

**LAREDO INTERNATIONAL AIRPORT  
SCHEDULED AIRLINE OPERATING AGREEMENT AND  
TERMINAL BUILDING LEASE**

This Scheduled Airline Operating Agreement and Terminal Building Lease, hereinafter called "**AGREEMENT**", made and entered into this 1st day of November, 2024, by and between the City of Laredo, Texas, a political subdivision of the State of Texas, hereinafter called "**CITY**", and Aerotransportes Rafilher S.A. de C.V., d/b/a Aerus, a Mexican company with its principal offices at Carretera a México 120, San Luis Potosí, 78390, San Luis Potosí, México hereinafter called "**AIRLINE**".

**W I T N E S S E T H:**

**WHEREAS**, CITY recognizes commercial air service is critical to the local community and economic development of Laredo and its surrounding communities and will encourage increased air service and growth in the region; and

**WHEREAS**, CITY is owner and operator of Laredo International Airport "Airport" located in Laredo, Texas, and has the right to lease portions of the Airport and to grant operating privileges thereon subject to the terms and conditions hereinafter set forth; and

**WHEREAS**, AIRLINE is a corporation primarily engaged in the business of providing Air Transportation of persons, property, cargo, and mail; and

**WHEREAS**, AIRLINE desires to lease certain premises within the Terminal Building Area, use certain facilities at the Airport, and acquire certain rights and privileges from CITY in connection with its use of the Airport and CITY is willing to lease and grant same to AIRLINE under terms and conditions hereinafter stated; and

**WHEREAS**, CITY has the power and authority to enter into this Agreement;

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants and considerations herein contained, CITY and AIRLINE agree as follows:

**ARTICLE 1  
DEFINITIONS**

**Section 1.1 Definitions**

The terms and phases defined in this Article 1 for all purposes of this Agreement shall have the following meanings.

- (A) "**Air Transportation**" shall mean the carriage of persons, property, cargo, and mail by aircraft.
- (B) "**AIRLINE Premises**" shall mean AIRLINE'S Exclusive Use Space and Joint Use Space.

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- (C ) **"AIRLINE'S Authorized Representative"** shall mean such person designated by AIRLINE in writing to the Airport Director prior to the commencement of the term hereof and from time-to-time during the term hereof setting forth the name, title and authority of such person.
- (D) **"Airport"** shall mean the Laredo International Airport, located at 5210 Bob Bullock Loop, as it now exists as shown on Exhibit A, or as it may hereafter be modified, changed or developed from time-to-time.
- (E) **"Airport Purpose"** shall mean any action or undertaking by CITY directly relating to the development and preservation of the Airport for air commerce.
- (F) **"Airport Revenue"** shall mean any income and revenue lawfully derived directly or indirectly by the CITY from the operation and use of, or otherwise relating to, the Airport. The term does not include any grants, passenger facility charges, appropriations, loans, gifts or bond proceeds from federal, state or local governments.
- (G) **"Director"** shall mean the de jure or de facto Airport Director of CITY, designated as such by CITY. The word also means the de jure or de facto chief assistant of that official or the acting Airport Director, if any, of CITY whenever the Airport Director is unable to act in such capacity, or the successor of the Airport Director in functions, if any.
- (H) **"Effective Date for Rentals and Fees"** shall mean the November 1<sup>st</sup>, 2024, the date upon which Section 14.22(A) rentals and fees shall become effective.
- (I) **"Exclusive Use Space"** shall mean, at any time, the space leased by CITY to AIRLINE on an exclusive use basis as more fully set forth on Exhibit B, as the same may be amended from time-to-time.
- (J) **"FAA"** shall mean the Federal Aviation Administration of the U.S. Government or any federal agency succeeding to all or part of its jurisdiction.
- (K) **"Federal Inspection Station"** shall mean that facility described in Section 4.1(D) of this Agreement.
- (L) **"Joint Use Formula"** shall mean the formula used to prorate eighty percent (80%) of the specified charge for Joint Use Space according to the ratio of the number of each airline's enplaning passengers at the Airport during the most recent calendar quarter for which such information is available to the total number of enplaning passengers of all airline users of the service or space during that same calendar quarter. The remaining twenty percent (20%) is to be prorated equally among all airline users of the service or space.
- (M) **"Joint Use Space"** shall mean, at any time, the premises leased or used jointly by AIRLINE and one or more other airlines, as more particularly set forth in Exhibit C, as the same may be amended from time-to-time.

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- (N) **"Maximum Certificated Gross Landing Weight"** shall mean the maximum landing weight certificated by the FAA, in one thousand (1,000) pound units, of each aircraft landed by AIRLINE at the Airport.
- (O) **"Nonsignatory AIRLINE"** shall mean any AIRLINE providing scheduled or unscheduled service to the Airport which is not a Signatory AIRLINE.
- (P) **"Passenger Facility Charge" or "PFC"** shall mean any passenger facility charge which CITY may impose upon passengers enplaning at the Airport pursuant to 14 CFR Part 158, as it may be amended or superseded from time-to-time.
- (Q) **"Public Areas"** shall mean at any time those Terminal Building areas not leased on an exclusive or joint use basis, or otherwise, to any person, company, or corporation.
- (R) **"Requesting AIRLINE"** shall mean a scheduled AIRLINE desiring to provide new or increased commercial air transportation service at the Airport, or to provide a change of aircraft for existing service for which the scheduled AIRLINE does not have appropriate facilities at the Airport.
- (S) **"Rules and Regulations"** shall mean those lawful, reasonable and nondiscriminatory rules and regulations promulgated by CITY or operating directives issued by the Airport Director for the orderly use of the Airport by both the airlines and other tenants and users of the Airport as same may be amended, modified, or supplemented from time-to-time.
- (T) **"Signatory Airlines"** shall mean those airlines, including code sharing or affiliates of such airlines, providing Air Transportation to and from the Airport that have executed substantially similar agreements to this Agreement, including term, with CITY covering the lease, use, and occupancy of facilities at the Airport. Except as otherwise provided herein, no Signatory AIRLINE shall have any right pursuant to this Agreement to object to CITY'S entry into a Scheduled AIRLINE Operating Agreement and Terminal Building Lease with any other AIRLINE.
- (U) **"Total Landed Weight"** shall mean the sum of the Maximum Certificated Gross Landing Weight for all AIRLINE arrivals for a relevant Fiscal Year (January 1<sup>st</sup> through December 31<sup>st</sup>).
- (V) **"Terminal Building Area"** shall mean the terminal building serving airlines and other related businesses, access roads, parking areas, rental car ready/return and service areas, and other areas surrounding the terminal building, as shown on Exhibit "A", as such areas currently exist, or as they may hereafter be relocated, constructed, modified, changed or developed from time-to-time.

**Section 1.2 Cross-References**

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All references to articles, sections, and exhibits in this Agreement pertain to material in this Agreement, unless specifically noted otherwise.

**Section 1.3 Construction of Certain Words**

Words used in this Agreement may be construed as follows:

(A) **Number**-Words used in the singular include the plural, and words used in the plural include the singular.

(B) **Tense** - Words used in the present tense include the future.

**ARTICLE 2  
TERM**

**Section 2.1 Term**

This agreement shall become effective as of November 1st, 2024, and shall extend for a period of one (1) year until November 1<sup>st</sup>, 2025,, subject to earlier termination as specified in Article 12 herein. However, it is agreed by the parties that this agreement may be terminated by either party on not less than ninety (90) days' written notice from the party terminating to the other.

**Section 2.2. Option to Extend:**

LESSEE is hereby granted an option to extend this agreement for one (1) additional year until November 1st, 2026. Option to be exercised by letter in writing to and received by the LESSOR at its Airport Director's Office, at least sixty (60) days before the end of the previous term. Extension shall be upon the terms and conditions of this agreement. However, it is agreed by the parties that this agreement may be terminated by either party on not less than ninety (90) days' written notice from the party terminating to the other.

**Section 2.3 Holding Over.**

If AIRLINE remains in possession of the leased premises after the expiration of this Agreement without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Agreement, but shall create only a tenancy from month to month that may be terminated at any time by CITY or AIRLINE upon 30 days written notice by either party. Such holding over shall otherwise be upon the same terms and conditions as set forth in this Agreement, except for the AIRLINE'S rental obligation.

Staying over past the term of this Agreement will constitute AIRLINE, upon acceptance of rental payment by CITY, a month-to-month tenant, at a revised rental rate of one and one half (1.5) times the rate prior to holding over.

**ARTICLE 3  
RIGHTS AND PRIVILEGES**

**Section 3.1 Use of the Airport**

AIRLINE, its employees, passengers, guests, patrons, and invitees shall have the right to the use (in common with other duly authorized users) of the Airport and its appurtenances, together with all facilities, improvements, equipment, and services that have been or may hereafter be provided for common use at, or in connection with, the Airport, subject to the Rules and Regulations of CITY.

**Section 3.2 Specific Rights of AIRLINE at the Airport**

AIRLINE shall have the right, in addition to all rights elsewhere granted in this Agreement, but subject to the Rules and Regulations and Resolutions of CITY to use the Airport for the following purposes:

- (A) The operation of an Air Transportation business by aircraft for the carriage of persons, property, cargo, and mail, including all activities reasonably necessary to such operation.
- (B) The landing, taking off, flying over, taxiing, pushing, towing, loading, unloading, repairing, maintaining, conditioning, servicing, parking, storing, and testing of aircraft or other equipment of, or operated by, AIRLINE, or other certificated Air Transportation companies with which CITY has an agreement, including the right to provide or handle all or part of the operations or services of such other companies, all of which are subject to CITY'S Rules and Regulations.
- (C) The sale of tickets, documentation of shipments, handling of reservations, and the loading and unloading of persons, property, cargo, and mail at the Airport by such motor vehicles or other means of conveyance as AIRLINE may desire to use in the operation of its Air Transportation business, or that of other certificated Air Transportation companies with which CITY has an agreement. Any ground transportation commercial carrier including AIRLINE (except for such ground transportation as AIRLINE may provide or arrange solely for the benefit of its employees) regularly transporting persons or their baggage to and from the Airport shall first secure and thereafter hold a valid lease, license, or other agreement with CITY for the right to carry persons or their baggage to and from the Airport and shall pay CITY such reasonable and nondiscriminatory rentals, fees, and percentages of the fares of such ground transportation commercial carrier for such right as CITY may set by agreements, resolutions, or Rules and Regulations.
- (D) The ground training at the Airport of persons and testing of equipment, such training and testing to be limited to that incidental to AIRLINE'S Air Transportation business at the Airport; provided that nothing in this paragraph shall preclude AIRLINE and CITY from

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entering into separate agreements for training at the Airport.

- (E) The purchase of AIRLINE'S requirements of personal property or services, including fuel, lubricants, food, beverage, and other passenger supplies, and any other materials and supplies used by AIRLINE from any person or company of AIRLINE'S choice, and the making of agreements with any person or company of AIRLINE'S choice for services to be performed for AIRLINE that are incidental to the operation of AIRLINE'S Air Transportation business. Nothing herein shall restrict CITY from levying a reasonable and non-discriminatory concession fee on any person or company providing property or services to AIRLINE that are not incidental to AIRLINE'S Air Transportation business.
- (F) The sale, disposal, and exchange of AIRLINE'S aircraft, engines, accessories, and other equipment, and materials or supplies, provided that such right shall not be construed as authorizing the conduct of a separate regular business by AIRLINE, but as permitting AIRLINE to perform only such functions as are incidental to the operation of its Air Transportation business.
- (G) The servicing by AIRLINE, or by its suppliers of materials, or its furnishers of services, of aircraft and other equipment operated by AIRLINE or by other Air Transportation companies with which AIRLINE has an applicable agreement to provide handling or servicing, line maintenance, or other materials or supplies, at assigned aircraft parking positions or other locations designated by the Airport Director.
- (H) The installation and operation of identifying signs, posters, and graphics on AIRLINE'S leased premises, subject to the prior written approval of the Airport Director. Such signs shall be substantially uniform in size, types, and location with those of other airlines, consistent with Airport's Tenants Signage Standards, Rules and Regulations, and in compliance with all applicable laws and resolutions.
- (I) The installation, maintenance, and operation of radio, meteorological, and aerial navigation equipment and facilities at suitable locations on the Airport as may be necessary or convenient in the opinion of AIRLINE for its operations; provided that
  - (1) the location of such equipment and facilities shall be subject to the prior written approval of the Airport Director,
  - (2) the use and location of such equipment and facilities shall not conflict with other similar equipment and facilities on the Airport, and
  - (3) the location of such equipment and facilities on the Airport shall be subject to payment of such reasonable and nondiscriminatory fee or rental charge established by CITY for such location on the Airport by AIRLINE.
- (J) The installation, maintenance, and operation of computer data lines, telephone communications equipment and associated conduits, and telephone communications

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switch gear and support computers at suitable locations on the Airport, as may be necessary or convenient in the opinion of AIRLINE for its operations; provided that

(1) the location of such equipment shall be subject to the prior written approval of the Airport Director, if such location is not included in AIRLINE'S Exclusive Use Space;

(2) the use and location of such equipment shall not conflict with other similar equipment on the Airport, and

(3) the location of such equipment (other than conduit and cable) on the Airport shall be subject to payment of such reasonable and nondiscriminatory fee or rental charge established by CITY for such use of space on the Airport by AIRLINE unless such space is already leased to AIRLINE.

**Section 3.3 Limitations on Use by AIRLINE**

In connection with the exercise of its rights under this Agreement, AIRLINE shall not:

- (A) Do, or permit to be done, anything within its control at or about the Airport that may interfere with the effectiveness or accessibility of the drainage and sewage system, water system, electrical system, heating system, natural gas system, air conditioning system, fire protection system, sprinkler system, alarm system, or fire hydrants and hoses, if any, installed or located on or within the premises of the Airport.
- (B) Do, or permit to be done, upon the Airport any act or thing within its control that will invalidate or conflict with any fire or other casualty insurance policies (copies of which, together with premium schedules, shall be furnished to AIRLINE on request) covering the Airport or any part thereof.
- (C) Dispose of, or permit any other person within its control (including service contractors) to dispose of, any waste material taken from, or products used (whether liquid or solid) with respect to, its aircraft into the sanitary or storm sewers at the Airport unless such waste material or products are first properly treated by equipment installed with the approval of the Airport Director for that purpose and such disposal shall be in accordance with applicable state and local rules, regulations, laws and ordinances.
- (D) Keep or store within the enclosed portion of the premises, during any twenty-four (24) hour period, flammable liquids in excess of AIRLINE'S working requirements during said 24 hour period, except in storage facilities specially constructed for such purposes in accordance with standards established by the National Board of Fire Underwriters, and approved by the Airport Director from the standpoint of safety.
- (E) Do, or permit to be done, upon the Airport any act or thing within its control that will be in conflict with Federal Aviation Regulations Part 139 or with the Airport's operating certificate.

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- (F) Do, or permit to be done upon the Airport, any act or thing within its control that will be in conflict with maintaining the integrity of the Airport Security Plan and TSR Part 1542, as amended, from time to time.
- (G) To the extent within AIRLINE'S control, do or permit to be done any act, or let any condition exist, which is in conflict with Environmental Protection Agency rules, regulations or directives, Texas Commission on Environmental Quality (TCEQ) rules and regulations, City of Laredo rules and regulations or state or federal laws.
- (G) Do, or permit to be done, at the Terminal Building Area heavy maintenance (i.e., engine changes, control surface replacements, overhauls) within AIRLINE'S control.

**ARTICLE 4  
PREMISES**

**Section 4.1 Terminal Building Area Space**

A. AIRLINE hereby leases the following areas (hereinafter referred to as AIRLINE'S "Exclusive Use Space", and "Joint Use Space") at the Airport in the Terminal Building Area (including designated aircraft gates) being more particularly delineated in Exhibit B.

Exclusive Use Space shall include the following:

	<u>Room No.</u>	<u>Approx. square feet</u>
Ticket Counter	ATO 2	Two positions
Ticket Offices	ATO 2	<u>199</u>
Total		199

Joint Use Space shall include the following:

	<u>Approx. square feet</u>
Queue area at ticket counters	2,639
Baggage Claim	1,408
Security Screening	725
Concourse area	7,480

- B. AIRLINE shall use its Exclusive Use Space for office purposes and the sale of Air Transportation, handling, ticketing, billing, and manifesting of passengers, baggage, cargo, property, and mail in the conduct of its Air Transportation business or on behalf of any other Air Transportation company authorized by the Airport Director to use the Airport.
- C. AIRLINE shall use the Joint Use Space for purposes designated for such space by the Airport Director, which shall include but is not limited to:

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- (1) security screening,
- (2) baggage claim (delivery and display of inbound passenger baggage),
- (3) passengers awaiting delivery of their baggage,
- (4) tug cart circulation and baggage loading and unloading, and
- (5) checking-in and boarding of passengers.

D. The CITY may designate area(s) within the Terminal Building Area to be used by agencies of the United States government for the inspection of passengers and their baggage, and for the exercise of other governmental activities with respect to the movement of persons and property into and out of the United States. Use of such space by AIRLINE shall be subject to payment of such reasonable and non-discriminatory fee or rental charge established by CITY for such use of space on the Airport by AIRLINE.

#### **Section 4.2 Surrender of the Premises**

CITY shall not be required to give notice to quit possession of the premises leased hereunder upon expiration of the term of this Agreement. AIRLINE covenants and agrees that, on expiration of the term of this Agreement, or on earlier termination as hereinafter provided, it will peaceably surrender possession of the premises leased hereunder in good condition, reasonable wear and tear, acts of God, fire, and other casualties excepted, and CITY shall have the right to take possession of said premises. AIRLINE shall have the right on termination, and within thirty (30) days thereafter, to remove all trade fixtures, equipment, and other personal property installed or placed by it at its expense, in, on, or about the Airport, except that AIRLINE'S right shall be subject to any valid lien that CITY may have thereon for unpaid rentals or fees.

Default, as specified in Section 12.1, on rent entitles CITY, at its option, to take whatever lawful action reasonably necessary to protect CITY'S interest in said property. AIRLINE shall not abandon any of its property on the premises without the prior written consent of the CITY. Any and all property not removed by AIRLINE within thirty (30) days, from the effective date of termination of this Agreement, except as otherwise mutually agreed upon by the parties hereto, shall thereupon, at the option of CITY, become a part of the land on which it is located, and title thereto shall vest with CITY. All CITY property damaged by, or as the result of, the removal of AIRLINE'S property shall be restored by AIRLINE, at its own expense, to the condition existing prior to such damage or according to such other arrangement to which CITY and AIRLINE may mutually agree to in writing.

#### **Section 4.3 Accommodation of New and/or Existing Airlines**

The parties hereto agree that every reasonable effort will be made to accommodate any other new entrant or incumbent AIRLINE, such carrier to be referred to hereinafter as "**Requesting Airline**". The parties agree that CITY will make every effort to accommodate such Requesting Airline through direct lease of premises between CITY and Requesting Airline. In the event no

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premises which will accommodate the Requesting Airline are available for lease from CITY, the parties hereto recognize that it may become necessary to share the use of the premises demised herein with other airlines so as to reasonably accommodate new and/or additional Air Transportation service at the Airport. AIRLINE agrees to cooperate with CITY by allowing the CITY to accommodate such Requesting Airline in its leased premises.

**Section 4.4 Remodeling and New Construction**

CITY reserves the right to provide Exclusive Use Space to the Requesting Airline which has in addition become a Signatory Airline, by remodeling existing space or constructing new space, subject to the provisions of Article 6 and Section 14.22 hereof.

**Section 4.5 Access**

A. Subject to the provisions hereof, the Rules and Regulations, and such restrictions as AIRLINE may impose with respect to its Exclusive Use Space, CITY hereby grants to AIRLINE, its agents, suppliers, employees, contractors, passengers, guests, and invitees, the right and privilege of access, ingress, and egress to the leased premises and to Public Areas and public facilities of the Airport, together with all improvements, facilities and equipment now or hereafter located thereon. The Public Areas shall be in the possession and control of CITY and shall at all times remain public property to be used only as public Airport facilities, except as may be otherwise provided herein.

B. The ingress and egress provided for in Section 4.5 (A) above shall not be used, enjoyed, or extended to any person engaging in any activity or performing any act or furnishing any service for or on behalf of AIRLINE that is not incidental to AIRLINE'S Air Transportation business and that AIRLINE is not authorized to engage in or perform under the provisions hereof unless expressly authorized by the Airport Director.

C. Except in the event of an emergency, the CITY shall have the right at any time to close, relocate, reconstruct, change, alter, or modify any such means of access, ingress, and egress provided for AIRLINE'S use pursuant to this Agreement or otherwise, either temporarily or permanently, provided that at least thirty (30) days written notice is given to AIRLINE and a reasonably convenient and adequate means of access, ingress, and egress shall exist or be provided in lieu thereof. CITY shall use its best efforts to limit such closing to the duration appropriate to the circumstances. CITY shall consult with AIRLINE prior to any such closing which would adversely affect AIRLINE'S operations unless such closing is necessitated by circumstances which pose an immediate threat to the health or safety of persons using the Airport. CITY shall suffer no liability by reason thereof, and such action shall in no way alter or affect any of AIRLINE'S obligations under this Agreement.

**ARTICLE 5  
AIRPORT SECURITY**

**Section 5.1 Airport Security**

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AIRLINE 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 AIRLINE, through a negligent act of its own, allow access to the Security Identification Display Area to an unauthorized person or persons, and the CITY should be cited a civil penalty for the AIRLINE'S breach of security, AIRLINE agrees to reimburse CITY for any monetary civil penalty which may be imposed upon CITY by the Transportation Security Administration.

**ARTICLE 6  
RENTALS AND FEES**

**Section 6.1 Consideration**

In consideration of the rights and privileges granted under this Agreement, AIRLINE agrees to pay CITY, without deduction or setoff, during the term of this Agreement, rentals and fees as set forth herein on the Effective Date for Rentals and Fees.

**Section 6.2 Partial Month Charges**

In the event the beginning or termination date with respect to any of the particular premises, facilities, rights, licenses, services, or privileges as herein provided falls on any day other than the first day of a calendar month, the applicable rentals, fees, and charges for that month shall be paid for said month on a prorated basis according to the number of days during which said particular premises, facilities, rights, licenses, services, or privileges were enjoyed during that month.

**Section 6.3 Late Payments**

In the event AIRLINE fails to make payment within fifteen (15) days of the dates due as set forth in Section 14.22 (C)), then AIRLINE shall pay and CITY may charge, upon reasonable written notice to AIRLINE, a monthly service charge equal to the highest rate allowed by law on any such overdue amount and in any event no more than eighteen (18) percent , and if AIRLINE fails to make payment within ten (10) days after written notice from CITY to AIRLINE that such payments are late, AIRLINE shall also pay reasonable administrative costs and attorneys' fees incurred by CITY in attempting to obtain payment.

**Section 6.4 Passenger Facility Charges**

The CITY reserves the right to assess and collect Passenger Facility Charges subject to terms and conditions and such methods of collection set forth in the Aviation Safety and Capacity Expansion Act of 1990, section 9110 ( the "PFC Act").

**Section 6.5 Miscellaneous**

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The CITY may assess reasonable and non-discriminatory charges for miscellaneous facilities, activities, items or services provided to, or performed for, AIRLINE by the CITY, but only if such charges, facilities, activities, items or services are not specified in this Agreement and are voluntarily accepted by AIRLINE.

**Section 6.6 Information to be Supplied by AIRLINE**

A. If AIRLINE fails to submit the revenue passenger reports required by Section 14.22(B) for the then current month by the tenth (10th) day of the succeeding month, CITY shall base its current rentals, fees, and charges upon the most recent data transmitted by AIRLINE to CITY, with such charges to be adjusted as necessary on the next succeeding payment date. If statistical data to be submitted by AIRLINE continues to be unavailable in the next succeeding month, CITY shall develop estimates as to AIRLINE'S monthly activity for use in the calculation of AIRLINE'S rentals, fees, and charges.

B. The acceptance by CITY of any AIRLINE payment shall not preclude CITY from verifying the accuracy of AIRLINE'S reports on which AIRLINE'S rentals, fees, and charges are based, and shall not be construed as a waiver of late payment penalty due on full or partial underpayment, if any.

**ARTICLE 7**

**RATES FOR RENTALS, FEES, AND CHARGES**

**7.1 Rent per Enplaned Revenue Passenger:**

Airline's monthly rental obligation for use of passenger terminal facilities shall be determined by the number of monthly enplaned revenue passengers multiplied by **\$2.50** per enplaned revenue passenger during the term of this agreement.

**7.2 Landing Fees:**

Airline's monthly Landing Fee obligation shall be \$1.20 (One Dollar and Twenty Cents) per thousand pounds Maximum Certificated Gross Landing Weight of Airline's aircraft and will be so until Airport's Landing Fee Ordinance is amended.

**7.3 FIS Fees:**

Monthly FIS Fee Obligation for Using FIS Facility arriving from an international destination or departing to an international destination utilizing U.S. CBP and/or Mexican Clearance Services shall be \$25.00 (twenty-five Dollars) per international Arrival and \$25 (twenty-five dollars) per international departure of the AIRLINE's aircraft during the term of this agreement.

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**7.4 Air Service Incentive Program**

Notwithstanding anything to the contrary, as an incentive for new Air Service, the city agrees to waive 100% of the AIRLINE's Landing Fee and FIS Fee obligation for the first twelve (12) consecutive months of AIRLINE Flights to the Laredo International Airport. Further, in months thirteen (13) to twenty-four (24) o AIRLINE flights to Laredo International Airport, AIRLINE's Landing Fee and FIS Fee Obligation shall be reduced by 75%.

For the purpose of this incentive, scheduled air services shall mean a minimum of \_\_\_ departures from the Laredo International Airport and a minimum of \_\_\_ weekly departing passengers. In the event the AIRLINE terminates the new air service, this waiver of Landing Fees shall cease immediately.

**ARTICLE 8  
MAINTENANCE, REPAIR, ALTERATIONS, AND IMPROVEMENTS**

**Section 8.1 AIRLINE'S Responsibilities**

AIRLINE shall have the following maintenance and repair obligations:

A. AIRLINE agrees that, upon AIRLINE'S occupancy of its Exclusive Use Space, such space is in good, tenantable condition unless otherwise noted in writing to the Airport Director.

B. AIRLINE, except as hereinafter provided, shall not call on CITY for any of the following janitorial services or nonstructural repairs to its Exclusive Use Space and AIRLINE shall, at its sole expense and in a manner acceptable to CITY:

- (1) Maintain its Exclusive Use Space in reasonably good, tenantable condition.
- (2) Maintain the aircraft ramp area in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers; and remove from its aircraft parking positions, all oil, fuel, and grease spillage attributable to AIRLINE'S aircraft and equipment.
- (3) Perform, at its sole expense, ordinary preventive maintenance and ordinary upkeep and nonstructural repair of all facilities, fixtures, personal property, and equipment.
- (4) Immediately repair any damage, subject to Section 9.5 hereof, in any other space at the AIRPORT occasioned by the fault or negligence of AIRLINE, its servants, agents, employees and licensees.

C. Except as may be caused by the negligence of CITY, it's directors, employees, agents, or contractors, the AIRLINE expressly agrees that CITY shall not be liable to AIRLINE, its

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employees, passengers, or business visitors for bodily injury or for any loss or damage to real or personal property occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, strike, civil commotion, smoke, vandalism, malicious mischief, or acts of civil authority.

D. If AIRLINE fails to perform its obligations under this Article 8 after notice and reasonable opportunity to cure such failure, CITY may do so and recover its entire cost plus a fifteen percent (15%) administrative charge from AIRLINE as Additional Rent on the next rental due date.

**Section 8.2 CITY'S Responsibilities**

A. CITY, during the term of this Agreement, shall retain FAA Airport Certification and keep in good repair, or arrange for the operation, maintenance, and reasonably good repair of, all areas and facilities of the Airport except as specifically otherwise assigned by this Agreement, including, but not limited to, the Public Areas and the Joint Use Space of the Terminal Building, vehicular parking areas, runways, landing lights, floodlights, beacons and other field lighting, taxiways, aprons, aircraft parking area striping, roadways, and all appurtenances, facilities, and services now or hereafter connected with the foregoing. CITY also shall keep the Airport reasonably free from obstructions, including, without limitation, vegetation, stones, and other foreign matter, as reasonably necessary, from the landing area, ramp area, taxi area, roadways, vehicular parking areas, and aircraft parking areas for the safe, convenient, and proper use of the Airport by AIRLINE.

B. CITY shall operate and maintain the Airport in a reasonably prudent manner and in accordance with the rules, regulations and orders of any federal or state agency having jurisdiction with respect thereto.

C. CITY shall maintain the exterior portions of the walls and roof of the Exclusive Use Space and all central mechanical distribution systems in good repair and condition.

D. The undertakings by CITY under this Section 8.2 do not relieve AIRLINE of its duties to maintain its Airline Premises as specified in Section 8.1 and to use Joint Use facilities with due care.

E. CITY shall use its best efforts to keep the Airport open and in operation for landings and take-offs of aircraft of any type designed to use facilities similar to those at the Airport. In such regard, CITY shall employ or cause to be employed construction, reconstruction and repair techniques (including supervision and construction management) which will minimize Airport operational delays or disruptions reasonably expected to result from such construction, reconstruction or repair, including but not limited to coordination with affected AIRLINE'S representatives or its designee.

**Section 8.3 CITY'S Right to Inspect and Make Repairs**

CITY, by its authorized officers, employees, agents, contractors, subcontractors, and other

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representatives, shall have the right (at such time and upon reasonable notice to AIRLINE as may be reasonable under the circumstances and with as little interruption of AIRLINE'S operations as is reasonably practicable) to enter AIRLINE'S Exclusive Use Space and Joint Use Space for the following purposes:

- (A) to inspect such space to determine whether AIRLINE has complied and is complying with the terms and conditions of this Agreement;
- (B) to accomplish repairs or replacements by CITY pursuant to Section 8.2, or in any case where AIRLINE is obligated to make repairs or replacements and has failed to do so, after notice as provided herein, make such repairs or replacements on AIRLINE'S behalf, and
- (C) in the exercise of CITY'S police powers.

No such entry by or on behalf of CITY upon any Exclusive Use Space leased to AIRLINE shall cause or constitute a termination of the letting thereof or be deemed to constitute an interference with the possession thereof by AIRLINE.

**Section 8.4 Alterations and Improvements**

AIRLINE shall make no alterations, additions, improvements to, or installations on the space leased under this Agreement without the prior written approval of the Airport Director.

**ARTICLE 9  
DAMAGE OR DESTRUCTION TO PREMISES**

**Section 9.1 Minor Damage**

If any part of AIRLINE premises, or adjacent facilities directly and substantially affecting the use of AIRLINE premises, shall be partially damaged by fire or other casualty, but said circumstances do not render AIRLINE premises untenable as reasonably determined by the CITY, the same shall be repaired to usable condition with due diligence by the CITY as provided in Section 9.4.

**Section 9.2 Substantial Damage.**

If any part of AIRLINE premises, or adjacent facilities directly and substantially affecting the use of AIRLINE premises, shall be so extensively damaged by fire, or other casualty, as to render any portion of said AIRLINE premises untenable but capable of being repaired, as reasonably determined by the CITY, the same shall be repaired to usable condition with due diligence by the CITY as provided in Section 9.4. In such case, the rentals payable hereunder

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with respect to affected AIRLINE premises shall be paid up to the time of such damage and shall thereafter be abated in the proportion that the part of the area rendered untenable bears to total AIRLINE premises of the same category and area. Such abatement in rent will continue until such time as such affected AIRLINE premises shall be restored adequately for AIRLINE'S use. The CITY shall use its best efforts to provide alternate facilities to continue AIRLINE'S operation while repair, reconstruction or replacement is being completed, at a rental rate not to exceed that provided in this Agreement for comparable space.

**Section 9.3 Total Damage.**

A. If any part of AIRLINE premises, or adjacent facilities directly and substantially affecting the use of AIRLINE premises, shall be damaged by fire or other casualty, and is so extensively damaged as to render any portion of said AIRLINE premises incapable of being repaired, as reasonably determined by the CITY, the CITY shall notify AIRLINE within a period of ninety (90) days after the date of such damage of its decision whether to reconstruct or replace said space. However, the CITY shall be under no obligation to replace or reconstruct such premises. The rentals payable hereunder with respect to affected AIRLINE premises shall be paid up to the time of such damage and thereafter shall cease until such time as replacement or reconstructed space shall be available for use by AIRLINE.

B. In the event the CITY elects to reconstruct or replace affected AIRLINE premises, the CITY shall use its best efforts to provide alternate facilities to continue AIRLINE'S operation while repair, reconstruction or replacement is being completed, at a rental rate not to exceed that provided in this Agreement for comparable space. However, if such damaged space shall not have been replaced or reconstructed, or the CITY is not diligently pursuing such replacement or reconstruction, within six (6) months after the date of such damage or destruction, AIRLINE shall have the right, upon giving the CITY thirty (30) days advance written notice, to delete the affected AIRLINE premises from this Agreement, but this Agreement shall remain in effect with respect to the remainder of said AIRLINE premises, unless such damaged or destroyed premises prevent AIRLINE from operating at Airport.

C. In the event the CITY elects not to reconstruct or replace affected AIRLINE Premises, the CITY shall meet and consult with AIRLINE on ways to permanently provide AIRLINE with adequate replacement space for affected AIRLINE premises. AIRLINE shall have the right, upon giving the CITY thirty (30) days advance written notice, to delete the affected AIRLINE premises from this Agreement, but this Agreement shall remain in full force and effect with respect to the remainder of said AIRLINE Premises, unless the loss of such premises prevents AIRLINE from operating at Airport.

**Section 9.4 Scope of Restoration of Premises.**

A. The CITY'S obligations to repair, reconstruct, or replace affected premises under the provisions of this Article 9 shall in any event be limited to using due diligence and best efforts to restore affected AIRLINE premises to substantially the same condition that existed prior to any such damage and shall further be limited to the extent of insurance proceeds available to the

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CITY for such repair, reconstruction, or replacement. AIRLINE agrees that if the CITY elects to repair, reconstruct, or replace affected premises as provided in this Article 9, then AIRLINE shall proceed with reasonable diligence and at its sole cost and expense to repair, reconstruct, or replace its signs, fixtures, furnishings, equipment and other items provided or installed by AIRLINE in or about AIRLINE premises in a manner and in a condition at least equal to that which existed prior to said damage or destruction.

B. In lieu of the CITY'S repair, reconstruction or replacement of the affected premises, as provided in Section 9.4 (A), if AIRLINE requests to perform said function with respect to damage under Section 9.1 and 9.2, the CITY may in its sole discretion, allow the AIRLINE to perform such work. AIRLINE shall not be performing such work as an agent or contractor of the CITY. The CITY shall reimburse AIRLINE for the cost of such work performed by AIRLINE that was otherwise the obligation of the CITY if prior to performing such work, the CITY and AIRLINE agree that such work is the obligation of the CITY to perform.

**Section 9.5 Damage From AIRLINE Negligence.**


Notwithstanding the provisions of this Article 9, in the event that due to the negligence or willful act of AIRLINE, its agents, servants or employees, or those under its control, AIRLINE premises shall be damaged or destroyed by fire, casualty or otherwise, there shall be no abatement of rent during the restoration or replacement of said AIRLINE premises and AIRLINE shall have no option to delete the affected AIRLINE premises from this Agreement under the provisions of this Article 9. To the extent that the costs of repairs shall exceed the amount of any insurance proceeds payable to the CITY by reason of such damage or destruction, AIRLINE shall pay the amount of such additional costs to the CITY. CITY waives any claim against AIRLINE for damage caused by AIRLINE to the extent CITY is paid insurance provided in connection therewith.

**ARTICLE 10  
INSURANCE AND INDEMNIFICATION**

**Section 10.1 Indemnification.**


A. To the fullest extent permitted by law, and except to the extent caused by the negligent or

willful act or omission of the City, its officers, agents, employees, or contractors, or by any other Airline tenant, Airline agrees to indemnify, defend, save, and hold harmless the City, its council members, officers, directors, employees, agents, successors and assigns, individually or collectively, against and from any claim, action, loss, damage, injury, liability, and the cost and expense of whatsoever kind or nature (including, but not limited to, attorney's fees, disbursements, court costs, and expert fees) arising from or related, in whole or in part, in any way to the conduct of Airline's operations at the Airport, or from any accident in or upon the Airline Premises, or from any breach or default on the



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part of the Airline in the performance of any covenant or agreement on the part of the Airline to be performed pursuant to the terms of this Agreement, or arising from any negligence or willful act or omission of the Airline or any of its agents, contractors, employees, licensees, invitees, or successors and assigns. If any action or proceeding be brought against the City by reason of any such claim, the Airline upon notice from City covenants to resist or defend at Airline's expense such action or proceeding by counsel of City's choice.

- B. To the fullest extent permitted by law, Airline shall indemnify, save, hold harmless, and defend City, its commissioners, officers, directors, employees agents, successors and assigns, individually or collectively, from and against any claim, action, loss, damage, injury, liability, and the cost and expense of whatsoever kind or nature (including, but not limited to, attorney's fees, disbursements, court costs, and expert fees) and any fines in any way arising from or based upon the violation by Airline, its agents, contractors, employees, licensees, invitees, or successors and assigns of any federal, state, or municipal law, rule or regulation, or any regulation, rule or resolution of City, except to the extent such violation is caused by the negligent or willful act or omission of the City, its officers, agents, employees, or contractors. If any action or proceeding be brought against the City by reason of any such claim, the Airline upon notice from City covenants to resist or defend at Airline's expense such action or proceeding by counsel of City's choice.
- C. To the fullest extent permitted by law, Airline shall indemnify, save, hold harmless, and defend City, its commissioners, officers, directors, agents, employees, successors and assigns, individually or collectively, from and against any claim, action, loss, damage, injury, liability, and the reasonable cost and expenses actually incurred by the City (including, but not limited to, reasonable attorney's fees, disbursements, court costs, and expert fees) of any environmental claim arising out of or resulting from Airline's use and occupancy of Airline Premises or use of the Airport, including, but not limited to any claim for (i) discharge of pollutants (including but not limited to oil and glycol), hazardous materials, hazardous substances or solid waste, hazardous wastes or toxic materials at or on the Airport, including the air, surface water, ground water, or soil from any source, including underground storage tanks, (ii) generation, handling, treatment, storage, disposal, or transportation of solid, gaseous, or liquid waste at the Airport or at any other site, facility or location, (iii) electromagnetic or other radiation or noise, (iv) exposure of any person to any hazardous material, (v) manufacture, processing, distribution, use, or storage of any hazardous material, (vi) the release or threatened release of any contamination or hazardous material to, from or through the Airport, or (vii) any of the foregoing, related to, caused by or arising from Airline's Airport-related activities, but with respect to non-Airport property, including the air, surface water, ground water, or soil. City agrees to provide Airline with prompt notice of the pendency of any such claim.
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Notwithstanding the above, Airline shall not be liable for any environmental claim solely and directly attributable to a pre-existing condition on any Airport area newly leased by Airline hereunder and not previously occupied by Airline or any corporate predecessor to Airline at any prior time. The above indemnification obligation of the Airline shall include any liabilities incurred by the City solely as a result of its status as the owner of the property. Further, Airline shall not be liable for any environmental claim to the extent caused by the negligence or willful acts of the City, its officers, employees, contractors and agents; and in case any action or proceeding be brought against the City by reason of any such claim, the Airline upon notice from City covenants to resist or defend at Airline's expense such action or proceeding by counsel of City's choice.

- D. The provisions of this Section shall survive the expiration or termination of this Agreement with respect to occurrences during the term of this Agreement or occasioned by acts or omissions of the Airline during the term of this Agreement.

**Section 10.2 AIRLINE Insurance.**

- A. The parties expressly agree that the insurance requirements set forth herein shall in no way modify, limit, or reduce in any way the indemnities made in this Agreement by Airline to City, nor act to limit Airline's liability under this Agreement to the limits of the policies of insurance required to be maintained by Airline.
- B. Airline shall procure and maintain in force at all times during the Term of this Agreement a Commercial General Liability Insurance Policy and an Aviation Liability Insurance Policy to protect against bodily injury and personal injury liability, and property damage liability.
1. In the event Airline operates aircraft larger than sixty (60) seats, the limits shall be in the aggregate amount of not less than Four Hundred Million Dollars (\$400,000,000) per occurrence, combined single limit and including at least Five Hundred Thousand Dollars (\$500,000) Fire Damage Liability limits.
  2. In the event Airline operates aircraft with sixty (60) seats or less, the limits shall be in an aggregate amount of not less than Fifty Million Dollars (\$50,000,000) per occurrence, combined single limit and including at least Five Hundred Thousand Dollars (\$500,000) Fire Damage Liability limits.
  3. Airline shall provide coverage for non-passengers in the aggregate amount of not less than Twenty Five Million Dollars (\$25,000,000) per occurrence, combined single limit and including at least Five Hundred Thousand Dollars (\$500,000) Fire Damage Liability limits.

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4. Coverage shall include, but not be limited to, Airline Premises operations; blanket contractual liability; passenger liability, personal injury and advertising liability (employee exclusion deleted) which coverage shall be Ten Million Dollars (\$10,000,000); products and completed operations; aircraft non-owned liability; liability for vehicles on the restricted access areas of the Airfield Area including baggage tugs, aircraft pushback tugs, provisioning trucks, air stair trucks, belt loaders and ground hangar keeper's liability. Explosion, collapse and underground property damage liability coverages shall not be excluded from such insurance coverage.
- C. Airline shall procure and maintain in force at all times during the Term of this Agreement, "Special Causes of Loss" property insurance covering all improvements, betterments, equipment, trade fixtures, merchandise, business personal property, and any other property in Airline's care, custody or control (other than aircraft hull, spaces, cargo and passenger baggage and personal effects) in an amount equal to the full replacement cost and with no penalty for coinsurance. Said policy may take into consideration any limitations on liability that may exist in favor of Airline for customer goods.
- D. Airline shall procure and maintain in force at all times during the Term of this Agreement a Business Automobile Policy and a Non-Owned and Hired Business Automobile Liability Policy, including coverage for Bodily Injury of at least Twenty-Five Million Dollars (\$25,000,000), Medical Payments to others for Owned Vehicles of at least Twenty-Five Thousand Dollars (\$25,000) and Uninsured Motorist Coverages for at least Three Million Dollars (\$3,000,000) on an occurrence form.
- E. Airline shall procure and maintain standard Workers' Compensation and Employers Liability coverages as mandated by the Texas State Workers' Compensation Law and Board or be a qualified self-insurer in the State of Texas. The Employers Liability limits shall be not less than Two Million Dollars (\$2,000,000) Each Accident for Bodily Injury by Accident; Two Million Dollars (\$2,000,000) Policy Limit for Bodily Injury for Diseases; and Two Million Dollars (\$2,000,000) Each Employee for Bodily Injury for Diseases. The Workers' Compensation policy shall be further endorsed to include the Voluntary Compensation and Employers Liability Coverage Endorsement to include all employees not subject to the Texas State Workers' Compensation Law or Occupational Disease Law.
- F. Airline shall procure and maintain Texas State Disability Coverage at statutory limits as required by the State of Texas.
- G. The aforesaid amounts and types of insurance shall be reviewed from time to time by City and may be adjusted by City if City reasonably determines such adjustments are necessary to protect City's interest. Airline shall furnish City, prior to the Effective Date hereof, a certificate or certificates of insurance as evidence that the required insurance is in force. Airline shall name City, the Airport Director and City's officers, agents and employees as additional insured as their interests may result from this Agreement, and all such coverage

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shall be primary. City reserves the right and Airlines agrees to permit City to require a certified copy of each certificate and, for good cause, to inspect each policy, including such insurance policy or policies to the extent of the Airline's obligations assumed under this Article XI, subject to policy terms, conditions, limitations and exclusions. Said policies shall be issued by insurance companies of nationally recognized financial responsibility with a Best's Guide rating of no less than A – (VII) or of internationally recognized reputation in the aviation marketplace, satisfactory to City. Said policies shall be in a form and content reasonably satisfactory to City and shall provide for thirty (30) days advance written notice to City prior to the cancellation of or any adverse material change in such policies. In no event shall any insurance referred to herein be cancelled by Airline without the prior written consent of City. Airline's failure to provide or maintain the required insurance coverages as set forth herein shall be grounds for cancellation of this Agreement, at City's option; City shall provide Airline ten (10) days written notice before exercising its right of cancellation to provide an opportunity for Airline to demonstrate that it has maintained the required insurance coverage

- H. By requiring insurance herein, City does not represent that coverage and limits will necessarily be adequate to protect Airline, and such coverage and limits shall not be deemed as a limitation on Airline's liability under the indemnities granted to City in this Agreement.
- I. The minimum limits of insurance shall be subject to revision by City upon determination that adjustments are necessary for the protection of City. Airline agrees that within fifteen (15) days of such notice of increase it will adjust to and maintain said insurance in the revised agreements, and provide evidence of same to City.

**11.03 Premium Payments**

Notwithstanding the provisions of Section 11.02, CITY shall have the right to pay the premium for each insurance policy required under this Agreement and AIRLINE hereby understands and agrees to reimburse City for all premiums and related expenses associated with the procurement of the necessary insurance coverages that are included and agreed upon by AIRLINE under the terms and conditions of this Agreement. Failure by CITY to secure such insurance for AIRLINE shall not impose any liability upon CITY and such failure shall not operate to waive or invalidate any obligation assumed thereunder by AIRLINE.

**11.4 Real and Personal Property and Employee Dishonesty**

- A. City shall not be liable or responsible for any loss or damage to any real or personal property of Airline, including all loss of income or extra expense costs, arising out of any incident which is the proximate cause of any peril included within the "Special Causes of Loss" form of the standard Commercial Property Policy as used within the State of Texas, and including additional perils of flood, the dishonest acts of Airline's employees, earthquake, earth movement, collapse of any building or structure, weather conditions, acts of God or any other causes of loss arising out of nature.

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B. Airline shall hold City harmless for the dishonest acts of Airline's employees.

**10.5 Waiver of Subrogation**

City and Airline hereby mutually waive any and all rights of recovery against the other party arising out of damage or destruction of the buildings, Airline Premises, or any other real or personal property from causes included under any property insurance policies to the extent such damage or destruction is covered by the proceeds of such policies and whether or not such damage or destruction shall have been caused by the parties, their officers, employees, or agents, but only to the extent that the insurance policies then in force permit such waiver. All property insurance policies shall contain, to the extent available, this waiver of subrogation provision and the cost of such provision shall be borne by the primary insured.

**10.06 Notice of Claims and Events**

Airline shall provide City written notice of any claim made on Airline's insurance arising out of or related to its operations at the Airport, within two (2) business days after Airline learns of the claim. In the event of any injury, loss, damage, or other activity that could reasonably give rise to a claim on its insurance or indemnification by Airline pursuant to this Article, Airline shall provide a written report regarding the event to City within two (2) business days after Airline learns of the event.

**10.07 Third Party Beneficiaries**

Airline and City specifically agree that it is not intended by any of the provisions nor any part of the Agreement to cause or create in the public or any individual or other entity a third party beneficiary or to authorize anyone not a party to the Agreement to maintain an action for personal injuries or property damage pursuant to the terms or provisions of the Agreement.

**ARTICLE 11**

**RULES AND REGULATIONS, COMPLIANCE WITH LAWS  
AND AFFIRMATIVE ACTION, NONDISCRIMINATION**

**Section 11.1 Rules and Regulations**

- A. AIRLINE shall observe and obey all resolutions and Rules and Regulations governing conduct on and operations at the Airport and use of its facilities. CITY agrees that all Rules and Regulations so promulgated shall not be inconsistent with the express terms of this Agreement or any legally authorized rule or regulation of the FAA, or any other federal or state agency, which is binding in law on AIRLINE, as the same now are or may from time-to-time be amended or supplemented. Except as so expressly limited, CITY'S authority to promulgate or amend Rules and Regulations shall not be affected by this Agreement.

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- B. AIRLINE shall not violate, nor permit its agents, contractors, or employees acting on AIRLINE'S behalf to violate any such Rules and Regulations that are now in effect or as may from time-to-time during the term hereof be promulgated by CITY. Copies of the Rules and Regulations, as adopted, shall be forwarded to AIRLINE'S local manager.
- C. CITY, acting in its governmental capacity and not as Airport operator, shall prescribe civil penalties and injunctive remedies for violations of such Rules and Regulations, and the same may be applied to AIRLINE for violations by its agents, employees, and contractors acting on AIRLINE'S behalf. Nothing contained in this Section 11.1 shall prevent AIRLINE from contesting in good faith any Rules and Regulations.

**Section 11.2 Compliance with Law**

- A. AIRLINE shall not use its Exclusive Use Space, Joint Use Space, or any part thereof, or permit the same to be used by any of its employees, officers, agents, subtenants, invitees, or licensees for any illegal purposes and shall, at all times during the term of this Agreement, comply with all applicable resolutions, laws, and Rules and Regulations of CITY and of any CITY, county, or state government or agency or of the U.S. Government, and of any political division or subdivision of agency, CITY, or commission thereof that may have jurisdiction to pass laws or ordinances or to make and enforce rules or regulations with respect to the uses hereunder or to the Exclusive Use Space and Joint Use Space.
- B. At all times during the term of this Agreement, AIRLINE shall, in connection with AIRLINE'S activities and operations at the Airport:
  - (1) Comply with and conform to all existing and future statutes, resolutions and ordinances, and the rules and regulations promulgated thereunder, of all Federal, State, and other governmental bodies of competent jurisdiction that apply to or affect, either directly or indirectly, AIRLINE or AIRLINE'S operations and activities under this Agreement.
  - (2) Make, at AIRLINE'S own expense, all nonstructural improvements, repairs, and alterations to its Exclusive Use Space, equipment, and personal property that are required to comply with or conform to any of such laws, ordinances, and rules and regulations referred to in Section 11.2 (B)(1), to which this Agreement is expressly subject.
  - (3) Reimburse CITY for AIRLINE'S prorata share in accordance with the Joint Use Formula of all nonstructural improvements, repairs, and alterations to AIRLINE'S Joint Use Space that are required to comply with or conform to any of such laws, ordinances, and rules and regulations referred to in Section 11.2 (B)(1), to which this Agreement is expressly subject.

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- (4) Be and remain an independent contractor with respect to all installations, construction, and services performed by or at the request of AIRLINE, hereunder.

**Section 11.3 Nondiscrimination**

AIRLINE, as part of the consideration hereof and as a covenant running with the lease, hereby covenants and agrees that:

- A. In the event facilities are constructed, maintained, or otherwise operated for a purpose for which a Federal Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, AIRLINE shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as such regulations may be amended.
- B. No person on the grounds of race, creed, color, national origin, sex, age, or physical handicap shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.
- C. No person on the grounds of race, creed, color, national origin, sex, age, or physical handicap shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the construction of any improvements on, over, or under the lease premises and the furnishing of services thereon.
- D. AIRLINE shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as such regulations may be amended.
- E. AIRLINE agrees that it shall insert the provisions of Section 11.3 (A), (B), (C), and (D), inclusive, in any lease or other agreement by which it grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the premises herein leased.
- F. In the event of breach of any of the nondiscrimination covenants set forth in this Section 11.3, CITY shall have the right to terminate this Agreement and to reenter and repossess the Premises and the facilities thereon, and hold the same as if this Agreement had never been made or issued. This provision shall not become effective until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including the expiration of appeal rights.
- G. AIRLINE assures CITY that AIRLINE will, to the extent authorized by law, undertake

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an affirmative action program as required by FAA Regulations, Title 14, Code of Federal Regulations, Part 152, Subpart E, entitled "Nondiscrimination in Airport Aid Program," or otherwise approved by the FAA, to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or physical handicap, be excluded from participation in any employment activities covered in such Subpart E. AIRLINE further assures CITY that no person shall be excluded on such grounds from participating in or receiving the services or benefits of any program or activity covered by such Subpart E. AIRLINE further assures CITY that it will require that its covered suborganizations provide assurances to AIRLINE that, to the extent authorized by law, they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by Title 14, Code of Federal Regulations, Part 152, Subpart E, to the same effect.

- H. AIRLINE covenants and agrees that no person shall be excluded from participation in, denied the benefits of, or otherwise discriminated against in the performance of this Agreement on the grounds of race, color, national origin, or sex, as provided in Part 23, of Title 49, of the Code of Federal Regulations entitled "Participation by Minority Business Enterprise in Department of Transportation Programs."
- I. In the event of a breach by AIRLINE of any of the assurances or covenants in Section 11.3 (G), and (H), CITY shall have the right to terminate this Agreement, and to reenter and repossess any leased facilities hereunder, and to hold the same as if this Agreement had never been made or issued, but not without the express prior concurrence or direction of the U.S. Department of Transportation or the FAA following suitable review, if any, of such breach and affording AIRLINE a reasonable opportunity to rectify the same, if appropriate.

**ARTICLE 12  
DEFAULT AND TERMINATION**

**Section 12.1 Events of Default**

If AIRLINE fails to:

- A. pay rent or make any other payment past due hereunder within fifteen (15) days after receipt of written notice of nonpayment; or
- B. commence immediately to keep and perform any of its covenants and agreements hereunder within fifteen (15) days after receipt of written notice; or
- C. continue to complete any of its covenants and agreements hereunder after performance is commenced; or after the filing of any petition, proceedings or action by, for, or against AIRLINE under any insolvency, bankruptcy, or reorganization act of law.

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Then at the election of CITY:

- (1) Without terminating this Agreement, CITY may re-enter the space and restore to rentable condition and relet all or any part of it to others, including costs of restoration and a fifteen percent (15%) administrative fee to be paid to CITY. AIRLINE shall promptly reimburse CITY for any deficiency in rentals or other payments received under such subletting, compared with AIRLINE'S obligations hereunder.
- (2) At any time before or after a reentry and reletting as provided in Section 12.1(C)(1) above, CITY may terminate AIRLINE'S rights under this Agreement, and CITY may reenter and take possession of all space, and cancel all rights and privileges granted to AIRLINE hereunder, without any restriction on recovery by CITY for past due rentals and other obligations of AIRLINE.

CITY shall have all additional rights and remedies as may be provided to landlords by law.

**Section 12.2 Events Permitting Termination of Agreement by AIRLINE**

A. AIRLINE may terminate this Agreement and all of its future obligations hereunder at any time that AIRLINE is not in default in its payments or other obligations to CITY hereunder, by giving the Airport Director thirty (30) days advance written notice if:

- (1) CITY is in default of any material provision of this Agreement; or
- (2) AIRLINE becomes subject to any order, rule or regulation of any Federal or State agency or to a court order which prevents or substantially prevents AIRLINE'S use of the Airport for more than ninety (90) days following written notice by AIRLINE to the Airport Director; or
- (3) AIRLINE terminates its Air Transportation business at the Airport.

B. AIRLINE termination shall not be effective unless and until at least thirty (30) days have elapsed after written notice to CITY specifying the date upon which such termination shall take effect and the reason for such termination. CITY may cure the cause of such termination within said (30) day period, or such longer time as the parties may agree thereto.

**Section 12.3 Events Permitting Termination of Agreement by CITY**

A. CITY, at its option, may declare this Agreement terminated on the occurrence of any one or more of the following events, and may exercise all rights of entry and re-entry of AIRLINE'S Exclusive Use Space:

- (1) If the rentals and fees, or other money payments that AIRLINE herein agrees to pay, or any part hereof, shall be unpaid on the date same becomes due as provided

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for in Section 12.1 herein.

- (2) If any act occurs that deprives AIRLINE permanently of the rights, power, and privileges necessary for the proper conduct and operation of its Air Transportation business.
- (3) In the event AIRLINE fails to provide scheduled Air Transportation for a period of seven (7) consecutive days (except for events of force majeure as defined in Section 14.11 of this Agreement), CITY may cancel this Agreement on fifteen (15) days written notice. However, if AIRLINE cures the breach within this fifteen (15) day period, the Agreement shall continue in full force and effect.
- (4) If AIRLINE abandons and fails to use its Exclusive Use Space for a period of thirty (30) days at any one time, except when such abandonment and cessation are due to fire, earthquake, strike, governmental action, default of CITY, or other cause beyond AIRLINE'S control.
- (5) If AIRLINE fails to operate at least five (5) weekly scheduled passenger service departures from the Airport, for a period of thirty (30) days or more (except by reason of an event of Force Majeure).

B. CITY termination shall not be effective unless and until at least thirty (30) days have elapsed after written notice to AIRLINE specifying the date upon which such termination shall take effect and the reason for such termination. AIRLINE may cure the cause of such termination within said (30) day period, or such longer time as the parties may agree thereto.

**Section 12.4 Possession by CITY**

In any of the aforesaid events, CITY may take possession of the leased premises upon ten (10) days notice and remove AIRLINE'S effects, without being deemed guilty of trespassing. On said default, all rights of AIRLINE shall be forfeited, provided CITY shall have and reserve all of its available remedies at law as a result of said breach of this Agreement.

Failure of CITY to declare this Agreement terminated on default of AIRLINE for any of the reasons set forth herein shall not operate to bar, destroy, or waive the right of CITY to cancel this Agreement by reason of any subsequent violation of the terms hereof.

**ARTICLE 13  
ASSIGNMENT, SUBLETTING, MERGER and BANKRUPTCY**

**Section 13.1 Assignment and Subletting**

AIRLINE shall not assign this Agreement, or any part hereof in any manner whatsoever or sublet the premises or any part thereof or any of the privileges recited herein without the prior written

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consent of the Airport Director. However, AIRLINE shall have the right to assign all or any part of its rights and interests under this Agreement to any affiliated Air Transportation company, or any successor to its business through merger, consolidation, voluntary sale, or transfer of substantially all of its assets, and the consent of CITY thereto shall not be required; provided, however, due notice of any such assignment shall be given to the Airport Director at least thirty (30) days prior to such assignment hereunder.

**Section 13.2 Nonwaiver of Responsibility**

No assignment, transfer, conveyance, sublease, or granting a nonexclusive license by AIRLINE shall relieve AIRLINE of its responsibility for payment of rent and performance of all other obligations provided in this Agreement, without specific written consent of the Airport Director to such relief.

**Section 13.3 Relinquishment of Space**

If AIRLINE desires to relinquish any of its Exclusive Use Space or any rights to Joint Use Space, AIRLINE may notify the Airport Director of the space available, and the Airport Director shall use a best effort to reassign the space to another AIRLINE. No reassignment by the Airport Director, nor any assignment, transfer, conveyance, or sublease by AIRLINE shall relieve AIRLINE of its primary responsibility for payment of rent and performance of all other obligations provided in this Agreement, without specific written consent by the Airport Director to such relief.

**Section 13.4 Ground Handling Agreements**

In the event AIRLINE desires to ground handle any portion of the operations of another AIRLINE, AIRLINE shall obtain prior written permission of the Airport Director.

**Section 13.5 Bankruptcy**

Notwithstanding Section 13.1, any party to this Agreement which seeks protection under the Bankruptcy Code, or is currently operating under the protection of the Bankruptcy Code, herein called "Debtor", shall be prohibited from conveying its interest under this Agreement to any other entity without written authorization of CITY. In the event that such a Debtor intends to assume the Agreement, or assume and assign the Agreement pursuant to 11 U.S.C. § 365, the Debtor shall be required to immediately cure any and all defaults and provide adequate assurance of future performance under the Agreement which shall include, but not be limited to:

- A. Adequate assurance of the reliability of the proposed source for the rentals due under this Agreement on the assumption or assignment of this Agreement.
- B. Adequate assurance that all other consideration due under this Agreement shall be forthcoming after the assumption or assignment of this Agreement.

***(Aerus Lease Agreement)***

C. The procurement of a bond from a financially reputable surety covering any costs or damages incurred by CITY in the event that CITY, within one (1) year following the assumption or assignment of this Agreement, becomes entitled to, and exercises, any right to reassign the leased space covered under this Agreement.

**Section 13.6 Consent**

Consent by the Airport Director to any type of transfer provided for by this Article 13 shall not in any way be construed to relieve AIRLINE from obtaining further consent for any subsequent transfer or assignment of any nature whatsoever.

**ARTICLE 14  
GENERAL PROVISIONS**

**Section 14.1 Successors and Assigns Bound**

This Agreement shall be binding on and inure to the benefit of the successors and assigns of the parties hereto.

**Section 14.2 Governing Law**

Agreement and all disputes arising here under shall be governed by the laws of the State of Texas.

**Section 14.3 Severability**

If any covenant, condition, or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition, or provision shall in no way affect any other covenant, condition, or provision herein contained, provided that the invalidity of any such covenant, condition, or provision does not materially prejudice either party hereto in its respective rights and obligations contained in the valid covenants, conditions, or provisions in this Agreement.

**Section 14.4 Quiet Enjoyment**

AIRLINE shall, upon payment of the rentals and fees herein required, and subject to performance and compliance by AIRLINE of the covenants, conditions, and agreements on the part of AIRLINE to be performed and complied with hereunder, peaceably have and enjoy the rights, uses, and privileges of the Airport, its appurtenances, and facilities as granted hereby and by the Rules and Regulations.

**Section 14.5 Taxes**

***(Aerus Lease Agreement)***

A. AIRLINE shall pay, but such payment shall not be considered part of Airport Revenue, all taxes (including any possessory interest tax), assessments, and charges of a like nature, if any, which at any time during the term of this Agreement may be levied against AIRLINE or become a lien by virtue of any levy, assessment, or charge against AIRLINE by the Federal government, the State of Texas, CITY of Laredo, Webb County, any municipal corporation, any local government entity, any government successor in authority to the foregoing, or any other tax or assessment levying bodies, in whole or in part, upon or in respect to any of the space leased under this Agreement or such facilities of the Airport as are made available for use by AIRLINE hereunder, or upon or in respect to any personal property belonging to AIRLINE situated on the space leased under this Agreement. Payment of such taxes, assessments, and charges, when and if levied or assessed, shall be made by AIRLINE directly to the taxing or assessing authority charged with collection thereof.

B. On any termination of this Agreement, all lawful taxes then levied or a lien upon any such property or taxable interest therein shall be paid in full by AIRLINE forthwith, or as soon as a statement thereof has been issued by the tax collector if termination occurs during the interval between attachment of the lien and issuance of a statement.

C. AIRLINE shall give specific written notification of the tax status on all personal property conveyed, transferred or assigned, collaterally or otherwise by AIRLINE to a third party so that any said third party shall not qualify as a bonafide purchaser for value as such status related to any outstanding ad valorem personal property taxes owed to CITY under the existing tax laws of the State of Texas and otherwise assessed outside the terms of this Agreement.

**Section 14.6 Liens**

AIRLINE shall cause to be removed promptly any and all liens of any nature arising out of or because of any construction performed by AIRLINE or any of its contractors or subcontractors upon Exclusive or Joint Use Space or arising out of or because of the performance of any work or labor by or for it or them at said premises, reserving the right to contest in court the validity of any such liens. AIRLINE shall have the right to post an appropriate bond to cover its obligations pursuant to this paragraph.

In the event any person or corporation shall attempt to assert a mechanic's lien against the leased premises for improvements made by AIRLINE, AIRLINE shall hold CITY harmless from such claim, including the cost of defense.

**Section 14.7 Subordination to Agreements with the U.S. Government**

This Agreement is subject and subordinate to the provisions of any agreements heretofore or hereafter made between CITY and the United States, relative to the operation or maintenance of the Airport, or to the expenditure of Federal funds for the improvement or development of the Airport, including the expenditure of Federal funds for the development of the Airport in accordance with the provisions of the Federal Aviation Act of 1958, the Federal Aid to Airport

***(Aerus Lease Agreement)***

Act, the Airport and Airway Development Act of 1970, and the Airport and Airway Improvement Act of 1982, as such acts have been amended or replaced from time-to-time. In the event that the FAA requires, as a condition precedent to the granting of funds for the improvement of the Airport, modifications or changes to this Agreement, AIRLINE agrees to consent to such amendments, modifications, revisions, supplements, or deletions of any of the terms, conditions, or requirements of this Agreement as may be required to enable CITY to obtain such grant of funds.

**Section 14.8 Incorporation of Exhibits**

All exhibits referred to in this Agreement are intended to be and hereby are specifically made a part of this Agreement.

**Section 14.9 Entire Agreement**

This Agreement, together with Exhibits A, B and C attached hereto, constitutes the entire agreement between the parties hereto, and all other representations or statements heretofore made, verbal or written, are merged herein, and this Agreement may be amended or supplemented only in writing, and executed by duly authorized representatives of the parties hereto.

**Section 14.10 Nonwaiver of Rights**

No waiver of default by either party of any of the terms, covenants, and conditions hereof to be performed, kept, and observed by the other party shall be construed, or shall operate, as a waiver of any subsequent default of any of the terms, covenants, or conditions herein contained, to be performed, kept, and observed by the other party.

**Section 14.11 Force Majeure**

A. In the event of either party being rendered unable wholly, or in part, by force majeure to carry out its obligations under this Agreement, other than its obligations to make payments of money due hereunder then on such party's giving notice and full particulars of such force majeure in writing to the other party as soon as possible after the occurrence of the cause relied on, then the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch. In the event either party hereto has with its employees what is commonly known as a labor dispute, each party does hereby reserve unto itself the right to handle said dispute in its own fashion and as it shall, in its uncontrolled discretion, deem best and without interference from the other party.

B. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemies, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, arrests and restraints of rulers and people, civil disturbances, explosions, inability with reasonable

***(Aerus Lease Agreement)***

diligence to obtain materials, and any other causes not within the control of the party claiming a suspension, which by the exercise of due diligence such party shall not have been able to avoid or overcome.

**Section 14.12 Headings**

The headings of the several articles and sections of this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

**Section 14.13 Nonexclusive Rights**

It is understood and agreed that nothing herein contained shall be construed to grant to AIRLINE any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport, except that, subject to the terms and provisions hereof, AIRLINE shall have the right to exclusive possession of the Exclusive Use Space leased to AIRLINE under the provisions of this Agreement.

**Section 14.14 Inspection of Books and Records**

Each party hereto, at its expense and on reasonable notice, shall have the right from time-to-time to inspect the books, records, and other data of the other party relating to the provisions and requirements hereof, provided such inspection is made during regular business hours. Each party shall retain all such records for a period of at least three (3) years. On at least thirty (30) days prior written notice, each party agrees to make any records required hereunder available to the other party at the other parties' offices at the Airport.

**Section 14.15 Consent Not to be Unreasonably Withheld**

Whenever consent, permission, or prior written approval is required by either CITY or AIRLINE, such consent, permission, or prior written approval is not to be unreasonably withheld or delayed.

**Section 14.16 Authority of Airport Director**

All rights and obligations of CITY under this Agreement may be exercised by the Airport Director or his designee, unless specifically provided otherwise or required by law.

**Section 14.17 Amendments**

This Agreement may be amended in whole or in part without further consideration upon mutual written consent of CITY and AIRLINE.

**Section 14.18 Employees of AIRLINE**

*(Aerus Lease Agreement)*

AIRLINE shall require all of its employees, subcontractors, or independent contractors hired by AIRLINE working in view of the public and about the Terminal Building Area to wear clean and neat attire and to display appropriate identification.

**Section 14.19 Removal of Disabled Aircraft**

AIRLINE shall promptly remove any of its disabled aircraft from any part of the Airport (including, without limitation, runways, taxiways, aprons, and gate positions) and place any such disabled aircraft in such storage areas as may be designated by the Airport Director. AIRLINE may store such disabled aircraft only for such length of time and on such terms and conditions as may be established by CITY. If AIRLINE fails to remove any of its disabled aircraft promptly, the Airport Director may, after informing AIRLINE of his intent to do so, but shall not be obligated to, cause the removal of such disabled aircraft; provided, however, the obligation to remove or store such disabled aircraft shall not be inconsistent with Federal laws and regulations. AIRLINE agrees to reimburse CITY for all costs of such removal, and AIRLINE further hereby releases CITY from any and all claims for damage, except as the result of negligent or willful misconduct, to the disabled aircraft or otherwise arising from or in any way connected with such removal by CITY.

**Section 14.20 Licenses, Fees, and Permits**


AIRLINE shall obtain and pay for all licenses, fees, permits, or other authorization or charges as required under Federal, State, or local laws and regulations insofar as they are necessary to comply with the requirements of this Agreement and the privileges extended hereunder.

**Section 14.21 National Emergency**

This Agreement and all the provisions hereof shall be subject to whatever right the U.S. Government now has, or in the future may have or acquire, affecting the control, operation, regulation, and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

**Section 14.22 Cap on Rent, Charges and Fees**

Notwithstanding anything to the contrary contained in this agreement the City of Laredo agrees to waive one hundred (100%) percent AIRLINE'S monthly rental obligation is waived for the first twelve (12) months commencing on the date AIRLINE initiates commercial air transportation services to the AIRPORT and ending on November 1<sup>st</sup> 2025. This twelve (12) month waiver of rent obligation and fees is in exchange for AIRLINE providing a minimum of two (2) round trip flights to Monterrey, Nuevo Leon, Mexico per week utilizing Cessna 408 SkyCourier/Cessna Grand Caravan EX aircraft. The rent, fees and other charges for which this waiver applies is limited to rents for exclusive use space and common use areas, charge for passenger boarding bridge use, charge for federal inspection facility use, charge for security response, and landing fees.



*(Aerus Lease Agreement)*

**Section 14.23 Time is of the Essence**

Time is of the essence in this Agreement.

EXECUTED ON THIS 1st DAY OF NOVEMBER, 2024.

CITY:  
CITY OF LAREDO  
a municipal corporation

Date Signed: October 24<sup>th</sup> 2024

Date Signed: \_\_\_\_\_

At Monterrey, NL, Mexico

At Laredo, TX

On behalf of (The Carrier)

On behalf of (The City)

**AEROTRANSPORTES RAFILHER S.A.  
DE C.V.**

**CITY OF LAREDO, A MUNICIPAL  
CORPORATION**

By: 

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

Name: Javier Herrera

Name: Joseph W. Neeb

Title: CEO

Title: City Manager