

LEASE AGREEMENT-AIRPORT SERVICE BUSINESS

THE STATE of TEXAS,)
) KNOW ALL MEN BY THESE PRESENTS:
COUNTY of GILLESPIE)

1. This lease agreement is entered into this ____ day of _____, 20XX, between the COUNTY OF GILLESPIE, TEXAS, hereinafter referred to as "Lessor" who is the owner of the Gillespie County Airport, hereinafter referred to as "Airport" and _____ (Sole Proprietor, Limited Liability Company (LLC), or other) hereinafter referred to as "Lessee" who covenant and agree as follows:

- A. Lessor and Lessee are committed to the proper operation, improvement, and continued development of the Airport; and
- B. Lessor deems it advantageous to itself and to the operation of the Airport to lease to Lessee certain land as stated herein;

2. In accordance with the terms, considerations, and privileges listed herein, Lessor and Lessee covenant and agree as follows:

A. Lessor does hereby demise, lease and grant unto the Lessee, the following land from Lessor subject to terms, considerations and privileges stated herein. Lessor does hereby demise, lease and grant unto the Lessee, the privilege and concession for the conduct of an Aviation Service Business as that term is usually agreed to and understood in the management and operation of an airport within the Central Texas area on the following described property:

- 1) _____ square feet of land (____ acres), more or less, situated at the airport in Gillespie County Texas, such _____ square feet of land, hereinafter referred to as "Land", being described on the site survey and legal description on Exhibit "A" (Attach the Survey w/field notes), attached hereto and made a part hereof by reference.

B. Lessee agrees to provide the general services of an Aviation Service Business to pilots and aircraft that use Gillespie County Airport. For these purposes Lessee agrees

to construct improvements and facilities on the land according to the general scheme shown on Exhibit "B" (Site Plan). Such improvements and facilities shall be completed within twelve (12) months after the date of the signing of this lease. At the expiration of this Lease Agreement or any extension thereof, the building and fixtures on the Land shall become property of the Lessor.

- C. Lessor agrees to provide the Land of dimensions and orientation shown on Exhibit "A". Lessor agrees to provide the Land as is. Lessor provides no warranty on the suitability of the Land for construction.

- D. Lessee agrees that it is Lessee's responsibility to establish water, sewer, electric and other services desired to the building at Lessee's expense. Lessee agrees that it is Lessee's responsibility to insure that building improvements do not encroach on the Building Restriction Line.

- E. Lessee agrees to assume all responsibility and expense for construction of facilities and infrastructure within the boundaries of the Land. Further, Lessee agrees to assume all responsibility and expense for construction of Access Roads, Taxi-Ways, and Aircraft parking aprons, whether within or beyond the boundaries of the Land, as may be necessary to provide access of Autos and Aircraft to Land and facilities. Automobile parking areas and Access Roads shall be constructed of crushed limestone base material with a wearing surface of either hot mix asphalt or two course surface treatment. Aircraft parking aprons and Taxi-Ways shall be in accordance with the Minimum Operating Standards, Appendix B.

- F. Lessee shall be responsible for costs of maintenance of Ramps and Pavements that are part of the leased land area. In practice, the Airport Sponsor, County of Gillespie, contracts for periodic pavement maintenance operations, in cooperation with TxDOT Aviation Division, and the contract area may include Lessee's Ramps and Pavements. In this case, the County of Gillespie shall invoice Lessee for the prorata surface area of Lessee's Ramps and Pavements, in relation to the total surface area of the pavement maintenance contract, as the Lessee's portion of the total value of the maintenance contract.

- G. Lessor and Lessee agree that this lease is non-exclusive and that Lessor shall have the right to lease other

portions of the airport for other similar operations.

3. This Lease Agreement shall be for the term of thirty (30) years, commencing on the 1st day of _____, 20XX, and ending on the last day of _____, 20XX. Lessee shall be given the first option to renew such Lease Agreement upon the expiration hereof for an additional 10 year term on such conditions as may then be agreed upon by the parties hereto.
4. During the term of this lease the Lessee agrees to pay to the Lessor as consideration for the use of the Land leased to it hereunder and for the rights and privileges herein granted by the Lessor, the sum of \$ _____ (_____ (Spell Out)) per month beginning on the first day of the month following the signing of this lease and continuing on the first day of the month thereafter during the term of this lease. This consideration shall be adjusted for inflation annually using the change in the Consumer Price Index for the 12-month period ending on August 31st of each year. The effective date of each adjustment shall be the first day of October each year. For the purposes of this lease, the CPI shall be that index which is the Consumer Price Index for all Urban Consumers (CPI-U) (1982-1984=100). All lease payments shall be paid as the same become due, without demand, in lawful currency of the United States made payable to the County of Gillespie, Texas by mail or delivery.
5. Without the prior written consent of Lessor, which consent shall not be unreasonably withheld, Lessee shall not sublease space within the facility.
6. In the event Lessee fails to remit any payment when the same is due, a late charge of \$25.00 shall be charged by Lessor beginning on the tenth (10th) day after the date the payment is due. In the event Lessee shall become delinquent for more than thirty (30) days, this Lease Agreement may be terminated by Lessor as hereinafter set out.
7. Lessee agrees that he will at all times keep the premises of the Land reasonably clean and free of trash, litter, tall grass, weeds, junked automobiles, and non-salvageable aircraft parts. Lessee shall abide by all applicable rules and recommendations of the Environmental Protection Agency, and the Texas Commission on Environmental Quality, the Texas Department of Agriculture, the Texas Department of Transportation, the County of Gillespie, the City of Fredericksburg and any other public agency concerning the use, storage, and disposal of hazardous chemicals, fuel

and/or oil. Lessee further agrees to abide by the manufacturer's directions in regards to the use, storage, and disposal of all pesticides, herbicides, and other chemicals plus their containers used at the Airport. Should Lessee fail to keep the leased Land clean and free of hazards, Lessor may, after thirty (30) days written notice, arrange for the clean-up of the littered or hazardous area. Such clean-up shall be charged to Lessee and will be payable upon demand. Failure to render proper payment for such clean-up, within 30 days of receipt of written notice of demand for payment, and/or general disregard of the considerations and restrictions listed in this Lease Agreement are grounds for Lessor to terminate this lease.

8. Taxes, Fees, and Insurance -- Lessee shall be liable for all taxes including ad valorem property taxes owed on the Land or any improvements or space leased by Lessee and fees owed on or by his business. Under no circumstances shall Lessor be liable for or be required to pay any tax or fee owed by Lessee. Lessee shall provide fire and extended coverage insurance for all Lessor and Lessee owned property located on the above leased premises under Lessee's policy which shall be for the benefit and protection of Lessor. Lessee should provide his own insurance coverage for any personal property in or on the Land. Lessee agrees to maintain public liability insurance for the premises and the conduct of Lessee's business, naming Lessor as an additional insured in the amount of \$300,000.00 or more. In the event applicable law changes the liability limits concerning counties, the parties hereto agree to negotiate in good faith liability insurance in such changed amounts. Certificates of such required insurance shall be furnished by Lessee to Lessor and certificates presently then in effect shall be on file at all times. Any change in those certificates must have the prior written approval of Lessor.
9. Lessee agrees to indemnify the Lessor for all expense incurred by the Lessor as the result of claims arising out of Lessee's activities.
10. Lessee shall comply with approved Gillespie County Airport Rules and Regulations. Lessee shall comply with approved Minimum Operating Standards established for Gillespie County Airport.
11. agrees that he will not operate any non-aviation related business or activity on/in the Land/Building site, except that which is expressly approved herein, without the express written consent of Lessor. Any such non-aviation related

business activity must be so established by separate contract. Non-aviation business shall be defined as such business not typically associated with the operation of an airport, aircraft and pilot support.

12. Lessor has, prior to the execution of this lease, approved the location, plans and specifications of the structure and related parking areas. Lessee accepts all responsibility and costs of approvals of City of Fredericksburg, Development Services Department, pursuant to Building Permits and City Inspections. Lessor agrees that no further approval of plans is required unless Lessee desires to make significant changes to the building exterior, change the structural nature of the building, or change the location of the building. In such case, Lessee shall obtain Lessor's prior written consent, which shall not be unreasonably withheld.
13. Lessee agrees that it is Lessee's responsibility to perform all repairs and alterations to the structure and improvements to ensure that they are maintained in a useful state of repair and operation.
14. Lessee agrees not to make any additions or modifications to the Land/Building exterior unless agreed upon by both parties in writing. In the event of such consent, the Building and all improvements or modifications shall be made at the expense of Lessee and, at the expiration or any termination of this Lease Agreement and any extensions to this lease, shall become the property of Lessor, except in the event Lessor discontinues operation of the Airport prior to the termination of this Lease Agreement, in which case the parties agree to negotiate in good faith for the purchase by Lessor of Building and improvements. Lessee also understands that Lessor is not obligated by this Lease Agreement to continue operating the Airport as an airport and may close the Airport at any time at its own discretion.
15. Without the prior written approval of Lessor, which approval shall not be unreasonably withheld, Lessee shall not sublease, assign, sell or transfer this Lease Agreement or any right hereunder to any person, corporation, association, or other entity, nor shall a majority of the ownership interests in Lessee be sold or transferred in any way.
16. This Lease Agreement may be prematurely terminated by Lessor if Lessee defaults in the payment of rent or any other monetary obligation due hereunder (including the timely payment of taxes and fees), and such default is not cured

within 30 days after Lessee's receipt of written notice of default sent by Lessor, or if Lessee fails to provide proof of required insurance, uses the leased premises for illegal or unauthorized purposes, abandons or leaves the leased property vacant or unoccupied for thirty (30) consecutive days or violates any of the other terms and conditions of this Lease Agreement, and such default is not cured within thirty (30) days after Lessee's receipt of written notice of default sent by Lessor (provided that if the default cannot reasonably be expected to be cured by Lessee within such thirty (30) day period, the period of time within which Lessee must cure such default shall be extended for such time as may be necessary to enable Lessee, exercising due diligence, to cure such default). Upon termination of this lease, Lessor may take possession of any leased premises leased to or under the control of Lessee.

17. At the termination of this Lease Agreement, either by normal expiration, premature termination, or mutual agreement, Lessee shall peaceably vacate the premises. Should Lessee be in default of any money owed to Lessor, Lessor may take possession of any property owned by Lessee and located at the leased premises and hold such until the monetary default is settled. In such case that Lessee cannot or will not settle any claims against him owed to Lessor, Lessor may liquidate any property seized, subject to disposition of a court of competent jurisdiction. Lessee shall be liable for any and all expenses incurred by Lessor in such action.
18. Lessee agrees to save and hold harmless Lessor and its agents, servants, and employees from any and all liabilities, expenses, causes of action, damages, and/or attorney's fees resulting from or as a result of Lessee's breach of this Lease Agreement or any use of the Airport or any part thereof by Lessee or from any act of Lessee's businesses, operation, occupancy, or use of the Airport or from any act or omission of Lessee or Lessee's agents, servants, employees, or tenants.
19. Lessee understands and agrees that Lessor reserves the right, but not the obligation, to maintain the airport to at least the minimum standards of the FAA and/or the Texas Department of Transportation. Such right includes the right to maintain and keep in repair all public use areas at the Airport and the right to direct and control all activities as necessary at the Airport.
20. The Lessee may at any time and from time to time, encumber by mortgage, deed of trust, or other instrument in the nature

thereof (any such mortgage, deed of trust or other instrument entered into in accordance with the terms of this section being herein referred to as a "Leasehold Mortgage"), Lessee's leasehold estate in the leased premises and all improvements constructed and to be constructed thereon and all of Lessee's right, title and interest hereunder, including, without limitation, Lessee's right to use and occupy the leased premises and construct improvements thereon and all of Lessee's right, title and interest in and to any and all buildings, other improvements, and fixtures now or hereafter placed on the leased premises; provided, however, that: (a) no mortgagee or trustee or anyone that claims by, through or under a Leasehold Mortgage (herein called a "Leasehold Mortgage") shall by virtue thereof acquire any greater right in the leased premises and in any building or improvements thereon than the Lessee then had under this lease; (b) any Leasehold Mortgage shall at all times be and remain inferior and subordinate to all of the terms of this Lease and to all of the rights of the Lessor hereunder; (c) no Leasehold Mortgage shall constitute a lien on the fee title or other interest of Lessor hereunder in and to the leased premises or any part thereof; and (d) the Lessor shall not be required to sign any note or other obligation whereby Lessor incurs any liability for the payment of such loan.

21. At any time after execution and recordation in the Official Public Records of Gillespie County, Texas, of any Leasehold Mortgage, the Leasehold Mortgagee may notify the Lessor in writing ("Mortgagee Notice") that the Leasehold Mortgage has been given and executed by the Lessee, and shall furnish Lessor at the same time with the address to which it desires copies of notices to be mailed, or shall designate some person or corporation, as its agent and representative for the purpose of receiving copies of the notices. Lessor hereby agrees that it will thereafter mail to such Leasehold Mortgagee and to the agent or representative so designated by the Leasehold Mortgagee, at the address so given, a copy of any and all pleadings in suits filed by Lessor against Lessee and any and all notices in writing, including any default and termination notices, which Lessor may from time to time give or serve upon the Lessee pursuant to the terms of this Lease. No notice to Lessee shall be effective unless a copy thereof is mailed to such Leasehold Mortgagee or its designated agent or representative, if applicable, at the time such notice is given to or served upon the Lessee.
22. If the Lessee shall default in the payment of any installment of rent when it is due, or if it shall default in the performance of any of its other obligations herein

stated, and if the Lessee shall fail to cure any such default within the cure period specified herein, the Leasehold Mortgagee shall be privileged to cure such default and shall have an additional fifteen (15) days within which to do so. The performance by any such Leasehold Mortgagee of any condition or agreement on the part of Lessee to be performed hereunder will be deemed to have been performed with the same force and effect as though performed by Lessee.

23. The Leasehold Mortgagee shall be given notice of any legal proceedings by the parties hereto, and shall have the right to intervene therein and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. In the event that the Leasehold Mortgagee shall not elect to intervene or become a part of such proceedings, the Leasehold Mortgagee shall receive notice of, and a copy of, any award or decision made in said proceedings.
24. Upon termination of this Lease for any reason (including, without limitation, rejection of this Lease by Lessee or any trustee of Lessee in any bankruptcy, reorganization arrangement, or similar proceeding), Lessor shall give prompt written notice thereof to any Leasehold Mortgagee who has given to the Lessor the Mortgagee Notice, and such Leasehold Mortgagee shall then have the right (exercisable by giving notice to Lessor in writing within thirty (30) days after receipt of Lessor's termination notice) to lease the leased premises from the date of termination of this lease for the remainder of the term of this lease, at the same rent, and otherwise upon the same terms, covenants, and conditions as are herein set forth, and with the same relative priority of this lease, and in such event, such Leasehold Mortgagee shall have all of the rights, title, interest, powers and privileges of Lessee hereunder. Such Leasehold Mortgagee further agrees that its rights under this paragraph shall be subject, as conditions precedent, to compliance with the following within thirty (30) days after delivery to Lessor of notice of such exercise:
 - A. Curing the default upon which such termination was based or if any such default is not capable of cure within such thirty (30) day period or cannot be cured without entry into possession, proceeding to effect a cure of such default with due diligence following delivery of possession;
 - B. Paying to Lessor all rent or other sums due under this lease and any interest due thereon up to and including the

date of commencement of the term of such new lease; and

- C. Paying to Lessor all expenses and reasonable attorney's fees incurred by Lessor in connection with any such default and with the preparation, execution, and delivery of such new lease.
25. Upon compliance by Leasehold Mortgagee within such time, Lessor shall thereupon execute and deliver such new lease to Leasehold Mortgagee. The Lessor shall assign to said Leasehold Mortgagee all subleases whose tenants have attorned to the Lessor. The Lessor shall credit against the rent due under the new lease all rents, if any, collected by the Lessor during the interval following termination of this lease and prior to the commencement of the term of the new lease.
26. In no event shall any Leasehold Mortgagee be under any obligation or liability whatsoever beyond the period of its occupancy under any such new lease.
27. No Leasehold Mortgagee shall be or become liable to Lessor as an assignee of this Lease or otherwise for the payment or performance of any obligation of Lessee until it expressly assumes by written instrument the payment or performance of such obligation, and no assumption of liability by such Leasehold Mortgagee shall be inferred from or result from foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by any Leasehold Mortgage, or from a conveyance or assignment pursuant to which any purchaser at foreclosure shall acquire the rights and interest of the Lessee under the terms of this Lease.
28. In the event the leased premises or any part thereof shall be taken for public or quasi-public purposes by condemnation as a result of any action or proceeding in eminent domain, or shall be transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain, the interests of Lessor and Lessee in the award or consideration for such transfer and the effect of the taking or transfer of this lease shall be as follows:
- A. In the event the entire leased premises is taken or so transferred, this lease and all of the right, title and interest thereunder shall cease on the date title is transferred to the condemning authority, and both Lessor and Lessee shall each be entitled to its respective condemnation award for its interests in the leased premises

and/or this lease.

B. If less than the entire leased premises is taken or transferred, Lessee shall determine, within forty-five (45) days from the date title is transferred to the condemning authority whether the remainder of the leased premises in such location, or in such form, shape or reduced size, and the remaining improvements thereon, can in the opinion of the Lessee be effectively and practicably used for the purpose of the operation thereon of the Lessee's business.

If Lessee shall determine that the remaining leased premises and improvements cannot be so used, this lease and all right, title and interest thereunder shall cease on the date title vests in the condemning authority. If the Lessee shall determine the remaining leased premises and improvements can be so used, this lease shall terminate and end as to the portion of the leased premises taken or transferred as of the date title to such portion vests in the condemning authority, and shall continue in full force and effect as to the portion of the leased premises not so taken or transferred. From and after such date, the rental required to be paid by Lessee to Lessor shall be reduced during the unexpired portion of this lease by the same proportion as the value of the part of the leased premises taken or transferred bears to the value of the total of the leased premises, such values to be determined as of the date of the actual commencement of the physical taking of said premises but immediately before any actual taking.

29. This Lease Agreement embraces the entire agreement of the parties mentioned herein pertaining to the Land and no statement, remark, agreement, or understanding, either oral or written, not contained or referred to herein shall be recognized or enforced as it pertains to the lease of the Land, except that this Lease Agreement may be modified by written addendum agreed to and signed by the parties and attached hereto.
30. This Lease Agreement shall be governed by the laws of the State of Texas and construed thereunder and venue of any action brought under this Lease Agreement shall be in Gillespie County, Texas.
31. If any section, paragraph, sentence or phrase entered in this Lease Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, such illegality or unenforceability shall not affect the remainder of this Agreement and, to this end, the provisions of this Lease Agreement are declared to be severable.

32. This Lease Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns.
33. Lessor and Lessee mutually agree that from time to time each will deliver to the other further instruments and assurances as may reasonably be requested confirming and ratifying the lease and the leasehold estate, confirming that the same is in full force and effect, and summarizing the commercial activities undertaken thereunder. Such instrument shall certify that no default exists, or in the case a default does exist, shall specify each such default.
34. This Lease Agreement is performable in Gillespie County, Texas.

EXECUTED this _____ day of _____, 20__.

LESSOR:

COUNTY OF GILLESPIE, TEXAS

By: _____
County Judge

LESSEE:

_____ (Company name)

By: _____
_____ (name)
_____ (Title)