

**LEASE AGREEMENT**

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

This lease is entered into this \_\_\_\_ day of \_\_\_\_\_, 200\_, between the COUNTY OF ARANSAS, TEXAS, hereinafter referred to as "Lessor" who is the owner of the ARANSAS County Airport, hereinafter referred to as "Airport" and \_\_\_\_\_, hereinafter referred to as "Lessee" who covenant and agree as follows:

Lessor and Lessee are committed to the proper operation, improvement, and continued development of the Airport; and

Lessor deems it advantageous to itself and to the operation of the Airport to lease to Lessee certain land as stated herein;

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

Lessor does hereby demise, lease and grant unto the Lessee, the privilege of construction of a private/corporate hangar on the following described property: \_\_\_\_\_ square feet of land, more or less, situated at the airport in ARANSAS County Texas, such \_\_\_\_\_square feet of land, hereinafter referred to as "Land", being described on the site survey and legal description on Exhibit "A", attached hereto and made a part hereof by reference.

Lessee agrees to construct a hangar of the minimum dimensions of 60' x 70' feet on the leased land. Construction should begin immediately or within 90 days of the execution of the 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.

Lessor provides no warranty whatsoever on the condition of the land for any purposed that Lessee wishes to make of the land. Lessee accepts the property "As is Where is" with all faults, known or unknown. Lessee hereby waives any and all claims against Lessor, existing now or arising in the future concerning the leased land or any part thereof.

Lessee agrees that it is Lessee's responsibility to establish water, septic, electric and telephone service 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.

Lessee hereby leases the said Land from Lessor subject to terms, considerations, and privileges stated herein.

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 aviation service operations.

This Lease Agreement shall be for the term of \_\_\_\_\_ years, commencing on the 1st day of \_\_\_\_\_, 200\_, and ending on the last day of \_\_\_\_\_, 20\_\_\_. Lessee shall be given the first option to renew such Lease Agreement upon the expiration hereof for an additional \_\_\_ year term on such conditions as may then be agreed upon by the parties hereto.

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 \_\_\_\_\_ per month beginning on the first day of the month following the completion or occupancy of the building and continuing on the first day of the month thereafter during the term of this lease. This consideration will be adjusted for inflation annually in the month of the signing of the lease by the Consumer Price Index. The United States City Index will be used for this adjustment.

In addition, Lessee agrees that the lease payment listed herein shall be subject to review and adjustment by Lessor at five (5) year intervals throughout the term of the lease and prior to any extensions granted. Any adjustment to the lease payment shall be based on fair market value of land values on the Aransas County Airport.

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.

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 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 and/or general disregard of the considerations and restrictions listed in this Lease Agreement are grounds for Lessor to terminate this lease.

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 \$1,000,000.00 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.

Lessee agrees to indemnify the Lessor for all expense incurred by the Lessor as the result of claims arising out of Lessee's activities.

Lessee shall comply with approved ARANSAS County Airport Rules and Regulations and ARANSAS County Airport Development Policy.

Lessee agrees that he will not operate any non-aviation related business or activity on/in the Land/Building site 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.

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.

Without the prior written consent of Lessor, which consent 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 share of stock in Lessee be sold or transferred in any way.

This Lease Agreement may be prematurely terminated by Lessor or Lessee if either fails to abide by the terms and conditions expressed herein and such default continues for thirty (30) days after the alleged defaulting party receives written notice from the other party of such alleged default. In the event Lessee fails to make timely payments of all taxes or fees, 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 30 consecutive days or violates any of the terms and conditions of this Lease Agreement, Lessor has the right to terminate this Lease Agreement and retake possession of any leased premises leased to or under the control of Lessee.

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.

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 this Lease Agreement or any use of the Airport or any part thereof 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, or employees.

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.

Any person, corporation or institution that lends money to Lessee for construction of any hangar, structure, building or improvement and retains a security interest in the hangar, structure, building or improvement shall, upon default of Lessee's obligations to said mortgagee, have the right to enter upon the Premises and operate or manage the hangar, structure, building or improvement according to the terms of this Lease, for a period not to exceed the term of the mortgage with Lessee, or until the loan is paid in full, whichever comes first, but in no event longer than allowed under the terms and provisions of this Lease. It is expressly understood and agreed that the right of the mortgagee referred to herein is limited and restricted to those improvements constructed with funds borrowed from mortgagee and mortgagee shall have no rights under this lease greater than those granted to Lessee.

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.

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 ARANSAS County, Texas.

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.

This Lease Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

If the lessee is an entity other than an individual then the lessee must provide to lessor all required documentation showing the formation of the entity, the type of entity, the corporate officers, managers or partners having the authority to execute documents on behalf of the entity and the lease must be executed by the proper officer etc. of the entity and the lessor must be provided with proper documentation showing authority of the officer etc. to bind the entity.

This Lease Agreement is performable in ARANSAS County, Texas.

EXECUTED this \_\_\_\_ day of \_\_\_\_\_, 2007.

LESSOR:

COUNTY OF ARANSAS, TEXAS

By: \_\_\_\_\_  
County Judge

LESSEE:

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

