

## SETTLEMENT AND RELEASE AGREEMENT

This SETTLEMENT AND RELEASE AGREEMENT (the "Agreement") is made and entered into as of the 11th day of July 2023, by and between THE JOHNSTON COUNTY AIRPORT AUTHORITY (the "Authority"), and BLUE LINE AVIATION, LLC ("Blue Line") (collectively the "Parties").

### RECITALS

WHEREAS, on or about October 15, 2018, the Parties entered into a Hangar Lease Agreement (the "Lease") wherein Blue Line ground leased certain property to construct a new hangar and operate, among other things, a flight training school;

WHEREAS, on or about June 15, 2020, the Parties entered into the First Amendment to Hangar Lease Agreement (the "First Amendment"), a copy of which is attached hereto as Exhibit A, which amended the Lease to further define the Leased Premises and included a new Exhibit A to the Lease with a metes and bounds description of the property ground leased by the Authority to Blue Line (the "Leased Premises");

WHEREAS, on November 17, 2021, Blue Line filed a lawsuit in Johnston County, North Carolina Superior Court captioned BLUE LINE AVIATION, LLC V. JOHNSTON COUNTY AIRPORT AUTHORITY, civil action number 21-CVS-4081 (the "Action") seeking, among other things, a declaration that the Lease Premises included an area of the apron containing twenty-three aircraft tie-down spaces in front of the facility constructed by Blue Line (the "Apron Area");

WHEREAS, on December 20, 2021, the Authority filed its Verified Answer, Motion to Dismiss, Counterclaims & Motions for TRO, Preliminary and Permanent Injunctions (the "Answer and Counterclaims") responding to the allegations of Blue Line's complaint and seeking relief on various claims against Blue Line, including injunctive relief;

WHEREAS, on or about February 28, 2022, Blue Line filed its Amended Complaint (the "Amended Complaint") to assert additional claims against the Authority,

WHEREAS, on April 27, 2022, the Authority filed its Answer to Amended Complaint, Motion to Dismiss, Counterclaims & Motions for TRO, Preliminary and Permanent Injunctions (the "Amended Answer and Counterclaims"),

WHEREAS, the Parties have reached a settlement of the Action and wish to reduce that settlement to writing,

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Parties, both for themselves, and their successors, heirs, and assigns, hereby agree as follows:

1. No Admissions. The Parties to this Agreement expressly acknowledge and agree that nothing contained in this Agreement shall be construed as an admission of wrongdoing, liability or culpability on the part of any party or as an admission by any party of the existence of any claims against any other Party.

2. Payment for Tie Downs. Contemporaneously with the execution of this Agreement, Blue Line shall pay the sum of Twenty-Six Thousand Five Hundred Forty-Five Dollars and No Cents (\$26,545.00) (the "Tie Down Payment") to the Authority for the use of the twenty-three tie down spaces in front of its facility from November 15, 2021 through the date of the execution of this Agreement. The Tie Down Payment should be in the form of a wire transfer or certified or bank check.

3. Leased Premises. The Parties agree that the Leased Premises in the Lease, as amended by the First Amendment, consists only of the area described in Exhibit A of the First Amendment as the Building Footprint, and that no part of the Apron Area (including the twenty-three aircraft tie down spaces) in front of the facility constructed by Blue Line, or any other part of the Airport, is in any manner leased to Blue Line or committed to Blue Line's exclusive use pursuant to the Lease, First Amendment and/or any other legal methodology or theory. The Parties further agree that the metes and bounds description of the "Building Footprint" shown on Exhibit A to the First Amendment contains a typographical error and that the square footage of the "Building Footprint" is 26,667 square feet. Nothing herein restricts or impairs Blue Line's rights to use the fifty-foot (50') portion of the Apron Area immediately in front of Blue Line's facility as allowed by applicable FAA regulations.

4. Lease of Aircraft Tie Down Spaces. The Authority and Blue Line, and Blue Line's affiliated entities, Blue Line Technical Services, LLC and Sparkchasers Aircraft Services, Inc., will enter into applicable Specialized Aviation Service Agreements and the Authority's standard aircraft tie-down agreement for the rental of the twenty-three tie down spaces immediately in front of Blue Line's facility under a year to year term at the initial price of \$100 per space per month which is the Authority's current published monthly rate, with allowance for reasonable commercial flight training use of the aircraft to be stored on the spaces, all as may be amended from time to time in accordance with the tie-down agreement terms and applicable FAA regulations and rulings. The aircraft tie-down agreements are personal to Blue Line and its affiliated entities and are not in any manner transferrable to a third-party by Blue Line or its affiliated entities. The aircraft tie-down agreements do not run with the land and are not a part of the Lease or First Amendment.

5. Approval of Landlord's Agreement. Blue Line had previously requested that the Authority approve executing the Landlord's Agreement Regarding Leasehold Deed of Trust in favor of Solera Bank (the "Landlord's Agreement") attached hereto as Exhibit B. The Authority Board tabled action on this request at its meeting on June 19, 2023. Upon the approval of this Agreement by the Authority Board, the Authority Board also approves entering into the Landlord's Agreement, with the description of the area leased to Blue Line being identical to that in the First Amendment, with the correction of the square footage of the "Building Footprint" in the metes and bounds description to 26,667 square feet.

6. Dismissal of Action. Contemporaneously with the execution of this Agreement, the Parties will execute the Stipulation of Dismissal of All Claims With Prejudice for the Action attached hereto as Exhibit C (the "Dismissal"). Within five (5) business days after Blue Line

makes the Tie Down Payment, the Authority will file the Dismissal with the Johnston County Clerk of Court.

7. Release by the Authority. In consideration of this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and upon the Authority's receipt of the Tie Down Payment and the filing of the Dismissal, the Authority, for itself, its employees, insurers, agents, representatives, attorneys, predecessors, successors and assigns, hereby releases, remises, and discharges Blue Line, its officers, directors, shareholders, employees, insurers, sureties, agents, attorneys, predecessors, successors and assigns, and its parent, subsidiary and affiliated entities (the "Blue Line Parties"), from any and all claims, demands, debts, liabilities, obligations, torts, causes of action, or other claims for relief, of whatever kind or nature, from the beginning of time through the date of the execution of this Agreement, whether known or unknown, suspected or unsuspected, which the Authority has, may have, or claims to have had, against the Blue Line Parties, related in any manner to the Action or the relationship between the Parties.

8. Release by Blue Line. In consideration of entering into this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and upon the filing of the Dismissal, Blue Line, for itself, its officers, directors, shareholders, employees, insurers, sureties, agents, attorneys, predecessors, successors and assigns, and its parent, subsidiary and affiliated entities (specifically including but not limited to Charles "Trey" Walters, Adam Walters, Blue Line Technical Services, LLC and Sparkchasers Aircraft Services, Inc.) hereby releases, remises, and discharges the Authority and its employees, insurers, agents, representatives, attorneys, predecessors, successors and assigns (the "Authority Parties") from any and all claims, demands, debts, liabilities, obligations, torts, causes of action, or other claims for relief, of whatever kind or nature, from the beginning of time through the date of the execution of this Agreement, whether known or unknown, suspected or unsuspected, which the Blue Line has, may have, or claims to have had, against the Authority Parties, related in any manner to the Action or the relationship between the Parties. This release specifically includes any and all regulatory claims or actions filed with any federal or state of North Carolina regulatory authority including, but not limited to, the Federal Aviation Administration, the Transportation Safety Administration, and the North Carolina Department of Transportation, Aviation Division, as well as any claims based upon or related to any public record requests submitted to the Authority. This release does not include the separate flood damages case between the Parties.

9. Joint Statement. The Parties agree to issue the following statement promptly after the dismissal of the Action: "The Johnston County Airport Authority and Blue Line Aviation, LLC are pleased to announce that they have agreed to a settlement of the lawsuit captioned Blue Line Aviation, LLC v. Johnston County Airport Authority, pending in Johnston County Superior Court, case number 19 CVS 4081, and have filed a Joint Stipulation of Dismissal of all claims and counterclaims in the lawsuit. The parties look forward to a mutually productive future relationship."

10. Authority to Execute. Each signatory hereto acknowledges that he/she is authorized to execute this Agreement on behalf of the respective Parties, that the Parties have fully read this Agreement, that the Parties understand all the terms and conditions set forth herein, and

that the Parties are entering into this Agreement voluntarily and without promise or benefit other than as set forth herein.

11. Assignment of Claims. The Parties represent and warrant that they have not assigned, transferred or conveyed in any manner any claims or rights released by this Agreement.

12. Governing Law. This Agreement, its execution, interpretation and performance, shall be governed by and construed in accordance with the laws of the State of North Carolina. Any controversy or claim arising out of or in any way related to this Agreement or the relationship established by it, or the alleged breach thereof, whether at common law, in contract, in tort, or under statute, shall be governed by the laws of the State of North Carolina. Legal proceedings involving any such controversy or claim may be instituted only in the state or federal courts of Johnston County, North Carolina and the parties hereby irrevocably consent to the jurisdiction of such courts over their persons and waive any defense based on improper or inconvenient venue or lack of personal jurisdiction, and waive any defense based upon improper or insufficient process or service of process.

13. Counterparts. This Agreement may be executed by the parties in any number of counterparts, each of which shall be an original document, but all of which taken together shall constitute one and the same document, notwithstanding that all parties may not have executed all counterparts or the same counterpart.

14. Survival of Agreement. The terms, provisions, and conditions of this Agreement are binding upon the Parties and their respective successors and assigns. Causes of action based upon the breach of this Agreement shall survive the execution of this Agreement.

15. Costs and Fees. Each party to this Agreement shall bear their own costs, including attorney's fees, with respect to the Action and this Agreement.

16. Further Assurances. The Parties agree to fully cooperate and execute any and all supplementary documents and to take all additional actions which may be necessary or appropriate to give full force and effect to the terms and intentions of this Agreement.

17. Construction of Agreement. Each party acknowledges that it has participated in the negotiation of this Agreement, and no provision of this Agreement shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, dictated or drafted such provision. All parties have at all times had access to an attorney in the negotiation of the terms of and in the preparation and execution of this Agreement and have had the opportunity to review and analyze this Agreement for a sufficient period of time prior to the execution and delivery thereof. No representations or warranties have been made by or on behalf of any party or relied upon by any party pertaining to the subject matter of this Agreement, other than those set forth in this Agreement. This Agreement embodies the entire agreement and understanding among the parties relating to the subject matter hereof and supersedes all prior proposals, negotiations, agreements and understandings relating to such subject matter.

18. No Modifications. The terms of this Agreement may not be changed, modified, waived, discharged or terminated orally, but only by an instrument or instruments in writing signed by the party against whom the enforcement of the change, modification, waiver, discharge or termination is asserted.

19. Invalid Provision to Affect No Others. If, from any circumstances whatsoever, fulfillment of any provision of this Agreement or any transaction related thereto shall be held invalid, then such provision only shall be deemed invalid, and the remainder of this Agreement shall remain operative and in full force and effect.

20. Federal Obligations. The Parties acknowledge that this Agreement and the Airport are subject to the terms of those certain sponsor's assurances made to guarantee the public use of the Airport as incidental to grant agreements between the Authority and the United States of America as amended. This Agreement shall be subordinate to the provisions of any existing or future sponsor assurances. This Agreement shall be subordinate to the provisions of any existing or future agreement between the Authority and the United States of America, including instrumentalities thereof, relative to the 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 in developing the Airport. Should the United States or any instrumentality thereof having authority to do so, or the State of North Carolina, require that any provision of this Agreement that is in violation of any federal or state law or regulation or grant assurance or any provision of an existing grant agreement between the Authority and the United States or any instrumentality thereof, or the State of North Carolina, be changed or deleted or should any such change or deletion be required in order for the Airport to continue to retain its eligibility to receive federal funds or to participate in federal or state programs or to avoid forfeiture of previous financial assistance, then the Authority may give Blue Line notice that it elects that any such change or deletion be made and Blue Line consents to such change.

**[SIGNATURES CONTAINED ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

BLUE LINE AVIATION, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_

JOHNSTON COUNTY AIRPORT AUTHORITY

By: Ken Stotter

Its: Chairman, Johnston County Airport Authority

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

  
Finance Officer

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

BLUE LINE AVIATION, LLC

By: 

Its: Manager

JOHNSTON COUNTY AIRPORT AUTHORITY

By: \_\_\_\_\_

Its: \_\_\_\_\_

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

\_\_\_\_\_  
Finance Officer