

**LEASE BETWEEN**  
**CITY OF LAREDO (“LESSOR”)**  
**AND**  
**FREEMAN HOLDINGS OF LAREDO, LLC (“LESSEE”)**

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<b>EXHIBIT A</b>	<b>Legal Descriptions</b>
<b>EXHIBIT A-1</b>	<b>1.37 Acre Tract</b>
<b>EXHIBIT A-2</b>	<b>Hangar 1309</b>
<b>EXHIBIT A-3</b>	<b>Fuel Pad</b>
<b>EXHIBIT B</b>	<b>FBO Insurance Requirements</b>
<b>EXHIBIT C</b>	<b>Airport Reporting Requirements</b>

**PARCEL DEVELOPMENT GROUND LEASE (FBO TRACT)**

NOTE: This lease is subject to City Council approval and also constitutes a public document under the Texas Open Records Act, being subject to public inspection at any time hereafter.

STATE OF TEXAS           §

COUNTY OF WEBB       §

This PARCEL DEVELOPMENT GROUND LEASE (“Lease”) is made and entered into as of \_\_\_\_\_ (the “Effective Date”) by and between the City of Laredo, Texas, a home rule city, hereinafter referred to as “LESSOR” and FREEMAN HOLDINGS OF LAREDO, LLC, with registered address at 6021 Silver King Blvd, Unit 1201, Cape Coral, FL 33914 referred to herein as “LESSEE.”

**BACKGROUND:**

A. LESSOR currently owns and operates those premises known as the Laredo International Airport, sometimes referred to as “Airport” lying and situated within the incorporated limits of the City of Laredo, Webb County, Texas, and;

B. LESSOR has determined that it is advantageous to itself, its citizenry, and the operation of its airport to lease that certain parcel of land as further set forth as Exhibit “A” hereto (the “Parcel” or the “Premises”) to LESSEE, who then, pursuant to that certain Master Development Agreement dated effective as of even date herewith by and between LESSOR and LESSEE (the “Development Agreement”), will use commercially reasonable efforts to construct certain improvements for a Fixed-Base Operator.

C. LESSOR agrees to make available to LESSEE under separate instrument land at Airport’s south fuel farm location necessary to support the LESSEE’s fuel dispensing operations.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, LESSOR and LESSEE agree as set forth below.

**ARTICLE I: AGREEMENT**

**1.01 DEFINITIONS:**

“Additional Rent”: shall have the meaning set forth in Section 1.09.

“Airport”: That certain area administered by LESSOR pursuant to Indenture from the United States of America to the City of Laredo, dated February 21, 1975, and consisting of all the area bounded by Saunders Avenue to the South, McPherson Avenue to the West, Lake Casa Blanca to the East and undeveloped land to the North, and being more particularly described in that certain Deed of Indenture filed in Volume 478 at page 471 of the Deed of Records of Webb County, Texas.

“Airport Laws”: shall have the meaning set forth in Section 2.02.

“Airport Parcel”: shall have the meaning set forth in Section 2.02.

“Base Annual Rent”: shall have the meaning set forth in Section 1.06 (A).

“Breach”: shall have the meaning set forth in Section 12.08 (A).

“Casualty”: shall have the meaning set forth in Section 6.05.

“Commencement Breach Notice”: shall have the meaning set forth in Section 3.02.

“Declaration”: shall have the meaning set forth in Section 2.01.

“Development Agreement”: shall have the meaning set forth in the recitals hereto.

“Effective Date”: shall have the meaning set forth in the recitals hereto.

“Extension Term”: shall have the meaning set forth in Section 1.05 (C).

“Full Insurable Value”: shall have the meaning set forth in Section 6.02 (A).

“Improvements”: shall have the meaning set forth in Section 1.04.

“Initial Term”: shall have the meaning set forth in Section 1.05.

“Lease Year”: shall have the meaning set forth in Section 1.06 (B).

“LESSEE Parties”: shall have the meaning set forth in Section 6.01(ii).

“LESSOR Parties”: shall have the meaning set forth in Section 6.01 (ii).

“Monetary Default”: shall have the meaning set forth in Section 7.01(A)(i).

“Mortgage”: shall have the meaning set forth in Section 8.01.

“Mortgagee”: shall have the meaning set forth in Section 8.01.

“Non-Monetary Default”: shall have the meaning set forth in Section 7.01(A)(ii).

“Occupancy Term”: shall have the meaning set forth in Section 1.05.

“Occupancy Term Effective Date”: shall have the meaning set forth in Section 1.06 (A).

“Parcel” or “Premises”: shall have the meaning set forth in the recitals hereto.

“Rent”: shall have the meaning set forth in Section 1.09.

“Security Plan”: shall have the meaning set forth in Section 10.08.

“Sublessee” shall mean any party to whom Lessee grants the right to possess all or any portion of the Premises according to a Sublease.

“Systems”: shall have the meaning set forth in Section 12.08 (A).

“Term”: shall have the meaning set forth in Section 1.05.

“TSA”: shall have the meaning set forth in Section 10.08.

## **1.02 APPLICABILITY OF TERMS OF CONTRACT:**

Terms of this Lease are binding upon the heirs, executors, administrators, trustees, and assigns of LESSEE and LESSOR.

## **1.03 DESCRIPTION OF PREMISES:**

LESSOR, in consideration of the covenants and agreements embodied herein and in ancillary documentation attached hereto or referenced herein, does hereby lease and demise the Premises specified in Exhibit “A” and more accurately depicted in Exhibits “A-1”, “A-2”, and “A-3” hereto to LESSEE.

LESSEE hereby affirms that, except for LESSOR’S representations and warranties set forth in this Lease, LESSEE agrees to accept the Premises in its “AS IS, WHERE IS, WITH ALL FAULTS” condition at its current grade, free of all debris, but otherwise in its present condition and without any representation or warranty, express or implied by or from LESSOR as to the condition of the Premises or the fitness of the Premises for LESSEE’s use or for the use of any sublessee. Further, LESSOR hereby covenants and agrees to provide LESSEE with any and all documentation and information requested or reasonably required by LESSEE in connection with the construction of the Improvements.

## **1.04 CONSTRUCTION OF IMPROVEMENTS:**

LESSEE, at its own cost and expense, shall use all commercially reasonable efforts to obtain all permits and approvals necessary (collectively, the “Permits”) to construct certain improvements upon the Premises in accordance with the Development Agreement therefor (the “Improvements”), submitted to and approved by LESSOR pursuant to the Development Agreement, and shall construct the Improvements so that the Improvements shall be substantially completed in accordance with the schedule set forth in the Development Agreement, subject to reasonable amendments thereto in accordance with construction and other applicable delays.

## **1.05 TERM OF LEASEHOLD:**

The term of this Lease shall consist of an “Initial Term” an “Occupancy Term” and one “Extension Term,” all of which collectively shall be referred to as the “Term.”

A. (i) The Initial Term for the property depicted in Exhibit "A-1" shall commence on the Effective Date hereof and continue up and until the earlier of the date LESSEE obtains a certificate of occupancy ("CO") for any of the Improvements or eighteen (18) months after the Effective Date. Neither Base Annual Rent nor Additional Rent shall be due and payable by LESSEE, nor shall Base Annual Rent or Additional Rent accrue, during the Initial Term with the following exception. Base Annual Rent and Additional Rent shall be payable on any Improvements for which a CO is issued during the Initial Term. Annual Rent and Additional Rent shall be pro-rated accordingly. Notwithstanding the provisions of Paragraph 1.06 below, prior to the first (1st) anniversary of the Effective Date LESSEE shall only pay Base Annual Rent, on a pro rated basis by square footage, for any of the Improvements on which LESSEE has received a CO from and after the date of receiving such CO for any particular Improvement.

(ii) During the Initial Term, LESSEE shall use commercially reasonable efforts to initiate construction of the Improvements consistent with the time frame agreed to by LESSOR and LESSEE.

B. The Occupancy Term for the property located on "Exhibit A-1" shall commence on the expiration date of the Initial Term and shall continue for a period of forty (40) years, unless sooner terminated in accordance with the terms and conditions set forth herein. LESSEE shall have the option to extend the Occupancy Term for one (1) additional period of nine (9) years, upon written notice to LESSOR provided not less than ninety (90) days prior to the expiration of the Occupancy Term, and subject to LESSEE not being in default under this Agreement at the time of exercise.

C. The Occupancy term for the properties depicted on "Exhibit A-2" and "Exhibit "A-3" shall commence upon the effective date here of, and shall continue for a period that runs concurrently with the property depicted on "Exhibit A-1". LESSEE shall have the option to extend the Occupancy Term for one (1) additional period of nine (9) years, upon written notice to LESSOR provided not less than ninety (90) days prior to the expiration of the Occupancy Term, and subject to LESSEE not being in default under this Agreement at the time of exercise.

D. Provided that LESSEE is not in any Event of Default as provided hereunder, LESSEE shall have deemed to exercise the right to extend the Occupancy Term for one (1) additional period of nine (9) years (the "Extension Term"), unless it gives LESSOR no less than six (6) months' notice as provided herein prior to the expiration of the then current term to extend the Occupancy Term for one (1) additional period of nine (9) years (the "Extension Term").

#### **1.06 RENTAL OBLIGATION AND MODE OF PAYMENT:**

A. Notwithstanding anything contained herein to the contrary, during the Initial Term applicable to the property depicted in "Exhibit A-1," LESSEE shall not be obligated to pay any Base Annual Rent or monthly rental installments to LESSOR. The parties expressly acknowledge and agree that no rental payments shall accrue or become due with respect to the property depicted

in “Exhibit A-1” until the commencement of the applicable Occupancy Term, at which time the rental obligations set forth herein shall become effective in accordance with the terms of this Agreement.

B. Because the Occupancy Term for the properties depicted in “Exhibit A-2” and “Exhibit A-3” shall commence immediately upon the Effective Date of this Agreement, LESSEE agrees to pay to LESSOR an annual basic rental of ONE HUNDRED AND SEVENTY-THREE THOUSAND AND FORTY DOLLARS AND EIGHTY-FOUR CENTS (\$173,040.84) (“Base Annual Rent”), payable in legal money of the United States of America. Such Base Annual Rent shall be paid in twelve (12) equal and consecutive monthly installments of FOURTEEN THOUSAND FOUR HUNDRED AND 20 DOLLARS AND SEVEN CENTS (\$14,420.07) each, with each monthly installment due and payable on the first day of each calendar month occurring during the applicable Occupancy Term and any Extension Term, as applicable.

C. Commencing on the date on which the Occupancy Term begins (the “Occupancy Term Effective Date”), LESSEE agrees to pay to LESSOR, an annual basic rental of TWO HUNDRED THIRTEEN THOUSAND FOURTY DOLLARS AND EIGHTY FOUR CENTS (\$213,040.84) (“Base Annual Rent”) in legal money of the United States of America with said Base Annual Rent to be paid exclusively during the Occupancy Term and any applicable Extension Term set forth herein. Base Annual Rent shall be paid by LESSEE to LESSOR, in twelve (12) equal and consecutive monthly installments of Seventeen Thousand Seven Hundred Fifty Three Dollars and Forty Cents (17,753.40) with each such monthly installment to be due and payable on the first day of each calendar month occurring during the Occupancy Term and any Extension Term, as applicable.

D. For each annual twelve-month period during the Occupancy Term and each Extension Term (a “Lease Year”), Base Annual Rent shall be adjusted on each successive anniversary of the Occupancy Term Effective Date (except during each tenth anniversary of the Effective Date when the rental will be adjusted according to paragraph C of this Section 1.06) by the percentage change in the CPI (as defined below) as of such anniversary date compared to the CPI on the previous anniversary date. For this purpose, CPI shall mean, the Consumer Price Index, U. S. Average, All Urban Consumers, All Items, 1984 = 100 (Dallas-Fort Worth-Arlington), as compiled by the Bureau of Labor Statistics. In no event shall the CPI increase for any Lease Year exceed seven (7%) percent. This means that at the third anniversary date of the Occupancy Effective Date, and every three years thereafter, the rent will be adjusted on the percentage change in the CPI of the preceding twelve-month period. Should the percentage change in the CPI be less than zero, then in such event the rental rate shall not be adjusted, and the previous annual rental shall continue for the next Lease Year. If publication of the CPI is discontinued, the parties agree to accept comparable statistics; provided, however, that such comparable statistics shall not be applied in any manner which results in a year-over-year increase in the Base Annual Rent in excess of seven (7%) percent.

E. (i) The Base Annual Rent shall be adjusted upward but not downward as of each tenth anniversary of the Effective Date to the then appraised fair market rental value of the Premises excluding any and all Improvements thereon, provided that no increase under the

foregoing will exceed ten percent (10%) of the Base Annual Rent then in effect prior to such adjustment. Such adjusted Base Annual Rent will in the year subsequent to such adjustment until this provision next applies as provided in paragraph (B) of this Section 1.06. Upon the thirtieth anniversary of the Effective Date, the Base Annual Rent shall be adjusted in accordance with this section and shall not be subject to the CPI adjustment set forth in Section 1.06 (B) hereof.

(ii) Should LESSOR and LESSEE be unable to agree on such value by the date of each tenth anniversary, then each shall appoint one qualified, experienced in aviation appraisals, and licensed, as applicable, real estate appraiser and the two appointed appraisers shall determine the value of the Premises (less the Improvements) and the fair market value shall be the average of the two appraisals provided such appraisals are within five percent (5%) of each other (the "Acceptable Margin"). In the event the two appointed appraisers do not find the Premises (less the Improvements) to be of a value within the Acceptable Margin with respect to the other appraiser's valuation, the appraisers shall mutually select a third qualified and licensed, as applicable, appraiser with commercially reasonable rates to value the Premises and the fair market value shall then be the average of the three appraisals.

(iii) All appraisals shall comply with the Uniform Standards of Professional Appraisal Practice. As used herein "qualified licensed aviation real estate appraiser" shall mean an appraiser licensed in the State of Texas with experience with appraising aviation real estate with an Appraisal Institute Member designation of MAI. Each party will bear the cost of their own appraisals. In the event a third appraiser is selected, then each party will share the cost of said appraiser equally.

#### **1.07 LATE CHARGE:**

A. Each installment of Base Annual Rent shall be payable no later than the third (3rd) day of each calendar month of the Occupancy Term and Extension Term, as applicable, without regard to notice, demand, setoff, deduction, defense, or counterclaim.

B. Except as otherwise provided in this Lease, the rental obligation of LESSEE shall be due and payable as provided in this Section and shall not be affected by circumstances or occurrences, but not limited to damages to or destruction of the Premises or any part of them, including improvements; use restrictions or interference with any use of the Premises or the like; claims of LESSEE against LESSOR; and notice of termination by either LESSOR or LESSEE.

C. Should LESSEE fail to pay when due any installment of rental, or any other sum payable to LESSOR under the terms of this Lease, then interest at the maximum legal rate then payable by LESSEE in the State of Texas, but not more than one and a half percent (1.5%) per annum, shall accrue from and after the date on which any such shall be due and payable, and such Interest shall be paid by LESSEE to LESSOR at the time of payment of the sum upon which such interest shall have accrued.

#### **1.08 FUEL FLOWAGE FEE**

A. Any change to the Fuel Flowage Fee for all fuel sold pursuant to the Defense Logistics Agency Energy Into-Plane Refueling Contract ("DLA Contract") shall

not take effect until the effective date of any new DLA Contract entered into by the LESSEE. If LESSEE does not enter into a new DLA Contract subsequent to receiving notification of the Fuel Flowage increase, the new Fuel Flowage Fee will take effect at the end of the then DLA Contact.

**1.09 LEASEHOLD AD VALOREM TAXES AND UTILITIES:**

A. LESSEE agrees to pay and discharge promptly, before delinquency, any applicable leasehold ad valorem taxes which may arise in connection with the leasehold estate established hereunder, including penalties and interest, or other impositions and government charges of any kind whatsoever that may be lawfully assessed against LESSEE or LESSOR, with respect to the Premises or any improvement.

This section does not preclude LESSEE from the assertion of any remedies available to it under the Texas Property Tax Code Annotated 41.41-42.28.

B. LESSEE will be responsible for developmental costs to improve the Premises including utility easement relocation, extensions, and upgrades required to service the Premises, including, but not limited to water, sewer, gas, electricity, and all other utilities to be used on the Premises.

C. This Section does not preclude LESSEE from the assertion of any remedies available to it under the laws of the State of Texas relating to the assessment and payment of leasehold ad valorem taxes with respect to the Premises.

**1.10 TRIPLE NET LEASE:**

This Lease is a “triple net” Lease during the Occupancy Term and any applicable Extension Term. The parties acknowledge and agree that LESSOR would not enter into this Lease if the Rent described in this Lease were not, from and after the commencement of the Occupancy Term, net to LESSOR or if LESSOR were to incur any liability whatsoever, foreseen or unforeseen, with respect to the Premises or any portion thereof, including the Premises and Improvements, or LESSEE’S exercise of any other of its rights under this Lease, with the exception of any liability that is directly and solely caused by the negligence or willful misconduct of LESSOR. Accordingly, as between LESSEE and LESSOR, except as specifically stated in this Lease, from and after the commencement of the Occupancy Term, LESSEE, shall pay all expenses, costs, taxes, fees, and charges of any nature whatsoever arising in connection with or attributable to the Premises, including without limitation, the Premises and the Improvements. All such taxes and assessments for any partial year during the Occupancy Term and the Extension Term, as applicable, shall be prorated between the LESSOR and LESSEE on the basis of the applicable tax fiscal year. LESSEE shall have the right to contest the amount or validity of any such imposition by appropriate legal proceedings, but this right shall not be deemed or construed in any way as relieving or modifying or extending LESSEE’S covenant to pay any such imposition at the time and in the manner as provided herein. LESSOR shall, upon request, join in any such proceedings if LESSEE determines that it shall be necessary or convenient for LESSOR to do so in order for LESSEE to prosecute properly such proceedings, but LESSOR shall not be subject to any costs or

expenses in connection with any such proceeding brought by LESSEE. LESSEE hereby covenants to indemnify and save LESSOR harmless from any such costs and expenses, including reasonable attorneys' fees and costs incurred in connection therewith. The term "Rent" as used herein shall mean collectively the Base Annual Rent set forth above and any other amounts payable to LESSOR under this Lease, including all sums set forth in Sections 1.08 and 1.09 hereof (collectively, the "Additional Rent").

**1.11 PERMITTED USE AND LICENSES:**

A. The Premises shall be used and occupied solely for Fixed Base Operator related functions and otherwise in connection with the plans and specifications of the Improvements, as may be altered following the Effective Date hereof.

B. LESSEE shall obtain and maintain in effect all Federal Aviation Administration required certificates and licenses, as applicable to the parcel or portion thereof leased by such sublessee, necessary to comply with the requirements of this Lease and provide and maintain all facilities, equipment and qualified personnel required by such licenses and certificates to provide the services and perform the functions authorized or required herein.

**1.12 TAXES ON LEASE:**

In addition to the rent paid above, and exclusively during the Occupancy Term and any applicable Extension Term, LESSEE shall pay to LESSOR all taxes and assessments to the extent attributable to this Lease or the Premises and due from and paid by LESSOR. LESSOR shall then pay those taxes to the respective taxation entity.

**1.13 PEACEFUL POSSESSION AND QUIET ENJOYMENT:**

Except for those cases in which the public health and safety demand otherwise, including, without limitation, those obligations set forth by the Airport Laws, LESSEE and sublessee shall have full and unrestricted access to and egress from the Premises. This privilege extends to LESSEE and its employees, customers, guests, invitees, suppliers of materials and service and its and their equipment, vehicles, machinery, and other property.

**ARTICLE II: DEVELOPMENT OF PREMISES - REQUIRED IMPROVEMENTS**

**2.01 DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND ARCHITECTURAL DESIGN GUIDELINES:**

All improvements constructed on the Premises which are situated on a tract on which aeronautical travel or maintenance operations are conducted (an "Airport Parcel"), including the Improvements, shall be done in conformity with the Declaration of Covenants, Conditions and Restrictions approved by Resolution No. 2006-R-014 dated February 21, 2006, as may be amended from time to time (the "Declaration").

**2.02 AIRPORT LAWS:**

All improvements constructed on the property, including the Improvements, shall be subject to all applicable Airport Laws and regulations and to all federal, state, and local laws, rules and regulations pertaining to the Airport and to federally-obligated airports in general (collectively, "Airport Laws").

**2.03 TYPE OF CONSTRUCTION:**

A. All buildings as part of improvements constructed on the property, including the Improvements, shall be constructed in accordance with the specifications set forth in the Development Agreement, subject to reasonable amendments thereto which may be required in connection with certain construction requirements.

B. All buildings as part of improvements constructed on the property, including the Improvements, shall conform to all local building codes, ordinances, and to the Declaration.

**ARTICLE III: PREPARATION AND SUBMISSION OF PLANS FOR IMPROVEMENTS**

**3.01 GENERAL:**

A. LESSEE has represented to LESSOR during the negotiations of this Lease and hereby represents to LESSOR that LESSEE shall erect and otherwise construct certain building(s) of the size specified in the Development Agreement upon the Premises. The parties hereto understand and acknowledge that the representation set forth herein is a part of the total consideration of this Lease.

B. If, during the Initial Term or at any time prior to the completion of the Improvements, LESSEE is unable to obtain or otherwise procure any one or more of the Permits needed to construct the Improvements, LESSEE may, in its sole and absolute discretion, terminate this Lease and shall not be obligated to pay any Base Annual Rent or Additional Rent contemplated hereunder, as applicable.

**3.02 TIME PERIOD FOR COMMENCEMENT OF CONSTRUCTION:**

A. LESSEE shall be provided twelve (12) months of receiving a fully executed lease for planning and designing of the Improvements ("Planning Period) for the property depicted as "Exhibit A-1". Upon expiration of the Planning Period, LESSEE shall seek full permitting of the project from applicable permitting entities. If LESSEE has not commenced the construction of any of the Improvements within 3-months of receiving permitting to allow for the initiation of construction, LESSOR may terminate this Lease upon the delivery of notice within ninety (90) days' immediately thereafter to LESSEE (the "Commencement Breach Notice"); provided, however, that if LESSEE uses commercially reasonable efforts to commence the construction following the delivery of the Commencement Breach Notice, said notice will be deemed withdrawn if construction is commenced within thirty (30) days thereafter.

**3.03 ALTERATIONS, CONSTRUCTION OF ADDITIONAL IMPROVEMENTS:**

A. Building or landscape alterations and the erection of additional structures on the Premises shall be subject to LESSOR'S approval, which shall not be unreasonably conditioned, withheld, or delayed. Plan submissions, approval, and time for completion of alterations and improvements shall be governed by the provisions of this Lease. LESSOR'S approval shall not be withheld in an arbitrary or otherwise unreasonable manner.

B. Any material alterations to structures, landscaping, or other improvements, without LESSOR'S written approval shall constitute a breach of this Lease that, if not remedied or timely cured in accordance herewith, shall constitute grounds for termination of this Lease by LESSOR insofar as LESSOR exercises the option to terminate set forth in this section within thirty (30) calendar days of the date on which LESSOR knew of any given alteration.

### **3.04 MAINTENANCE OF PREMISES AND IMPROVEMENTS:**

A. LESSEE covenants that it shall commit no waste, nor shall it allow the commission of waste upon or to the Premises during the Term.

B. LESSEE agrees to maintain in a safe, clean, well-kept, and orderly condition the Premises surrounding said Improvements, which shall include all landscaping and outside appearances to the street curb and the Right-of-Way.

C. LESSEE shall maintain the Improvements in a good state of repair and condition and in a presentable condition. The exterior finish on the Improvements shall be repainted and refinished as necessary to maintain the appearance of the Improvements in "as new" condition and appearance as commercially reasonable.

D. LESSEE shall keep at all times during the Term the Premises, including the Improvements, in a clean and orderly condition.

E. LESSEE shall provide and maintain in good operable condition at all times during the Term all fire protection and safety equipment and all other equipment, as applicable, of every kind and nature required by any law, rule, order, ordinance, resolution, or regulation of any authority, including the City of Laredo and the LESSOR.

F. LESSEE shall observe all regulations and requirements of insurers on the Premises concerning the use and condition thereof for the purpose of reducing fire hazards and insurance rates on the Airport during the Term.

G. LESSEE shall repair at its sole cost and expense any damage caused thereby to paving or other surface of the Premises caused by any oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect thereon during the Term.

H. LESSOR confirms to LESSEE that LESSEE is authorized to sublease the Premises pursuant to the terms of this Lease and that LESSEE further is authorized to place primary responsibility for performing the obligations of this Section 3.04 to such sublessee. However, any failure by LESSEE or its respective sublessee to perform any of the obligations under this Section

3.04 shall constitute a default by LESSEE hereunder, subject to the applicable cure periods set forth in Article 7 hereof.

**3.05 RIGHT OF ENTRY:**

A. LESSOR may, during regular business hours and after providing reasonable notice to LESSEE, except in the case of an emergency as reasonably coordinated with LESSEE, enter the Premises for the purpose of ensuring LESSEE's compliance with plans and timetables for the construction of the Improvements upon the Premises as well as for ensuring compliance with certain restrictions and requirements embodied in this Lease.

B. LESSOR, as reasonably coordinated with LESSEE (except in the case of an emergency), reserves the right to inspect during regular business hours the Premises and Improvements and all equipment and vehicles of LESSEE used in its operations on the Airport for the purpose of determining whether or not fire and safety measures and regulations are being observed and to determine whether or not the improvements are being properly maintained in accordance with the requirements of this Lease. LESSOR reserves the right to prohibit the operation of any vehicle or equipment on the Airport that LESSOR reasonably determines to be in an unsafe condition. LESSOR reserves the right to require each vehicle operated on the Airport to be inspected and to obtain a permit or license authorizing such vehicle to operate on the Airport.

**3.06 LESSOR COOPERATION:**

From time to time and at any time during the Term of this Lease, LESSEE may request that LESSOR assist, cooperate, provide information, and otherwise be actively involved in efforts in furtherance of the construction of the Improvements, including, but not limited to, efforts in connection with the Texas Department of Transportation's road expansion efforts, which may from time to time affect and otherwise encumber the Premises. LESSOR shall not be under any affirmative obligation to provide such assistance but shall act in good faith with regard to any such request in order to timely facilitate the construction of the Improvements.

**ARTICLE IV: USE RESTRICTIONS**

**4.01 GENERAL:**

A. No land, alteration, or structure erected by LESSEE shall be used or occupied in any manner which would violate any Airport Laws, or could create the following conditions from prohibited uses:

1. Adversely affecting the health, comfort, or safety of members of the general public or other lessees of LESSOR; or
2. Adversely affecting the beneficial enjoyment and use of properties let to LESSOR's other lessees.

B. Prohibited uses include, but are not limited, those which create any of the following outside of the ordinary operation of the applicable facilities:

1. Fire hazards;
2. Explosive hazards;
3. Excessive noise, except that associated with normal aircraft activities;
4. Excessive vibration, except that associated with normal aircraft activities;
5. Excessive shock, except that associated with normal aircraft activities;
6. Smoke, dust, pungent odors, noxious emissions constituting air pollution;
7. Electrical disturbances; and
8. Excessive liquid or solid refuse, waste, or emissions.

**4.02 ULTRA-HAZARDOUS ACTIVITIES INCLUDING FIRE AND EXPLOSIVE HAZARDS:**

No ultra-hazardous activities including those creating fire or explosive hazards endangering life or property upon the Premises, shall be conducted upon the Premises by (or permitted by) LESSEE.

**4.03 DUST CONTROL:**

All ground areas not covered by structures shall be landscaped or surfaced with concrete, asphaltic concrete, asphalt oil or other dust-free surfacing. These areas shall be maintained in good condition by LESSEE and shall be at all times kept free of weeds, trash, dust, and other debris. They shall be drained and graded properly and in accordance with state and local building codes, as applicable. This dust control shall be accomplished before the issuance of a certificate of occupancy.

**4.04 GLARE:**

Any operation producing intense glare shall be performed within an enclosed or screened area in such a manner which prevents the glare so emitted from being discernible from any point on the property line of the Premises.

**4.05 REFUSE AND TRASH:**

No refuse or trash shall be kept, stored, or allowed to accumulate on the Premises for a concurrent period in excess of seven (7) calendar days.

**4.06 SEWAGE DISPOSAL SYSTEMS:**

No cesspool, septic tank or other sewage disposal system or device shall, at any time, be installed, maintained, or used upon the Premises.

**ARTICLE V: OBLIGATIONS IN CONNECTION WITH THE CONDUCT OF  
CERTAIN BUSINESS**

**5.01 LESSEE'S OBLIGATIONS:**

LESSEE shall:

(a) Not divert or cause to be diverted any viable and qualified potential lessee of a portion of the property which comprises of the Airport in a manner in which causes such viable and qualified lessee to instead lease property not located at the Airport and located within fifty (50) miles of the Airport which otherwise results in a commercial gain or benefit realized by LESSEE during the Term hereof, unless there is not sufficient space at the Airport to reasonably lease needed space to a potential lessee.

(b) Maintain all books and records pertaining to this Lease in accordance with accepted accounting practice during the Term hereof and for such further period if LESSEE is required to maintain such records for a longer period by law, ordinance, administrative rule or judicial proceeding;

(c) Comply with all Airport Rules and Regulations and Airport Law, including but not limited to all rules and regulations of the FAA, the Texas Department of Transportation and other federal, state, and local laws, rules, regulations, ordinances and obligations, including without limitation all existing and future ordinances adopted by the City of Laredo (or any subsequent sponsor of the Airport); and

(d) Provide LESSOR with a copy of any notice, warning, summons, or other legal process for the enforcement of any laws, ordinances, rules, regulations, decisions, or orders materially affecting the Improvements during the Term within ten (10) business days of receipt thereof.

**5.02 LESSOR'S OBLIGATIONS:**

LESSOR shall:

(a) Within ten (10) business days after written request from LESSEE, or as soon as approved by the City of Laredo, LESSOR shall execute and deliver any document reasonably required by any supplier, lessor, or lender in connection with the granting, creating, or perfecting by LESSEE of a security interest in and to the Leasehold Improvements, LESSEE's leasehold interest under this Lease and/or LESSEE's personal property, and/or any trade fixtures, furniture, fixtures and equipment, inventory, signs or other personal property installed by LESSEE, Sublessee or transferee, and any proceeds therefrom, pursuant to which LESSOR shall waive, or subordinate, as the case may be, any rights it may have or acquire with respect to such items, and any proceeds therefrom.

(b) Provide LESSEE with a copy of any notice, warning, summons, or other legal process for the enforcement of any laws, ordinances, rules, regulations, decisions, or orders materially affecting LESSOR's operations at the Premises during the Term within five (5) business days of receipt.

(c) Provide LESSEE, and their clients, as applicable, with access to certain portions of the Airport tract and applicable facilities in furtherance and support of LESSEE's provision of one or more of the following services, including, but not limited to, LESSORS grant of ingress and egress, access to certain portions of the Airport, and inclusion in certain Airport programs:

- i. Aircraft Maintenance: Specialized and normal aircraft installation or repair services (avionics, propellers, instruments, accessories, engines, modifications, etc.).
- ii. Flight Services: aircraft charter, air taxi operations, aerial sight-seeing, aerial advertising, aerial photography, pipeline patrol, air ambulance, and other services normally provided by fixed based operators.
- iii. Aircraft Rentals: Provision of aircraft for lease/rental by FAA-certified pilots.
- iv. Aircraft Sales: The sale of new or used aircraft.
- v. Flight Instruction: Flight training and rental aircraft for FAA pilot ratings.
- vi. Ramp Service: Ramp service at the main terminal or other Airport locations, including into-plane delivery of aircraft fuel, lubricants, and other related aviation products; and providing of ramp equipment, aircraft cleaning and other services for persons or firms.
- vii. Catering: Provision of food and beverages for aircraft and concierge services.
- viii. Heating & De-icing: Airframe de-icing service and may make available engine preheat service.
- ix. Oxygen and other Gases: Provision of Oxygen (suitable for human use) and nitrogen service.
- x. Engine Starting: Provision of aircraft engine starting services with external ground power equipment suitable for use with 12- and 28-Volt aircraft systems.
- xi. Fueling: Fuel storage and dispensing.

Notwithstanding the foregoing, the Fuel Storage Facility (defined herein) is to be occupied solely for the purpose of storage and dispensing of aviation fuels for fueling aircraft, fueling of GSE, and no other use of the leased premises is permitted.

## **ARTICLE VI: INDEMNITY AND INSURANCE**

### **6.01 INDEMNIFICATION:**

LESSEE agrees to protect, defend, indemnify and hold LESSOR harmless from and against any and all loss, damage and liability arising from (i) LESSEE's failure to perform and observe its covenants hereunder, or (ii) any act or omission of LESSEE or its officers, agents, employees, independent contractors, licensees, sublessees and the sublessees' employees, concessionaires or assignees (collectively, "LESSEE Parties") causing loss or damage to the Premises or a claim or cause of action against LESSOR arising out of the obligations of LESSEE set forth in this Lease; provided that the terms of the foregoing indemnity shall not apply to the gross negligence or willful misconduct of LESSOR or its officers, agents, employees, independent contractors, licensees, concessionaires or assignees (collectively, "LESSOR Parties").

## **6.02 PROPERTY AND OTHER INSURANCE:**

A. LESSEE, at its sole cost and expense shall, throughout Term of this Lease, keep or cause to be kept on all Improvements now or hereafter located upon the Premises, upon their construction, respectively, insurance for the benefit of LESSEE against loss or damage, including Property Insurance Coverage with a limit of 100% of the insurable replacement costs of the property on a special cause loss form with a \$500,000 extra expense limit for demolition and debris removal. LESSEE shall be the named insured with the LESSOR being named as an additional named insured to protect by fire and against loss or damage by other risks embraced by "extended coverage" and against civil commotions, riots, vandalism and malicious mischief and all risk of direct physical loss, including flood and earthquake in an amount equal to the actual replacement cost of such improvements, including costs of replacing excavations and foundations, but without deduction for depreciation (hereinafter called "Full Insurable Value"). In the event a dispute arises as to the Full Insurable Value which cannot be resolved by agreements, an appraisal of the Premises and improvements thereon shall be made by an appraiser selected by the LESSEE to determine the Full Insurable Value as defined in this provision. The resulting determination shall be conclusive between the parties for the purpose of this Section. The expense of this appraisal shall be borne by LESSEE.

B. LESSEE shall, at its sole cost and expense, obtain insurance compliant with the requirements set forth in Section 6.06.

## **6.03 OBLIGATION OF LESSEE IN CONNECTION WITH CONSTRUCTION:**

During the term of this Lease, should the Improvements be damaged or destroyed in whole or in part by fire or other casualty, LESSEE shall give prompt notice to LESSOR. LESSEE, at its own cost and expense, shall promptly repair and rebuild the same to the extent as the prior value of, and as near as is practicable to the character of the buildings and improvements existing immediately prior to such damage. Such repairs, replacements or rebuilding shall be made by LESSEE and in accordance with the following terms and conditions.

A. Where applicable and prior to commencing related repairs LESSEE shall prepare or cause to be prepared, final working plans and specifications and shall submit the same to appropriate governmental agencies for approval. Upon approval by such agency and the issuance of permits for the commencement of construction, LESSEE shall deliver to LESSOR one complete

set of the final working plans and specifications as approved by the appropriate governmental agencies

B. LESSOR may require LESSEE's subcontractor, to furnish a performance and payment bond.

C. Upon compliance with the foregoing, and after settlement shall have been made with the insurance company or companies, and said proceeds of such insurance policy or policies shall have been paid to LESSEE. LESSEE shall commence such repair, replacement or rebuilding within a reasonable time and shall continue such work with reasonable diligence until completion.

#### **6.04 INSURANCE PROCEEDS:**

A. Upon receipt by LESSEE of the proceeds of the insurance policy or policies, LESSEE shall deposit same in an escrow account to pay for the cost of such repair, replacement, or rebuilding. Such proceeds shall be disbursed by LESSEE during construction to pay the cost of such work. Notwithstanding the foregoing, if the terms of financing on the Improvements require different handling of such insurance proceeds, such terms will apply.

B. If the amount of such insurance proceeds is insufficient to pay the costs of the necessary repair, replacement or rebuilding of such damaged improvements, LESSEE shall pay any additional sums required, and if the amount of such insurance proceeds is in excess of the costs thereof, the amount of such excess shall be retained by LESSEE.

#### **6.05 DAMAGE TO OR DESTRUCTION OF PREMISES:**

Should the Improvements be damaged by fire or other casualty (any of such causes being referred to herein as a "Casualty"), but the Premises shall not be thereby rendered untenable (i.e. untenable meaning LESSEE is not able to conduct its regular business in the whole of the Premises without interruption or interference), LESSEE shall promptly remove any resulting debris and repair/rebuild the Improvements to the condition existing immediately prior to the Casualty, and there shall be no abatement of Rent specifically in connection therewith and without reference to any other applicable abatement period set forth hereunder. If, as a result of a Casualty, the Premises or any part thereof, shall be rendered untenable (i.e. LESSEE shall not be able to conduct its regular business in the whole of the Premises without interruption or interference), then, LESSEE shall, at LESSEE's sole cost and expense, with due diligence, remove any resulting debris and repair/rebuild same to the condition existing immediately prior to the Casualty. All prepaid Rent and other charges, if any, paid by LESSEE for periods after the date of such damage or destruction shall be refunded and/or prorated based on the portion of the Premises rendered untenable during the period of untenability. If LESSOR does not commence the repair and restoration work required pursuant to this Section 6.05 within sixty (60) days after the date upon receiving any and all permits or thereafter does not diligently pursue such work to completion, then LESSOR shall have the right, at LESSOR's option, to either: (i) upon ten (10) days prior notice to LESSEE, perform such repair/restoration work at the sole cost of LESSEE, which cost LESSEE shall pay to LESSOR during the course of such repairs within ten (10) days of invoice by LESSOR; (ii) seek to obtain specific performance of LESSEE's repair and restoration

obligations pursuant to the laws of the State of Texas; or (iii) terminate this Lease by thirty (30) days written notice to LESSEE, without waiving LESSOR's rights to damages for LESSEE's failure to perform its covenants and obligations hereunder.

## **6.06 CONTENTS**

LESSEE shall cause Insurance to remain on the contents of the building improvements and on the Premises for the entire term of the Lease.

## **6.07 LIABILITY INSURANCE:**

A. In addition to the insurance required under Exhibit "B", at the time specified for each below, LESSEE, at its sole expense, shall obtain, or cause Sublessee to obtain and keep in force at all times during the term of this Lease, liability insurance issued by a company or companies of sound and adequate financial responsibility, authorized to do business in the State of Texas, by policies meeting the requirements of the laws of the State of Texas, of the following types and minimum amounts:

1. As of the Effective Date, Aviation General Liability insurance at minimum combined single limits of \$1,000,00.00 per occurrence and \$2,000,000.00 general aggregate for bodily injury and property damage, which coverage shall include products/completed operations (\$2,000,000.00 products/completed operations aggregate), and XCU (Explosion, Collapse, Underground) hazards. Coverage must be written on an occurrence form. Contractual Liability must be maintained covering LESSEE'S obligations contained in the contract. The general aggregate limit must be at least two (2) times the each-occurrence limit. LESSEE shall cause its sublessee to comply Airport Minimum Insurance requirements specified in Exhibit "B" (FBO Insurance).
2. As of the Effective Date, Workers Compensation insurance at statutory limits, including Employers Liability coverage at minimum limits of \$1,000,000 each-occurrence each accident/\$1,000,000 by disease each-occurrence/\$1,000,000 by disease aggregate.
3. As of the Effective Date, Commercial Automobile Liability insurance at minimum combined single limits of \$1,000,000 per-occurrence for bodily injury and property damage, non-owned, and hired car coverage.
4. Should LESSEE regularly have one or more of its aircraft on the Premises, for those facilities in which aircraft are stored or maintained, Hangarkeepers Legal Liability, at minimum limits of \$2,000,000 per-aircraft/\$2,000,000 per-occurrence.
5. As of the Effective Date Umbrella Liability levels of \$5,000,000 each occurrence and aggregate with respect to the Primary Commercial General Liability Insurance.
6. Prior to the commencement of construction of the Improvements, Pollution Insurance in a minimum amount of \$1,000,000.

7. In the event that LESSEE acquires aircraft during the term of this Lease, LESSEE shall provide LESSOR with related adequate insurance coverage as per LESSOR'S requirements.

B. Each of the above policies, with the exception of the workers' compensation policy, shall include LESSOR as a named additional insured and provide under contractual liability coverage for the covenants and indemnification of LESSOR under the terms of this Lease. In addition, each policy shall be endorsed to be primary and non-contributory regardless of the application of other insurance. The naming of LESSOR as an additional insured in such policies of liability insurance shall not thereby cause LESSOR to be deemed a partner or joint venture with LESSEE in its business conducted on the Airport.

C. Each of the above insurance policies shall contain a waiver of subrogation in favor of LESSOR.

D. General Comprehensive Public Liability Insurance Policy shall protect LESSOR against any and all liability created by reason of LESSEE'S conduct incident to use of the Airport, or resulting from any accident occurring on or about the roads, driveways or other public areas of the Airport, including the runways, taxiways and ramps used by LESSEE at the Airport to the extent of the coverage amounts set forth in such policy as required hereunder.

E. Said policies of insurance shall be performable in Webb County, Texas, and shall be construed in accordance with the laws of the State of Texas.

F. Certificates, in duplicate, of all insurance coverage required of LESSEE or Sublessee shall be promptly filed with LESSOR. Such certificates shall provide therein that the policies of insurance referred to in such certificates shall not be subject to cancellation by insured except after delivery of written notice by certified mail to LESSOR at least thirty (30) days prior to the effective date of cancellation or material change. In such event LESSEE shall procure the insurance required by this Lease prior to the cancellation of the existing insurance policy(s). LESSEE shall provide LESSOR with all certificates of insurance complying with this Lease required upon execution hereof within ten (10) days of the execution of this Lease and annually thereafter prior to the renewal of such insurance upon request by LESSOR. LESSEE shall provide LESSOR with a certified copy of each policy of insurance requested of LESSEE.

G. Should LESSEE fail or refuse to obtain and keep in full force and effect the insurance required by this section, LESSOR may either terminate this Lease or suspend LESSEE'S rights hereunder after providing LESSEE fifteen (15) days notice to cure.

H. LESSOR reserves the right to increase the amounts of insurance coverage described here-in-above, and to require any additional riders or provisions in said policies or certificates as shall be considered reasonably necessary by LESSOR and consistent with the terms and conditions of this Lease, provided, however, that the LESSOR may only exercise its right under the foregoing upon six (6) months' notice to LESSEE and any such change must be in line with requirements at comparable facilities at comparable airports and, in any event, not more burdensome than applicable to comparable tenants at the Airport.

I. LESSEE agrees that any subcontractor(s) hired by LESSEE in connection with the construction of the Improvements who is performing construction duties within the fence inside of the air operations area (AOA) shall be required to maintain insurance coverages as are required of LESSEE hereunder and which are applicable to such subcontractor in connection with the specific services rendered by such subcontractor. Subcontractor(s) hired by LESSEE in connection with the construction of the Improvements who are performing constructions duties outside of the (AOA) shall be required to maintain Commercial General Liability insurance coverages as required of LESSEE hereunder and which are applicable to such subcontractor in connection with the specific services rendered by such subcontractor.

**6.08 INSURANCE POLICIES AND MODIFICATIONS:**

A. LESSEE will cause certificates evidencing the insurance required under Section 6.02 (B) to be deposited no later than five (5) days prior to the commencement of construction of the Improvements.

B. LESSEE will cause certificates of all insurance policies required under Section 6.02 (A) and Section 6.07 to be deposited with LESSOR no later than thirty (30) days following the completion of the construction of the Improvements.

**ARTICLE VII: DEFAULT**

**7.01 DEFAULTS OF LESSEE:**

(A) The following shall constitute “Events of Default” by LESSEE under this Lease.

(i) LESSEE shall not have paid Rent or any other amount payable by LESSEE pursuant to this Lease when due (a “Monetary Default”), provided however, that not more than two (2) times during any Lease Year LESSOR shall provide LESSEE with written notice of such failure to pay Rent or any other amount and LESSEE shall have ten (10) business days following the date of such notice until the failure to pay shall constitute a “Default” hereunder; or

(ii) LESSEE shall not have performed any of the other material covenants, terms, conditions or provisions of this Lease within ten (10) days after LESSEE’S receipt of written notice specifying such failure; provided, however, that with respect to those failures that cannot with due diligence be cured within such ten (10) day period, LESSEE shall not be deemed to be in default hereunder if LESSEE commences to cure such default within such ten (10) day period and thereafter continues the curing of such default with all due diligence (a “Non-Monetary Default”), but in no event longer than sixty (60) days, unless approved by LESSOR in writing, which will not be unreasonably withheld; or

(iii) LESSEE files, or there is filed against LESSEE, a petition (which is not dismissed, or dispositive motions are not filed in connection therewith, within ninety (90) days in bankruptcy or a petition or answer seeking reorganization under the Federal Bankruptcy Code or any other applicable statute; or

(iv) an order is entered adjudicating LESSEE bankrupt or approving an involuntary petition seeking a reorganization of LESSEE under the Federal Bankruptcy Code or any other applicable statute or appointing a receiver, trustee or conservator for all or any substantial part of the property of LESSEE, and the order is not vacated or stayed within ninety (90) days of entry; or

(v) LESSEE makes a general assignment for the benefit of creditors; or

(vi) this Lease or the Premises or any part of the Premises is taken upon execution or by other process of law directed against LESSEE, or is taken upon or subjected to any attachments by any creditor of LESSEE or claimant against LESSEE, and the attachment is not discharged within sixty (60) days after its levy. Upon the occurrence of a Default (provided LESSOR has not thereafter accepted a cure for such Default), then LESSOR shall have the remedies set forth below; or

(vii) LESSEE permits the Premises or any part thereof to be used for any unauthorized or any unlawful business purpose following five (5) days' notice of such unauthorized or unlawful use by LESSOR.

(B) Should LESSEE commit an Event of Default, LESSOR shall provide notice of any Default hereunder to LESSEE and grant LESSEE the right to remedy and cure any such Default within the same time frames as are permitted to LESSEE. Thereafter, should any Default remain uncured, LESSOR shall have the right to pursue any one or more of the following remedies:

(i) Terminate this Lease.

(ii) Terminate LESSEE'S right to possess the Premises by re-entering the Premises after due legal process and court order, without terminating this Lease and recover actual (but not consequential or special) damages.

(iii) Perform any of LESSEE'S obligations under this Lease, and LESSEE shall reimburse LESSOR within ten (10) days after written demand for all out of pocket, documented costs incurred by LESSOR in doing so. *Notwithstanding the aforesaid, should LESSOR determine in its sole reasonable judgment that LESSEE is not in compliance with any aspect of the Security Plan, LESSOR shall have the right immediately to perform any of the obligations there under and receive reimbursement as provided herein.*

(iv) Obtain injunctive or other equitable relief, or exercise any other remedy provided herein (provided LESSOR shall in no event be entitled to consequential, special, or punitive damages).

(C) No notice from LESSOR under this Lease will constitute an election by LESSOR to terminate this Lease unless the notice specifically says so. Upon the delivery of a valid and timely termination notice as set forth herein, LESSOR may elect to terminate this Lease, reenter the Premises, and take possession thereof, without prejudice to any other remedy which LESSOR may have under this Lease. In such event, LESSEE shall surrender and deliver up the Premises to

LESSOR and upon any default by LESSEE in so doing, LESSOR shall have the right to recover possession by summary proceedings, and to apply for the appointment of a receiver or for other ancillary relief in such action.

(D) In the event of any termination of this Lease in accordance with the provisions of this Section, LESSEE shall pay to LESSOR all Rent due and payable at that point in time and not thereafter, and other sums required to be paid by LESSEE to and including the date of such termination. In addition, if LESSOR terminates this Lease, LESSEE shall be liable to LESSOR for, and shall pay to LESSOR, as damages, an amount equal to the Rent required herein during the period from the date of such expiration, termination, reentry or repossession to and including the end of what would have been the Term of this Lease in the absence of such termination, discounted at the then-current Prime Rate. "Prime Rate" shall mean the rate (or the average of rates, if more than one rate appears) inserted in the blank of the "Money Rate" section of the Wall Street Journal (Eastern Edition), or any successor publication or index.

(E) LESSOR may elect to not terminate this Lease, but rather reenter the Premises and take possession thereof and relet the Premises, or any part thereof. In such event, LESSOR shall have no legal obligation to mitigate its damages resulting from the occurrence of such Default. LESSOR shall have no rights to any and all business personal property of LESSEE including proprietary and trademarked assets. Additionally, LESSOR shall not use LESSEE branding nor shall LESSOR represent Premises, or any part thereof, to be affiliated with LESSEE in name or any visual image.

(F) In recovering its damages hereunder, LESSOR need not commence separate actions to enforce LESSEE'S obligations under this section or wait until the days on which Rent would be payable under this Lease but may recover its damages in one legal action, provided that any lump sum payment shall be discounted at the current Prime Rate, as set forth above.

(G) No right or remedy conferred upon or reserved to LESSOR in this Lease is intended to be exclusive of any other right or remedy. Each and every right and remedy shall be cumulative and in addition to any other right or remedy given under this Lease or existing at law or in equity. No waiver or assent, express or implied, to any breach of LESSEE'S covenants hereunder shall be deemed a waiver of any breach of any other covenants under this Lease or a waiver of any succeeding breach of the same covenants. No waiver shall be deemed to have been given by LESSOR'S failure to enforce the terms of this Lease strictly, including, without limitation, LESSOR'S failure to collect any Base Annual Rent or other sums due under this Lease, unless such waiver shall be in writing and shall state the specific act or failure which LESSOR has agreed not to treat as a Default.

## **7.02 RIGHTS TO CURE.**

LESSOR shall have the right, but shall not be required, to pay such sums or do any act which requires the expenditure of monies which may be necessary or appropriate by reason of the default of LESSEE, to perform any of the provisions of this Lease. In the event of the exercise of any such right by LESSOR, LESSEE agrees to pay to LESSOR forthwith upon demand all such sums, as additional rent. If LESSOR exercises its cure rights, LESSEE agrees to pay to LESSOR upon demand all such sums, as additional rent, as well as interest on such sums at the Interest Rate

from the date incurred by LESSOR until the date paid by LESSEE. If LESSOR exercises its cure rights, LESSEE agrees to pay to LESSOR upon demand all such sums, as well as interest on such sums at the Interest Rate from the date incurred by LESSOR in connection with actions taken by LESSOR for which it is expressly entitled to initiate hereunder.

## **ARTICLE VIII: ENCUMBRANCES**

### **8.01 ENCUMBRANCES:**

A. LESSEE may encumber its rights hereunder by the execution and delivery of a mortgage. As used herein the term "Mortgage" includes a deed of trust, indenture, secured loan or the like, and the term "Mortgagee" includes the beneficiary thereunder. The Mortgagee of such Mortgage may deliver to LESSOR a written notice specifying:

1. The amount of the obligation secured by the Mortgage and the date of the maturity or maturities thereof, and

2. The name and address of the Mortgagee.

B. Simultaneously with the sending of any notice to LESSEE, LESSOR shall deliver to the Mortgagee pursuant to the terms of Section 12.18 a copy of every notice or demand served by LESSOR upon LESSEE under the terms and provisions of this Lease so long as such mortgage is in effect.

C. LESSOR agrees to execute and deliver with reasonable promptness such consents, estoppels and certifications as LESSEE may reasonably require in connection with obtaining and maintaining a Mortgage.

D. LESSOR agrees to execute and deliver with reasonable promptness such memoranda of this Lease as LESSEE may reasonably require, including in connection with obtaining a Mortgage.

### **8.02 LEASEHOLD LIENHOLDER'S RIGHTS:**

LESSEE will not create or permit to be created or to remain, and will promptly discharge, at its sole cost and expense, any lien, encumbrance or charge upon the Improvements (or to the Premises, to the extent that the LESSEE is responsible), any part thereof, which arises out of the use or occupancy of the Improvements (or to the Premises, to the extent that the LESSEE is responsible) by LESSEE or by reason of any labor or materials furnished or claimed to have been furnished to LESSEE or by reason of any construction, addition, alteration or repair of any part of the Improvements (or to the Premises, to the extent that the LESSEE is responsible) by LESSEE. LESSEE shall be permitted, upon prior written approval of LESSOR, to create a security interest in LESSEE's leasehold estate, which at all times shall be subordinate to and subject to all rules and regulations that pertain to LESSOR in its capacity as a commercial airport. If any such lien is filed against the Improvements other than an approved leasehold deed of trust (or to the Premises, to the extent that the LESSEE is responsible), within thirty (30) days after LESSEE's notice of the filing thereof, LESSEE shall cause such lien or claim to be released or discharged with respect to

the Improvements (or to the Premises, to the extent that the LESSEE is responsible) by payment or bonding. Notwithstanding anything to the contrary set forth in this Lease, in no event shall the interest of LESSOR in all or any part of the Improvements (or to the Premises, to the extent that the LESSEE is responsible) be subject to any construction, mechanics', materialmen's, laborers' or other statutory or common law lien for Improvements or work made or done by or at the instance of LESSEE, whether or not the same shall be made or done with the consent of LESSOR, which shall not be unreasonably withheld or delayed, or by agreement between LESSEE and LESSOR.

## **ARTICLE IX: TERMINATION, CANCELLATION, ASSIGNMENT, AND TRANSFER**

### **9.01 TERMINATION:**

This Lease shall terminate automatically, without any notice or other action, at the end of the Term, subject to the renewal options set forth herein.

### **9.02 NO ASSIGNMENT OR TRANSFER:**

LESSEE shall not have the right or privilege to assign or transfer this Lease to any party without the prior written approval of LESSOR, which shall not be unreasonably withheld or delayed; provided, however, that LESSEE may assign portions of its leasehold estate evidenced by this Lease pursuant to certain subleases as between LESSEE and certain sublessors, which may otherwise contain language which serves to grant the sublessee thereunder a right to assume a pro-rata portion of LESSEE's obligations pursuant to this Lease, which pro-rata allocation shall be in LESSEE's sole and absolute discretion. Should any approval for any assignment or transfer of this Lease be given by LESSOR, such assignment or transfer shall be subject to the same conditions, obligations and terms as set forth herein, including Section 1.10 titled "Permitted Use and Licenses."

### **9.03 SUBLEASING:**

Any such sublease shall be subject to the same applicable conditions, obligations and terms as set forth herein and LESSEE shall be responsible for the observance by sublessees of the terms and covenants contained in this Lease.

### **9.04 EMINENT DOMAIN:**

(a) The term "Total Taking" as used in this section means the taking of the entire Premises (or of so much thereof as to substantially prevent or impair the conduct of LESSEE's business thereon) through the power or threat of eminent domain by any public or private authority lawfully possessed of that power. The term "Partial Taking" means the taking (other than a Total Taking) of a portion of the Premises, through the power or threat of eminent domain by any public or private authority lawfully possessed of that power.

(b) Total Taking - Termination. If during the Term there shall be a Total Taking, then this Lease shall cease and terminate as of the date of the taking of the Premises.

(c) Partial Taking - Partial Termination. If during the Term of this Lease there shall be a Partial Taking, this Lease shall terminate as to the portion of the Premises taken upon the date upon which the portion of the Premises is taken pursuant to eminent domain proceedings, but the Lease shall continue in force and effect as to the remainder of the Premises. The rent payable by LESSEE for the balance of the Term shall be abated in proportion to the amount of the Premises which was taken or is otherwise unusable by LESSEE.

(d) Effect of Termination. If this Lease is terminated, pursuant to this section, all rents and other charges payable by LESSEE to LESSOR hereunder, shall be paid up to the date upon which actual physical possession shall be taken by the condemning authority, and the Parties shall thereupon be released from all further liability in connection with this Lease.

## **ARTICLE X: OPERATING STANDARDS**

### **10.01 MINIMUM OPERATING STANDARDS:**

LESSEE shall comply with the minimum operating standards or requirements in accordance with the Airport Laws and regulations applicable to LESSEE's activities on the Premises.

### **10.02 NON-DISCRIMINATION:**

LESSEE shall furnish services on a fair, reasonable, and nondiscriminatory basis. Such services shall be deemed fair, reasonable and nondiscriminatory if furnished consistent with the current Airport Laws, and any subsequent amendments thereto or future ordinances promulgated by the LESSOR, FAA Grant Assurances and other rules and regulations required to be followed by the Airport.

### **10.03 MATCHING INVESTMENT:**

A. Notwithstanding anything contained herein that may be or appear to the contrary, it is expressly understood and agreed that the rights granted under this agreement are non-exclusive and the LESSOR reserves the right to grant similar privileges to another operator or operators on other parts of the airport. It is not the intent of the Agreement to grant to LESSEE the exclusive right to provide any or all of the services LESSEE may engage in at any time during the Term of Agreement.  
Accordingly:

1. LESSOR reserves the right, to grant others certain rights and privileges upon the Airport which may be similar in part or in whole to those granted to LESSEE, in accordance which any applicable minimum standards and procedures adopted by the LESSOR and amended from time to time for the Airport.
2. Nothing shall prevent the LESSOR from entering into leases or subleases with other tenants who may be in competition with the rights and

privileges granted to LESSEE hereunder. However, the LESSOR shall not unreasonably discriminate against LESSEE in favor of other similarly situated operators conducting comparable activities at the Airport, taking into account relevant factors including, but not limited to, differences in the scope of operations, timing of entry, and market conditions. In the event LESSOR proposes to grant materially more favorable economic terms or operational rights to a similarly situated operator, LESSOR shall provide LESSEE with written notice thereof and a reasonable opportunity to request good faith negotiations for comparable consideration.

3. LESSOR shall require any operator seeking to provide services at the Airport to comply with the Airport's Minimum Standards and to make such capital investments as LESSOR determines are reasonably necessary and appropriate based on the nature, scope, and timing of the proposed operations. Such requirements shall be applied in a reasonable and non-discriminatory manner.

#### **10.04 GENERAL MANAGER:**

A. LESSEE shall select and appoint a full-time general manager of its operations at the Premises. The general manager shall be qualified, experienced, and vested with full power and authority to act in the name of LESSEE with respect to the method, manner, and conduct of LESSEE's operations.

B. The general manager shall be available at the Premises during regular business hours, and during the manager's absence during regular business hours a duly authorized subordinate who shall be in charge and available at the Premises. Normal and emergency telephone numbers shall be provided to the LESSOR's office and kept current.

#### **10.05 SUFFICIENT EMPLOYEES:**

LESSEE shall provide, at its sole expense, a sufficient number of employees necessary to provide the services required to adequately operate the Improvements.

#### **10.06 CONDUCT AND DEMEANOR:**

LESSEE shall control the conduct, demeanor, and appearance of its employees which provide services in connection with LESSEE's operations.

#### **10.07 NON-DISPARAGEMENT:**

During the Term, LESSEE shall not demean, disparage or in other way speak or refer negatively to LESSOR or the Premises in any public forum or other way that becomes public. Nothing in this Section shall be construed to prohibit LESSEE from making truthful statements or disclosures as required by law, court order, or in connection with any litigation or administrative proceeding between the Parties, provided such statements are made in good faith and are limited to those reasonably necessary to prosecute or defend such action. If LESSOR reasonably believes

that this section has been violated, such violation shall not be considered a Default under this Lease unless LESSOR has provided LESSEE with notice thereof and LESSEE fails to take reasonable action to correct such violation.

**10.08 NO HAZARDOUS MATERIALS:**

LESSEE shall not store fuels or hazardous material in any hangar except as approved in any applicable Federal, State, or local regulations and/or permits.

"Hazardous Materials" shall mean any material, substance or waste that is or has the characteristic of being hazardous, toxic, ignitable, reactive or corrosive, including, without limitation, petroleum, PCBs, asbestos, materials known to cause cancer or reproductive problems and those materials, substances and/or wastes, including infectious waste, medical waste, and potentially infectious biomedical waste, which are or later become regulated by any local governmental authority, the State of Texas or the United States Government, including, but not limited to, substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901, et seq.; all corresponding and related State of Texas and local statutes, ordinances and regulations, including, without limitation, any dealing with underground storage tanks; and any other environmental law, regulation or ordinance now existing or hereinafter enacted (collectively, "Hazardous Materials Laws"). Notwithstanding anything herein to the contrary, the term "Hazardous Materials" shall also expressly include any product, material, or substance capable of release or discharge to the environment, including but not limited to firefighting foams and other fire suppressants, which contains in any measurable quantity any compound within that category of chemicals known collectively as Per- and polyfluoroalkyl substances (also known as PFAS), including but not limited to Perfluorooctanoic acid (also known as PFOA); Perfluorooctanesulfonic acid (also known as PFOS); Perfluorononanoic acid (also known as PFNA); Hexafluoropropylene Oxide Dimer Acid and its Ammonium Salt (also known as GenX Chemicals); Perfluorobutane Sulfonic acid (also known as PFBS, and including its related compound Potassium Perfluorobutane Sulfonate); and any other PFAS compounds presently or in the future under study by the United States Government, the State of Texas, or any other State government for inclusion on a list of substances subject to the setting of any Maximum Contaminant Level for purposes of human drinking water consumption under authority of the Safe Drinking Water Act, as amended, 42 U.S.C. §300f, et seq., or any Texas or other State analogues to that statute.

The Premises were part of a larger tract of land that was used by the former Air Force Base named Laredo Air Force Base which is now part of the Airport. The installation was used for flexible gunnery school and pilot training in support of military operations during World War II.

The military deactivated the airfield in 1946 and reconvened the Premises to the City of Laredo. In 1952, the city of Laredo leased the Premises back to the military and Laredo Air Force Base was activated and operated by the Air Force for pilot training until declared surplus and deactivated in 1974. Furthermore, railroad spurs were also located on the southern and western portion that were removed eventually. Additionally, on the southern portion, there was a former fuel tank area that had multiple underground storage tanks that were removed as per the TRRP procedures. The fuel former tank area had events of multiple leaks historically. Multiple rounds of soil and groundwater assessments inferred that the area of the groundwater contamination is not adequately delineated and additional monitoring wells offsite are required to delineate the dissolved phase plume. It is impossible to conclude that the Premises are free of contamination. Based on the fact that the Premises are in close proximity to the former fuel tank area, there is a possibility that the soil, soil vapor and groundwater contaminations at the Premises might be compromised because of the unknown extent of the contaminated groundwater plume. Additionally, due to the age of the buildings located on the Premises, it is likely that asbestos-containing materials and lead containing materials are present.

At present it does not appear that any of the materials need to be remediated or abated to ensure safe use of the Premises; however, LESSOR agrees to protect, defend, indemnify and hold LESSEE harmless from and against any and all loss, damage and liability arising from any act or omission of LESSOR or its officers, agents, employees, independent contractors, licensees, sublessees and the sublessees' employees, concessionaires or assignees (collectively, "LESSOR Parties") causing loss or damage to the Premises or a claim or cause of action against LESSEE arising out of the presence of, the remediation or abatement of any and all ground contamination, asbestos-containing materials and/or lead containing materials that is not present due to the negligence or willful misconduct of LESSEE or its officers, agents, employees, independent contractors, licensees, concessionaires or assignees (collectively, "LESSEE Parties"). If it arises that any of the materials need to be remediated or abated to ensure safe use of the Premises, unless such condition was caused by the negligence or willful misconduct of LESSEE Parties, LESSOR shall be responsible for the remediation and/or abatement cost to the Premises.

#### **10.09 SECURITY PLAN:**

LESSEE shall maintain full security at the Premises pursuant to the security plan for the Airport (the "Security Plan"). LESSOR may require reasonable amendments to the Security Plan as circumstances arise provided that such amendments are being required uniformly and in a non-discriminatory manner from all similarly situated parties or LESSOR is directed to require such amendment from LESSEE by the Transportation Security Administration (the "TSA"). LESSOR shall enforce the Security Plan uniformly and in a non-discriminatory manner from all similarly situated parties. In addition, LESSEE shall cooperate fully with LESSOR with regard to any information requested by LESSOR pertaining to any safety management system initiated by LESSOR, all of such cooperation will be requested on a non-discriminatory basis.

### **ARTICLE XI: REPRESENTATIONS AND WARRANTIES**

#### **11.01 REPRESENTATIONS AND WARRANTIES OF LESSOR:**

LESSOR hereby represents and warrants to LESSEE, which representations and warranties shall survive the delivery of this Lease by LESSOR to LESSEE, as follows:

(a) LESSOR is the owner in fee of the Premises and will not transfer its interest in the Premises without first giving one hundred and eighty (180) days prior notice to LESSEE.

(b) LESSOR has the full power, right and authority to enter into and execute this Lease without the consent of any third parties.

(c) Those persons whose signatures are hereinafter evidenced on this Lease on behalf of LESSOR are duly authorized signatories of LESSOR, fully empowered to commit and bind LESSOR to those certain terms, covenants and conditions set forth herein for the Term of this Lease.

(d) To LESSOR's actual knowledge, there are no suits, proceedings, litigation (including zoning or other land use regulation proceedings), condemnation or investigations pending or threatened against or affecting LESSOR or the Premises which would prevent LESSOR from meeting any of its obligations under this Lease or materially adversely affect LESSEE's use or occupancy of the Premises or prohibit LESSEE from developing or operating the Premises.

(f) To LESSOR's actual knowledge there are no liens, encumbrances, or any other defects in title pertaining to the Premises that would materially adversely affect LESSEE's use or occupancy of the Premises or prohibit LESSEE from developing or operating the Premises, and that documents delivered by LESSOR to LESSEE are true and correct copies of the originals thereof.

## **11.02 REPRESENTATIONS AND WARRANTIES OF LESSEE:**

LESSEE hereby represents and warrants to LESSOR, which representations and warranties shall survive the delivery of this Lease by LESSEE to LESSOR, as follows:

(a) LESSEE has full and exclusive power, right and authority, without obtaining the consent of any third party, to enter into this Lease and perform its obligations hereunder.

(b) LESSEE is not subject to any agreement or restriction which prevents it from entering into this Lease and performing its obligations hereunder.

(c) To LESSEE's actual knowledge, there are no suits, proceedings, litigation (including zoning or other land use regulation proceedings), condemnation or investigations pending or threatened against or affecting LESSEE which would prevent LESSEE from meeting any of its obligations under this Lease or materially adversely affect LESSEE's use or occupancy of the Premises or prohibit LESSEE from developing or operating the Premises.

## **ARTICLE XII: MISCELLANEOUS**

### **12.01 ATTORNEY'S FEES:**

In the event that either party defaults in the performance of any of the terms, covenants, agreements or conditions contained in this Lease and the other party retains an attorney in connection with the enforcement hereof in connection therewith, that party agrees to reimburse other party for reasonable attorney's fees and payment of same shall be secured in a like manner as herein provided as to lien for rent due.

**12.02 INTEGRATION OF TERMS:**

Any representations by LESSOR regarding LESSEE's leasehold interest must be embodied in this writing. The waiver by LESSOR or LESSEE of performance of any provisions of this Lease shall not amount to a future waiver of strict performance of such provision or any other provision of this Lease.

**12.03 FEDERAL AIRPORT AID:**

LESSOR has applied for and received a grant or grants of money from the Administrator of the FAA pursuant to the Airport and Airways Development Act of 1970, as the same has been amended and supplemented, and under prior federal statutes which said Act superseded and LESSOR may in the future apply for and receive such grants. In connection therewith, LESSOR has undertaken and may in the future undertake certain obligations respecting its operation of the Airport and the activities of its contractors, LESSEEs, and permittees thereon. The performance by LESSEE of the promises and obligations contained in this Lease is, therefore, a special consideration and inducement to the execution of this Lease by LESSOR, and LESSEE further agrees that if the Administrator of the FAA or any other governmental officer or body having jurisdiction over the enforcement of the obligations of LESSOR in connection with the Federal Airport Aid, shall make any orders, recommendations, or suggestions respecting the performance by LESSEE's of its obligations under this Lease, LESSEE will promptly comply therewith at the time or times, when and to the extent that LESSOR reasonably may direct.

**12.04 ANTI-DISCRIMINATION CLAUSES MANDATED BY FEDERAL GOVERNMENT:**

A. AIRPORT AND AIRWAY DEVELOPMENT ACT OF 1970: LESSEE assures that it will undertake an affirmative action program as required by 14 Code of Federal Regulations Part 152, Subpart E, to ensure that no person shall on the grounds of race, color, creed, national origin, or sex be excluded from participating in any employment activities covered by 14 Code of Federal Regulations Part 152, Subpart E. LESSEE 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. LESSEE assures that it will require that its covered suborganizations provide assurances to LESSEE that they similarly undertake affirmative action programs and that they will require assurance from their suborganizations, as required by 14 Code of Federal Regulations Part 152, Subpart E, to the same effect.

B. LESSEE for itself, its successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agrees as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participating in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities,

(2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participating in, denied the benefits of, or otherwise be subjected to discrimination, (3) that LESSEE shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

C. That in the event of breach of any of the proceeding nondiscrimination covenants, City of Laredo shall have the right to terminate the license, lease, permit, etc., and to reenter and repossess said land and the facilities thereon and hold the same as if said Lease had never been made or issued.

#### **12.05 LAWS AND REGULATIONS:**

LESSEE will keep and maintain the Premises in a clean and healthful condition and comply with the laws, ordinances orders, rules, and regulations whether State, Federal, Municipal or Airport.

#### **12.06 HOUSEKEEPING:**

A. LESSEE shall remove from the Premises or otherwise dispose of all garbage, debris, LESSEE owned non-airworthy or wrecked aircraft, and other waste material (whether solid or liquid) arising out of its occupancy of the Premises or out of its operations. LESSEE shall provide and use suitable covered metal or other rigidly and sturdily constructed receptacles for all garbage, trash, and other refuse on or in connection with the Premises which would normally fit into a receptacle. Piling of boxes, cartons, barrels, or other similar items, in an unsightly or unsafe manner, on or about the Premises is forbidden. The manner of handling and disposing of trash, garbage and other refuse shall at all times be subject to City ordinances. LESSEE shall use extreme care when effecting removal of all such waste to prevent littering the Premises.

B. If LESSEE allows the accumulation of weeds, used tires, rubbish or items of equipment or supplies to remain on the Premises and right-of-way areas more than five (5) days after a request in writing from LESSOR to have them removed, LESSOR or authorized agent may enter upon the Premises for the purpose of removing same by whatever means it deems necessary but shall not have any affirmative duty to do so. Such entry shall not be deemed a trespass and LESSOR shall not be subject to any liability. The cost of such work shall be borne by LESSEE, and LESSEE agrees to use commercially reasonable efforts to immediately reimburse LESSOR or LESSOR's agent for said cost.

C. LESSEE shall commit no nuisance, waste, or injury on the Premises and shall not do or permit to be done anything which may result in the creation or commission or maintenance of a nuisance, waste, or injury on the Premises.

D. Taking into consideration the business to be conducted on the Premises, LESSEE shall not create nor permit to be caused or created upon the Premises any obnoxious odor, smoke, noxious gas, or vapor.

E. LESSEE shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the drainage and sewage system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located on the Premises.

**12.07 LANDSCAPING MAINTENANCE:**

If landscaping areas are not maintained in accordance with the standards reasonably prescribed by LESSOR or the conditions not corrected within five (5) days after written notice from LESSOR, LESSOR or its authorized agent shall have the right to enter on the Premises and plant or replant such areas, without being deemed guilty of trespass. The reasonable costs thereof, as determined by LESSOR, shall be paid by LESSEE

**12.08 COMPUTER NON-CORRUPTION AND INFORMATION TECHNOLOGY BREACH PROVISIONS:**

A. Should LESSEE have access at any time to the computer and other information technology systems of LESSOR (collectively, the “Systems”) for any reason, LESSEE shall ensure that such access does not compromise, adversely affect, or permit unauthorized access, either directly or indirectly to, the Systems(a “Breach”) in any way and for any reason. If LESSOR, in its sole good faith judgment, determines that such access either is adversely affecting the Systems or has the potential to adversely affect the Systems, then notwithstanding any other provision of this Lease to the contrary, LESSOR shall have the right to suspend and/or terminate immediately such access of LESSEE. LESSOR shall endeavor to give LESSEE notice of such suspension and/or termination as expeditiously as possible, consistent with LESSOR’s obligations regarding the safeguarding of such information.

B. LESSEE confirms that, with regard to any Breach, money damages shall not be a sufficient remedy, therefore LESSOR, in addition to suspending or terminating LESSEE’s access thereto, also shall have the right to seek an injunction against any further attempted access by LESSEE to the Systems.

C. LESSEE shall not permit any third party to obtain any access to the Computer System without LESSOR’s prior, written consent.

D. Should any Breach occur, LESSEE immediately shall notify LESSOR of such Breach and shall provide LESSOR with any and all information of LESSEE pertaining to the Breach and LESSEE’s access to the Systems. In such event, LESSEE shall follow and shall assist LESSOR in LESSOR’s flowing, of all notification obligations and other protocols required under any Federal, State, or local rules or regulations, all at LESSEE’s sole cost and expense. LESSEE shall reimburse LESSOR for all costs and expenses incurred by LESSOR in connection with the Breach, including the costs of following all such protocols, so long as the breach is not solely or predominately caused by LESSOR.

E. Should LESSOR request, LESSEE, at its own cost and expense, shall prepare and deliver to LESSOR as expeditiously as possible a “SOC-2” or similar audit for itself and for any party that is permitted through LESSEE to access any of the Systems.

**12.09 CUMULATIVE RIGHTS AND REMEDIES:**

All rights and remedies of LESSOR enumerated in this Lease shall be in addition to other rights or remedies allowed by law. Likewise, the exercise or failure to exercise by LESSOR or any remedy provided for herein or allowed by law shall not preclude its exercise of other remedies.

**12.10 INTERPRETATION:**

Words of gender used in this Lease shall be held and construed to include any other gender, and words in the singular shall be held to include the plural and vice versa unless the context otherwise requires.

**12.11 INVALIDITY OR ILLEGALITY OF PROVISIONS:**

If, for any reason, any portion of this Lease will be determined by a competent authority, *i.e.*, court or arbitrator, to be void or unenforceable, then (a) that portion will be of no effect, (b) the balance of this Lease will remain in full force and effect, and (c) this Lease will be performed as though the stricken portion was replaced with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

**12.12 SUCCESSORS AND ASSIGNS:**

All of the terms, provisions, covenants, and conditions of this Lease shall inure to the benefit of and be binding upon LESSOR and LESSEE and their successors, assigns, legal representatives, heirs, executors, and administrators.

**12.13 TRAILERS, ABANDONED VEHICLES EXPRESSLY PROHIBITED:**

Towed vehicles or any motor vehicles not currently licensed, except for operable fuel trucks and other GSE, are not permitted on the Premises. Under this provision, and unless otherwise used in connection with the construction of the Improvements, vehicles, RV trailers, travel homes and mobile homes, wrecked or abandoned vehicles must be removed from the Premises at LESSEE's sole expense, and failure to do so shall constitute a default under this Lease. This provision excludes vehicles used in accordance with fixed base operator operational activities.

**12.14 CAPTIONS:**

Articles and headings are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the intent of any provision hereof, nor are they meant to bind LESSOR or LESSEE to the meaning of such heading.

**12.15 RIGHT OF FLIGHT:**

LESSOR, for itself, its lessees, permittees, successors and assigns, reserves the right of flight for the passage of all types of aircraft now in existence or hereafter created above the Premises. LESSOR, its consignees, lessees, permittees, licensees, successors, and assigns shall likewise be entitled to cause such noise, smoke, vapors, sound effects and other distractions as may be inherent in the operation and flight of such aircraft.

**12.16 GOVERNING LAW/VENUE:**

This Lease shall be construed under and in accordance with the laws of the State of Texas. Venue of any action arising under this agreement shall lie in Webb County, Texas, or the Laredo Division of the Southern District of Texas, each without regard to conflict of laws principles.

**12.17 NOTICES:**

Any notices which are required hereunder, or which either LESSOR or LESSEE may desire to serve upon the other shall be in writing and shall be deemed served when deposited in the United States mail, postage paid, return receipt requested, addressed as follows to:

LESSEE: Freeman Holdings of Laredo, LLC  
16221 Foster St  
Overland Park, Kansas 66085

With a copy to: Reese Hays,  
General Counsel  
Freeman Holdings Group  
16221 Foster Street  
Overland Park, KS 66085

LESSOR: Office of the Airport Director  
Laredo International Airport  
5210 Bob Bullock Loop  
Laredo, TX 78041

With a copy to: Office of the City Attorney  
1110 Houston Street  
Laredo, TX 78040

Either Party may change its address for notice by providing written notice to the other.

**12.18 SUBORDINATION OF LEASE:**

A. This Lease shall be subordinated to the provisions of any existing or future agreement between LESSOR and the United States, 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 Funds for the development of the Airport.

B. It is expressly understood and agreed that this Lease is subject to and subordinate to and contained in those certain contracts, agreements, resolutions and actions of the City of Laredo, Texas, constituting agreements between the City and the United States of America and its agent including but not limited to, the Federal Aviation Administration (FAA) and all regulations now and hereafter imposed upon the City and that LESSOR shall not be liable to LESSEE on account of any of the foregoing matters and all of such contracts, agreements, resolutions and

regulations are incorporated herein by reference, and if any provision of this Lease is determined to be a variance with same, such provision is unilaterally reformable to LESSOR'S option.

**12.19 NATIONAL EMERGENCY:**

During the time of war or national emergency, LESSOR shall have the right to lease the landing area or any part thereof of the United States Government for military or naval use, and if such lease is executed, the provisions of this Lease insofar as they are inconsistent with the provisions of the lease to the Government, shall be suspended.

**12.20 APPROVAL:**

This Lease is subject to City Council approval and also constitutes a public document under the Texas Open Meetings Act, being subject to public inspection at any time hereafter.

**12.21 AIRPORT HAZARD:**

LESSEE, and each of their respective successors and assigns will not make or permit any use of the Premises which would interfere with landing or taking off of aircraft at the airport, or otherwise constitute an airport hazard. This includes such items as electrical and electronic interference with communications, electrical or electronic equipment, creation of dust or glaring or misleading lights.

**12.22 AERIAL APPROACHES:**

LESSOR reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent LESSEE from erecting, or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of LESSOR, would limit the usefulness of the Airport or constitute a hazard to aircraft.

**12.23 NON-LIABILITY OF LESSOR TO THIRD PARTIES:**

LESSOR shall not in any event be liable to LESSEE for any acts or omissions of, or for any condition resulting from, the operations or activities of any third person, firm, or corporation, or the agents, servants, employees or independent contractors of any such person, firm, or corporation, that results in injury, loss or damage to LESSEE or to any other person, or loss of or damage to any personal property installed or stored on the Premises unless such loss or damage was incurred by LESSOR'S negligence.

**12.24 OCCUPANCY AND USE OF THE AIRPORT:**

A. From time to time LESSOR may adopt and enforce rules and regulations with respect to the occupancy and use of the Airport, its services and facilities, by persons, vehicles, aircraft and equipment that in LESSOR'S opinion will reasonably insure the safe, efficient and economically practicable operation thereof and provide for the safety and convenience of those using the Airport, and to protect the Airport and its facilities and the public from damage or injury resulting from operations on, into and from the Airport.

B. LESSEE agrees to observe and obey any and all rules and regulations and all other Federal, State, and municipal rules and regulations and laws and to require its officers, agents, employees, contractors, and suppliers to observe and obey the same. LESSOR reserves the right to deny access to the Airport and its facilities to any person, firm, or corporation that fails or refuses to obey and comply with such rules, regulations, or laws. Such rules, regulations or municipal laws of LESSOR will not be inconsistent with the terms of this Lease nor with the valid rules, regulations, orders and procedures of the Federal Aviation Administration or any other superior governmental agency duly authorized to make or enforce rules and regulations for the operation of the Airport and the operation of aircraft using the Airport.

C. LESSEE at all times shall be furnished a current copy of any such rules and regulations and any amendments thereto.

D. LESSOR reserves the right to prohibit the operation of any vehicle or equipment on the Premises that LESSOR reasonably determines to be in an unsafe condition. LESSOR reserves the right to require each vehicle operated on the Premises to be inspected and to obtain a permit or license authorizing such vehicle to operate on the Premises and for which a nominal fee may be charged.

#### **12.25 IMPROVEMENTS VESTED IN LESSOR:**

The parties agree that the obligation and promises of LESSEE, as expressed herein, to make improvements and maintain building is a part of the total consideration for this Lease. Therefore, all right, title, and interest in and to the Improvements shall be vested in LESSOR at the early termination or expiration of the Terms of this Lease. LESSEE shall have the right to the use and possession of the Improvements during this Lease plus any extensions hereof as provided herein so long as LESSEE is not in default of any of the terms of this Lease. It shall be the obligation of LESSEE to maintain and repair the Improvements during the terms of this Lease or any extension thereof. Upon termination, interest in and to the Improvements shall remain vested in LESSOR, and LESSEE shall not have any further rights therein nor be entitled to any reimbursement by reason of LESSEE'S maintenance, improvements, repair, or use of said building.

#### **12.26 AIRPORT SECURITY:**

A. LESSEE covenants and agrees that it will at all times maintain the integrity of the Airport Security Plan and TSR Part 1542, as each may be amended from time to time.

B. LESSEE shall provide for the security of the air operations area to prevent ground entry or movement of unauthorized persons from or through the Premises in accordance with any regulations imposed upon LESSOR by the Transportation Security Administration or others. Furthermore, LESSEE shall ensure that its employees, customers, guests, invitees, vendors, contractors, sublessees, and anyone granted access by LESSEE to the air operations area comply with the Airport Security Plan and TSR Part 1542, as amended. LESSEE shall indemnify and hold harmless LESSOR, its officers, and employees, from any charges, fines, or penalties that may be levied by any agency of the United States or the State of Texas by reason of such failure to comply with this requirement.

C. LESSEE shall, at its own cost and expense, provide reasonable security in accordance with Transportation Security Administration guidelines and requirements for the leased remises including buildings and other improvements now existing or hereafter erected or installed on the Premises. LESSEE shall be entitled to the same degree of LESSOR provided security as is available to all others of the Airport.

**12.27 LESSEE-INDEPENDENT CONTRACTORS:**

LESSEE in its operations hereunder shall act in the capacity of an independent contractor and LESSOR shall not have or be construed to have any responsibility or liability for any work, acts, or omissions of LESSEE, its agents, employees, tenants, sublessee, contractors, guests, invitees, or customers.

**12.28 OPERATIONAL REPORTING REQUIREMENTS:**

A. If LESSEE operates as a Fixed Base Operator or Air Cargo Operator, then within fifteen (15) days after the close of each calendar month, LESSEE shall submit to LESSOR, in a form and with detail satisfactory to LESSOR, a true and accurate written monthly report of operations (each, a "Operations Report"), for activity conducted by LESSEE during the preceding month. Such report shall detail the number of aircraft serviced by LESSEE during the preceding month to include aircraft owner, operating carrier, aircraft type, aircraft number, weight of the aircraft, net weight of cargo, and any other information which LESSOR may require.

B. LESSEE'S failure to submit the Operations Report within the required timeframe and in similar format as shown in Exhibit C which defines the reporting requirements of airline and ground handling companies in accordance with Ordinance No. 99-0-242, as ordinance may be amended from time to time, will result in a material breach of this Lease, subject to the applicable cure periods set forth in Article 7 hereof.

**12.29 FORCE MAJEURE:**

In the event that LESSOR or LESSEE, shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, pandemics, epidemics, severe weather, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, the act, failure to act or default of the other party, war, or other reason beyond their control (an event of "Force Majeure"), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. In order to claim a delay for an event of Force Majeure, the party claiming a delay for Force Majeure shall notify the other party in writing of the same within fifteen (15) business days of the date such party becomes aware or should have become aware of the occurrence of the event and provide a description of the event constituting Force Majeure.

**12.30 ENTIRE AGREEMENT:**

This Lease and the Exhibits attached hereto constitute the entire agreement between the parties on the subject matter hereof and may not be changed, modified, discharged, or extended

except by written instrument duly executed by LESSOR and LESSEE. LESSEE agrees that no representations or grant of rights or privileges shall be binding upon LESSOR unless expressed in writing in this Lease.

### **12.31 COUNTERPARTS:**

This Lease may be executed in counterparts, by either an original signature or signature transmitted by facsimile transmission, by email in portable document format (PDF) or other similar process and each copy so executed will be deemed to be an original and all copies so executed will constitute the same agreement. It is further agreed that the foregoing processes may be used for the execution of further documents among the parties hereto.

### **12.32 CONDITIONS AND COVENANTS:**

All of the provisions of this Lease shall be deemed as running with the land and construed to be “conditions” as well as “covenants” as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

### **12.33 CONSTRUCTION:**

In the interpretation and construction of this Lease, the Parties acknowledge that the terms hereof reflect extensive negotiations between the parties and that this Lease shall not be deemed, for the purpose of construction and interpretation, that either Party drafted this Lease. As used herein, the following terms shall have the following meanings:(i) “hereof,” “hereby,” “hereto,” “hereunder,” “herewith” and similar terms mean of, by, to, under and with respect to this Lease or to the other documents or matters being referenced; (ii) “heretofore” means before, “hereafter” means after, and “herewith” means concurrently with the date of this Lease; (iii) all pronouns, whether in masculine, feminine or neuter form, shall be deemed to refer to the object of such pronoun whether same is masculine, feminine or neuter in gender, as the context may suggest or require; (iv) “including” means including, without limitation; and (v) all terms used herein, whether or not defined herein, and whether used in singular or plural form, shall be deemed to refer to the object of such term whether such is singular or plural in nature, as the context may suggest or require. The titles, captions and table of contents contained herein are inserted herein only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Lease or the intent of any provision hereof.

### **12.34 DISCLAIMER OF RELIANCE:**

**EACH PARTY ACKNOWLEDGES THAT NONE OF THE PARTIES HERETO, NOR ANY AGENTS OR COUNSEL OF ANY OTHER PARTY, HAVE MADE ANY PROMISES, REPRESENTATIONS, OR WARRANTIES, EXPRESS OR IMPLIED, NOT CONTAINED HEREIN, TO INDUCE THE PARTIES’ EXECUTION OF THIS LEASE. THE PARTIES ACKNOWLEDGE AND WARRANT THAT EACH PARTY IS NOT EXECUTING THIS LEASE IN RELIANCE ON ANY PROMISE, REPRESENTATION, OR WARRANTY NOT CONTAINED HEREIN.THE PARTIES REPRESENT AND WARRANT THAT EACH PARTY HAS CONDUCTED AN INDEPENDENT INVESTIGATION AND THAT EACH PARTY HAS HAD THE OPPORTUNITY TO**

**CONSULT WITH THE COUNSEL OF EACH PARTY'S CHOICE AND SO HAS CONSULTED.EACH PARTY SPECIFICALLY DISCLAIMS RELIANCE ON ANY REPRESENTATIONS MADE BY THE OTHER PARTY, EXCEPT FOR THOSE REPRESENTATIONS THAT ARE SPECIFICALLY REDUCED TO WRITING IN THIS LEASE.**

*[SIGNATURES ON NEXT PAGE]*

EXECUTED on this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

**LESSOR:**

CITY OF LAREDO

A MUNICIPAL CORPORATION

BY: \_\_\_\_\_

JOSEPH NEEB

CITY MANAGER

ATTEST:

BY: \_\_\_\_\_

MARIO MALDONADO, JR.

CITY SECRETARY

APPROVED AS TO FORM:

BY: \_\_\_\_\_

DOANH "ZONE" T. NGUYEN

CITY ATTORNEY

*[SIGNATURES CONTINUED ON NEXT PAGE]*

**LESSEE:**

FREEMAN HOLDINGS OF LAREDO, LLC

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SCOTT FREEMAN  
CEO

EXHIBIT "A"  
LEGAL DESCRIPTIONS

EXHIBIT "B"  
LAREDO INSURANCE REQUIREMENTS



**Fixed Based Operators**  
**FBO Ordinance No. 2006-0-202 / Amended by 2012-O-040**  
**Insurance Requirements**

Description	Type	Limits
Aircraft repair, fueling, refueling	Umbrella Liability	\$10,000,000.00
All Others at the City's discretion	Umbrella Liability	Not required
Repair, taxiing or towing of aircraft, or in any way having care, custody or control of third-party aircraft	Hangarkeepers	\$2,000,000.00
Fueling operations, responsible for maintaining underground storage tanks	Underground Storage Tank Liability	\$2,000,000.00
1. Commercial General Liability insurance		
	minimum combined single limits (per occurrence)	\$1,000,000.00
	general aggregate for bodily injury and property damage	\$5,000,000.00
	operations \$1,000,000 products/ completed operations aggregate), and XCU (Explosion, Collapse, Underground) hazards. Coverage for products/completed operations must be maintained for at least two (2) years after the FBO agreement expires.	\$1,000,000.00
2. Workers Compensation insurance at statutory limits, including Employers Liability coverage		
	minimum limits of each-occurrence each accident by disease each-occurrence by disease aggregate.	\$1,000,000.00
3. Commercial Automobile Liability insurance at minimum combined single limits per occurrence for bodily injury and property damage, including owned, non-owned, and hired car coverage.		
		\$1,000,000.00
4. Hangar keepers Legal Liability insurance at minimum limits of per-aircraft/ per-occurrence.		
		\$2,000,000.00
5. Underground Storage Tank Pollution Liability to include coverage for third-party bodily injury and property damage (on and off-site). The UST insurance shall also include clean-up, remediation, restoration costs, and other related costs and expenses. If this coverage is claims-made, the policy retro date shall be set and maintained not later than the inception date of this Agreement. This insurance shall be continuously in place during the full term of this Agreement, including any extensions or renewals thereof, and for a period of at least one year after the final termination of this Agreement. UST coverage limits shall be \$2,000,000 per-claim.		
		\$2,000,000.00



**Fixed Based Operators  
FBO Ordinance No. 2006-0-202 / Amended by 2012-O-040  
Insurance Requirements**

Description	Type	Limits
6. Umbrella Liability insurance with respect to Primary Commercial General Liability, Automobile Liability, and Employers Liability.		
at minimum limits each-occurrence		\$1,000,000.00
aggregate		\$2,000,000.00
7. Pollution Liability insurance at minimum limits of each-occurrence.		\$1,000,000.00
Any Subcontractor(s) hired by the fixed base operator shall maintain insurance coverage equal to that required of the fixed base operator. It is the responsibility of the fixed base operators to assure compliance with this provision. The City of Laredo accepts no responsibility arising from the conduct, or lack of conduct, of the Subcontractor.		
A Comprehensive General Liability insurance form may be used in lieu of a Commercial General Liability insurance form. In this event, coverage must be written on an occurrence basis, at limits of \$1,000,000 each-occurrence, combined single limit, and coverage must include a broad form Comprehensive General Liability Endorsement, products/completed operations, XCU hazards, and contractual liability.		\$1,000,000.00
1. The City of Laredo shall be named as an additional insured with respect to General Liability and Automobile Liability.		
3. A waiver of subrogation in favor of The City of Laredo shall be contained in the Workers Compensation and all liability policies.		
4. All insurance policies shall be endorsed to require the insurer to immediately notify The City of Laredo of any material change in the insurance coverage.		

EXHIBIT "C"  
REPORTING REQUIREMENTS

Company Name  
 Address  
 City, State Zip Code

MONTH

	DATE	BL/RECEIPT #	GROSS GALLONS	NET GALLONS
1				
2				
3				
4				
5				
6				
7				
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26				
27				
28				
29				
30				
	MTH TOTALS		0	0

GROSS GALLONS 0  
 RATE \$ 0.06  
 AMOUNT DUE \$ -