth in Exhibit D.
- 3.5 For purposes of avoidance of doubt, the parties acknowledge that all financial obligations, [as detailed in Exhibit "D"](#), of Lessee hereunder commence on the Delivery Date, regardless of whether Lessee has obtained all necessary licenses for operation of the Aircraft hereunder.

SECTION 4. REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties of Lessee.** The Lessee represents and warrants as of the date hereof and during the entire Term hereof as follows:

- 4.1.1 The Lessee is a validly organized limited liability company under the laws of the State of Delaware, and the person executing on behalf of Lessee has full power and authority to execute this Agreement on behalf of Lessee and by such execution shall bind the Lessee under this Agreement.
- 4.1.2 No action, suit, or proceeding is currently pending or threatened against the Lessee which may in any material way affect the Lessee's financial status as of the date thereof, or impair the execution, delivery, or performance by the Lessee of this Agreement.
- 4.1.3 The execution and delivery of this Agreement by the Lessee and the performance of its obligations hereunder have been duly authorized by all necessary corporate action, and do not conflict with any provision of the Lessee's articles of organization, bylaws, operating agreement, any governmental regulations, or any other agreements that the Lessee may have with other parties.
- 4.1.4 The Lessee is not subject to any restriction, which with or without the giving of notice, the passage of time, or both, prohibits or would be violated by or conflict with this Agreement.
- 4.1.5 This Agreement constitutes the legal, valid and binding obligations of the Lessee, and is enforceable against the Lessee in accordance with the terms herein contained.
- 4.1.6 The Lessee will not permit the Aircraft to be operated in any unsafe manner or contrary to any manual or instructions for the Aircraft or in violation of the terms or conditions of any insurance policy covering the Aircraft or any Applicable Law.
- 4.1.7 All pilots who operate the Aircraft for the Lessee's flights shall have at least the minimum total pilot hours required by any policy of insurance covering the Aircraft and will meet or exceed all requirements under any policy of insurance covering the Aircraft, and all Applicable Law.
- 4.1.8 The Lessee's Certificate is, and throughout the Term hereof shall be and remain, valid and in good standing.

4.2 **Representations and Warranties of Lessor.** The Lessor represents and warrants as of the date hereof and during the entire Term hereof as follows:

- 4.2.1 The Lessor is a validly organized limited liability company under the laws of the State of Florida, and the person executing on behalf of Lessor has full power and authority to execute this Agreement on behalf of Lessor and by such execution shall bind the Lessor under this Agreement.
- 4.2.2 No action, suit, or proceeding is currently pending or threatened against the Lessor or the Aircraft which may in any material way affect the Lessor's financial status or ownership of the Aircraft as of the date thereof, or impair the execution, delivery, or performance by the Lessor of this Agreement, including the lease of the Aircraft to the Lessee as required hereunder.
- 4.2.3 The execution and delivery of this Agreement by the Lessor and the performance of its obligations hereunder have been duly authorized by all necessary corporate action, and do not conflict with any provision of the Lessor's articles of organization, bylaws, operating agreement, any governmental regulations, or any other agreements that the Lessor may have with other parties.

- 4.2.4 The Lessor is not subject to any restriction, which with or without the giving of notice, the passage of time, or both, prohibits or would be violated by or conflict with this Agreement, including, but not limited to, the lease of the Aircraft to Lessee as set forth herein.
- 4.2.5 This Agreement constitutes a legal, valid and binding obligation of the Lessor, enforceable in accordance with its terms.
- 4.2.6 As of the Commencement Date, the Lessor has and will have paid all costs and expenses directly related to the operation of the Aircraft, including without limitation flight crew, fuel, landing fees, insurance, hangar, applicable per-hour or annual minimum GE Onpoint Engine and JSSI APU costs, and/or any such equivalent maintenance programs as may have been used from time to time, maintenance tracking costs, flight training, catering, flight phone usage, ferry flights necessary to perform maintenance, and all other incidental expenses related to the operation of the Aircraft as identified on Exhibit "D"
- 4.2.7 The Lessor is a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49, United States Code.
- 4.2.8 THE LESSOR LEASES THE AIRCRAFT TO THE LESSEE AND THE LESSEE ACCEPTS SUCH LICENSE FROM THE LESSOR AND TAKES THE AIRCRAFT IN ACCORDANCE WITH THE TERMS HEREIN. THE LESSOR DOES NOT MAKE AND HEREBY EXPRESSLY DISCLAIMS ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE AIRWORTHINESS, CONDITION, VALUE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR ANY PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF, AS TO THE CORRECTNESS OR COMPLETENESS OF ALL AIRCRAFT RECORDS AND LOGBOOKS, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF. THE LESSOR MAKES NO REPRESENTATION WITH RESPECT TO, AND THE LESSEE ACKNOWLEDGES AND AGREES THAT AS BETWEEN THE LESSOR AND THE LESSEE (A) THE AIRFRAME AND EACH ENGINE ARE OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE ACCEPTABLE TO THE LESSEE, (B) THE LESSEE IS SATISFIED THAT THE AIRFRAME AND EACH ENGINE ARE SUITABLE FOR ITS PURPOSES, AND (C) THE LESSOR IS NOT A MANUFACTURER OR DEALER IN PROPERTY OF SUCH KIND.
- 4.2.9 THE LESSOR REPRESENTS AND WARRANTS THAT ON THE DELIVERY DATE, SUBJECT TO THE RIGHTS OF LESSOR'S LENDER (A) THE LESSOR SHALL HAVE GOOD TITLE TO THE AIRCRAFT AND (B) THE AIRCRAFT SHALL BE FREE OF LIENS, AND COVENANTS THAT IT WILL NOT INTERFERE OR ALLOW INTERFERENCE WITH THE LESSEE'S QUIET ENJOYMENT OF THE AIRCRAFT UNLESS THE LESSEE SHALL BE IN DEFAULT HEREOF, OR SHALL OTHERWISE HAVE TERMINATED THIS AGREEMENT PURSUANT TO THE PROVISIONS HEREOF, EXCEPT THAT SUCH COVENANT OF THE LESSOR SHALL NOT APPLY TO CLAIMS AGAINST THE AIRCRAFT BY PARTIES CLAIMING BY OR THROUGH THE LESSEE. THE LESSOR DELIVERS THE AIRCRAFT TO THE LESSEE ON AN "AS-IS, WHERE-IS" BASIS.
- 4.2.10 None of the provisions of this Section 4.2 nor any other provision of this Agreement shall be deemed to amend, modify or otherwise affect the representations, warranties or other obligations (express

or implied) of the applicable manufacturer, or any subcontractor or supplier of the manufacturer with respect to the Airframe, Engines, or any parts thereof, or to release the manufacturer, or any such subcontractor or supplier from any such representation, warranty or obligation. Lessor shall endeavor, to the extent permissible, to make available to Lessee such rights as Lessor may have under any warranty with respect to the Aircraft made by the manufacturer or any of its subcontractors or suppliers and any other claims against the manufacturer or any such subcontractor or supplier with respect to the Aircraft.

SECTION 5. REGISTRATION, USE, OPERATION, MAINTENANCE AND POSSESSION

- 5.1 **Title and Registration.** The Lessee acknowledges that the Lessor currently owns all legal title to the Aircraft, and that said title shall remain vested in the Lessor during the Term hereof.
- 5.2 **Use and Operation.** The Lessee's interest in the Aircraft shall entitle the Lessee to operate the Aircraft solely for the following purposes in accordance with the terms and conditions of this Agreement: to provide on-demand charter air transportation services to Charter Customers; provided, however, that the terms and conditions for the provision of such charter air transportation shall be as agreed by and between the Lessee and such Charter Customer(s); to ferry the Aircraft from the Operating Base to a Charter Customer's scheduled airport of embarkation; to ferry the Aircraft from a Charter Customer's airport of disembarkation to the Operating Base; flight crew training and FAA flight checks; maintenance test flights and maintenance deliveries; and other purposes as approved by the Lessor in the Lessor's reasonable discretion. The Lessee shall operate all occupied charter flights in accordance with Part 135 of the FAR, and shall operate all ferry flights, flight crew training flights, maintenance test flights, maintenance delivery flights, and other similar flights in accordance with Part 91 of the FAR when common carriage is not involved. The Lessee shall be solely and exclusively responsible for the use, operation, maintenance and control of the Aircraft at all times during the Term from and after the Commencement Date. The Lessee agrees not to operate or locate the Airframe or any Engine, or permit the Airframe or any Engine to be operated or located, in any area or manner excluded from coverage by any insurance policy in effect or required to be maintained hereunder with respect to the Airframe or Engines, or in any war zone or outside the forty-eight (48) contiguous United States, Caribbean, Canada, Mexico and countries in Western Europe. The Lessee agrees not to operate the Airframe or any Engine or permit the Airframe or any Engine to be operated during the Term except in operations for which the Lessee is duly authorized, or to use or permit the Aircraft to be used for a purpose for which the Aircraft is not designed or reasonably suitable. The Lessee will not permit the Airframe or any Engine to be maintained, used or operated during the Term in violation of any Applicable Law, or contrary to any manufacturer's operating manuals or instructions. The Lessee shall not knowingly permit the Aircraft to be used for the carriage of any persons or property prohibited by Applicable Law, nor shall the Lessee permit the Aircraft to be used during the existence of any known defect except in accordance with the FAR. The Lessee may carry on the Aircraft on all flights under this Agreement such passengers, baggage, and cargo as the Lessee in its sole but reasonable discretion shall determine; provided, however, that the number of passengers on any flight shall in no event exceed the number of seats legally available in the Aircraft, and the total load carried on any flight, including passengers, crew, baggage, and fuel and oil in such quantities as the pilot in command shall determine to be required, shall not exceed the legally permissible maximum load for the Aircraft. The Lessee will abide by and conform to, be responsible for causing and cause others to abide by and conform to, all Applicable Laws now existing or hereafter enacted, that control or in any way affect the operation, use, maintenance, or occupancy of the Aircraft, or the use of any airport by the Aircraft.
- 5.3 **Aircraft Leased without Services; Aircraft Maintenance.** The Aircraft is leased by the Lessor to the Lessee hereunder without any additional services of any kind, and the Lessee shall obtain or supply all services and supplies necessary to the operation, maintenance, and storage of the Aircraft. Without limiting the generality of the foregoing, the Lessee shall, at its own cost and expense:
- 5.3.1 obtain all fuel, oil, lubricants, and other services and supplies required for the Lessee's operations of the Aircraft;

- 5.3.2 maintain the Aircraft, or cause the Aircraft to be maintained, in a good and airworthy operating condition and in compliance with all applicable FARs, Aircraft Flight Manual, the Aircraft Operating Manual and the Lessees FAA-approved FAR Part 135 maintenance program;
 - 5.3.3 ensure that all mechanics assigned to the maintenance of the Aircraft are competent with respect to the type of aircraft, and fully familiar with applicable maintenance and preventative repair programs for the Aircraft's specific type;
 - 5.3.4 pay all variable costs and expenses directly related to the operation of the Aircraft, including without limitation flight crew, fuel, landing fees, insurance, hangar, applicable per-hour or annual minimum Engine GE OnPoint and JSSI APU costs, and/or any such equivalent maintenance programs as may be used from time to time, maintenance tracking costs, flight training, catering, flight phone usage, ferry flights necessary to perform maintenance, and all other incidental expenses related to the operation of the Aircraft;
 - 5.3.5 be responsible and pay for routine line maintenance including checking and adjusting fluid levels and maintaining currency of navigation and other databases;
 - 5.3.6 be responsible and pay for the cost of any routine unscheduled maintenance which is not required under the Aircraft's approved maintenance plan which occurs during the Term in the course of the Lessee's use of the Aircraft;
 - 5.3.7 be responsible and pay for the cost of repairing any damage to the Aircraft arising during the Term;
 - 5.3.8 store the Aircraft when not in use in an appropriate and adequate indoor facility at the Operating Base and use best efforts to store the Aircraft in an appropriate and adequate indoor facility at remote locations while away from the Operating Base;
 - 5.3.9 obtain the services of qualified and type rated pilots for all of the Lessee's operations of the Aircraft;
 - 5.3.10 ensure that all pilots serving on any flight conducted by Lessee possess current and valid Airline Transport Pilot and First Class Medical Certificates issued by the FAA, and are fully competent, trained, experienced, and qualified in accordance with Applicable Law and all insurance policies covering the Aircraft;
 - 5.3.11 maintain and preserve, or cause to be maintained and preserved, in the English language, all Aircraft Documents in a complete, accurate, and up-to-date manner;
 - 5.3.12 maintain, or cause to be maintained, all insurance required by **Section 7** of this Agreement.
- 5.4 **Operational Control.** Lessee shall exercise Operational Control of the Aircraft during all flight operations conducted by Lessee. Further, at all times while the Aircraft is in the possession of the Lessee hereunder, the Lessee shall have exclusive Possession, Command, and Control of the Aircraft, and the pilots of any flight by the Lessee shall be under the exclusive command of Lessee.
- 5.5 **Right to Inspect.** The Lessor and/or the Lessor's agents shall have the right to inspect the Aircraft or the Aircraft Documents at any reasonable time, upon giving the Lessee reasonable notice, to ascertain the condition of the Aircraft and to satisfy the Lessor that the Aircraft is being properly repaired and maintained in accordance with the requirements of this Agreement. If the result of such inspection is to determine that any sum due hereunder was underpaid, Lessee shall remit such sum not later than ten (10) days after the inspection. Lessor shall provide Lessee with inspection information within 2 days of discovery. Lessor & Lessee agree to work together in good faith, in the event an error has occurred.

- 5.6 **Modification of Aircraft.** Unless required by the FAA, the Lessee shall not make or permit to be made any modification, alteration, improvement, or addition to the Aircraft, to include any permanent replacement of an Engine, without the express written consent of the Lessor, including those modifications, alterations, improvements, or additions that are necessary to comply with any applicable airworthiness directive or mandatory manufacturer's service bulletin. Any modifications, alterations, improvements, or additions to the Aircraft not required to meet airworthiness standards shall be accomplished at the sole cost and expense of the Lessee. Immediately upon completion of any such modification, alteration, improvement, or addition to the Aircraft, as above provided prior to the return of the Aircraft to the Lessor hereunder, such modification, alteration, improvement, or addition to the Aircraft shall become the property of the Lessor. Notwithstanding anything to the contrary, any modifications, alterations, improvements, or additions to the Aircraft required to meet airworthiness standards in effect as of the Commencement Date shall be accomplished at the sole cost and expense of the Lessor, subject to the provisions of Section 2.3 hereof.
- 5.7 **Aircraft Parts.** The Lessee, at its own cost and expense, shall promptly replace all parts of the Aircraft which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond reasonable economic repair or permanently rendered unfit for use on the Aircraft for any reason whatsoever. All such replacement parts shall be free and clear of all liens, shall have a modification status at least equal to or higher than such replaced parts, shall not have more time accumulated since overhaul for a hard time part (or time since new for a life limited part), and shall be in as good operating condition as, and shall have a value and utility at least equal to, the parts replaced, and shall be accompanied by a Form 8130 where applicable, assuming such replaced parts were in the condition and repair required to be maintained by the terms hereof. All parts removed from the Aircraft shall remain the property of the Lessor and subject to this Agreement, no matter where located, until such parts are replaced by parts to which title shall have vested in the Lessor and which have been incorporated or installed in or attached to the Aircraft. Immediately upon any replacement part becoming incorporated, installed or attached as above provided prior to the return of the Aircraft to the Lessor hereunder, such replacement part shall become the property of the Lessor.
- 5.8 **Return.** The Lessee agrees to return the Aircraft, at the completion of the Term or other termination of this Agreement, to the Lessor at the Operating Base or other location specified by the Lessor, free and clear of all liens and encumbrances and in compliance with all Return Conditions (as set forth on Exhibit "C") and with all Aircraft records, logs and other materials previously delivered to the Lessee, at the Lessee's expense. The Aircraft will be in the same operating condition as at the time of delivery to the Lessee, normal wear and tear excepted, and with no unrepaired damage, it being understood that all time limited components shall have additional hours as used by Lessee under this Agreement. Should the Aircraft, upon its return, not be in a substantially similar state of repair, condition and working order as existed on the Delivery Date, ordinary wear and tear and hours operated hereunder excepted, not have the original interior re-installed and/or have not been maintained in accordance with the provisions of this Agreement, the Lessee shall immediately reimburse the Lessor for all reasonable costs, fees and expenses incurred to place the Aircraft in such condition. Lessor and Lessee may note agreed upon exceptions, in writing on the Acceptance Certificate, with respect to the aircraft condition and Lessee shall be relieved of any obligation to correct noted exceptions upon the termination of this Lease, unless noted exceptions were then corrected by Lessor. Lessor shall be permitted to conduct an Aircraft return inspection which shall consist of a flight test of one (1) flight hour in duration at the Lessor's expense and inspections necessary to confirm that the Lessee has accomplished the maintenance requirements set forth in the Agreement.
- 5.9 **Purchase Option.**
- 5.9.1 At any time during the Term and for a period of ten (10) days after the termination or lapse of this Agreement, Lessee will have first right and option to purchase the Aircraft for a purchase price mutually agreed by Lessor and Lessee ("**Purchase Price**"). In such event, unused Security Deposit and Maintenance Reserves as well as Sixty Five Percent (65%) of monthly Rent payments will be fully applied toward the mutually agreed Purchase Price. Lessee's right for first option shall expire if the parties cannot mutually agree upon sale terms within fourteen (14) days of Lessee exercising its right.

- 5.9.2 During the Term, or on or within 5 business days of the termination or lapse of this Agreement, Lessee may elect to purchase the Aircraft by giving written notice to Lessor. After delivery of such notice, the Parties shall negotiate in good faith the Purchase Price for no less than ten (10) business days and upon agreement of such Purchase Price, the Parties shall enter into a Purchase Agreement covering such transaction.
- 5.9.3 Lessor shall not sell or attempt to sell the Aircraft during the Term of this Agreement, unless (i) Lessee is given the right of first option, as set forth above, and does not exercise same, and (ii) the purchaser agrees to assume all of Lessor's rights and obligations hereunder.

SECTION 6. LIENS AND CAPE TOWN CONVENTION REGISTRATION.

- 6.1 **Liens.** The Lessee shall ensure that no Liens are created or placed against the Aircraft as a result of the Lessee's actions (excluding, without limitation, Liens arising for non-payment of amounts due by the Lessor). The Lessee shall notify Lessor promptly upon learning of any Liens not permitted by these terms. The Lessee shall, at its sole cost and expense, take all such actions as may be necessary to discharge and satisfy in full any such Lien promptly after the same becomes known to it.
- 6.2 **Cape Town Convention Registration.**
- 6.2.1 **Registration of the International Interest.** The Lessee at its own cost and expense will take such actions as the Cape Town Convention may require so that the International Interest constituted by or pursuant to this Agreement, in each case with respect to the Aircraft and each Engine, will be duly registered at the International Registry at the time of Delivery, with the right to discharge all such interests irrevocably reserved to the Lessor. At the Lessor's request from time to time, the Lessee shall (i) take such actions as the Cape Town Convention may require so that (A) any International Interest (and any assignment, acquisition, and/or subordination thereof) constituted by or pursuant to this Agreement in the Aircraft and/or any Engine may be duly registered (and any such registration may be amended, extended or discharged) at the International Registry, and (B) any Contract of Sale entered into pursuant to this Agreement with respect to an Engine may be duly registered at the International Registry; and (ii) obtain from the International Registry all approvals as may be required to duly and timely perform the Lessee's obligations under the Agreement with respect to the registration of any International Interest (and any assignment, acquisition, subordination, amendment, extension or discharge thereof) and any Contract of Sale.
- 6.2.2 **Lessor's Right to Discharge International Interest.** At any time following the occurrence of an Event of Default caused by the Lessee and the termination of this Agreement, the Lessor may take such action as it deems appropriate to discharge the registration of the International Interest arising under this Agreement from the International Registry. The Lessee agrees to take such action at the International Registry and the FAA as is required of Lessee in order to affect the discharge of such registrations at the International Registry as the Lessor may reasonably request.
- 6.2.3 **Cape Town Convention Representations and Warranties.** Without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, the Lessee hereby represents and warrants to the Lessor that (i) upon the delivery of the Aircraft to the Lessee as contemplated herein, the Lessee shall be situated in, and the Lessee will cause the Aircraft to be duly registered in, the United States of America, (ii) each of the Parties hereto has power to dispose of the Aircraft and Engines, as contemplated herein and (iii) this Agreement is effective to constitute an International Interest with respect to the Aircraft and Engines and security assignments of the related associated rights and transfer of the related international interests, as expressly provided for herein; (iv) the Aircraft will constitute an Aircraft Object; and (v) this Agreement will constitute an agreement for the registration of the Aircraft and

Engines (the Parties agree that for purposes of the Cape Town Convention, separate rights may exist with respect to the Airframe and Engines).

SECTION 7. INSURANCE AND EVENT OF LOSS

- 7.1 **Insurance.** The Lessee will maintain, at its sole cost and expense, or cause to be maintained and in effect, at all times during the Term, with insurers of recognized responsibility, reasonably acceptable to the Lessor, aircraft hull and liability insurance with respect to the Aircraft as follows:
- 7.1.1 Comprehensive third party aircraft liability insurance against bodily injury and property damage losses arising from ground, flight and taxiing exposures in an amount not less than the amount indicated on **Exhibit D** hereto for each occurrence, but in any event not less than any limit required under applicable laws and regulations of the United States; such policy shall include war and allied risks in accordance with standard market practice (which shall be deemed to require war and allied risks coverage for any operations outside of the United States);
 - 7.1.2 All-risk aircraft hull insurance covering the Aircraft maintained at all times for an amount not less than [REDACTED] (the “**Casualty Value**”); such policy shall include coverage for war risk and hijacking (including political/non-political hijacking and acts of terrorism) including, but not limited to, when operating outside the United States;
 - 7.1.3 All such insurance policies shall (i) be with insurance companies of recognized responsibility, (ii) name Lessor as additional insured and loss co-payee, and the Lessee as named insured, loss co-payee, lessee and operator of the Aircraft, (iii) waive all rights of subrogation against the Lessor and the Lessee, and their respective officers, directors, employees and servants, with respect to physical damage, (iv) provide that in respect of the interests of the Lessor such policies of insurance shall insure the Lessor regardless of any breach or violation of any warranty, declarations or conditions contained in such policies by the Lessee or any other person, (v) provide that, if the insurers cancel such insurance for any reason whatever, or the same is allowed to lapse for non-payment of premium, or if there is any material change in policy terms and conditions, such cancellation, lapse or change shall not be effective until thirty (30) calendar days after receipt by the Lessor of written notice from such insurers of such cancellation, lapse or change. Each liability policy shall (i) be primary without right of contribution from any other insurance which is carried by the Lessor; and (ii) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.
 - 7.1.4 The Aircraft shall not be operated by the Lessee, nor shall the Lessee allow the Aircraft to be operated by any other party, at any time, unless and until such insurance policies are in effect and in full compliance with all covenants, terms and conditions of such insurance policies. The Lessee and the Lessor shall consult with each other, from time to time, in determining any additional amounts of insurance that may be advisable with respect to the Aircraft.
 - 7.1.5 The Lessee will provide the Lessor, prior to the Commencement Date, with a Certificate of Insurance and a broker’s letter as to the due compliance with the insurance provisions of this **Section 7**, each in a form and substance reasonably satisfactory to the Lessor, and a copy of each applicable policy prior to execution of this Agreement and at each renewal of such insurance, and at any time thereafter as the Lessor may reasonably request.
- 7.2 **Event of Loss.** Upon the occurrence of any Event of Loss with respect to the Aircraft, the Lessee shall (i) forthwith (and, in any event, within five (5) business days after such occurrence) give the Lessor written notice of such Event of Loss, and (ii) to the extent not previously paid to the Lessor as insurance proceeds, pay or cause to be paid to the Lessor, immediately upon the Lessee’s receipt of such funds, the insurance proceeds received by the Lessee as a result of the Event of Loss (in an amount equal to the Casualty Value). The Lessor shall be entitled to recover possession of the Aircraft and to any salvage value in excess of the

Casualty Value paid to the Lessor, but subject to the requirements of any third-party insurance carrier in order to settle an insurance claim. The Lessor shall be entitled to receive and retain all amounts payable by any governmental authority with respect to any Requisition of Use (as defined below). Any deficiency in insurance proceeds below the Casualty Value, shall be paid by Lessee to Lessor promptly upon determination of such deficiency.

- 7.3 Upon an Event of Loss with respect to any Engine, but not the Airframe on which it was installed, the Lessee shall (i) forthwith (and, in any event, within five (5) business days after such occurrence) give the Lessor written notice of such Event of Loss, (ii) upon Lessee's receipt of the applicable insurance proceeds, duly convey to Lessor title to an engine, as applicable, of the same make and model number as the Engine suffering the Event of Loss, and (iii) comply with the other provisions of this **Section 7.3**. Such engine, as applicable, shall be free and clear of all liens and encumbrances, have a value, utility, and useful life approximately equal to, and be in good operating condition as, the Engine suffering the Event of Loss, assuming such engine was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. The Lessee shall furnish to the Lessor such documents to evidence such conveyance as the Lessor shall request. Upon full compliance by the Lessee with the terms of this **Section 7.3**, the Lessee will transfer to the Lessor all of the Lessee's right, title and interest, if any, in and to such engine, which transfer shall be on an "AS-IS, WHERE-IS" basis. Each such replacement engine shall, after such conveyance to the Lessor, be deemed part of the same Aircraft as was the engine or any replaced thereby.
- 7.4 Notwithstanding anything to the contrary contained herein, effective immediately upon delivery of the Aircraft to the Lessee on the Delivery Date and thereafter until the return of the Aircraft to the Lessor as set forth in **Section 5.8** above, the Lessee shall bear the risk of loss in accordance with the terms of this Agreement and shall not be released from its obligations hereunder in the event of any damage to the Aircraft or any part thereof or any Event of Loss relating thereto provided that LESSOR UNDERSTANDS THAT LESSEE SHALL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS AGREEMENT.
- 7.5 The term "**Event of Loss**" with respect to the Aircraft, the Airframe or any Engine, shall mean any of the following events with respect to such property: (i) loss of such property or the use thereof due to theft, disappearance, destruction, damage beyond repair or if such property becomes permanently partially or totally unfit for normal use for any reason whatsoever; (ii) any loss or damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss or constructive total loss; or (iii) the condemnation, confiscation or seizure of, or requisition of title to or use of, such property by the act of any government (foreign or domestic) or of any state or local authority or any instrumentality or agency of the foregoing ("**Requisition of Use**"). The date of such Event of Loss shall be the date of such theft, disappearance, destruction, damage, or Requisition of Use. An Event of Loss with respect to the Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the Airframe. An Event of Loss with respect to any Engine shall not, without loss of the Airframe, be deemed an Event of Loss with respect to the Aircraft.

SECTION 8. LIMITATION OF LIABILITY. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES OF ANY KIND.

SECTION 9. EVENT OF DEFAULTS.

- 9.1 **Termination.** Upon the occurrence of any Event of Default, as set forth below, and at any time thereafter, so long as the defaulting Party shall not have remedied the outstanding default, the non-defaulting Party shall be permitted to terminate this Agreement by written notice to the defaulting Party.
- 9.2 **Events of Default.** The following events shall constitute "**Events of Default**" hereunder:

- 9.2.1 Lessee shall fail to make any payment of Rent or any other sum due hereunder when due and such failure shall continue un-remedied for a period of ten (10) days after written notice thereof is given by Lessor to Lessee; or
- 9.2.2 Either Party shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder, and such failure shall continue without remedy for a period of ten (10) working days after written notice thereof is given to the defaulting Party by the non-defaulting Party; or
- 9.2.3 Any representation or warranty made by Party herein or in any documents or certificate furnished to the other Party hereto in connection herewith shall have been false in any material respect when made or furnished; or
- 9.2.4 Lessee ceases doing business as a going concern, a petition is filed by or against Lessee under the bankruptcy act of any amendment thereto, and is acquiesced in or is not dismissed within thirty (30) days or results in an adjudication in bankruptcy, or a temporary or permanent receiver is appointed for Lessee or any of its property, Lessee commits any act of bankruptcy, makes an assignment for the benefit of its creditors, or offers and composition or extension of any of its indebtedness, dissolves or becomes insolvent; or
- 9.2.5 Lessee shall fail to procure or maintain the insurance coverage prescribed herein; or
- 9.2.6 An order, judgment or decree of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or, in any insolvency, readjustment of debt, marshaling of assets or liabilities or similar proceedings of or relating to Lessee or relating to all of or any substantial part of its property, or the winding up or liquidation of its affairs, shall have been entered against Lessee, and such decree or order shall have remained in force un-discharged or un-stayed for a period of thirty (30) days from the date of entry thereof.

SECTION 9A. ADDITIONAL REMEDIES: Upon the occurrence of any Event of Default with respect to Lessee and at any time thereafter, in addition to the termination right under Section 9 above, Lessor shall have and may exercise all remedies provided at law in equity, including, without limitation, the following:

- 1. Demand and receive the total amount of all monies then due or to be due at any time during the Term under this lease agreement, such payment to be payable immediately; or
- 2. Cause Lessee, at Lessee's expense, to return the Aircraft to Lessor, and if Lessee fails to do so, undertake all legal remedies to obtain possession of the Aircraft, the cost of all such remedies (as well as all storage, maintenance and transportation costs incurred until the Aircraft is in Lessor's possession), to be at the sole cost of Lessee; or
- 3. Retain all prior payments of rent; retake possession of the Aircraft as hereinabove provided for and retain the Deposit and apply the same in full or partial satisfaction of Lessee's Obligations hereunder (such Security Deposit not to be a cap on Lessee's responsibilities hereunder); or
- 4. Exercise any or all other rights and remedies available to Lessor existing at law and/or in equity.

Lessor's remedies shall be cumulative and not elective.

SECTION 10. NOTICES. All communications and notices hereunder shall be in writing and shall be deemed made when delivered by hand, or on the next business day when sent by overnight courier or when transmitted by means of electronic mail (with request for assurance of receipt in a manner typical with respect to communications of that type and followed promptly with the original thereof) in each case at the address set forth on the signature page below.

SECTION 11. MISCELLANEOUS

- 11.1 **Force Majeure.** Neither the Lessor nor the Lessee shall be liable for any failure of or delay in delivery of the Aircraft for the period that such failure or delay is due to acts of God or the public enemy; civil war, insurrection or riots; fires, explosions or serious accidents; governmental priorities or allocations; strikes or labor disputes; pandemics and closures caused by pandemics, inability to obtain necessary materials, accessories, equipment or parts from the manufacturers thereof; or any other cause beyond such Party's reasonable control; provided, however, that this Section 11.1 shall not be applicable to a Party's obligation to make any payment required by this Agreement. Each Party agrees to notify the other party promptly of the occurrence of any such cause and carry out this Agreement as promptly as practicable after such cause is terminated.
- 11.2 **Time is of the Essence.** Unless stated expressly to the contrary herein, time shall be of the essence for all events contemplated hereunder.
- 11.3 **Choice of Law.** The terms and conditions of this Agreement and the rights, remedies and obligations of the parties shall be governed by and construed in accordance with the laws of the State of Florida, without regard to conflicts of law principles thereof. In the event of any dispute or litigation with respect to this Agreement, each party hereby irrevocably consents to the exclusive jurisdiction of the federal or state courts located in Florida and hereby waives any claim that (a) the Party is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum, or (c) the venue of the suit, action or proceeding is improper.
- 11.4 **Transaction Costs and Expenses.** Each Party to this Agreement shall bear its own transaction costs and expenses, including attorney's fees.
- 11.5 **Entire Agreement.** The Lessee and the Lessor warrant that the terms and conditions of this Agreement constitute the entire agreement between the Parties. Any other previous oral or written communications, representations, agreements or understandings between the Parties, are no longer of any force and effect, and are superseded and replaced in their entirety by the provisions of this Agreement. The Parties agree that they are not relying on any statement, representation or agreement other than as set out in this Agreement.
- 11.6 **Amendments.** The provisions of this Agreement may not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by an authorized signatory of each Party.
- 11.7 **Assignment.** The Lessee may not assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the Lessor, such consent not to be unreasonably withheld.
- 11.8 **Headings and References.** The division of this Agreement into sections, and the insertion of headings, are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 11.9 **Electronic Signatures; Counterparts.** The Parties agree that this Agreement and any amendments or other documents specifically related thereto may be submitted and received electronically through an e-signature vendor that is acceptable to the FAA for the filing of documents on the U.S. civil aircraft registry, and each Party agrees to accept communications from such an e-signature vendor proposed by the other Party. Pursuant to the Electronic Signatures in Global and National Commerce Act, the Parties expressly agree to the use of electronic signatures as an additional method of signing this Agreement. If a Party chooses to use electronic signatures, the electronic signatures will have the same legal significance as written signatures. The Parties further agree that electronically stored information (ESI), when produced in hard copy form, will constitute business records and will have the same validity as any other generally recognized business records. This Agreement and any other agreement contemplated by this Agreement may be executed in any number of counterparts and, in lieu of electronic signature, by PDF, and each counterpart will for all purposes be deemed to be an original.
- 11.10 **Non-Waiver.** The failure of either Party to enforce any provision of this Agreement shall not constitute a waiver of such provision or prejudice the right of such Party to enforce such provision at any subsequent time.

- 11.11 **Severability of Provisions.** If any provision of this Agreement is prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.
- 11.12 **Attorneys' Fees.** In any action or proceeding brought by the Lessee or the Lessor against the other arising under or in connection with this Agreement, the prevailing Party shall, in addition to any other allowable and applicable costs, be entitled to an award of reasonable attorneys' fees and costs incurred with respect to such legal efforts, including any action, suit or other proceeding or process and all appeals or petitions therefrom.
- 11.13 **Indemnity against Brokers and Finders.** Each Party agrees to pay its respective broker's and finder's fees and shall indemnify and hold the other Party harmless against any claim for broker's or finder's fees based on the alleged or the actual retention of a broker or finder by the indemnifying Party.
- 11.14 **Further Documentation and Necessary Action.** The Lessee and the Lessor shall each take (and, except as provided herein, at such Party's own expense) all such actions and execute all such documents and certificates as may be reasonably necessary or appropriate in order to effectuate the transactions contemplated hereby.
- 11.15 **Survival.** Except as specifically set forth herein, the representations, warranties, indemnities and covenants of the Parties provided in this Agreement shall survive consummation of the transaction contemplated by this Agreement and the expiration or other termination of this Agreement.
- 11.16 **Confidentiality.** The Parties, on behalf of themselves and their agents, agree to keep confidential the contents of this Agreement, the identity of the Parties hereto (and their principals), and all documents and information received concerning the Aircraft and the transaction contemplated by this Agreement (regardless of whether the Closing contemplated herein occurs). Each Party agrees not to disclose such information to any other party, without the prior written consent of the non-disclosing Party, except: (a) as may be required by law or by a governmental entity, (b) to such Party's agents, auditors, legal and professional advisors, on a "need to know" basis, all of whom shall have agreed to keep the same confidential; (c) to the extent that such information is publicly available through no fault of the disclosing Party; (d) for the purpose of legal proceedings, administrative or regulatory requirements or as otherwise required by law; (e) to effect any registrations or filings or recordation required by or pursuant to this Agreement; or (f) for the performance of its obligations under this Agreement.
- 12 **SECTION 12. LESSOR'S ADDITIONAL RIGHTS' LESSEE'S RIGHT OF FIRST REFUSAL.** At any time before Lessee is responsible to pay full rent of [REDACTED] per month (as set forth in Exhibit D hereto), Lessor may entertain offers for the sale of the Aircraft, on terms and conditions as Lessor is willing to accept in its sole discretion, but subject to Lessee's right of first refusal as set forth in this paragraph. In the event Lessor receives such an offer, it will deliver same to Lessee, and Lessee will have a period of five (5) business days to notify Lessor that it is exercising its right of first refusal and will enter into the transaction set forth in the written offer, in accordance with the terms thereof. In such event, the terms hereof shall be deemed waived and terminated and the parties shall consummate the sale of the aircraft in accordance with the terms of the offer. If Lessee does not timely exercise its right of first offer, Lessor shall be free to enter into the transaction contemplated in the offer, in which event this Lease shall be terminated, and all deposits will be returned to Lessee, less any obligations of Lessee that are then outstanding, and Lessor will refund Lessee for all cost associated with Delivery of the Aircraft.

[Signature Page Follows]

12. TRUTH IN LEASING

- 12.1 THE LESSEE HAS REVIEWED THE AIRCRAFT'S MAINTENANCE RECORDS AND OPERATING LOGS AND HAS FOUND THAT, DURING THE TWELVE MONTHS PRECEDING THE DATE OF THIS AGREEMENT, THE AIRCRAFT HAS BEEN MAINTAINED AND INSPECTED IN ACCORDANCE WITH THE FEDERAL AVIATION REGULATIONS. THE LESSEE CERTIFIES THAT THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FEDERAL AVIATION REGULATION PART 135 FOR OPERATIONS TO BE CONDUCTED UNDER THIS AGREEMENT.
- 12.2 THE LESSEE CERTIFIES THAT THE LESSEE, AND NOT THE LESSOR, IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT UNDER THIS AGREEMENT DURING THE TERM. THE LESSEE FURTHER CERTIFIES THAT THE LESSEE UNDERSTANDS ITS RESPONSIBILITY FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.
- 12.3 THE LESSEE UNDERSTANDS THAT AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND THE PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.
- 12.4 THE LESSEE CERTIFIES AND AGREES THAT A TRUE COPY OF THIS AGREEMENT SHALL BE CARRIED ON THE AIRCRAFT AT ALL TIMES AND SHALL BE MADE AVAILABLE FOR INSPECTION UPON REQUEST BY A REPRESENTATIVE OF THE FEDERAL AVIATION ADMINISTRATION.

IN WITNESS WHEREOF, the Parties have each caused this **Exclusive Aircraft License Agreement** to be duly executed as of the Effective Date.

LESSEE:

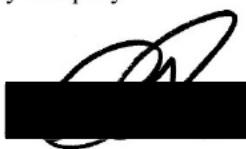
AEOLUS AIR CHARTER
a Delaware Corporation

By: 
Printed Name: Conner Jadwin
Title: CEO

Aeolus Air Charter
7155 Valjean Avenue
Van Nuys CA 91406

LESSOR:

TARCO AIRCRAFT FUNDING, LLC, a Florida limited liability company

By: 
Printed Name: Todd Ruderman
Title: Sole Member

Tarco Aircraft Funding, LLC
3201 West Commercial Blvd, Suite 218
Fort Lauderdale, FL 33309

EXHIBIT A

EXCLUSIVE AIRCRAFT LEASE AGREEMENT

DELIVERY CONDITIONS

In addition to the requirements set forth in **Section 2** of the Agreement, the Lessor shall deliver the Aircraft to the Lessee in compliance with the following provisions (the “**Delivery Conditions**”):

- (1) The Aircraft shall be in an airworthy condition, as evidenced by a return to service entry in the Aircraft’s maintenance logbooks completed by an FAA repair facility, in compliance with Federal Aviation Regulations and all other applicable FAA regulations, and with all maintenance and/or inspections which are required by the manufacturer or the FAA to be performed on the Aircraft prior to the Delivery Date having been performed. The Aircraft shall have a currently effective FAA airworthiness certificate and be in the required condition for operation under Part 135 of the FARs or any successor provision and be in compliance with the Aircraft and Engine manufacturers’ maintenance programs.
- (2) The Aircraft shall comply with all outstanding Federal Aviation Regulations and Airworthiness Directives issued by the FAA affecting such model aircraft, engines, and components that by their terms require compliance on or before the date of the first operations hereunder.
- (3) The Aircraft GE Onpoint Engine and JSSI APU maintenance programs and any other maintenance management programs maintained on the Aircraft will be current and fully paid up.
- (4) When the Aircraft is delivered to the Lessee, all Aircraft systems (including galleys, passenger and cargo compartments), equipment, radios, and appliances shall be fully operational for their intended functions, and the Aircraft will comply for requirements to operate IAW Part 135 Operations.

END.

EXHIBIT B
EXCLUSIVE AIRCRAFT LEASE AGREEMENT
ACCEPTANCE CERTIFICATE

This Acceptance Certificate (this “**Acceptance Certificate**”) is being executed and delivered as of __, 2021 by **Aeolus Air Charter**, a Delaware corporation (the “**Lessee**”), pursuant to the Exclusive Aircraft Lease Agreement dated as of __, 2021 (the “**Agreement**”) by and between **Tarco Aircraft Funding, LLC a Florida Corporation** (the “**Lessor**”), and the Lessee. This Acceptance Certificate shall constitute a part of the Agreement. All capitalized terms used herein which are not otherwise defined herein shall have the meanings given to such terms in the Agreement.

(a) **Acceptance of Aircraft.** The Lessee hereby acknowledges, agrees, and certifies to the Lessor that the Aircraft described in the Agreement: (1) is in the Lessee’s possession, has been inspected by the Lessee to its complete satisfaction, has been found to be in good working order, repair and condition and fully equipped to operate under Applicable Law and in compliance with the Delivery Conditions (as defined in the Agreement), (2) is of a size, design, capacity and manufacture selected by the Lessee and suitable for the Lessee’s purposes, and (3) is as of the date hereof (the “**Acceptance Date**”) unconditionally, irrevocably and fully accepted by the Lessee for all purposes under the Agreement.

(b) **Acknowledgment by Lessee.** The Lessee hereby acknowledges, agrees, and certifies to the Lessor that:

- (1) The Lessee has obtained, and there are in full force and effect, all insurance policies required under the Agreement. The Lessee has also satisfied or complied with all the other conditions’ precedent set forth in the Agreement.
- (3) To the best of Lessee’s knowledge. no Event of Default exists as of the date of this Acceptance Certificate.
- (4(2) THE LESSOR HAS NOT MANUFACTURED THE AIRCRAFT. EXCEPT AS EXPRESSLY SET FORTH IN THE AGREEMENT, THE LESSEE IS LEASING THE AIRCRAFT ON AN "AS-IS, WHERE-IS" BASIS.

IN WITNESS WHEREOF, the Lessee has caused this Acceptance Certificate to be executed by its duly authorized officer or representative as of the date first above written.

Aeolus Air Charter,
a Delaware Corporation

By: _____

Name: _____

Title: _____

EXHIBIT C

EXCLUSIVE AIRCRAFT LEASE AGREEMENT

RETURN CONDITIONS

In addition to the requirements set forth in **Section 5** of the Agreement, the Lessee shall return the Aircraft in compliance with all of the following provisions (the “**Return Conditions**”):

- (1) The Lessee shall have maintained and operated the Aircraft in accordance with **Sections 5** of the Agreement and in compliance with Federal Aviation Regulations Part 135 and all other applicable FAA regulations to the extent covered by the Aircraft’s maintenance programs in existence as of the Commencement Date.
- (2) Except to the extent covered by the Aircraft’s engine programs, the Aircraft shall have installed the full complement of engines and other equipment, parts, components, accessories and loose equipment as were delivered to the Lessee at the commencement of the Term to the extent covered by the Aircraft’s engine programs in existence as of the Commencement Date.
- (3) All payments under the Aircraft’s maintenance and engine programs that became due and payable during the Term shall be fully-paid.
- (4) The Aircraft shall have a currently effective FAA airworthiness certificate and be in an airworthy condition for operation under Part 135 of the FARs or any successor provision and be in compliance with the Aircraft and Engine manufacturers’ maintenance programs to the extent covered by the Aircraft’s maintenance programs in existence as of the Commencement Date.
- (5) The Aircraft shall be in the same operating condition as when delivered to the Lessee, ordinary wear and tear and hours used by Lessee excepted (other than new carpeting which shall be installed in the event the Parties agree to extend the Agreement for a Renewal Term), and without unrepaired damage.
- (6) The Aircraft, except as otherwise provided in the Agreement or as consented to by the Lessor in writing, shall be in the same configuration (including, but not limited to, interior seating configuration, galleys and lavatories) as when the Aircraft was originally delivered to the Lessee.
- (7) All records, logs and other materials delivered with the Aircraft at the commencement of the Term and those acquired or prepared by the Lessee during the Term shall be returned with the Aircraft.
- (8) When the Aircraft is returned to the Lessor, the Lessee shall operationally check all systems at the time of return of the Aircraft and shall report all defects found to the Lessor.

The Lessor shall be permitted to conduct an Aircraft return inspection which shall consist of:

a flight test of one (1) flight hour in duration at the Lessor’s expense; and

the inspections necessary to confirm that the Lessee has accomplished the maintenance requirements set forth in the Agreement.

It is understood and agreed that the Lessee shall be responsible for discrepancies noted during the return inspection and shall be responsible for the cost of remedying such discrepancies or, in the event the Lessor pays the cost of remedying such discrepancies, the Lessee shall promptly reimburse the Lessor for such costs.

END.

EXHIBIT D

EXCLUSIVE AIRCRAFT LEASE AGREEMENT

FINANCIAL TERMS

Rent (per month):	First two (2) monthly installments: [REDACTED] Third monthly installment: [REDACTED] Remainder of Initial Term: [REDACTED]
Maintenance Reserves/Month	For the Full Term [REDACTED]
Minimum Liability Insurance:	[REDACTED]
Minimum Hull Insurance:	[REDACTED]
Security Deposit:	[REDACTED]
GE Onpoint Engine Program 2021 Rate:	[REDACTED] per hour both engines. Subject to escalate based on Engine program providers annual adjustment.
JSSI APU Program 2021 Rate:	[REDACTED] per hour. Subject to escalate based on APU program providers annual adjustment.
CAMP Maintenance Subscription	[REDACTED] quarter ([REDACTED] per month, commencing on Delivery Date)
Aspire 200	TBD

¹ Notwithstanding the foregoing, in the event Lessee undertakes uses of the Aircraft for hire or charter during the first three months, Lessee shall immediately thereafter be responsible for Rent payments equal to [REDACTED] per month, with the prorated portion thereof for the remainder of the month in which this clause is triggered to be due within seven (7) days thereof.

² Same as FN 1.

EXHIBIT E

EXCLUSIVE AIRCRAFT LEASE AGREEMENT

AIRCRAFT DESCRIPTION

2007 Challenger 605
Serial Number 5715, REG #: N605TR
TTAF: 5,214 Hours Cycles: 2,438

APU

TSN: 2,359 Hours
HNYWL GRT GTCP36-150
JSSI

ENGINES:

GE CF34-3B

GE OnPoint

Time since New (TSN) Hours:

ENGINE-1

5,214

ENGINE-2

5,214

AVIONICS

COLLINS Pro Line 21 Avionics Suite
Dual Collins DME-4000
TCAS TTR-4000 (7.1)
Dual Mode S TDR 94D
Radio Altimeter ALT-4000
Dual Collins GPS 4000A
Mark V EGPWS w/RAAS
SELCAL Decoder
Dual HF COMM HF 9031 A
Triple VHF-4000 Transceivers
Lighting Detection System
Triple FMC-6000
L3 Solid State FDR FA2100 FDR
ELT Equipped w/two (2) Life Rafts

L3 Solid State CVR FA2100 CVR
2 Electronic Flight Bag EFB-6000
Dual ADC-850E
Triple Internal Reference Unit IR-500
Dual NAV-4000
3D Map & Long range cruise
Enhanced Maps on MFD
INNOTECH Fin Mounted RADOME
ARTEX ELT C406-2
ADS-B Compliant
Aspire 200 Wifi
HNYWL Aspire 200 Swift Broadband
Radio COMM

INTERIOR

Bombardier Floor Plan 1. 10 Passenger Interior w/ 6 Club Seats & 3/4 plc berthable Divan.
Tia Microwave & Warming / Hi Temp Oven. RW Touch Screen Entertainment.

EXTERIOR:

Matterhorn White, w/Dark Blue Tail & Blue & Black accent striping.

MAINTENANCE:

100/600/750/1200 Hour Inspections c/ w: Sept. 2020
12/24/36/48 Month Inspections c/ w: Sept 2020
APU: 750/2250 Hour Inspections c/ w Sept 2020

Specifications subject to verification upon inspection, no warranties provided or implied.