

STATE OF TEXAS COUNTY OF WEBB,

This lease agreement is made and entered into by and between CITY OF LAREDO, TEXAS (“LESSOR”) and I35 Church (“LESSEE”).

WHEREAS, the LESSOR owns those premises at the Laredo International Airport located at 1720 Hillside Rd, Laredo, Texas 78041, legally described as a constituting Building #2075, located at 1720 Hillside Road, Laredo, Webb County, Texas situated on property described as Block No. 27, of the subdivision plat of Laredo Airport according to the map or plat thereof recorded in Volume 5, Page 1, plat records of Webb County, Texas.

NOW, THEREFORE THE LESSOR AND LESSEE for and in consideration (If the covenants and agreements set forth in this lease, do hereby covenant and agree as follows:

**ARTICLE I
DEFINITIONS AND DEMISE OF LEASED PREMISES**

1.01 DEFINITIONS

A. “Laredo International Airport area” means that certain area administered by the city of Laredo. Pursuant to an indenture from the United States of America to the City of Laredo. Dated February 21, 1975 and recorded in volume 478 at page 471 et seq. of the Real Property Records of Webb County. Texas.

B. “LESSOR” means City of Laredo and its duly constituted agents.

C. “PREMISES” includes the property and building subject to the lease.

D. The word “building” includes, but is not limited to, the foundation, load-bearing walls, joists, rafters, load bearing surfaces, water pipes, drainage pipes, and air conditioning ducts.

1.02 DEMISE OF LEASED PREMISES

In consideration of the mutual covenants and agreements set forth in this lease, and other good and valuable consideration, LESSOR does hereby demise and lease to LESSEE, and LESSEE does hereby lease from LESSOR, approximately 8,184 square feet constituting Building #2075, located at 1720 Hillside Road, Laredo, Webb County, Texas situated on property described as Block No. 27, of the subdivision plat of Laredo Airport according to the map or plat thereof recorded in Volume 5, Page 1, plat records of Webb County, Texas. The property on which the building is situated is more particularly described and depicted on “Exhibit A” attached hereto and incorporated herein, all hereinafter referred to as the leased area, all within the Laredo International Airport, and LESSEE hereby leases the said leased area from LESSOR.

ARTICLE II LEASE TERM

2.01 COMMENCEMENT OF TERM AND TERMINATION DATE

This lease shall be for a total of five (5) years, commencing on the first day of April 1, 2025, and shall terminate on March 31, 2030.

2.02 OPTION TO EXTEND:

LESSEE is hereby granted two (2) options to extend this lease for an additional five (5) years per option with LESSOR'S prior approval. LESSEE shall provide LESSOR written notice by 180 days prior to end of each term, if LESSEE chooses to extend the lease term during any of the option periods. Notwithstanding anything to the contrary, if LESSEE elects to extend the term of the lease, rent will be adjusted in accordance with Article III.

2.03 TERMINATION

This lease shall terminate and become null and void without further notice on the expiration of the term specified in Section 2.01, and any holding over by LESSEE after the expiration of that term, shall not constitute a renewal of the lease or give LESSEE any rights under the lease in or to the leased premises.

2.04 HOLDOVER

In the event LESSEE remains in possession of the premises after the expiration of this lease and without the execution of a new lease, LESSEE shall be deemed to be occupying the premises as a tenant from month-to-month, at a monthly rental equal to two times the latest monthly rental being paid by LESSEE and subject to all the conditions, provisions and obligations of this lease insofar as they are applicable to month-to-month tenancy. The LESSOR'S collection of holdover rent shall not be deemed a waiver of LESSOR'S rights to take possession of the leased premises nor shall it establish any rights on the part of the LESSEE to occupy the leased premises, except on a month-to-month tenancy. However, the parties to this agreement acknowledge that the parties may at anytime enter into a new written agreement.

2.05 CONDITION OF PREMISES AT TERMINATION

LESSEE covenants that at the expiration or prior termination of this Agreement it will quit and surrender possession of the leased premises and all improvements thereon. LESSEE shall surrender the premises to LESSOR free and clear of any all liens/encumbrances which were caused by LESSEE. LESSEE shall further surrender the premises in good repair and condition, reasonable wear and tear and damage by fire, act of God, the public enemy or action of the elements or by any cause not due to any act or omission of LESSEE and beyond

the control of LESSEE are excepted. LESSEE shall be deemed to have abandoned to LESSOR any trade equipment and other property of LESSEE when, without the consent of the LESSOR, it has failed to remove from the leased premises such trade equipment and other property after the end of the term of this Agreement or after effective date of termination thereof provided.

ARTICLE III

RENT

3.01 ANNUAL RENTAL

a. LESSEE agrees to pay to LESSOR in legal money of the United States of America annually for the use and occupancy of the leased premises during the first year of this lease, an initial annual rental in the amount of Sixty Thousand Dollars and No Cents (\$60,0000.00) payable in equal monthly installments of Five Thousand Dollars and Thirty Zero Cents (\$5,000.00) paid in advance on the first day of each month of the initial term of this lease. Notwithstanding anything to the contrary, the monthly rental obligation shall change annually thereafter in accordance with the requirements of Section 3.01 (b) and (c).

b. Without waiving other rental escalation provisions in this contract, monthly rentals shall be adjusted annually during the primary and extension periods by an amount which is equivalent to the percent change in the Consumer Price Index {CPI} from the preceding calendar year's average, specifically defined as the Consumer Price Index {U.S. Average, All Urban Consumers, All Items} 1982-84 = 100 Base as compiled by the Bureau of Labor Statistics. This means that at the anniversary date of April 1, 2025, and annually thereafter, the rent will be adjusted according to the percent change in the CPI as of that date from that of the preceding calendar year {January-December} except, when the new monthly rental amount will be changed in accordance with LESSOR'S appraised value and in accordance with Section 3.01 {c}.

Example:

1. First Anniversary: Base rent x CPI= adjustment+ base rent= rent for second year.

2. Second Anniversary: Second year's rent x CPI= adjustment+ second year's rent = rent for third year... etc., annually until lease expiration or any extension thereto.

c. Notwithstanding anything to the contrary, the annual rental shall be adjusted upward but not downwards as of each fifth (5th) anniversary date of the initial term of the lease, and upon each option used to extend the lease. Annual rent shall be adjusted based on then appraised fair market rental value of the leased premises thereon and such revised rental shall be adjusted annually thereafter in accordance with Section 3.01 (b). Upon every 5th year anniversary and every option period, annual rent shall be adjusted in accordance with this section and shall not be subject to a CPI adjustment as set forth in Section 3.01 (b).

3.02 TIME AND MANNER OF PAYMENT

Each monthly rental payment is due and payable on or before the first day of each month and monthly thereafter at each month during the term of this lease.

3.03 INTEREST/PENALTY ON DELINQUENT PAYMENTS

A. Each installment of the rent shall be a payable no later than the tenth (10th) day of each calendar month, as applicable without regard to notice, demand, setoff, deduction, defense, or counterclaim.

B. Except as otherwise provided in the 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 legal sum payable to LESSOR, under the terms of this lease then on the eleventh (11th) day for which payment is due, a One Hundred Fifty Dollar (\$150) delinquent fee shall be due and payable by LESSEE to LESSOR.

3.04 PLACE OF PAYMENT

All rent shall be paid by LESSEE at Office of the Airport Director, Laredo International Airport, 5210 Bob Bullock Loop, Laredo, Texas 78041 or at such other location or locations as LESSOR may from time to time designate by written notice to LESSEE.

ARTICLE IV

UTILITIES AND AD VALOREM TAXES

4.01 UTILITY CHARGES

LESSEE shall pay or cause to be paid all charges for heat, gas, electricity, and all other utilities used on the leased premises throughout the term of this lease. Water/Sewer utility charges will be pro-rated among the buildings tenants in accordance with LESSEE'S percentage occupancy of the leased premises or until such time an independent utility meter is installed and LESSEE shall pay all charges. LESSEE shall also pay for the removal of all garbage from the leased premises.

4.02 AD VALOREM TAXES

a. LESSEE agrees to promptly pay, upon receipt of a tax statement from any taxing entity, all ad valorem taxes, leasehold interest taxes, penalties and interest imposed by it upon any personal property, tools, equipment, furniture, fixtures, and inventory belonging to the LESSEE. The taxes shall be paid prior to delinquency.

b. LESSEE'S failure to pay all ad valorem taxes, leasehold interest taxes or any other taxes due and owing any taxing entity or authority as required by this lease agreement shall constitute a material breach of this lease agreement.

c. LESSOR shall be obligated to pay all taxes due and owing as a result of the real property and real property improvements situated at 1719 E. Hillside.

ARTICLE V

INSPECTION OF PREMISES

LESSOR hereby reserves the right to inspect, at all times during normal business hours, the leased premises and improvements for the purpose of determining whether or not the improvements are being properly maintained in accordance with the requirements of this agreement. However, LESSOR affirmatively acknowledges that any right of inspection shall not interfere and/or disrupt LESSEE'S business operations being conducted on the premises.

ARTICLE VI

RIGHTS AND PRIVILEGES OF LESSEE

All rights and privileges granted to LESSEE herein are expressly made subject to the rules and regulations established from time to time by LESSOR and the Laredo International Airport under the provisions of this lease. LESSOR shall provide LESSEE with notice of any change of rule or regulation or the implementation of same within 10 days of receiving notice of same.

6.01 POSSESSION

During the term of this lease and while LESSEE is not in default of any of its obligations, LESSEE shall be entitled to and shall have the possession and enjoyment of the leased premises.

ARTICLE VII

ASSIGNMENT AND SUBLEASE

7.01 ASSIGNMENT AND SUBLEASE

a. LESSEE covenants and agrees that it will not sell, sublet, convey, transfer, mortgage, or pledge this Agreement or any rights created thereby, without prior written approval of the LESSOR.

b. 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 term

c. LESSEE shall not have the right or privilege to assign or transfer this Lease to any party without prior written approval of the LESSOR, which shall not be unreasonably withheld or delayed. 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.

d. Any sublease, assignment, or transfer of this Agreement or any rights of LESSEE inconsistent with Section 7.01 (a), Section 7.01 (b) and Section 7.01 (c), shall entitle the LESSOR at its option to terminate this Agreement and re- enter upon and take possession of the leased premises provided that LESSOR has given LESSEE notice of the alleged lease violation and an opportunity to cure as provided in this agreement.

ARTICLE VIII

USE OF LEASED PREMISES

8.01 PURPOSE

LESSEE shall have the right to use the premises for the sole purpose of office space, storage, church services and related church activities and for non-profit meetings. No other use of the leased area is permitted, LESSEE shall follow all State, Local, Municipal, and any and all governmental guidelines with regards to its use of the leased premises.

8.02 ILLEGAL USE NOT PERMITTED

LESSEE agrees not to use all or part of the leased premises for any use or purpose in violation of any applicable law, regulation, or ordinance of the United States, the State of Texas, or the City of Laredo, or other lawful authority having jurisdiction over the leased premises.

8.03 OUTSIDE STORAGE PROHIBITED

Storage of vehicles, equipment, supplies or any other items outside of the building(s) is prohibited. For the purpose of this provision, the term “storage” shall mean the placing of vehicles, equipment, supplies or any other items outside the building and which vehicles, do not serve an actual day-to-day business function.

8.04 TRAILERS, ABANDONED VEHICLES EXPRESSLY PROHIBITED

Towed vehicles or any motor vehicles not currently licensed and actively used are not permitted on the demised premises. Under this provision, vehicles, RV trailers, travel homes and mobile homes, wrecked or abandoned vehicles (to include aircraft) must be removed at LESSEE'S expense, and failure to do so shall constitute a material breach of this lease.

8.05 CONDITIONS PROHIBITED

The premises occupied by the LESSEE shall not be used or occupied in any manner which:

- a. unreasonably affects the health, comfort, or safety of members of the general public or other adjoining tenants,
- b. unreasonably affects the beneficial enjoyment and use of properties demised to adjoining tenants,
- c. violates the zoning or other ordinances of the City of Laredo as amended.

8.06 ULTRA HAZARDOUS ACTIVITIES INCLUDING FIRE AND EXPLOSIVE HAZARDS

No ultra-hazardous activities including those creating fire or explosive hazards endangering life or property shall be conducted upon the demised premises by the LESSEE.

8.07 NOISE LEVELS

At no point within fifty (50) feet of the property line of the demised premises shall the sound pressure of any individual plant or operation conducted by the LESSEE (other than operation of motor vehicles, aircraft, or other conveyances of transportation which comply with, the state and federal licensing requirements) exceed the decibel levels in the designated octave bands shown below:

Octave Band Cycles Per Second

0-300

300 -1200

1200 -4800

4800 and above

Maximum Permitted Sound Level in Decibels

RE 0.0002 dynes/cm²

75

55

45

40

8.08 VIBRATION OR SHOCK

No vibration or shock perceptible to a person of normal sensibilities shall be permitted within fifty (50) feet of any property line delineating the demised premises.

8.09 AIR POLLUTION

a. Any use of the premises by the LESSEE which will produce smoke, gas, dust, odor, fumes, aerosols, particles, products of combustion, or other atmospheric pollutants shall be conducted within a completely enclosed container.

b. Visible emissions of smoke which exceed Ringlemenn No. I on the Ringlemenn Chart of the U.S. Bureau of Mines other than motor vehicle emissions from conveyances of transportation which comply with state and federal licensing and emission requirements shall not be permitted. This requirement is applicable to trash and waste material disposal. Wind borne dust, sprays and mists originating in any plants upon the demised premises will not be permitted.

- c. No operation shall discharge toxic or noxious matter into the atmosphere or into the sanitary sewer system.
- d. Emission of odors detectable at any point beyond the property line of the premises occupied by LESSEE shall not be permitted.

8.10 HEAT, GLARE OR ELECTRICAL DISTURBANCES

Any operation producing intense glare or heat shall be performed within an enclosed or screened area in such a manner which prevents the glare or heat so emitted from being discernible from any point on the property line of the demised premises. No electrical disturbances may be created within the demised premises, which may affect the operation, taking off and landing of aircraft on the Laredo International Airport.

8.11 ILLUMINATION

- a. The maximum height of any lighting standard shall be limited to twenty (20) feet above curb level, and with LESSOR'S prior approval.
- b. The intensity of illumination shall be limited to 10 foot candles or 0.1 lumens per square foot for open area or surfaces visible at the property line
- c. The design and location of exterior lighting shall comply in all respects to the requirements of the Federal Aviation Administration or any successor agencies and other governmental agencies having applicable jurisdiction with respect to height, type, and placement of lighting standards as they may affect the safety of flight operations at the Airport.

8.12 SIGNS

The following regulations shall apply to all commercial signs displayed for observation from the outside of the building whether displayed on, near or within the building:

- a. LESSEE, with the prior written consent of LESSOR which consent shall not be unreasonably withheld or delayed, shall have the right and privilege to erect, maintain, remove, and replace such signs on the leased premises as LESSEE may deem reasonably necessary or convenient in the operation of its business from the leased premises. LESSEE agrees to maintain said signs in a good state of repair. LESSEE shall remove said signs upon termination of this lease.
- b. Permitted Signs: LESSEE'S commercial signs shall be limited to those identifying the uses conducted on the site and to those necessary for directional purposes. The design and location of all signs shall require the written approval of the LESSOR or its authorized agent prior to installation. Approval shall not be unreasonably withheld.
- c. Area and Location: One sign may be permitted on the front of structure and at the rear of the structure.
- d. Construction: All signs shall comply with all building codes of the City of Laredo and with all rules and regulations of the Federal Aviation Administration or any other successor agencies.

8.13 REFUSE AND TRASH

No refuse or trash shall be kept, stored or allowed to unreasonably accumulate on the demised premises. LESSEE shall dispose of all trash and refuse behind the building until same is collected by the chosen contractors. Trash and refuse shall be collected at least once a week.

8.14 SEWAGE DISPOSAL SYSTEMS

No cesspool, septic tank or other sewage disposal system or device shall be installed, maintained or used upon the premises.

ARTICLE IX

CARE, MAINTENANCE AND REPAIR BY LESSEE

9.01 MAINTENANCE OF PREMISES AND IMPROVEMENTS

LESSEE shall, throughout the term of this lease, take good care of the leased area and the fixtures and appurtenances therein and at its sole cost and expense make routine maintenance and non-structural repairs thereto as and when needed to preserve them in good working order and condition, damage from the elements and fire excepted. In this regard, LESSEE is responsible for the maintenance and repair of all windows, all doors, plumbing lines, electrical, light fixtures, and plumbing fixtures. LESSEE is not responsible for damages and/or repairs related to foundation, building defect, structural defect, construction defects, and/or any other pre-existing defects/conditions.

LESSOR, at its sole expense, agrees to keep the roof, foundation, vertical and horizontal columns, and all other structural portions of the premises including the parking lots in good condition and repair during the term of this lease agreement, so long as damages for repairs were not caused due to negligence by LESSEE.

LESSEE shall be responsible for the exterior trash and debris removal, sidewalk sweeping, pavement striping, interior plumbing, and interior maintenance through the term of this lease.

LESSEE shall provide interior janitorial maintenance.

LESSEE shall enter into a Heating and Air Conditioning Service Agreement through the lease term. LESSOR and LESSEE shall each be responsible for the damage to any portions of the premises caused by their respective negligence.

LESSEE agrees to change air conditioning filters monthly, where such air conditioning units and/or filtering system are solely for the use by LESSEE and readily accessible by LESSEE.

LESSEE shall be responsible for the heating and air conditioning, electrical, system replacement along with the major repair expenses of these systems throughout the term of this lease agreement.

LESSEE shall surrender the premises to the LESSOR in good condition, broom clean, ordinary wear and tear expected.

LESSEE shall repair any damage to the premises occasioned by the removal of LESSEE'S trade fixtures, furnishings, and equipment. LESSOR represents and warrants that at the time of giving possession of the premises, all building systems are in good repair and working order.

Damage or injury to the premises, fixture, appurtenances whether requiring structural or nonstructural repairs, caused by or resulting from carelessness, omission, neglect or improper conduct of LESSEE, its servants, employees, or licensees' shall be repaired promptly by LESSEE at its sole cost and expense.

- a. Keep at all times in a clean and orderly condition and appearance the leased premises and all improvement thereon.
- b. Provide and maintain in good operable condition all fire protection and safety equipment and all other equipment of every kind and nature required by any law, rule order, ordinance, resolution or regulation of any competent authority, including the City of Laredo.
- c. LESSEE shall observe all regulations and requirements of insurers on the leased premise concerning the use and condition thereof for the purpose of reducing fire hazards and insurance rates on the leased premises. LESSOR shall notify LESSEE of all obligations requested by insurers other than these with whom LESSEE is in privity of contract.
- d. LESSEE shall repair at its sole cost any damage 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.
- e. LESSEE shall be responsible for unclogging of sanitary sewers and storm sewers located at the leased premises to the extent that same is the result of LESSEE'S ordinary and regular use of premise and would constitute "routine maintenance."
- f. LESSEE shall keep mowed and in a neat condition all landscaping and areas within the leased premises. This area expressly excludes any area subject to the control of other parties (not LESSOR) including but not limited to areas which are city right of ways. Landscaping maintenance conditions shall be in accordance to City Ordinances.

9.02 FAILURE TO MAINTAIN PREMISES AND IMPROVEMENTS

The LESSOR will notify the LESSEE of any failures to maintain or repair on their part through a notice of required maintenance.

- a. The LESSOR may, at its option, and in addition to any other remedies which may be available to it, repair or replace all or any part of the leased premises or the improvements thereon upon the following conditions:

1. LESSEE fails to commence, within a period of 30 days after notice from the LESSOR of any reasonable routine maintenance or repair work required to be done under the provisions hereof.

2. LESSEE fails to commence, within a period of 60 days if the said notice specifies that the work to be accomplished by the LESSEE involves reasonable routine preventive maintenance only.

3. LESSEE fails in any material respect diligently to continue to completion of the repair or replacement of all of the premises required to be repaired or replaced by LESSEE under the terms of this Agreement.

If lessor opts to move forward with providing remedies for maintenance and repair due to LESSEE's failure to commence or complete, the cost thereof shall be payable to LESSOR by LESSEE upon demand.

- b. LESSOR is expressly excluded from attempting to unreasonably burden LESSEE with maintenance on the facility that is not routine or for the sole purpose of improving the value of the property or structure.
- c. LESSOR shall act in good faith with regard to maintenance requests. LESSOR shall be responsible for all other repairs not specifically identified herein as the obligations of LESSEE. LESSOR shall respond timely to all maintenance and repair obligations.

ARTICLE X

OBLIGATIONS OF LESSEE

10.01 REQUIREMENTS

- a. LESSEE shall conduct its operation hereunder in an orderly and proper manner.
- b. LESSEE shall, within reason, control the conduct and demeanor of its officers, agents and employees and upon objection from LESSOR, concerning the conduct or demeanor of a said person shall immediately take all reasonable steps necessary to remedy the objection.
- c. LESSEE shall commit no nuisance, waste, or injury on the leased 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 leased premises.
- d. 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 lease premises.
- e. LESSEE shall not do or permit to be done any act or thing upon the leased premises:
(1) Which will invalidate or -conflict with any fire insurance policies on the premises, (2) Which may constitute an extra hazardous condition so as to increase the risks normally attendant upon the operation permitted by this Agreement; (3) Which will interfere with the safe and efficient operation of the premises or create any undue noise, vibration, fumes, smoke or any other condition that will be a hazard to the safe operation of the premises or that will be a health hazard to, or unreasonably interfere with the operation of other tenants

and users of the premises. Again, LESSEE'S obligation is triggered only upon due notice of the insurance policy requirement in issue.

f. Any liquids having a flash point of less than one hundred and ten degrees Fahrenheit shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories.

g. LESSEE must comply, obtain, and maintain all necessary certificates and licenses, as required and applicable to all federal, state, and local laws, rules and regulations, pertaining to the operation being conducted on the leased premises.

ARTICLE XI

CONSTRUCTION BY LESSEE

11.01 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").

11.02 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").

11.03 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 XII: PREPARATION AND SUBMISSION OF PLANS FOR IMPROVEMENTS

12.01 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.

12.02 TIME PERIOD FOR COMMENCEMENT OF CONSTRUCTION:

A. If LESSEE has not commenced the construction of any of the Improvements within 3-months of fully executed Lease, 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.

12.03 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.

12.04 MAINTENANCE OF PREMISES AND IMPROVEMENTS:

A. LESSEE covenants that it commits 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.

12.05 RIGHT OF ENTRY:

A. LESSOR may, during regular business hours and after providing reasonable notice to LESSEE and Sublessee and, except in the case of an emergency as reasonably coordinated with LESSEE and Sublessee, 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 Sublessee (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 Sublessee 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.

12.06 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 XIII

INSURANCE AND INDEMNIFICATION

13.01 IMPROVEMENTS CONSTRUCTED

All insurable improvements currently existing or constructed on the leased premises by either LESSOR or LESSEE, if any shall be insured at all times during the term of this Agreement by LESSOR under so-called "Fire and Extended Coverage" policy or policies.

13.02 OBLIGATIONS DUE TO DAMAGE OR DESTRUCTION

In the event the improvements on leased premises are damaged or destroyed, LESSOR shall have the election of repairing or reconstructing the improvements substantially as they were

immediately prior to such casualty, or in a new or modified design, or not to construct the improvements, LESSOR shall give the LESSEE notice of its election hereunder within 30 days next following the damage to or destruction of the improvements, If LESSOR elects not to repair or reconstruct the improvements, this Agreement and all of LESSEE'S and LESSOR'S unaccrued obligations hereunder shall terminate.

13.03 INSURANCE PROCEEDS

Upon receipt by LESSEE and LESSOR of the proceeds of the insurance policy or policies, LESSEE and LESSOR shall deposit same in an escrow account to pay for the cost of such repair, replacement and rebuilding. Such proceeds shall be disbursed by LESSOR during construction to pay the costs of such work. LESSOR has no right to claim any portion of the insurance proceeds for reimbursement related to personal property, inventory, equipment, etc.

13.04 BUILDER'S RISK INSURANCE

During any period of construction by LESSEE on the leased premises, LESSEE shall carry a Builder's Risk Completed Value Policy with an all risk endorsement in the minimum amount of one million dollars (\$1,000,000.00).

13.05 FIRE INSURANCE AND EXTENDED COVERAGE

LESSOR shall maintain in full force and effect fire insurance and extended coverage insuring the real property improvements located on the leased premises for resulting from but limited to fire, flood, rain, wind, hail and/or other natural causes.

13.06 LIABILITY INSURANCE

Prior to the conduct of its business operations on the premises, LESSEE, at its sole expense, shall obtain and cause to be kept in force at all times during the term of this Agreement, 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 a general commercial liability policy of insurance or similar policy with the following coverage:

Commercial General Liability	\$1,000,000.00 per occurrence \$2,000,000.00 aggregate
Automobile Liability	\$1,000,000.00 per occurrence
Workmen's Compensation	\$1,000,000.00 per occurrence
Umbrella Liability	\$10,000,000.00 per occurrence

All the above liability insurance shall include the LESSOR as an additional insured and waiver of subrogation under contractual liability coverage for the covenants and indemnification of LESSOR by LESSEE under the term of this Agreement. The naming of the LESSOR as an additional insured in such policies of liability insurance shall not thereby cause the LESSOR to be deemed a joint venture with LESSEE in its business conducted.

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

- B. 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 or Sublessee at the Airport to the extent of the coverage amounts set forth in such policy as required hereunder.
- C. 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.
- D. 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.
- E. 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.
- F. 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.
- G. LESSEE agrees that any subcontractor(s) hired by LESSEE in connection with the construction of the Improvements 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.

13.07 COMPREHENSIVE PUBLIC LIABILITY INSURANCE

Should LESSEE'S general commercial liability insurance or similar policy as identified above not provide protection to LESSEE for and against any and all liability created by

reason of LESSEE'S insurable conduct and resulting in an accident occurring on or about the roads, driveways or other public areas of the leased premises, LESSEE shall obtain a Comprehensive Public Liability Insurance or its equivalent or other similar policy that shall name LESSOR and the City of Laredo as additional insured and provide liability coverage for LESSEE'S insurable conduct and resulting in an accident occurring on or about the roads, driveways or other public areas of the leased premises. Comprehensive Public Liability Insurance, its equivalent or similar policy for the above risks shall maintain coverage in the amount of not less than \$1,000,000.00. It is required that the LESSOR be an additional named insured under this excess coverage.

13.08 CERTIFICATES AND DUPLICATES OF INSURANCE

Certificates, in duplicate, of all insurance coverage required of LESSEE shall be filed with the LESSOR. Such Certificates shall provide therein that the policies of insured 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 days prior to the effective date of cancellation. In such event LESSEE shall procure the insurance required by this Agreement prior to the cancellation of the existing insurance policy(s). LESSEE shall provide the LESSOR with all certificates of insurance complying with this Agreement.

13.09 RIGHTS AND REMEDIES OF LESSOR

Should LESSEE fail or refuse to obtain and keep in full force and effect the insurance required by this Article XIII, LESSOR may either cancel this Agreement or suspend LESSEE'S rights hereunder. The LESSOR reserves the right to increase the amounts of insurance coverage described herein above and to require any additional riders or provisions in said policies or certificates as shall be considered necessary by the LESSOR and consistent with the terms and conditions of this Lease. LESSOR shall notify LESSEE of any increase, additional riders, provisions or certificates in writing at least 90 days before the renewal date of the policy. Increases shall not be unreasonable or for the purpose of intending to cause breach of contract or to place a due burden on LESSEE.

13.10 WORKMEN'S COMPENSATION INSURANCE

LESSEE shall Workmen's Compensation Insurance in the amounts and form required by the Workmen's Compensation Act and the insurance policy of the City of Laredo.

13.11 NON -LIABILITY OF LESSOR FOR THIRD PARTIES

The 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, 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 or damage to any personal property installed or stored on the leased premises.

13.12 INSURANCE PROVISIONS

All policies of insurance provided for in this Article XII shall be issued in form acceptable to LESSOR by solvent insurance companies licensed to do business in the State of Texas with a general policy holder's rating of not less than B+ and a financial rating of "X" as rated in the most current available "Best's Insurance Reports", and qualified to do business in the

State of Texas. Each such policy shall be issued in the names of LESSOR and LESSEE, its designees and any other parties in interest from time to time designated in writing by notice from LESSOR to LESSEE. Said policies shall be for the mutual and joint benefit and protection of LESSOR and LESSEE and any such other parties in interest as designated in this agreement. Executed copies of each such policy of insurance or a certificate thereof shall be delivered to LESSOR within 30 days of the commencement of the term of this LEASE, and thereafter, within thirty (30) days receipt of the renewal. All such insurance policies as required herein shall be renewed in a timely manner so as to prohibit and avoid any lapse in coverage. All such policies of insurance shall contain provisions that:

- a. The company writing said policy will give to LESSOR and any such other parties in interest at least thirty days' notice in writing in advance of any cancellations or lapse, or the effective date of any reduction in the amount of insurance.
- b. All such insurance policies required to be maintained by LESSEE as set forth in this agreement, shall be written as primary policies which do not contribute to and are not in excess of coverage which LESSOR may carry. All such insurance policies required to be maintained by LESSEE as set forth in this agreement, shall contain a provision that LESSOR and any other parties in interest identified in this agreement, although named as an additional insured, shall nevertheless be entitled to recover under said policies for any loss sustained by it, its servants, agents and employees by reason of the negligence of LESSEE to the extent such policies are obtainable. LESSEE'S failure to provide and keep in force any of the insurance policies required hereunder shall be regarded as a material default hereunder entitling LESSOR to exercise any and all of the remedies provided in this lease in the event of LESSEE'S default after LESSOR has given proper notice of default.

13.13 INDEMNIFICATION OF LESSOR

LESSEE shall keep and hold harmless the LESSOR, its officers, agents, servants, and employees from any and all costs, liability, damages and expenses including, costs of suit and reasonable expenses of legal services, claimed or recovered by anyone by reason of injury to or death of any person or persons and damage to, destruction or loss of use of property caused by or resulting from any act or omission of LESSEE, its agents, servants, employees, or contractors, excepting such liability as may be proximately caused by the acts or omission of LESSOR. Provided, however, that upon the filing by anyone of a claim against LESSOR for damages arising out of incidents for which LESSEE herein agrees to indemnify and hold LESSOR harmless, LESSOR shall notify LESSEE of such claim within 10 days of receipt of same. In the event that LESSEE does not settle or compromise such claim, then LESSEE shall undertake the legal defense of such claims both on behalf of LESSEE and on behalf of the LESSOR. It is specifically agreed, however, that LESSOR, at its option, may have its personal counsel participate in the legal defense of any such claim-However, LESSEE is not responsible for any such cost associated herewith. LESSEE or its insurance carrier has the right to choose counsel for LESSOR. Any final judgment rendered against LESSOR for any cause for which LESSEE is liable hereunder shall be conclusive against LESSEE as to liability and amount upon the expiration of the time appeal. In addition to LESSEE'S undertaking, as stated in this Article XII, and as means of further protecting LESSOR, its officers, agents, servants, and employees, LESSEE shall at all times during the term of this Agreement obtain and maintain in effect the insurance coverage required under the provisions of this Article hereof LESSOR shall in no way compromise the defense of any claim or lawsuit.

ARTICLE XIV

DEFAULT AND REMEDIES

14.01 EVENTS OF DEFAULT BY LESSEE AND LESSOR

The following shall be deemed to be events of default by LESSEE under this Lease:

- a. LESSEE shall fail to comply with any term, covenants, or condition of this lease and fails to cure within ten (10) days after written notice by LESSOR;
- b. LESSEE shall do or permit to be done any act which results in a lien being filed against the leased premises, and does not discharge of record or place bond against said lien within 30 days following written notice by LESSOR to LESSEE of the filing thereof.

The following shall be deemed to be events of default by LESSOR under this Lease:

- a. LESSOR fails to comply with any term, covenants, or condition of this lease and fails to cure within 30 days after written notice by LESSEE;
- b. LESSOR'S intentional interference with LESSEE'S enjoyment of the premises.

14.02 REMEDIES

If LESSEE fails to cure any default with 10days of receiving written notice of same,

a. LESSOR may at its option enter and take possession of the leased premises. LESSOR may secure, lock up, cut off utility service to, and attempt to relet the leased premises, all without any such actions being deemed a trespass or an election on LESSOR' S part to terminate the lease. If however, any such default on LESSEE'S part should be fully corrected and cured before LESSOR exercises an option to terminate the lease, and before LESSOR has relet the leased premises then the leased premises shall be returned to LESSEE, and LESSEE may continue in possession. LESSEE expressly waives any and all damages resulting from a reasonable reentry by LESSOR under this lease.

b. In the event that LESSOR elects to re-enter the leased premises without terminating the lease, then LESSEE shall be liable for and shall pay to LESSOR at the place for payment provided in Section 3.05, all rent and other indebtedness accrued to that date, plus rent required to be paid by LESSEE to LESSOR during the remainder of the lease term until the date of expiration of the term, diminished by a net sums thereafter received by LESSOR through reletting the leased premises (after deducting all expenses incurred by LESSOR to relet the leased premises). In no event shall LESSOR be entitled to any excess of any rent obtained by reletting over and above the rent herein reserved. LESSOR acknowledges its common law and statutory obligation to mitigate damages and make reasonable efforts to relet premium.

c. Notwithstanding any prior election not to terminate, LESSOR may at any time, including subsequent to a re-entry, elect to terminate this lease on account of such default. Upon termination LESSEE shall be liable for and shall pay to LESSOR the sum of all rent

accrued to the date of such termination, and as liquidated damages, an amount equal to the rent for the remaining portion of the lease term had such a term not been terminated by LESSOR prior to expiration of the lease term. Any option of LESSEE to renew or extend the current agreement shall not be considered when calculating damages.

d. In case of Default, LESSEE shall also be liable for and shall pay to LESSOR, at the place for payment provided in Section 3.06, in addition to any sum provided to be paid above: Broker's fee incurred by LESSOR in connection with reletting the whole part or any part of the leased premises; the costs of removing and storing LESSEE'S or other occupant's property; the cost of repairing, altering, remodeling, renovating, or otherwise putting the leased premises into condition acceptable to a new tenant, and all reasonable expenses incurred by LESSOR in enforcing LESSOR'S remedies, including reasonable attorney's fees.

14.03 LESSOR'S LIEN

LESSOR shall have a statutory LESSOR'S lien on all merchandise, goods, chattels, implements, fixtures, tools, furniture, machinery and any other personal property which LESSEE now or at any time hereafter may place in or upon the premises, all exemption of said property, or any part of it being herein expressly waived by the LESSEE.

LESSOR IS HEREBY GRANTED AN EXPRESSED CONTRACTUAL LESSOR'S LIEN ON THE ABOVE GOODS, ALL OR ANY EXEMPTION BEING HEREBY WAIVED BY LESSEE, BUT WITHOUT LIMITING LESSEE'S RIGHT TO SELL, EXCHANGE OR REPLACE SUCH GOODS FROM TIME TO TIME IN THE ORDER OR COURSE OF BUSINESS OR TRADE.

Default on rent entitles LESSOR, at its option, to take whatever lawful action reasonably necessary to protect LESSOR'S interest in said property, including the storing of lienated goods for payment for a reasonable time, as well as the selling of such goods at a (public or private auction for rent due, without waiving LESSOR'S right to the total rent due:

14.04 CHANGE OF LOCKS

In the event that LESSEE defaults in the payment of rent and the default continues for a period of ten (10) days after the due date of the rent, LESSOR may change the door locks to the leased premises. LESSOR shall have the right to withhold a new key from LESSEE unless LESSEE pays all delinquent rent and cures any other existing default. A new key will be provided only during the regular business hours of LESSOR.

ARTICLE XV

RIGHTS OF ENTRY RESERVED

15.01 LESSOR'S RIGHTS OF ENTRY SHALL BE AS FOLLOWS:

a. The LESSOR, by its officer, employees, agents, representative, contractors and the City of Laredo shall have the right at all reasonable times during normal business hours of LESSEE to enter upon the leased premises for the purpose of inspecting the same, for observing the performance of LESSEE of its obligations under this Agreement and for doing for any act or thing which the LESSOR may be obligated or have the right to do under this Agreement or otherwise, so long as such entry does not interfere with the daily operations of LESSEE. LESSOR shall provide LESSEE with at least one-hour notice before entering the premises unless such entry is required due to an emergency in which reasonable effort will be made to inform LESSEE prior to such entry.

b. In the event that any personal property of LESSEE shall obstruct the access of the LESSOR, its officers, employees, agents, or contractors to any of the existing or future utility, mechanical, electrical, and other systems and thus shall interfere with the inspection maintenance or repair of any such system, LESSEE shall move such property, as directed by the City or the utility company owing and furnishing the utility service, in order that the access may be had to the system or part thereof for inspection, maintenance or repair, and if LESSEE shall fail to so move such property within a reasonable period after direction from LESSOR or the utility company to do so, the LESSOR or utility company may move it and the LESSEE hereby agrees to pay the cost of such moving upon demand.

c. At any time and from time to time during ordinary business hours within the six months preceding the expiration of the term of this Agreement, the LESSOR by its agents, and employees, shall have the rights to enter upon the lease premises to exhibit to prospective tenants. LESSOR shall provide LESSEE with at least one-hour notice before entering the premises unless such entry is required due to an emergency in which reasonable effort will be made to inform LESSEE prior to such entry.

d. Exercise of any of the foregoing rights as identified in Article XIV, by the LESSOR or under other rights of LESSOR shall not be or be construed to be an eviction of LESSEE nor be made the grounds for any abatement of rental nor any claim or demand for damages, consequential or otherwise.

ARTICLE XVI
LESSOR'S WARRANTIES AND COVENANTS

16.01 WARRANTY OF QUIET ENJOYMENT

The LESSOR covenants that as long as LESSEE is not in default of any provision of this Agreement, LESSEE shall and may peaceably and quietly have, hold and enjoy the leased premises during the term hereof unless sooner terminated as provided in this Agreement.

ARTICLE XVII

RULES AND REGULATIONS

From time to time the City may adopt and enforce any regulations with respect to the occupancy and use of the airport, its services and facilities, by person's vehicles, aircraft and equipment that in City' 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.

LESSEE agrees to observe and obey any and all rules and regulations and all 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.

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

ARTICLE XVIII

NON- DISCRIMINATION

In the use of the Airport under the provisions of this Agreement. LESSEE will not discriminate or permit discrimination against any person or group of persons because of race, color, or national origin or in any manner validly prohibited by Part 15 of the Federal Aviation Administration's regulations, the Federal Aid Airport Program Grant Agreements applicable to the Airport and all Federal Laws. In enforcing this provision, the City reserves the right to take whatever action it might be required or entitled to take.

This provisions is to be considered as a covenant on the part of the LESSEE, a breach of which, continuing after notice by LESSOR or cease or desist, will constitute a material breach of this Agreement and will entitle the LESSOR at its option to exercise its right of termination as provided for herein.

ARTICLE XIX
NON-EXCLUSIVITY

Nothing herein contained shall be deemed to grant to LESSEE any exclusive right or privilege within the meaning of Section 3.08 of the Federal Aviation Act for the conduct of any activity on the Airport, except that, subject to the terms and provisions hereof, LESSEE shall have the exclusive right to possession of the leased premises as defined within this lease.

ARTICLE XX
SPECIAL CONDITIONS

20.01 NATIONAL EMERGENCY

During the time of war or national emergency, the City of Laredo shall have the right to lease the Airport or any part thereof to the United States Government for military or naval use, and if such lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the lease to the Government, shall be terminated.

20.02 ATTORNMEN

In the event the LESSEE'S lease with the City of Laredo is terminated, the LESSEE shall, at the request of the City, attorney to the City and this lease agreement, at the option of the City, shall continue in effect with the City as LESSOR, but the City shall be bound to the LESSEE in such circumstances only by privity of estate. The City of Laredo shall not be required to accept LESSEE'S attornment.

20.03 SUBJECT TO

This Agreement is made subject to the Constitution and laws of the State of Texas and the Charter of the City of Laredo, Texas, and, to the provisions of the Federal Aid Airport Program Grant Agreements applicable to the Airport and its operation, and the provisions of such agreements, insofar as they are applicable to the terms and provisions of this Agreement, shall be considered a part hereof to the same extent as though copied herein at length,

ARTICLE XXI
MISCELLANEOUS PROVISIONS

21.01 NON-AUTHORIZED USES PROHIBITED

Lessee shall not use or permit the use of the leased premises or any part thereof for any purpose or use other than those authorized by this Agreement.

21.02 TEXAS LAW APPLICABLE

This Agreement shall be performable and enforceable in Laredo, Webb County, Texas, and shall be construed in accordance with the laws of the State of Texas.

21.03 BENEFIT OF LESSOR AND LESSEE ONLY

This Agreement is made for the sole and exclusive benefit of the LESSOR and LESSEE, their successors and assigns, and is not made for the benefit of any third party,

- A. All covenants, stipulations and agreements in this Agreement shall extend to and bind each party hereto, and its legal representatives, successors and assigns.
- B. This Agreement shall not become effective until the same has been fully and properly executed by both parties hereto.
- C. The titles of the several articles of this Agreement are inserted herein for convenience only and are not intended and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction on thereof.

21.07 NO PARTNERSHIP OR JOINT VENTURE

The relationship between LESSOR and LESSEE at all times shall remain solely that of landlord and tenant and shall not be deemed a partnership or joint venture. 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, guest, invitee or customers. LESSEE shall not have or be construed to have any responsibility or liability for any work, acts, or omissions of LESSOR, its agents, employees, tenants, successors in interest, guest, invitee or customers.

21.08 PRIOR AGREEMENTS

This Agreement constitutes the sole and only agreement of the parties to the lease and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of the lease.

21.09 AMENDMENT

No amendment, modification or alteration of the terms of this lease shall be binding unless it is in writing, dated subsequent to the date of this lease, and duly executed by the parties to this lease and subject to City Council approval.

21.10 ATTORNEY'S FEES AND COSTS

If as a result of a breach of this Agreement by LESSEE, LESSOR employs an attorney or attorneys to enforce its rights under this lease, then the LESSEE agrees to pay the LESSOR the reasonable attorney's fees and costs incurred to enforce this lease.

21.11 TIME OF ESSENCE

Time is of the essence of this Agreement

21.12 CONTRACT AMBIGUITY

In the event of any ambiguity in any of the terms of this Agreement, it shall not be construed for or against any party hereto on the basis that such party did nor did not author same.

21.13 PREPARATION OF LEASE

The parties hereto expressly agree and stipulate that there shall not be a presumption that this lease shall be construed more strongly against the party drafting this lease or any paragraph, clause or provision hereof.

21.14 INDEMNITY AGAINST TOXIC WASTE CLEANUP

All operations by LESSEE shall be in strict compliance with all state, local and federal laws, ordinances and regulations applicable to the business of LESSEE, and in particular those applicable to the storage and dispensing of fuels, oxygen, or other hazardous or toxic chemicals or substances handled, stored or dispensed by LESSEE. LESSEE agrees to hold LESSOR completely harmless from, and to fully indemnify LESSOR against, all fines, claims, costs and damages (including attorney's fees) relating to, or arising out of LESSEE'S use of the leased premises, including those arising by reason of spillage, leakage, escape or contamination of any fuel, oxygen, chemical or substance from or upon the premises, including also the cost of removing same and returning the premises to a clean and healthful condition. LESSEE has no obligation to indemnify LESSOR for any toxic waste cleanup that does not result from LESSEE'S own actions.

ARTICLE XXII

NOTICES

All notices, demands or requests from one party to another may be personally delivered or sent by mail, certified, postage prepaid, to the addresses stated in this section and shall be deemed to have been given at the time of personal delivery or at the time of mailing.

All payments notices, demands or requests from LESSEE to LESSOR shall be given or mailed to LESSOR at:

Office of the Airport Director
Laredo International Airport

5210 Bob Bullock Loop

Laredo, Texas 78041

All notices demands or requests from LESSOR to LESSEE shall be given or mailed to LESSEE at:

I35 Church

1720 E Hillside

Laredo, Texas 78041

ARTICLE XXIII

FEDERAL PROVISIONS

23.01 COMPLIANCE WITH FEDERAL, STATE, AND LOCAL LAWS:

Further, LESSEE will keep and maintain the leased area in a clean and healthful condition and comply with the laws, ordinances, orders, rules and regulations (State, Federal, Municipal and other agencies or bodies having any jurisdiction hereof) with reference to use, conditions, or occupancy of the leased area.

23.02 OUTSIDE STORAGE PROHIBITED:

Storage of vehicles, equipment, supplies, or any other items outside of the leased building(s) is prohibited.

23.03 FIRE CLAUSE:

Should the leased area be destroyed by fire or casualty to the extent that it is no longer reasonably appropriate for LESSEE'S use and occupancy of said premises, LESSEE shall have the option of cancelling this lease upon written notice to LESSOR within thirty (30) days of the date the premises are rendered untenable or restoring said leased area in a reasonable, sufficient, and timely manner at LESSEE'S sole cost and expense, in which case this lease shall continue in accordance with all of its terms and conditions. Failure of LESSEE to give notice of cancellation within said thirty (30) day period shall mean that the LESSEE exercises its option to continue the lease in force and effect. Rental during the period that the premises are being restored hereunder shall be abated.

23.04 GARBAGE STORAGE AND DISPOSAL:

LESSEE agrees to store all accumulated garbage in a neat and clean manner, as an essential element of its responsibilities for neatness of the premises, and agrees to comply with all rules and ordinances of the City and state regarding its storage and disposal.

23.05 IMPROVEMENTS VESTED IN LESSOR:

The parties agree that the obligation and promises of LESSEE, as expressed herein, to make repairs and improvements and maintain the leased premises is a part of the total consideration for this lease agreement. Therefore, all right, title, and interest in and to said repairs or improvements shall at all times herein be vested in LESSOR, subject only to the right of LESSEE to the use and possession of said building and improvements during this

lease plus any extensions hereof as provided in said lease so long as LESSEE is not in default of any of the terms of this agreement. It shall be the obligation of LESSEE to maintain and repair the said leased area and improvements during the term of this lease or any extension thereof. Upon termination, interest in and to the said repairs or 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 leased area.

23.06 SUBORDINATION OF LEASE:

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.

It is expressly understood and agreed that this lease is subject to and subordinate to and controlled by provisions, stipulations, covenants and agreements contained in those certain contracts, agreements, resolutions and actions of the City of Laredo, Texas, constituting agreements between the City and United States of America and its agents including but not limited, to the Federal Aviation Administration (FAA) and all regulations now and hereafter imposed upon the City and that the 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 at LESSOR'S option.

The parties agree that as of the date of execution of this contract there exists no provisions, stipulations, covenants, or agreements which would prohibit LESSEE from using the leased premises for the purpose set forth in Paragraph 1.10; titled "Use and Use Conflict" in this agreement.

23.07 NATIONAL EMERGENCY:

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

23.08 AIRPORT HAZARD:

The LESSEE and its agents, servants, employees, successors and assigns, will not make or permit any use of the property 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 or electronic equipment, creation of smoke or dust or glaring or misleading lights.

23.09 NOTICE OF PROPOSED CONSTRUCTION OR ALTERATION:

The LESSEE and its successors and assigns agree to complete an FAA Form 7460- 1, "Notice of Proposed Construction or Alteration", and receive a favorable determination from FAA prior to any construction on the property.

23.10 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 the LESSOR, would limit the usefulness of the Airport or constitute a hazard to aircraft.

23.11 AIRPORT SECURITY:

LESSEE covenants and agrees that it will at all times maintain the integrity of the Airport Security Plan and TSR Part 1542, as amended from time to time. Should LESSEE, through a negligent act of its own, allow access to the Security Identification Display Area to an unauthorized person or persons, and LESSOR should be cited a civil penalty for the LESSEE'S breach of security, LESSEE shall reimburse LESSOR for any monetary civil penalty which may be imposed upon LESSOR by the Transportation Security Administration.

23.13 PREMISES LEASED "AS IS":

Premises are leased AS IS and there is no expressed or implied warranty on the condition or suitability of the building.

23.14 PROVISIONS:

Any provision in this Lease which proves to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision hereof and the remainder of this Lease shall remain in full force and effect.

23.15 AGREEMENT:

This Agreement consists of Article I through IV and Exhibit A. It constitutes the entire Agreement of the parties on the subject matter hereof and may not be changed, modified, discharged, or extended except by written instrument duly executed by the LESSOR and LESSEE. LESSEE agrees that no representations or grant of rights or privileges shall be binding upon the LESSOR unless expressed in writing in this Agreement.

EXECUTED ON THIS ____ DAY OF _____, 2025.

CITY OF LAREDO
a municipal corporation

By: _____

JOSEPH NEEB
CITY MANAGER

ATTEST:

MARIO I. MALDONADO, JR
CITY SECRETARY

APPROVED AS TO FORM:

BY: _____

DOANH “ZONE” T. NGUYEN
CITY ATTORNEY

I35 CHURCH

BY: _____

HUGO CHAPPARO
OWNER