

**ON-AIRPORT AUTOMOBILE RENTAL
CONCESSION AND LEASE
AGREEMENT-CITY OF LAREDO
AND AVIS BUDGET CAR RENTAL DBA
AVIS AND BUDGET**

STATE OF TEXAS §

COUNTY OF WEBB §

THIS CONCESSION AND LEASE AGREEMENT ("**Agreement**"), and entered into this _____ day of _____ 2024, by and between the **CITY OF LAREDO**; a home-rule municipality in the County of Webb, State of Texas ("**CITY**"), and **AVIS BUDGET CAR RENTAL, LLC**, doing business as **AVIS and BUDGET**, a Limited Liability Company operating under the laws of the State of Texas ("**CONCESSIONAIRE**").

RECITALS

WHEREAS, CITY owns and operates the terminal building for the Laredo International Airport located in Laredo, Texas ("**Airport**");

WHEREAS, car rental services at the Airport are essential for proper accommodation of passengers arriving at and departing from the Airport;

WHEREAS, CITY desires to make said services available at the Airport and CONCESSIONAIRE is qualified, ready, and able to perform or see to the performance of said services, and to furnish or see to the furnishing of facilities for use in connection therewith.

NOW, THEREFORE, in consideration of the foregoing and of the mutual terms, covenants, and conditions stated in this Agreement, the parties hereto covenant and agree, for themselves, their successors and assigns, as follows:

**ARTICLE I
RIGHTS**

CITY hereby grants to CONCESSIONAIRE and CONCESSIONAIRE hereby accepts the right to conduct and operate an on-property rental car concession at the Airport and lease real property and improvements located on Airport property related to such concession ("**Concession**"). Such rights and the use of the premises described in this Agreement are granted for the purpose of providing car rental services for the public furnished by CONCESSIONAIRE or by member of the CONCESSIONAIRE'S system. CONCESSIONAIRE shall also have the right to offer, in connection with its car rental business, offer products and services which are related and incidental to the rental car concession operation to its customers. Any additional services by CONCESSIONAIRE must be approved in writing by the City's Airport Director ("**Director**"). The Concession awarded in this Agreement confers upon CONCESSIONAIRE only the right and

obligation to conduct the Concession employing only new cars that are not older than three (3) years from the date of original manufacture to the time at which they are made available for rental to the public. For purposes of this Agreement, "cars" shall mean any non-chauffeured, self-propelled motor vehicle on four wheels for passenger transportation with a maximum capacity of fifteen (15) passengers (including driver). Self-haul (such as U-HaulTM), freight or cargo trucks, delivery vans and trailers, and motor homes do not qualify as cars under this Agreement, and rentals of such vehicles are not permitted at the Airport.

ARTICLE II

NON-EXCLUSIVE CONCESSION

The Concession granted in this Agreement is a nonexclusive concession, and CITY shall have the right to deal and perfect arrangements with any other firm, individual, or corporation for engaging in like activities; provided, however, that no such on-airport arrangement may contain terms or conditions more favorable to any other concessionaire than those granted to CONCESSIONAIRE in this Agreement (excluding differences related to the number of allocated parking spaces, the location of the concession area, and the location of service and maintenance facilities, which are all determined by the minimum annual guarantee provisions under this Agreement), including any rents, fees, or guarantees provided for in this Agreement.

ARTICLE III

PREMISES

For purposes of this Agreement, "Market Share" shall mean the percentage of an individual Concessionaire's Gross Revenues to the total of all Gross Revenues for all concessionaires operating under this Agreement, or similar concession agreements, for the term of this Agreement.

- a. **Location of Counter and Office Space.** The CITY shall allocate the location of CONCESSIONAIRE'S check-in counter and office space according to the Bid MAG ("minimum annual guarantee") amounts of the selected rental car concessionaires. The concessionaire with the highest Bid MAG will choose the preferred location of the counter first; the second highest share will choose its preferred general location next; and continue in order in the same manner until all rental car concessionaires have chosen a section of counter and the companion back office area. If CONCESSIONAIRE, immediately prior to the execution of this Agreement, was a current On-Airport Rental Car Concessionaire, CONCESSIONAIRE may elect, upon its turn in order of Bid MAG priority, to retain its existing rental counter location. Otherwise, the successful Respondents, pursuant to the bid results, will pick their location of rental car counter space from the then-available locations by the amount of bid, from highest to lowest. This process will continue until all locations are filled.
- b. CONCESSIONAIRE'S counter and office space No. 2 ("Counter and Office Space") is shown on Exhibit "A" attached to this Agreement and made a part hereof.
- c. **Rental for Counter and Office Space.** Unless this Agreement is sooner terminated as stated in this Agreement, CONCESSIONAIRE shall pay to CITY, without notice or

demand, rent for the use of 165 square feet Counter and Office Space and for the right and privilege of doing business at the Airport during the term of this Agreement, free from any and all claims, deductions, and setoffs against CITY, a terminal rental rate in the amount of **\$699.46** per month on or before the 1st day of each month, during the term of this Agreement. All rents for Counter and Office Space are subject to the general payment provisions set forth in this Agreement. Non-payment of the terminal rental rate shall constitute a breach of this Agreement.

- d. **Allocation of Parking Spaces.** Subject to a minimum allocation of nineteen **(19)** Parking Spaces, the allocation of Parking Spaces shall be based upon each successful bidder's individual Bid MAG to the total of all Bid MAG amounts for all successful bidders for the rental car concession.
- e. **Location of Parking Spaces.** The location of the ready return car area ("Parking Spaces") will be determined by the CITY, in the CITY'S sole discretion. The CITY will coordinate with the on-Airport Concessionaires as to the preferred section for Parking Spaces. The rental car concessionaire with the highest Bid MAG will choose the preferred section of the Parking Spaces first; the second highest share will choose its preferred general location next; and continue in order in the same manner until all on-Airport rental car concessionaires have chosen a preferred location for Parking Spaces.
- f. Concessionaire's Parking Spaces #47 through #66 and Spaces #68 through #87 are shown on Exhibit "B" attached to this Agreement and made a part hereof.
- g. **Pavement Numbering and Striping Plan.** An initial numbering and striping plan, including the determination of the size and location of each Parking Space and all numbering sequences shall be developed by the CITY in its sole determination after consultation with the rental car concessionaires. The numbering and renumbering, and striping and re-striping, shall be done by the CITY. In the event CONCESSIONAIRE desires to add a company logo or other identifier on the pavement for CONCESSIONAIRE'S Parking Spaces, CONCESSIONAIRE shall provide to the CITY the signage program for such pavement markings, such signage program to be approved in writing by the CITY. The approval of the signage program presented by CONCESSIONAIRE shall be at the sole discretion of the CITY.
- h. **Rental for Parking Spaces.** Unless this Agreement is sooner terminated as set out in this Agreement, CONCESSIONAIRE shall pay to CITY, without notice or demand, rent for the use of the Parking Spaces and for the right and privilege of doing business at the Airport during the term of this Agreement, free from any and all claims, deductions, and setoffs against CITY a Parking Spaces rental rate in the amount of \$23.00 per parking space per month on or before the 1st day of each month, during the term of this Agreement. The Parking Spaces rental rate is based on the average cost of providing vehicular parking areas for tenants and passengers using the Airport, and such Parking Spaces rental rate is hereby subject to change at any time during the term of this Agreement if and when the costs for vehicular parking areas are recalculated by

the CITY. CITY shall provide CONCESSIONAIRE thirty (30) days written notice to any change to the Parking Spaces rental rate as provided in this Agreement and CONCESSIONAIRE shall be obligated to pay the Parking Spaces rental rate in the following month's rental payment. All rents for Parking Spaces are subject to the general payment provisions set forth in this Agreement. Non-payment of the Parking Spaces rental rate shall constitute a breach of this Agreement.

- i. The City agrees that it will not claim or have a lien of any kind, be it contractual or statutory, on or against Concessionaire's motor vehicles for non-payment of any rent or fees due under the Agreement, or for any default of Concessionaire or any other reason, and the City hereby, under this Agreement, waives all such liens as these solely related to motor vehicles that are available to the City. The City recognizes that Concessionaire's motor vehicles may have perfected security and financing agreements filed against them by lending institutions.

ARTICLE IV

GUARANTEED PERCENTAGE REVENUES

- a. **Concession Fee.** The CONCESSIONAIRE shall pay to CITY, without notice or demand, a concession fee ("Concession Fee") which is the greater of a fee based on a percentage of Gross Revenues or minimum annual guarantee (Percentage Fee or MAG). This fee is for the privilege of doing concession business at the Airport during the term of this Agreement. This fee shall be free from any and all claims, deductions, or setoffs against CITY.
- b. **MAG.** During the first year of this Agreement, CONCESSIONAIRE agrees to pay to CITY a yearly MAG ("minimum annual guarantee") of \$119,270 plus \$59,635 dual brand (50% of MAG) for a total of \$178,905. Each such annual MAG amount shall be paid by LESSEE to LESSOR, in twelve (12) equal and consecutive monthly installments in the monthly amount of \$14,908.75, each such monthly installment to be due and payable on the first (1st) day of each calendar month during such period. After the first year of this Agreement, this MAG is subject to adjustment as provided in Article IV(c) and (f) of this Agreement.
- c. **Adjusted MAG.** For the second and each subsequent Agreement year, the MAG shall be an amount equal to eighty-five percent (85%) of the Percent Fee paid or payable by CONCESSIONAIRE to the CITY for the previous Agreement year or the first Agreement Year Bid MAG, whichever is greater. Non-payment of the Adjusted MAG shall constitute a breach of this Agreement.
- d. **Percentage Fee.** Percentage Fee shall be the amount equal to ten percent (10%) of CONCESSIONAIRE'S Gross Revenues.
- e. **Percentage Fee Due Date.** On or before the fifteenth (15th) day of each and every month during the term of this Agreement, beginning with the second month of the term of this Agreement and including the month following the termination of this

Agreement, CONCESSIONAIRE shall pay to CITY the Percentage Fee based on the Gross Revenues of the CONCESSIONAIRE for the preceding month.

- f. **Annual Adjustments.** CONCESSIONAIRE'S Concession Fee shall be subject to readjustment, per Section IV (c), at the end of each Agreement year during the term of this Agreement. CONCESSIONAIRE shall pay to CITY the greater amount of the Percentage Fee or MAG.
- g. **General Payment Provisions.** All payments of money required to be made by CONCESSIONAIRE to CITY in this Agreement shall be made when due in legal tender of the United States of America at CITY'S office at the Airport, or at such other place as CITY may designate in writing. Any amount payable which shall not have been paid when due shall bear interest at the rate of eighteen percent (18%) per annum or \$500.00, whichever is greater, subject to applicable laws, which shall be paid by CONCESSIONAIRE in addition to such overdue amounts payable.
 - 1. **Accrued Fees.** The termination of this Agreement by the lapse of time, CONCESSIONAIRE'S limited right of termination, or otherwise, shall not relieve CONCESSIONAIRE of its obligation to pay all fees or charges accrued during the period in which this Agreement is in effect and are unpaid at the time of termination.
 - 2. **Pro Rata Payment.** If this Agreement commences or terminates without fault of CONCESSIONAIRE on any day other than the first or last day, respectively, of any calendar month, the applicable rents, fees, and charges for said month shall be paid pro rata in the same proportion that the number of days this Agreement is in effect for that month bears to the number of days in that month.
 - 3. **Failure to Pay.** If CONCESSIONAIRE fails to pay any of the following: Counter and Office Space rentals, Parking Spaces rentals, MAG, Adjusted MAG, Percentage Fee, Annual Adjusted Fee, Concession Fee, or any other rate established by CITY in any given Agreement Year, this Agreement shall terminate and CONCESSIONAIRE shall vacate the premises after ten (10) days notice from the CITY. Upon such termination, both parties will be released from all further obligations in this Agreement and neither party shall have any claim against the other except for accrued but unpaid rent.
- h. **Gross Revenues Statement.** On or before the 15th day of each month, CONCESSIONAIRE shall provide CITY with a certified statement of CONCESSIONAIRE'S Gross Revenues, CONCESSIONAIRE'S transaction information, and other information as required by the CITY, signed by a business partner or officer of CONCESSIONAIRE for the preceding month ("Gross Revenues Statement"). If such Gross Revenues Statement is not received on time, then CONCESSIONAIRE agrees to pay an additional fifteen percent (15%) of the Concession Fee or \$500.00, whichever is greater, subject to applicable laws.

- i. For the purposes of this Agreement, “Gross Revenues” means the total amount charged by CONCESSIONAIRE, whether by cash, credit, or otherwise, including any separately stated fees and charges, related to CONCESSIONAIRE'S rental car business as authorized by this Agreement, any activities related directly to that business, and any other business of CONCESSIONAIRE in the rental car areas or elsewhere at the Airport, including but not limited to the terminal, fixed base operators, and Airport property. Gross Revenues applies to all cars supplied by CONCESSIONAIRE to its customers at the Airport, without regard to the manner in which, or place at which, the rental car agreement is entered into and without regard to whether the car is owned, leased, or otherwise held by CONCESSIONAIRE. All revenue is included in Gross Revenues unless specifically excluded by this Agreement. Gross Revenues includes, but is not limited to:
1. **Time and mileage.** The time and mileage charges paid or payable to CONCESSIONAIRE whether by cash, credit or otherwise.
 2. **Insurance.** All monies paid or payable from the sale of personal accident insurance, or any insurance of a similar nature, as part of an authorized car rental agreement.
 3. **Waiver.** Fees received by CONCESSIONAIRE to waive deductibility in insurance.
 4. **Fuel.** All monies collected from or charges to customers as reimbursement for refueling a car returned pursuant to a rental agreement under which the customer is obligated to return the car with a full tank of gas and all monies collected from or charged to customers in advance for gas, pursuant to a rental agreement.
 5. **Car exchange.** Monies paid to CONCESSIONAIRE for rental car contracts entered into at the Airport although the car initially rented is exchanged elsewhere and a new contract is submitted.
 6. **Other money collected.** All other monies collected from customers (including, but not limited to, monies from additional drivers, underage drivers, rental of portable telephones, child restraint seats, satellite navigation systems or other technology, and other items of personal property) except those specifically excluded by this Agreement.
 7. **Concession recovery fee.** Any amount that CONCESSIONAIRE separately states and charges to a customer to recover the amount of Concession Fee or any other fees paid to CITY not specifically by this Agreement.
- j. Unless revenues from CONCESSIONAIRE'S rental car business are expressly and particularly excluded from Gross Revenues under this Agreement, such revenues shall be included in Gross Revenues. Revenues that may be derived from sources similar but not identical to those described in this Agreement shall be included in

Gross Revenues unless expressly excluded by this Agreement. Gross Revenues specifically excludes:

1. **Recovery of damages.** Charges to CONCESSIONAIRE'S customers for repairs to cars damaged by such customers to the extent such charges do not exceed the actual cost of repair or replacement.
 2. **Recoup of expenses.** Charges to CONCESSIONAIRE'S customers, and the administration thereof, for towing, parking tickets, traffic and red light tickets, tolls, impound fees, and damages by such customers of CONCESSIONAIRE'S cars.
 3. **Taxes.** Monies collected from CONCESSIONAIRE'S customers for federal, state, county, or municipal taxes specifically identified as such now in effect or in this Agreement after levied. No deduction from Gross Revenues shall be allowed for such items including franchise taxes, payroll taxes, or taxes levied on CONCESSIONAIRE'S activities, facilities, equipment, operations, real or personal property.
 4. **Theft.** Uncollected charges arising from the theft or conversion of CONCESSIONAIRE'S cars.
 5. **Salvage.** Monies associated with the purchase, sales, damage, salvage, or disposal of cars.
 6. **Customer Facility Charge (CFC).** Monies collected from CONCESSIONAIRE'S customers for Customer Facility Charges. The CONCESSIONAIRE shall be allowed to charge \$3.50 per contract day as an Customer Facility Charge or an amount allowed by Director, which shall be remitted to the Airport each month on or before the 15th day of the month, in accordance with the payment provisions in Article IV(g) and (h). This Airport Customer Facility Charge amount is hereby subject to change at any time during the term of this Agreement.
- k. CONCESSIONAIRE may not reduce Gross Revenues by any of the following:
1. **Volume discounts.** Corporate or volume rebates unless CONCESSIONAIRE can establish for each corporate or volume customer invoice: (a) the amount of the rebate; (2) that the customer has a contractual right to the rebate; and (3) that the amount CONCESSIONAIRE claims as an exclusion from Gross Revenues is attributable to rental car transactions at the Airport by that corporate or volume customer. Gross Revenues may not be reduced by volume discounts unless the discount is documented for each transaction and the documentation is submitted with CONCESSIONAIRE'S monthly report.
 2. **Credits for out-of-pocket purchases.** Credits given to CONCESSIONAIRE'S

customers for such things as out-of-pocket purchases of gas, oil, or emergency services, regardless of where made, may not be deducted from Gross Revenues.

3. **No diversion of rental car revenue.** Diversion, through direct or indirect means, of rental car revenues from the inclusion in Gross Revenues, as defined in this Agreement is prohibited. Diversion shall include, but not be limited to, the following situations: shortage of rental cars at the Airport while having rental vehicles available elsewhere in the Laredo Metropolitan Area and renting such vehicle to a potential customer that arrived at the Airport and not including the resulting rental car revenue as Gross Revenues as defined under this Agreement; and the taking of a reservation, advertising, or suggesting to a potential customer arriving at the Airport that the customer rent a car at a location other than at the Airport regardless of the reason, and not including the revenue resulting from such transaction in Gross Revenues. In addition to all other remedies available by law, CITY may terminate this Agreement upon a determination by the CITY that the CONCESSIONAIRE has intentionally diverted revenue as described in this Agreement.
4. **Bad debts.** CONCESSIONAIRE shall have the right to conduct all or a part of its business on a credit basis; provided, however, that the risk of such operation shall be borne by CONCESSIONAIRE, and CONCESSIONAIRE shall include as Gross Revenues any charge that CONCESSIONAIRE customarily makes for goods and services even though CONCESSIONAIRE fails to actually collect such a charge (i.e., there shall be no charge-backs of bad debt).
1. CONCESSIONAIRE shall furnish within ninety (90) days after the close of each Agreement year a written statement by an independent certified public accountant, authorized representative, or company Chief Financial Officer to CITY stating that, in their opinion, the Percentage Fee paid by CONCESSIONAIRE to CITY during the preceding year pursuant to this Agreement was made in accordance with the terms of this Agreement. Such statement shall cover the dates of the Agreement year only, not the CONCESSIONAIRE'S fiscal year. Such statement shall also contain a list of the Gross Revenues as shown on the books and records of CONCESSIONAIRE and which were used to compute the fees paid to CITY during the period covered by the statement. If the statement reveals, after review and verification by the CITY, that the CONCESSIONAIRE has overpaid its Percentage Fee to the CITY, the amount shall be handled by a credit memo issued by the Laredo International Airport on the next payment following the statement. Failure on the part of CONCESSIONAIRE to submit this required statement via Certified Mail or equivalent within ninety (90) days after the close of each Agreement year will result in the CITY assessing a late processing fee of five hundred dollars (\$500.00) for each month or fraction of a month that the statement is past due.
- m. CONCESSIONAIRE shall maintain a true and accurate set of books and records which, among other things, show all sales made and services performed for cash, credit, or otherwise. CITY may audit CONCESSIONAIRE'S books and records in

regards to Concession with the City of Laredo at any time by a Certified Public Accountant selected by the CITY. If the report discloses an error in CONCESSIONAIRE'S books resulting in an underpayment to CITY greater than two percent (2%) of the annual rental Concession Fee due, all expenses of the audit shall be paid by CONCESSIONAIRE together with any sum disclosed by the audit to the CITY. Further, CONCESSIONAIRE shall pay CITY an under-reporting penalty of fifty percent (50%) of the total amount due. In all other cases, CITY shall pay the cost of the audit. The final report of the Certified Public Accountant retained by CITY is conclusive upon both parties.

- n. CONCESSIONAIRE shall not notate the concession pass-through fee as an "Airport Concession Fee or Tax" on customer invoices nor use any other explanation that would indicate to the customer that the Airport has imposed a fee on each car rental transaction. The concession recovery fee or recoupment fee stated on the invoice and charged to the customer shall not exceed 11.11 percent (11.11%) of the total charge to the customer prior to the assessment of the concession recovery fee or recoupment fee.
- o. CONCESSIONAIRE shall post with the CITY a performance bond to be maintained for the thirty six (36) month period referred to in Article XX for the amount of one-half (6 months) of the MAG stated in Article IV(b). The financial guarantee may be in the form of a surety bond, or a cashier's check payable without recourse to the CITY of Laredo. If CONCESSIONAIRE submits a bond, then that bond shall be issued by a surety company acceptable to the CITY and authorized to do business in the State of Texas, and shall be in a form and content satisfactory to the CITY. Any performance bond must be provided from a surety that has a rating of "A" from AM BEST, MOODY'S, or STANDARD & POOR'S. It is the responsibility of the CONCESSIONAIRE to ensure that the performance bond does not expire and ensure that a renewal bond is received by the CITY before the previous bond's expiration. Expiration of the bond shall result in a \$300.00 penalty per month until a new bond is received and may further result in the termination of the CONCESSIONAIRE'S Agreement with the CITY. If CONCESSIONAIRE terminates the Agreement (either voluntarily or involuntarily) before the completion of the full term, then CONCESSIONAIRE shall be responsible for a full twelve (12) months of the MAG and must pay another six (6) months of the MAG (in addition to the six-month performance bond) or until CONCESSIONAIRE'S spot is filled to ensure that the CITY is made whole.
- p. **RAC Program.** CONCESSIONAIRE acknowledges that CITY is pursuing the future relocation and expansion of rental car facilities and operations at the Airport to provide adequate facilities and services of the type and character required by rental car companies to meet the needs of air travelers, passengers, and visitors at, and customers and users of, the Airport ("RAC Program"). The CITY shall coordinate the RAC Program with CONCESSIONAIRE and others in the rental car industry throughout the term of this Agreement. The CITY intends to establish a working group consisting of representatives from each of the rental car concessionaires at the Airport, including off Airport or other industry rental car companies, which will meet

periodically as necessary to review the CITY's plans for the future RAC Program, and the current rental car facilities and operations, parking practices, car movement, and security and safety procedures, as well as continue throughout the Agreement term to address other issues of mutual interest. Notwithstanding such coordination, the CITY retains the right to develop and implement regulations governing the coordination of rental car operations at the Airport and make all final decisions on all Airport facility development.

- q. **Relocation Rights.** As the development of the RAC Program and the Airport's Terminal Master Plan continues, existing or additional rental car facilities may temporarily or ultimately be located in another part of the Airport. In the event the rental car facilities at the Airport or any part thereof, including CONCESSIONAIRE'S premises in this Agreement or any part thereof, are required to be relocated during the term of this Agreement (either on an interim or permanent basis), CONCESSIONAIRE hereby agrees in conjunction with the CITY and other rental car concessionaires, to develop a transition plan to be used in making the transition from current rental car premises, including CONCESSIONAIRE'S premises, to the new area. The CITY shall use reasonable efforts to require that any transition plan for relocation shall not unduly and materially impact the competitive position of any individual rental car concessionaire. Additionally, it may require that such transition plan provide assurances that any individual rental car concessionaire not be permitted to engage in any activity or place any structures or signage on an interim or permanent basis in conjunction with a relocation that unreasonably impedes CONCESSIONAIRE'S business operations at the Airport. The City shall have the final decision regarding placement or removal of signs or structures. The CITY shall provide advance written notice to CONCESSIONAIRE as to the date for relocation and CONCESSIONAIRE'S premises subject to the relocation. The CONCESSIONAIRE shall be required to confirm its concurrence of such relocation in writing within sixty (60) days following the receipt of CITY'S notice. In the event CONCESSIONAIRE does not agree to the required relocation or does not provide CITY written confirmation as provided for in this Agreement, this Agreement shall terminate and CONCESSIONAIRE shall vacate the premises after sixty (60) days notice from the CITY. Upon such termination, both parties will be released from all further obligations in this Agreement and neither party shall have any claim against the other except for accrued but unpaid rent.
- r. **Relocation Costs.** In the event rental car facilities at the Airport or any part thereof, including CONCESSIONAIRE'S premises in this Agreement or any part thereof, are required to be relocated during the term of this Agreement (either on an interim or permanent basis), the CITY shall pay all costs associated with providing replacement facilities that are, to the extent reasonably possible under the circumstances, reasonably comparable to the existing premises subject to the relocation. CONCESSIONAIRE shall be responsible for all moving expenses, installation of equipment and other relocation costs not associated with the physical construction of the replacement facilities. In the event that it is necessary to relocate CONCESSIONAIRE'S premises during the last six (6) months of the term of this

Agreement, City shall pay all reasonable costs (excluding CONCESSIONAIRE'S employee costs) associated with such relocation.

- s. **Vacated Space.** CITY shall the right but not the obligation to re-bid any premises vacated pursuant to the terms of this Agreement. In the alternative, CITY may include any vacated premises in the reallocation of Parking Spaces or Counter and Office Space for the current rental car concessionaires, or any other lawful use at the discretion of the CITY.
- t. **Customer Facility Charge "CFC" Program.** As a component for the potential funding for the RAC Program, the CITY will pursue the authorization to implement a Customer Facility Charge ("CFC"). A CFC is a fee, mandated by the CITY, to be collected by CONCESSIONAIRE for the benefit of CITY from its customers that rent or otherwise enter into a similar arrangement for the use of a car with CONCESSIONAIRE, as such fee may be determined by CITY prior to, subsequent to, or during the term of this Agreement and for any lawful purpose as to be determined by CITY to include, but not to be limited to, the construction, renovation, repair, operating, and maintenance costs of existing and future facilities that are allocable or attributable to the operations of the rental car concessions at the Airport in accordance with CFC Ordinance.
- u. **CFC Implementation.** At the election of CITY, in its sole discretion, CONCESSIONAIRE agrees to collect and remit a CFC from each customer that rents or otherwise enters into a similar arrangement for the use of a car with CONCESSIONAIRE at the Airport. The determination of the amount of the CFC, the application of the CFC to the rental transaction or transaction days or other unit of measure, the commencement date of the CFC, the locations of CONCESSIONAIRE that are subject to the CFC, and all other financial and administrative matters relating to the imposition, collection, and remittance of a CFC by and from CONCESSIONAIRE will be determined by CITY in accordance with CFC Ordinance from time to time and communicated to CONCESSIONAIRE by written notice, which imposition date will be no earlier than forty five (45) days after the date of submission of the notice to CONCESSIONAIRE.
- v. **Transaction Data Records.** Upon commencement of this Agreement and regardless of whether CITY has elected to impose a CFC, CONCESSIONAIRE shall collect and retain transaction data, including the number of car rental transactions, time of each rental car transaction, the number of car rental transaction days, and any other data or unit of measure which may be reasonably necessary to quantify transaction activity of CONCESSIONAIRE conducted as part of this concession Agreement. The data collected and retained by CONCESSIONAIRE shall be typical data utilized by the rental car industry in Airport programs where a CFC is collected and remitted. On or before the 15th day of each month, CONCESSIONAIRE shall provide CITY with a certified statement of CONCESSIONAIRE'S Transaction Data Records, CONCESSIONAIRE'S transaction information, and other information as required by the CITY, signed by a business partner or officer of CONCESSIONAIRE for the

preceding month ("Transaction Data Records Statement"). If such TDR Statement is not received on time, then CONCESSIONAIRE agrees to pay a fee of \$500.00, subject to applicable laws. The CITY may request this information from time to time during the term of this Agreement. CONCESSIONAIRE shall, upon request, provide to CITY or a designated agent of CITY within thirty (30) days a transaction data statement for CONCESSIONAIRE'S car rentals or other transactions conducted during the term of this Agreement, as well as historical transaction data conducted during previous years.

ARTICLE V
CONCESSIONAIRE'S RIGHTS

During the term hereof CONCESSIONAIRE shall have, and CITY hereby gives and grants to CONCESSIONAIRE, the following additional rights:

- a. The right, at CONCESSIONAIRE'S sole expense, to erect upon the premises occupied by it, and thereafter maintain, such improvements as may be required in connection with CONCESSIONAIRE'S operations in this Agreement and to install such equipment and facilities as CONCESSIONAIRE may deem necessary or desirable; provided, however, that no such improvement shall be made or installed by CONCESSIONAIRE without the prior written consent of CITY, such improvements cannot impede or obstruct visibility or access of the other rental car concessionaires at the Airport, and CONCESSIONAIRE covenants and agrees prior to the installation or making of any such improvement, to submit the general plan, location, design, and character thereof to CITY for approval, which approval, CITY agrees, shall not be unreasonably withheld or delayed.
- b. The right, at CONCESSIONAIRE'S sole expense, to install upon the premises covered by this Agreement, and thereafter to operate and maintain, illuminating and non-illuminating signs advertising CONCESSIONAIRE'S business on the premises occupied by it in this Agreement; provided, however, that no such improvement shall be made or installed by CONCESSIONAIRE without the prior written consent of CITY.
- c. The right upon any termination of this Agreement, and within a reasonable time thereafter, to remove such items as signage and portable fixtures and equipment that may have been installed in or upon the premises at the Airport by CONCESSIONAIRE, pursuant to paragraphs (a) and (b) of this article. In the event CONCESSIONAIRE does not remove such items within a reasonable time and after notification by CITY, CONCESSIONAIRE agrees that CITY may remove such items at CONCESSIONAIRE'S expense and at no liability to CITY.
- d. All such modifications and installations shall conform to all applicable Federal, State and City laws, rules, regulations, and ordinances.
- e. Concessionaire, in its efforts to comply with the requirements applicable to its customers under the Payment Card Industry Data Security Standard, shall under no circumstances be required to use any computer network other than its own private network to ensure that its customers' credit card information is not compromised.

ARTICLE VI
CONCESSIONAIRE'S OBLIGATIONS

CONCESSIONAIRE hereby covenants and agrees:

- a. To furnish good, prompt and efficient service, adequate to meet all reasonable demands for car rental service at the Airport at a fair and reasonable basis.
- b. That rental cars made available in this Agreement shall be maintained at CONCESSIONAIRE'S sole expense, in good operative order, free from known mechanical defects, and in clean, neat and attractive condition, inside and outside.
- c. That rental cars made available in this Agreement shall not be more than three (3) years old.
- d. That the facilities to be provided by CONCESSIONAIRE in this Agreement for the purpose of providing car rental service shall remain open for such periods during each day and such days during each week as may be necessary to meet reasonable demands for said services.
- e. That personnel performing services in this Agreement shall be neat, clean, and courteous, and CONCESSIONAIRE shall not permit its agents, servants, or employees so engaged to conduct business in a loud, noisy, boisterous, offensive, or objectionable manner or to solicit business outside the space assigned to CONCESSIONAIRE in any manner whatsoever.
- f. That it shall abide by and be subject to all reasonable rules and regulations which are now, or may from time to time be, promulgated by CITY concerning management, operation, or use of the Airport.
- g. That it will keep or cause to be kept true, accurate, and complete records of business conducted pursuant to this Agreement, and CONCESSIONAIRE further agrees that CITY shall have the right, through its duly authorized agents or representatives, to examine all pertinent records relating to Concessionaire's operations under this Agreement at any and all reasonable times for the purpose of determining the accuracy thereof and of the reports required to be made by CONCESSIONAIRE pursuant to Article 3 hereof. Such records for each Agreement year need not be retained by CONCESSIONAIRE longer than three (3) years following the end of such Agreement year, unless CONCESSIONAIRE is aware, or has been made aware, that litigation involving the subject matter may be pending.
- h. That it will meet all expenses in connection with the use of the premises occupied by it, and the rights and privileges in this Agreement granted, including without limitation by reasons of enumeration, taxes, permit fees, license fees and assessments lawfully levied or assessed thereon, and that it will secure and maintain in force all such permits and licenses necessary to conduct lawful business operations.

- i. That it will furnish, operate, and maintain the facility installation provided and furnished pursuant to this Agreement and keep the same, as well as the premises used in this Agreement, all in good order, condition, and repair and, upon termination of this Agreement, will deliver up the said premises and facility to CITY in good order, condition, and repair, reasonable wear and tear excepted.
- j. Any signs to be placed on or around the rental car parking lot shall be first approved by the Airport Manager before installation and, after installation; said signs shall be kept in a good, clean, and well maintained condition.
- k. That all CONCESSIONAIRE'S employees shall park their personal vehicles in parking lots designated as employee parking by the Airport Manager.
- l. That rental cars will not be staged in front of the terminal for customer pick-up or drop-off. If cars are left in front of the terminal and are towed away by a company of the CITY'S choosing, the towing charge shall be paid by CONCESSIONAIRE.
- m. CONCESSIONAIRE, all rental car concessionaires, and all rental car companies operating from off-Airport locations will not be permitted to use the vehicular parking lots on the Airport designated for passenger, employee, or visitor parking – whether short term, long term, or economy facilities in the conduct of the rental car concession or rental car operations, or for storage or staging of cars. In the event that a rental car customer of CONCESSIONAIRE inadvertently leaves a car in a vehicular parking lot on the Airport designated for passenger, employee, or visitor parking, or any other car of Concessionaire is left in a parking lot, CONCESSIONAIRE shall be required to pay a \$50, rate subject to change, parking fee and to remove such cars from all vehicular parking lots on the Airport.

In addition to the other remedies available to CITY under this Agreement, CITY may elect to implement a rental car parking surcharge equal to triple the applicable parking fee or such other fee amount determined by CITY as appropriate, to any or all rental car companies operating from off-Airport locations that excessively have cars located in, or otherwise use, the vehicular parking lots on the Airport designated for passenger, employee, or visitor parking. CITY shall provide thirty (30) days written notice to any rental car company that, in the determination of CITY, repeatedly or excessively uses the vehicular parking lots on the Airport and that future use of the vehicular parking lots shall be subject to a rental car parking surcharge, and such rental car company shall be obligated to pay the rental car parking surcharge in each of the following month's rental car concession payments to the CITY. All applicable parking fees, (including rental car parking surcharges) are subject to the general payment provisions set forth in this Agreement. Non-payment of the rental car parking surcharge, and any other applicable parking fees, shall constitute a breach of this Agreement. In the event CONCESSIONAIRE uses the vehicular parking lots on the Airport designated for passenger, employee, or visitor parking – whether short term, long term, or economy facilities in the conduct of the rental car concession or rental car operations, or for

storage or staging of cars, at the election of the CITY, this Agreement shall terminate and CONCESSIONAIRE shall vacate the premises after thirty (30) days notice from the CITY. Upon such termination, both parties will be released from all further obligations in this Agreement and neither party shall have any claim against the other except for accrued but unpaid rent.

- n. That CONCESSIONAIRE shall handle, store, and dispose of petroleum products, chemicals, fluids, and all other materials including, but not limited to hazardous materials, owned or used by it on or in the vicinity of the Airport in accordance with all applicable federal, State, and local statutes, regulations, rules, and ordinances. CONCESSIONAIRE covenants and agrees to comply with all applicable laws and permits, including the National Pollution Discharge Elimination System Permits, relating to the use, storage, generation, treatment, transportation, or disposal of hazardous or regulated substances. CONCESSIONAIRE must not use, store, treat, or dispose of any hazardous or regulated substances or waste on or near the Airport without first obtaining all required permits and approvals from all authorities having jurisdiction over CONCESSIONAIRE'S operations on or near the Airport. Should such materials be released, discharged, spilled, deposited, or escape in any way through activities of the CONCESSIONAIRE, the CONCESSIONAIRE shall be responsible for the cleanup, containment, and abatement of such waste or substance at CONCESSIONAIRE'S sole cost and expense. Should the CONCESSIONAIRE fail to do so, the CITY may take any reasonable and appropriate action. The cost of any such remedial action by the CITY shall be paid by the CONCESSIONAIRE. Any fines levied against CITY related to CONCESSIONAIRE'S action or inaction that directly or indirectly caused the Airport to fail to materially conform to all then applicable environmental laws, rules, regulations, orders, or permits shall be borne by the CONCESSIONAIRE. Furthermore, CONCESSIONAIRE shall verbally notify (1) the Airport Manager, (2) the Airport Security Manager, (3) the Airport Operations Manager, and (3) all emergency response centers and environmental or regulatory agencies, as required by law or regulation, of any such release, discharge, deposit, spill, or escape occurrence immediately.

CONCESSIONAIRE must provide the Manager with written confirmation of the verbal report within 72 hours. No waste, substance, or disposable materials shall be released on the ground or in the storm sewers. CONCESSIONAIRE agrees to cooperate fully with the Airport in promptly responding to, reporting, and remedying, as a result of CONCESSIONAIRE'S operations, any such threat to the environment, including to the drainage systems, soils, ground water, subsurface waters, or atmosphere, in accordance with applicable law or as authorized or approved by any federal, State, or local agency having authority over environmental matters. The rights and obligations set forth in this section survive termination of this Agreement.

CONCESSIONAIRE must dispose of all non-hazardous trash in their own dumpsters kept within CONCESSIONAIRE'S leased Premises. Washing vehicles is prohibited upon the leased premises unless conducted within a facility specifically designed to capture grit, oil, and soap for proper handling and disposal. Mechanical maintenance

of vehicles is prohibited upon the leased premises unless conducted within an approved building under appropriate conditions that confine fluid discharges to the interior of the building.

CONCESSIONAIRE must properly dispose of or recycle all waste oil, used automotive batteries, rags used for degreasing, hazardous materials, if any, and used tires in a timely manner so not to accumulate waste in quantities that would cause an overburden on housekeeping and that may trigger compliance with additional environmental, health and safety regulations and permits.

CONCESSIONAIRE must develop and implement a recycling program that revitalizes the resources that it uses and protects the environment. CONCESSIONAIRE must develop and implement a training program that revitalizes the resources that it uses, protects the environment, and instructs CONCESSIONAIRE'S employees on proper management of waste.

ARTICLE VII

CITY'S OBLIGATIONS

CITY covenants and agrees to instruct all of its employees and all CONCESSIONAIRES having contact or dealing in any way with members of the general public on the Airport:

- a. to refer all requests for the services of a specific rental car concession to that CONCESSIONAIRE.
- b. to refer nonspecific requests for rental car services to the rental car concession area located in the main terminal building without favoring one CONCESSIONAIRE over the other.

CITY reserves the right to authorize off-Airport car rental agencies to conduct business at the Airport terminal solely by direct telephone line and the use of shuttle bus operations to such off-Airport location. Any such personnel of an authorized car rental company shall not be authorized to conduct its business within the terminal building walls.

In the event that any agreement granted by the CITY to any other on-airport rental car concessionaire shall contain terms and conditions more favorable to such concessionaire than the terms and conditions described in this Agreement {excluding differences related to the number of allocated parking spaces, the location of the concession area, and the location of service and maintenance facilities, which are all determined by the minimum annual guarantee provisions under this Agreement), then, the CITY will, at its discretion and within reason, amend this Agreement to include terms that are comparable to that of the other on-airport rental car concessionaire. The CITY shall exercise due diligence to ensure that the CONCESSIONAIRE of this Agreement shall be able to compete on terms as equitable as possible with all other on-airport rental car concessionaires and to ensure that no other on-airport rental car concessionaire shall enjoy any rights or privileges more favorable to such rental car concessionaire.

ARTICLE VIII
MAINTENANCE OF CONCESSIONAIRE'S PREMISES

CONCESSIONAIRE agrees to assume full responsibility for the maintenance, at its own cost, of the premises, it being expressly understood that CITY will provide only for major structural maintenance and repairs to the premises. CONCESSIONAIRE has inspected the premises prior to the execution of this Agreement and is satisfied with the physical condition of the premises, and its taking possession thereof is agreed to be conclusive evidence of its receipt of the premises in good order and repair. CONCESSIONAIRE agrees to faithfully and fully maintain premises in good order and repair throughout the entire term of this Agreement. CONCESSIONAIRE further agrees that, upon the termination of this Agreement for any reason, it shall, except as otherwise provided in Article XII, restore the premises to the same condition as when received, reasonable and ordinary wear and tear excepted. If the premises shall not be so kept by CONCESSIONAIRE, CITY may enter the premises, without such entering causing or constituting a termination of this Agreement or any interference with the possession of the premises by the CONCESSIONAIRE, and do all things necessary to restore the premises to the condition required by this Agreement, charging the cost and expense to CONCESSIONAIRE. CONCESSIONAIRE shall pay to CITY all such costs and expenses in addition to the rentals, fees, and charges in this Agreement provided.

CONCESSIONAIRE shall, at its own cost and expense, provide custodial services within the premises, including sweeping, cleaning, and waxing floors; dusting and washing of interior window surfaces. CONCESSIONAIRE shall be responsible, at its own cost, for the maintenance and repair of all lighting fixtures within the premises, including the replacement of incandescent and fluorescent lamps, starters, ballasts, and other similar appurtenances, and this requirement shall extend to the built-in and other CITY- owned ceiling lights. CONCESSIONAIRE shall keep the premises free from flies, roaches, and other insects, and rodents. CONCESSIONAIRE shall not permit the accumulation of rubbish, trash, debris, or other litter in and upon the premises and shall, at its own expense, provide for the disposal of such items. CONCESSIONAIRE shall provide and use suitable receptacles for all garbage, trash, and other refuse on or in connection with the premises. Piling of boxes, cartons, barrels, or other similar items in an unsafe manner in or about the premises, or other areas of the Airport, is forbidden.

ARTICLE IX
UTILITIES

CITY shall provide standard heat and air conditioning in the terminal building. Payment for these services is included in the monthly rental. Installation of equipment to provide extraordinary heat and air conditioning will be the responsibility of the CONCESSIONAIRE and will be subject to the written approval of the Airport Manager.

ARTICLE X

INDEMNIFICATION

CONCESSIONAIRE shall keep, hold harmless, and indemnify the CITY, its officers, directors, employees, representatives, and agents from and against any and all claims, demands, suits, judgments, costs, and expenses, including exemplary damages, asserted by any person or persons, including agents or employees of CITY or CONCESSIONAIRE, by reason of death or personal injury or loss or damage to property, resulting from CONCESSIONAIRE'S operations under this Agreement or as a result of anything done or omitted by CONCESSIONAIRE or its employees or agents, except to the extent that such claims demands, suits, judgments, costs, and expenses arise, or are claimed to arise, from the sole negligence, wrongful acts, or omissions of CITY, its officers, employees, or agents.

To the extent allowed by Texas law, CITY shall keep, hold harmless, and indemnify the CONCESSIONAIRE, its officers, directors, employees, representatives, and agents from and against any and all claims, demands, suits, judgments, costs, and expenses, including exemplary damages, asserted by any person or persons, including agents or employees of CITY or CONCESSIONAIRE, by reason of death or personal injury or loss or damage to property, resulting from CITY'S operations under this Agreement or as a result of anything done or omitted by CITY or its employees or agents, except to the extent that such claims demands, suits, judgments, costs, and expenses arise, or are claimed to arise, from the sole negligence, wrongful acts, or omissions of CONCESSIONAIRE, its officers, employees, or agents.

CONCESSIONAIRE shall at all times be regarded an independent contractor and shall not at any time act as agent for CITY.

ARTICLE XI

INSURANCE

I. CONCESSIONAIRE'S LIABILITY INSURANCE

- a. Concessionaire must not commence work under this agreement until all insurance required has been obtained and such insurance has been approved by the City. Concessionaire must not allow any subcontractor to commence work until all similar insurance required of any subcontractor has been obtained.
- b. Concessionaire must furnish to the City's Risk Manager or designee, 2 copies of Certificates of Insurance, showing the following minimum coverage by an insurance company(s) acceptable to the City's Risk Manager. The City must be named as an additional insured and a blanket waiver of subrogation is required on all policies.

TYPE OF INSURANCE	MINIMUM INSURANCE COVERAGE
60 day written notice of cancellation, material change, non-renewal is required on all certificates	Bodily Injury and Property Damage Per occurrence - aggregate
Commercial General Liability including: 1. Commercial Form 2. Premises – Operations 3. Products/ Completed Operations 4. Contractual Liability 5. Broad Form Property Damage 6. Independent Contractors	\$1,000,000 Combined Single Limit \$2,000,000 Aggregate
Business Auto Liability - owned, non-owned or rented to include	\$1,000,000 Combined single Limit
Environmental Impairment Liability to include: Broad Form Pollution Liability Coverage Third Party Clean up (AST/ UST coverage) (Required upon construction of facility)	\$1,000,000 per claim
Worker's Compensation	Which Complies with the Texas Workers' Compensation Act and Section II of this Exhibit
Employers' Liability	\$1,000,000/ \$1,000,000 I \$1,000,000
Property Insurance	Concessionaire will be responsible for any and all damage to equipment used regardless if owned, rented, leased or borrowed.

- c. In the event of accidents of any kind, Concessionaire must furnish the Risk Manager with copies of all reports of any accidents within 10 days of the accident.

II. ADDITIONAL REQUIREMENTS

- a. Concessionaire must obtain workers' compensation coverage through a licensed insurance company in accordance with Texas law. The contract for coverage must be written on a policy and endorsements approved by the Texas Department of Insurance. The coverage provided must be in amounts sufficient to assure that all workers' compensation obligations incurred will be promptly met.
- b. Concessionaire's financial integrity is of interest to the City; therefore, subject to Concessionaire's right to maintain reasonable deductibles in such amounts as are

approved by the City, Concessionaire shall obtain and maintain in full force and effect for the duration of this Contract, and any extension hereof, at Concessionaire's sole expense, insurance coverage written on an occurrence basis, by companies authorized and admitted to do business in the State of Texas and with an A.M. Best's rating of no less than A- (VII).

- c. The City shall be entitled, upon request and without expense, to receive copies of the Certificates of Insurance as they apply to the limits required by the City, and may require the deletion, revision, or modification of particular policy terms, conditions, limitations or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Concessionaire shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to City at the address provided below within 10 days of the requested change. Concessionaire shall pay any costs incurred resulting from said changes. All notices under this Article shall be given to City at the following address:

Laredo International Airport
Attn: Airport Director
5210 Bob Bullock Loop
Laredo, Texas 78041

- d. Concessionaire agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following required provisions:
- Name the City and its officers, officials, employees, volunteers, and elected representatives as additional insured by endorsement, as respects operations and activities of, or on behalf of, the named insured performed under contract with the City, with the exception of the workers' compensation policies;
 - Provide for an endorsement that the "other insurance" clause shall not apply to the City of Laredo where the City is an additional insured shown on the policy;
 - All policies including Workers' compensation and employers' liability policies will provide a waiver of subrogation in favor of the City; and
 - Provide sixty (60) calendar days advance written notice directly to City of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance written notice for nonpayment of premium.
- e. Within five (5) calendar days of a suspension, cancellation, or non-renewal of coverage, Concessionaire shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend Concessionaire's performance should there be a lapse in coverage at any time during this contract. Failure

to provide and to maintain the required insurance shall constitute a material breach of this contract.

- f. In addition to any other remedies the City may have upon Concessionaire's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Concessionaire to stop work hereunder, and/or withhold any payment(s) which become due to Concessionaire hereunder until Concessionaire demonstrates compliance with the requirements hereof.
- g. Nothing herein contained shall be construed as limiting in any way the extent to which Concessionaire may be held responsible for payments of damages to persons or property resulting from Concessionaire's or its subcontractors' performance of the work covered under this agreement.
- h. It is agreed that Concessionaire's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of Laredo for liability arising out of operations under this contract.
- i. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this contract.

ARTICLE XII

UNTENANTABLE PREMISES

- a. If premises are partially damaged by fire or other casualty, but not rendered untenable, CITY shall repair the premises at its own cost and expense, subject to the limitations of paragraph (e) of this Article: provided, however, that if the damage is caused by the negligent or intentional act or omission of CONCESSIONAIRE, its sub-lessees, agents, or employees, CONCESSIONAIRE shall be responsible for reimbursing CITY for the cost and expenses incurred in such repair.
- b. If the damage is so extensive as to render the premises untenable but capable of being repaired within sixty (60) days, the same shall be repaired by CITY at its own cost and expense, subject to the limitations of Article XII (e), and the fees payable by CONCESSIONAIRE shall be proportionately paid up to the time of such damage and cease until such time as the assigned premises shall be restored and again made tenantable; provided; however, that if said damage is caused by the negligent or intentional act or omission of CONCESSIONAIRE, its sub-lessees, agents, or employees, the Concession Fees due will not abate and CONCESSIONAIRE shall be responsible for reimbursing CITY for the costs and expenses incurred in such repair.
- c. In the event the premises are completely destroyed by fire or other casualty or so damaged that they will remain untenable for more than sixty (60) days, the CITY shall be under no obligation to repair, replace, or reconstruct the premises, and Concession Fees shall be paid up to the time of such damage and destruction and thereafter cease until the premises shall be fully restored. If within twelve (12) months

after the time of the damage or destruction the premises have not been repaired or reconstructed for CONCESSIONAIRE'S use, or other reasonable facilities provided, CONCESSIONAIRE may give CITY written notice of its intention to cancel this Agreement in its entirety as of the date of such damage or destruction.

- d. Notwithstanding Article XII (c), if the premises are completely destroyed as a result of the negligent or intentional acts or omissions of CONCESSIONAIRE, its sub-lessees, agents, or employees, Concession Fees payable under this Agreement shall not abate and CITY may, in its sole discretion, require CONCESSIONAIRE to repair and reconstruct the premises and pay the costs therefore; or CITY may, in its sole discretion, repair and reconstruct the premises and CONCESSIONAIRE shall be responsible for reimbursing CITY for the costs and expenses incurred in such repair.
- e. It is understood that, in the application of the foregoing paragraphs of Article XII (a), (b), and (c), CITY'S obligations shall be limited to repair or reconstruction of the premises, where applicable, to the same extent and of equal quality as obtained at the commencement of this Agreement. CITY is not responsible for repair or replacement of CONCESSIONAIRE'S improvements, furniture, furnishings, equipment, or expendables.
- f. Should CONCESSIONAIRE'S improvements, furniture, furnishings, equipment, or expendables, or any part of them, be destroyed or damaged, they shall in all instances be repaired or replaced by CONCESSIONAIRE whether or not said damage or destruction is covered by insurance, provided that this Agreement has not been canceled in accordance with the terms thereof. Redecoration and replacement of damaged or destroyed furniture, furnishings, equipment, and expendables shall also be the responsibility of CONCESSIONAIRE and any such redecoration, refurnishing, and re-equipping shall be of equivalent quality to that originally installed in this Agreement. If CONCESSIONAIRE fails to repair or replace such damaged or destroyed improvements subject to a schedule approved by CITY or fails to redecorate or replace damaged or destroyed furniture, furnishings, equipment, and expendables, and provided that this Agreement has not been canceled, CITY may make such repairs or replacement and recover from CONCESSIONAIRE the cost and expense of such repair or replacement.

ARTICLE XIII

CITY'S TERMINATION RIGHTS

CITY shall have the right upon ten (10) days prior written notice to CONCESSIONAIRE to cancel this Agreement in its entirety, upon or after the happening of one or more of the following events:

- a. If CONCESSIONAIRE shall make a general assignment for the benefit of its creditors;
- b. If CONCESSIONAIRE shall file a voluntary petition in bankruptcy or a petition seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any similar state laws;

- c. If any involuntary petition in bankruptcy shall be filed against CONCESSIONAIRE;
- d. If CONCESSIONAIRE shall consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of the property or assets of CONCESSIONAIRE;
- e. If CONCESSIONAIRE shall voluntarily abandon and discontinue its car rental service at the Airport for a period of thirty (30) consecutive days, or CONCESSIONAIRE shall abandon its premises in the Airport for a period of thirty (30) days;
- f. If CONCESSIONAIRE shall fail to pay in full, when due, the Concession Fees, rental charges, or other money payments required under this Agreement; or
- g. If CONCESSIONAIRE shall default in fulfilling any of the terms, covenants, or conditions to be fulfilled by it in this Agreement and shall fail to remedy said default within thirty (30) days following receipt by CONCESSIONAIRE of CITY'S written demand to do so; or
- h. If CONCESSIONAIRE shall allow any lien or final judgment to be filed against CITY or Airport.

In the event of any cancellation or termination of this Agreement by CITY for any of the reasons specified above, CONCESSIONAIRE shall have ten (10) days within which to remove all trade fixtures and personal property installed in or upon the premises by CONCESSIONAIRE. If said trade fixtures or personal property are not removed within ten (10) days after such termination or cancellation, CITY shall have the right to remove such fixtures or personal property at CONCESSIONAIRE'S expense and at no liability to CITY. Any storage fees or related expenses incurred as a result of such removal shall be the responsibility of CONCESSIONAIRE.

ARTICLE XIV

CONCESSIONAIRE'S TERMINATION RIGHTS

CONCESSIONAIRE shall have the right, upon ten (10) days prior written notice to CITY to cancel this Agreement in its entirety upon or after the happening of one or more of the following events, if said event or events shall then be continuing:

- a. The issuance by any court of competent jurisdiction of an injunction order or decree preventing or restraining the use by CONCESSIONAIRE of all or any substantial part of the premises occupied by CONCESSIONAIRE, or preventing or restraining the use of the Airport for normal Airport purposes or the use of any part thereof which may be used by CONCESSIONAIRE and which is necessary for CONCESSIONAIRE'S operations on the Airport or preventing CONCESSIONAIRE from operating an automobile business, which remains in force for a period of at least thirty (30) days;
- b. If CITY shall default in fulfilling any of the terms, covenants, or conditions to be fulfilled by it under this Agreement and shall fail to cure said default within thirty (30)

days following receipt of written demand from CONCESSIONAIRE to do so;

- c. If all or a material part of the Airport or Airport facilities shall be destroyed by fire, explosion, earthquake, other casualty, or acts of God or the public enemy;
- d. If the United States Government or any of its agencies shall occupy the Airport or any substantial part thereof to such an extent as to interfere materially with CONCESSIONAIRE'S operations, for a period of thirty (30) consecutive days or more; or
- e. Permanent abandonment of the Airport as an air terminal.

ARTICLE XV **ABATEMENT OF MINIMUM ANNUAL GUARANTEE (MAG)**

In the event that one of the following conditions exists during the term of this Agreement, the MAG in this Agreement above-provided in Article IV shall abate, as provided for below, for the period of time the condition continues to exist:

- a. If a strike against any or all of the airlines operating at the Airport results in a 70% diminution of deplaning passengers for a period of at least thirty (30) consecutive days; or
- b. If, during any year of this Agreement, the number of deplaning passengers from scheduled airline flights, for any two consecutive months falls below 80% of the number of deplaning passengers for the corresponding two months of the immediately preceding year. This term shall only be applied for passengers deplaning from long-term frequency flights, and shall not include any seasonal flights.

CONCESSIONAIRE will pay to the CITY ten percent (10%) of its Gross Revenues during the period of time the above-stated condition continues to exist. CITY shall return to CONCESSIONAIRE a just proportion of any minimum rental payment which may have been paid in advance for a month or portion thereof which falls within the period of abatement.

ARTICLE XVI **SUBLETTING AND ASSIGNMENT**

It is expressly agreed and understood that any and all obligations of CONCESSIONAIRE or by a subsidiary, affiliate, or other legally related entity of CONCESSIONAIRE, duly appointed thereto by CONCESSIONAIRE and that any and all privileges of every kind granted to CONCESSIONAIRE in this Agreement may extend to and be enjoyed by such licensee so appointed; provided, however, that notwithstanding the method of operation employed by CONCESSIONAIRE in this Agreement, CONCESSIONAIRE shall continue always to remain directly liable to CITY for the performance of all terms and conditions of this Agreement. Except as set out in this Agreement, the right to occupy the premises occupied by CONCESSIONAIRE in this Agreement may not be sublet, in whole or in part. CONCESSIONAIRE shall not assign

this Agreement nor permit any transfer by operation of law of CONCESSIONAIRE'S interest created hereby without the prior written consent of CITY. CITY may not withhold its approval unreasonably in regards to assignment.

ARTICLE XVII **NOTICES**

All notice periods begin on the date the notice is mailed by certified mail, return receipt requested, and/ or via email. Any and all notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given if (1) sent by certified mail and (2) sent by any nationally recognized overnight courier service, and addressed as follows:

When to CITY:

Attn: Airport Director
Laredo International Airport
5210 Bob Bullock Loop
Laredo, TX 78041
Phone Number: (956) 795-2000
Laredo, TX 78041
Fax Number: (956) 795-2572

When to CONCESSIONAIRE:

Attn: _____
AVIS BUDGET CAR RENTAL, LLC

Phone Number:
Email:

ARTICLE XVIII **WAIVER**

Any wavier of any breach of the covenants contained in this Agreement to be kept and performed by CONCESSIONAIRE or CITY shall not be deemed or considered as a continuing wavier and shall not operate to bar or prevent CONCESSIONAIRE or CITY from declaring a forfeiture for any succeeding breach either of the same or a different condition or covenant.

ARTICLE XIX **SUBORDINATION**

It is mutually covenanted and agreed that this Agreement shall be subordinated to the provisions of any existing or future agreement between CITY and the United States of America or the CITY and the State of Texas, as applicable, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or State funds for the development of the Airport.

ARTICLE XX **TERM**

- a. The term of this Agreement shall be for a period of three (3) years beginning on

_____, 2024, and ending on _____, 2027, unless sooner terminated as provided for in this Agreement. City, at City's sole discretion, may extend the term of the lease for one (1) additional three-year extension at same terms and conditions. The CITY may, but shall not be obligated to, permit the CONCESSIONAIRE to holdover on the premises beyond the expiration of this Agreement, subject to the terms and conditions set forth in this Agreement. In making its decision on whether to permit such a holdover, the CITY may consider any circumstances impacting thereon, including, without limitation:

1. the benefits and costs to the CITY of permitting such a holdover;
2. the potential revenue loss resulting from a gap in the provision of the Concession services;
3. renovations of the Airport terminal or parking areas or the RAC Program affecting the Concession;
4. the potential disruption and adverse impact on the CITY's overall concession program at the Airport; and
5. the CITY'S potential denial of the addition of new companies during any such holdover.

The CITY will notify the CONCESSIONAIRE in writing of the CITY's offer of a holdover tenancy. Within thirty (30) days of receipt of the CITY's notice, the CONCESSIONAIRE shall notify the CITY in writing as to the CONCESSIONAIRE'S acceptance of said holdover tenancy. If the CONCESSIONAIRE fails to so notify the CITY in writing within said thirty (30) day period, the CONCESSIONAIRE shall be deemed to have rejected the CITY's offer of holdover tenancy.

ARTICLE XXI

HOLDING OVER

The holding over or failure to vacate the premises at the expiration of this Agreement shall create a month- to-month tenancy under the terms and conditions of this Agreement including, but not limited to, the Adjusted MAG formula set forth in Article IV of this Agreement, which may only be terminated by either party upon thirty (30) days prior written notice to the other party.

If the CITY permits the CONCESSIONAIRE to holdover, such a holding over shall not be deemed a renewal or extension of the Agreement, but shall create a month-to-month tenancy on the same terms and conditions of the Agreement in effect immediately prior to the commencement of the holding over period, unless modified as deemed necessary by the CITY. Such modifications may include, but are not limited to, the CONCESSIONAIRE'S obligation to:

1. pay to the CITY the rents, fees, and charges in accordance with the terms of Airport agreements in effect at the start of the holdover period;

2. furnish a sufficient Concession bond and adequate insurance coverage in accordance with the terms of the Airport agreements in effect at the start of the holdover period;
3. provide defense, indemnity, and liability protection to the CITY as required by the terms of Airport agreements in effect at the start of the holdover period; and
4. provide security and environmental provisions as required by the terms of Airport agreements in effect at the start of the holdover period.

In the event of a holdover period properly accepted by Concessionaire, pursuant to Article XX, the City agrees not to permit any new on-site auto rental concession business to locate at the Airport during Concessionaires holdover tenancy.

ARTICLE XXII

NON-DISCRIMINATION

CONCESSIONAIRE, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that:

1. no person on account of race, color, creed, ethnicity, age, gender, disability, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the premises;
2. in the construction of any improvements in the premises and the furnishing of services thereon, no person on account of race, color, creed, ethnicity, age, gender, disability, or national origin shall be excluded from participation in the project, denied the benefits of, or otherwise be subjected to discrimination;
3. CONCESSIONAIRE shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations ("CFR"), Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally- assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, et seq., and as said CFR and any applicable subparts may be amended.

In the event of a breach of any of the above nondiscrimination covenants, CITY shall have the right to terminate this Agreement and to re-enter and repossess the facilities thereon, and hold the same as if this Agreement had never been made or issued.

ARTICLE XXIII

AFFIRMATIVE ACTION

The CONCESSIONAIRE assures that it will undertake an affirmative action program, as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color,

national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The CONCESSIONAIRE assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The CONCESSIONAIRE assures that it will require that its subcontractors and covered sub-organizations provide assurances to the CONCESSIONAIRE that they similarly will undertake affirmative action programs and that they will require assurances from their subcontractors and sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

ARTICLE XXIV **DISADVANTAGED BUSINESS DEVELOPMENT**

This Agreement is subject to the requirements of the 49 CFR Part 23, and as follows:

- a. The requirements of 49 CFR Part 23, regulations of the U.S. Department of Transportation, applies to this concession. It is the policy of the Laredo International Airport to practice nondiscrimination based on race, color, sex, or national origin in the award or performance of this contract. All firms qualifying under this solicitation are encouraged to submit bids/proposals. Award of this concession will be conditioned upon satisfying the requirements of this proposal/bid specification. These requirements apply to all concessions, firms and suppliers, including those who qualify as an ACDBE.

An ACDBE concession specific goal of ____% percent of (annual gross receipts; value of leases and/or purchases of goods and services) has been established for this concession. The concession firm shall make good faith efforts, as defined in Appendix A, 49 CFR Part 26, to meet the concession specific goal for ACDBE participation in the performance of this concession.

The concession firm will be required to submit the following information:

- (1) the names and addresses of ACDBE firms and suppliers that will participate in the concession;
- (2) a description of the work that each ACDBE will perform;
- (3) the dollar amount of the participation of each ACDBE firm participating;
- (4) written and signed documentation of commitment to use a ACDBE whose participation it submits to meet a contract goal;
- (5) written and signed confirmation from the ACDBE that it is participating in the concession as provided in the prime concessionaire's commitment; and,
- (6) if the contract goal is not met, evidence of good faith efforts.

- b. CONCESSIONAIRE agrees to include the statements in Article XXIV (a) in any subsequent concession agreements that it enters and cause those businesses to similarly include the statements in further agreements.
- c. CONCESSIONAIRE shall comply with all other requirements imposed by or pursuant to 49 CFR Part 23, Participation by Minority Business Enterprise Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, et seq., and as said Regulations and any subparts may be amended.
- d. If CONCESSIONAIRE is a DBE-certified firm, evidence of certification as a DBE, issued under a DBE program approved by the U.S. Department of Transportation, shall be provided prior to the commencement of this Agreement. If CONCESSIONAIRE is eligible for certification as a DBE but is not currently certified, CONCESSIONAIRE shall notify CITY of its eligibility prior to the commencement of this Agreement so that the certification process can be initiated.

ARTICLE XXV
CANCELLATION OF PRIOR AGREEMENTS

This Agreement cancels and supersedes any prior Agreements between the parties concerning rental car concessions at the Airport.

ARTICLE XXVI
GOVERNING LAW

This Agreement and all disputes arising under this Agreement shall be governed by the laws of the State of Texas and venue shall be in Webb County, Texas.

ARTICLE XXVII
ENTIRE AGREEMENT / AMENDMENT

This Agreement may be amended only by written Agreement duly authorized by the parties hereto and signed by the parties. This Agreement contains the final and entire Agreement between the parties hereto and contains all of the terms and conditions agreed upon, and supersedes all other agreements, oral or otherwise, regarding the subject matter of this Agreement, none of which shall hereafter be deemed to exist or to bind the parties hereto; it being the intent of the parties that neither shall be bound by any term, condition, or representations not herein written. Therefore, no amendment, modification, or alteration of the terms of this Agreement shall be binding unless the same be in writing, dated subsequent to the date hereof and duly executed by the parties hereto, including approval by the passage of a future City of Laredo ordinance.

EXECUTED on this _____ day of _____, 202____.

CITY OF LAREDO
a municipal corporation

BY: _____
JOSEPH NEBB
CITY MANAGER

ATTEST:

MARIO I. MALDONADO, JR.
CITY SECRETARY

APPROVED AS TO FORM:

BY: _____
DOANH "ZONE" T. NGUYEN
CITY ATTORNEY

CONCESSIONAIRE: AVIS BUDGET CAR
RENTAL LLC
DBA: AVIS AND BUDGET

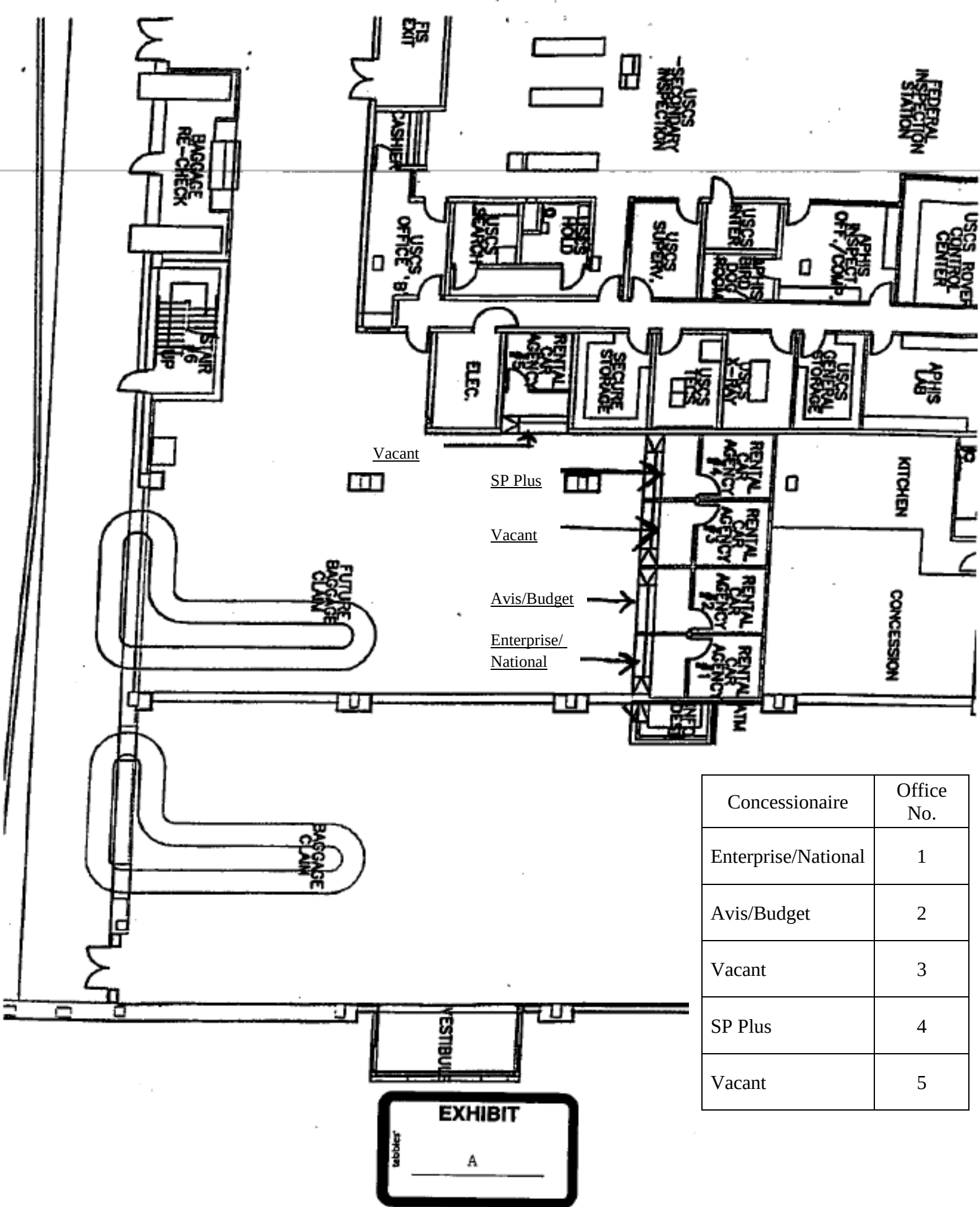
BY: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____,
202____, by _____

Notary Public Signature
State of _____
My Commission Expires _____



Concessionaire	Office No.
Enterprise/National	1
Avis/Budget	2
Vacant	3
SP Plus	4
Vacant	5

