

HANGAR GROUND LEASE AGREEMENT BETWEEN THE
KERRVILLE-KERR COUNTY AIRPORT BOARD AND _____

THIS HANGAR GROUND LEASE AGREEMENT ("Lease" or "Agreement"), made this ____ day of _____, 2021 between the Kerrville –Kerr County Airport, herein called the "Board" or "Lessor", pursuant to the Texas Municipal and County Airport Act, Tex. Transportation Code Chapter 22 and _____ ("Lessee").

RECITALS

WHEREAS, the Lessor operates and has all power and authority to enter into this lease and agreements at the Kerrville-Kerr County Airport, located in the City of Kerrville, Texas, hereinafter referred to as "Airport" on behalf of joint owners, the City of Kerrville ("City") and Kerr County ("County"), Texas, and,

WHEREAS, Lessee desires to lease certain Lessor-owned land at the Airport to construct and thereafter operate, a hangar facility for the storage of aircraft;

NOW, THEREFORE, for and in consideration of the covenants and conditions herein stated, Lessor and Lessee agree as follows:

ARTICLE 1. GRANT OF LEASE

1.01 Leased Premises: Lessor agrees to lease to Lessee certain property owned by Lessor located at the Airport and being more particularly described as approximately _____ square feet and further described by metes and bounds as well as depicted on "Exhibit A-Metes and Bounds and Depiction of Leased Premises" attached hereto and made a part hereof by this reference, hereinafter being referred to collectively as the "Leased Premises."

1.03 Easements: This Lease Agreement shall be subject to such easements, rights-of-way, drill sites, or other rights or reservations affecting the Leased Premises which are of record or are clearly visible as of the date of this Agreement.

ARTICLE 2. TERM OF AGREEMENT

2.01 Lease Term: The term of this Lease Agreement shall commence at 12:01 a.m. on _____, 20__, and terminate at midnight on _____, 20__, ("the Lease Term") unless terminated earlier pursuant to the provisions of this Lease Agreement.

ARTICLE 3. RENT

3.01 Amount of Base Rent: Lessee agrees to pay to Lessor rent for the Leased Premises in the amount of \$ _____ per month, commencing on the first day of the lease period, and continuing monthly, due on the first day of each following month for the entire lease period. If the commencement date of this lease shall be on a day other than the first day of a month, the rent due for that first month shall be prorated accordingly. The amount of

rent due from time to time pursuant to this Agreement shall be subject to adjustment as set forth in Section 3.02, below.

3.02 Adjustment of Rent During Lease Term: During the Lease Term, the rent to be paid by Lessee shall be periodically increased or decreased every October (not more frequently than once per year) in accordance with changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI - U) (the "Consumer Price Index") as promulgated by the Bureau of Labor Statistics of the United States Department of Labor, which consumer price index for August, 202_, is _____ (the "Base Index") using the year 2010 as a base of 100. The Base Rent to be paid during the term of this Agreement shall bear the same ratio to the Consumer Price Index for the month of August preceding the date of the rent adjustment, as _____ bears to the Base Index. In no event, however, shall the Base Rent be less than \$_____ per year.

In the event that the CPI is discontinued, comparable statistics on the purchasing power of the consumer dollar as determined by a responsible financial periodical of recognized authority selected by the Board shall be used as the basis for making adjustments of Base Rent during the Lease Term.

3.03 Delivery of Rent: All payments required of Lessee by this Agreement shall be delivered by mail, or in person, to the Airport Manager's Office, 1877 Airport Loop, Kerrville, Texas located at the Airport, or to such other location as specified in writing by the Lessor from time to time, no later than the first day of each calendar month of the Lease Term for which the payment is due.

3.04 Delinquent Rent Payments: In the event that payments to the Lessor for rent or other fees or charges are not received by the Lessor on or before the eighth day following the due date, Lessee shall pay a late rental charge of Two Percent (2.0%) of the rent amount due for that month. All rent and other payments which are past due more than thirty (30) days shall accrue simple interest at the rate of eighteen percent (18.0%) annually or (b) the maximum percentage rate allowed by law, whichever is less.

3.05 Application of Amounts Received: Payments received shall be applied in the following order: (1) late rental charges, (2) past due rent, beginning with the oldest amount due, (3) other past due amounts, AND (4) rent currently due.

3.06 Other Charges: Nothing herein shall be deemed to relieve Lessee, invitees and others from Airport use charges, including fuel flowage fees paid on fuel purchased by Lessee, or from automobile parking permit fees for parking areas that are not included within the Leased Premises, or from security fees.

ARTICLE 4. USE OF LEASED PREMISES

4.01 Permitted Uses: Lessee shall be permitted to use the Leased Premises for the purpose of conducting noncommercial aeronautical activities consisting of any or all of the following operations and no others:

- A. Storage of aircraft, make, model and N number listed below:
 - 1. _____
 - 2. _____
 - 3. _____
- B. Storage of such items, equipment, and apparatus as may be incidental and/or reasonably necessary to keep the aircraft or Lease Premises clean, or to perform preventative aircraft maintenance;
- C. Storage of motor vehicles owned or operated by Lessee or its employees or guests, only while the aircraft is in active use,
- D. Such other uses as may be permitted in writing by the Lessor.

4.02 Prohibited Uses: Lessee agrees at all times to comply with the following:

- A. Lessee shall at no time use, or permit the use of, the Leased Premises in a manner that is contrary to applicable federal, state, or local laws, ordinances, rules, or regulations, which shall include, but not be limited to, applicable Federal Aviation Administration rules and regulations, and applicable regulations for the use of the Airport, Kerrville- Kerr County Airport Code, dated June 27, 2018 as may from time to time be promulgated by the Lessor;
- B. Lessee shall not permit any permanent, unshielded light or illumination source to cause glare as viewed from any street, adjacent properties or operating aircraft;
- C. Lessee shall not cause or permit the burial or storage above ground on the Leased Premises of any hazardous waste or materials, as defined by federal or state law, except in accordance with applicable federal, state, or local laws, ordinances, regulations and rules, as may be adopted or amended from time to time;
- D. Lessee shall not cause or permit any use or activity on the Leased Premises which would create a hazardous condition for aircraft operating at the Airport;
- E. Lessee shall not allow the Leased Premises to be used for parking of motor vehicles, motorcycles, or motor driven equipment by anyone other than Lessee except as may be authorized by the Airport Manager, with all such parking being limited to areas designated by Lessee and approved by Lessor within the Leased Premises for such parking.
- F. Lessee shall not allow scheduled airline passenger operations to be conducted on the Leased Premises.
- G. Lessee shall not permit aircraft to access the Leased Premised from outside the Airport property such that such access would constitute a "through the fence" operation prohibited by contracts between Lessor and the State of Texas or the United States of America.

4.03 Compliance with Minimum Standards: All activities conducted upon the Leased Premises, whether by Lessee or its officers, employees, guests, contractors, or agents, shall be in substantial conformance with the Kerrville -Kerr County Airport Code as adopted on June 27, 2018 which may be amended from time to time.

4.04 Non-exclusive Uses: Lessee understands and acknowledges that, as to that part of the Airport not included within the Leased Premises, the allowable uses permitted herein are on a nonexclusive basis with respect to other potential providers of aeronautical services at the Airport.

4.05 Securing the Premises: Lessee shall have full responsibility to and shall furnish any equipment necessary to properly secure the Lease Premises and aircraft.

ARTICLE 5. OBLIGATIONS OF LESSEE WITH REGARD TO CONSTRUCTION OF IMPROVEMENTS

5.01 Application for Building Permit: Upon execution hereof, Lessee shall make application for a building permit ("Permit") with the appropriate governmental agency on or before ___ days from date hereof for the construction of the facilities necessary to carry out the purposes described in Section 4.0 above, and shall pursue issuance of such Permit with reasonable diligence. Lessor agrees to cooperate with Lessee in obtaining such Permit.

5.02 Approval of Construction Plans: Not later than ___ days after commencement of the Lease Term and prior to any construction, alteration, or changes to the Leased Premises or the improvements thereon, Lessee shall submit, but not limited to scaled plans and specifications of such building construction, as well as site plan, topo and grading plan with all access routes for aircraft and vehicles, drainage and utility services as existing or proposed indicated thereon, and connections to existing airport facilities to the Airport Manager.

Lessee is solely responsible for ascertaining the requirements of any and all, federal, state, or local government agencies with regard to all permit and application procedures necessary to obtain final approvals and building permits prior to beginning any construction on the Leased Premises. Lessee shall not commence any construction until it has received prior written approval from the Airport Manager and until the Lessee has received the necessary approvals from the Federal Aviation Administration, the City of Kerrville's Building Official, and such other governmental authorities as are necessary for the type of construction contemplated.

5.03 Approval of Plans Not Assurance of Design Quality: The approval by the Airport Manager or anyone else acting on behalf of Lessor of any plans and specifications applies only to the conformity of such plans to the general architectural and operational plan for the Leased Premises and the Airport. The approval of the Airport Manager does not constitute approval of the quality of the architectural or engineering work performed.

Neither Lessor nor the Airport Manager assumes any liability or responsibility for the architectural or engineering design or for any defect in any building or improvement constructed from the plans or specifications. Construction of any contemplated improvements shall be in accordance with the plans presented to and approved by the Airport Manager. All construction work shall be subject to inspection by a representative employed by the Lessor or an inspector from the City's Building Inspection Department, or both, to determine that such work conforms to the plans and specifications approved by the Lessor.

5.04 Contractor's Insurance; Bonds: At any time construction activities are undertaken on the Leased Premises, Lessee shall require that its contractor or contractors keep in force insurance issued by a responsible insurance company or companies authorized to conduct business in the State of Texas insuring the improvements during construction under Completed Builder's All Risk Insurance, including fire, extended coverage, vandalism and malicious mischief, in an amount equal to the full insurable value of such construction as the same progresses in order to insure continuity of construction and ultimate completion despite damage or destruction suffered during the course thereof. Furthermore, Lessee shall require all contractors performing construction work on the Leased Premises to provide payment and performance bonds issued by a responsible bonding company or companies authorized to conduct business in the State of Texas for the full amount of the cost of the construction to be performed on forms which are in compliance with Chapter 2253 of the Texas Government Code, as amended. The foregoing shall be made a part of any contract between Lessee and its contractor or contractors. In the event Lessee does any construction work itself, it shall comply with the all-risk insurance provisions hereof.

5.05 Compliance With Building Codes and Federal Standards: All improvements made to the Leased Premises by Lessee shall comply with all applicable City of Kerrville Building Codes and Federal standards for construction of airport improvements in effect at the time construction commences as well as all other applicable federal aviation regulations, if any. Lessee shall not commence construction activities on the Hangars until receipt of the approved FAA Form 7460 by Lessee.

5.06 Encumbrance of Leasehold Estate: Lessee shall at no time encumber or attempt to encumber its leasehold interest in the Leased Premises by deed of trust, mortgage, security agreement or other security interest without the prior written consent of the Lessor.

5.07 Ownership of Buildings, Improvements and Fixtures: Any and all buildings, improvements (including, but not limited to all aprons, taxiways and roadways), additions, alterations, and fixtures existing on the first day of the Lease Term or constructed or placed on any part of the Leased Premises during the Lease Term by Lessor or Lessee, shall be considered part of the real property of the Leased Premises, shall remain on the Leased Premises, and shall not be removed by Lessee, any sublease, or tenant of Lessee without the written consent of Lessor.

All improvements, additions, alterations, and fixtures on the Leased Premises shall become the sole property of Lessor upon termination of this Agreement without compensation to Lessee, it being understood and agreed by Lessee that the transfer of title to the Lessor of the buildings and improvements located on the Leased Premises at the end of the Lease Term is additional consideration for this Agreement. Notwithstanding the above, Lessee shall have the right at any time during Lessee's occupancy of the Leased Premises, or within a reasonable time thereafter, to remove any and all furniture, machinery, equipment, or other trade fixtures, owned or placed by Lessee, in, under, or on the Leased Premises; provided, however, prior to the termination of the Lease Term, Lessee shall repair any damage to any buildings or improvements on the Leased Premises resulting from their removal. Any such personal property items or trade fixtures which are not removed within sixty (60) days after the termination date of this Agreement shall become the property of Lessor as of that date.

5.08 Failure to Construct Improvements: Lessor shall have the right, exercisable at its sole option, to terminate this Lease Agreement if:

- A. Lessee fails to commence construction of the improvements required to conduct Lessee's operations on the Leased Premises on or before the 180th day after commencement of the Lease Term; or
- B. after construction of the required improvements has commenced, Lessee fails to complete construction of the improvements on or before 18 months after commencement of construction.

ARTICLE 6. REPAIRS, MAINTENANCE AND RESTORATION

6.01 Maintenance by Lessor: Lessor shall, at Lessor's sole expense, keep in good repair, condition and appearance the taxiways, roadways, and drainage improvements which have been or may be constructed and which are owned by Lessor. Lessor shall commence required repairs as soon as reasonably practicable after receiving written notice from Lessee thereof.

6.02 Maintenance by Lessee: Lessee shall, at Lessee's sole expense, keep the Leased Premises and all improvements of any kind, which may exist at the commencement of the Lease Term or erected, installed, or made thereon by Lessee after commencement of the Lease Term, not required herein to be maintained by Lessor in good repair, condition and appearance. Without limitation of the foregoing sentence, Lessee specifically acknowledges its obligations, at its sole expense, to keep in good repair, condition and appearance the foundation, roof, exterior walls and structural portions of the interior walls of hangars located on the Leased Premises. Lessee shall keep mowed and in a slightly condition all landscaping and grass areas within the Leased Premises. Lessee shall keep pavement, fences and gates in good repair, condition and appearance. Lessor shall be the sole judge of the quality of Lessee's maintenance; provided, however, Lessor shall not unreasonably withhold acceptance of said repairs or maintenance.

Upon written notice by Lessor to Lessee, Lessee shall be required to perform such reasonable maintenance under this Section 6.02 as Lessor considers necessary. If such maintenance is not undertaken by Lessee within ten (10) days after receipt of written

notice, Lessor shall have the right to enter on the Leased Premises and perform the necessary maintenance, the cost of which shall be borne by Lessee. Other items of maintenance for which Lessee shall be solely responsible shall include, but not be limited to, the following:

- A. Supply and replacement of light bulbs in and on all buildings (except lighting removed for causing obstructions or glare);
- B. Replacement of cracked or broken glass in all buildings;
- C. Maintenance of all doors and door operating systems;
- D. Maintenance of all aprons, ramps, and roadways that are constructed by Lessee.

Subject to the provisions of Section 5.07, on the last day of the Lease Term, or on any sooner termination, Lessee shall surrender the Leased Premises to Lessor in good condition and clean and free of debris, except for fire and casualty damages or ordinary wear and tear.

6.03 Trash and Waste Removal: Lessee agrees to cause to be removed from the Leased Premises, at its own expense, all waste, garbage and rubbish, and agrees not to deposit same on the Leased Premises except temporarily in waste or garbage containers provided by Lessee at Lessee's expense.

ARTICLE 7. ACCESS TO AND USE OF AIRPORT

7.01 Access to Airport: Lessor shall maintain all roads on the Airport giving access to the Leased Premises in good and adequate condition for use by cars and trucks and shall maintain free and uninterrupted access to the Leased Premises over said roads at all times; provided, however, Lessor shall not be in default of this Agreement if access is interrupted for any of the reasons set forth in Section 16.03, below.

7.02 Right to Use Airport: Lessee and Lessee's employees, and guests shall have the right to use that part of the Airport and its facilities not included within the Leased Premises in common with others authorized to do so. Such use shall be subject to any and all applicable federal, state or local laws, ordinances, statutes, rules, regulations, or orders of any governmental authority, lawfully exercising jurisdiction over the Airport or the activities and operations of lessee, including any limitations, restrictions or prohibitions affecting the aviation activities or operations of Lessee.

7.03 Vehicular Operations on the Airfield: No vehicles of Lessee, its employees, customers or invitees will be allowed to operate on, or across, the runways, aprons and or taxiways of the Airport except pursuant to the Airport Rules and Regulations.

7.04 Airport Certification Rules and Regulations: Lessee shall comply with such rules that pertain to its operation on the Airport under the Airport Certifications Rules of Federal Aviation Regulations Part I 339, as amended [14 CFR Part 139, as amended]; to the extent such regulations are applicable to the operation of the Airport.

7.05 Airport Security Rules and Regulations: Lessee, its directors, officers, employees, contractors, and tenants shall comply with all federal and local Airport Security Regulations adopted by the Lessor as such rules and regulations exist or may hereafter be amended. LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS THE LESSOR, ITS OFFICERS AND EMPLOYEES, from any charges, fines or penalties that may be assessed or levied by the FAA or the Texas Department of Transportation by reason of the NEGLIGENT OR INTENTIONAL FAILURE OF LESSEE, ITS DIRECTORS, OFFICERS, EMPLOYEES, OR CONTRACTORS to comply with such Airport Security Regulations.

7.06 14 C.F.R. Part 77 Requirements: Lessee agrees to comply with the notification and review requirements set forth in Part 77 of the Federal Aviation Regulations [14 CFR Part 77] in the event any future structure, antenna or building is planned for the Leased Premises, or in the event of any planned modification of any present or future building, antenna or structure located on the Leased Premises.

7.07 Control of Structures: Lessee shall not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the Leased Premises which highest point is above a mean sea level elevation established by the FAA and Lessor as a height limitation on such structures or objects. Lessor reserves the right to enter upon the Leased Premises and to remove the offending structure or object and cut the offending tree at Lessee's expense.

7.08 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.

7.09 Right of Over flight: There is hereby reserved to the Lessor, for the use and benefit of the public, a right of Right for the passage of aircraft above the surface of the Leased Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace for landing at, taking off from or operating on the Airport.

ARTICLE 8. INSURANCE

8.01 Lessee's Minimum Insurance Amounts: Lessee shall obtain and maintain continuously in effect at all times during the Lease Term, at Lessee's sole expense, at least the following minimum insurance with a carrier or carriers licensed to do business in the State of Texas and satisfactory to the Lessor:

A. Commercial General Liability Insurance against claims for bodily injury, death, or property damage occurring on, in or about the Leased Premises, or any other portion of the Airport, in at least the amount of \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate and \$1,000,000.00 with respect to property damage. In the event that

the Texas Torts Claims Act, as amended (Tex. Civ. Prac. & Rem. Code § 101.001, et seq.) or its successor statute, is amended to increase the amount of liability of municipalities for acts described in said Act above the levels set forth in this Section 8.01.A, Lessee agrees to increase the amount of insurance coverage required by this Section 8.01.A. to an amount sufficient to provide coverage to the level of potential liability per occurrence under said Act; and

B. Automobile Liability Coverage on all motor vehicles owned and/or operated by Lessee or its employees on the Leased Premises or other Airport property in amounts of not less than \$1,000,000 combined single limit or equivalent, provided, however, separate automobile coverage shall not be required if such coverage is provided under Lessee's comprehensive general liability policy.

C. Property and Casualty Insurance on improvements constructed on the property, whether owned by Lessee or Lessor, insuring against loss or damage to improvements due to fire, lightning and all other perils included in standard extended coverage policies, and vandalism and malicious mischief, all in amounts of not less than ninety percent (90%) of replacement value;

D. Hangarkeeper's Liability coverage in the minimum amount of \$1,000,000.00 per occurrence unless similar coverage exists under the required general liability policy.

8.02 Lessee's Coverage Primary: All insurance herein required shall apply as primary and not in excess of or contributing with other insurance which the Lessee may carry. Insurance provided pursuant to Section 8.0 I shall name the Lessor as an additional insured or loss payee as the case may be. The comprehensive general liability policy as provided in Section 8.0 I.A. shall provide contractual liability coverage sufficiently broad so as to include the liability assumed by Lessee in the indemnity and hold harmless provisions included in Article 9 of this Agreement. The Lessee's insurance policies as required by this Agreement shall apply separately to the Lessor as if separate policies had been issued to Lessee and Lessor.

8.03 Contents of General Liability Policy: Lessee's Comprehensive General Liability policy shall protect the Lessor and Lessee against any and all liability to any person or persons whose property damage or personal injury arises out of or is in connection with the occupation, use, or condition of the Leased Premises or resulting from any injury or damage occurring on or about the roads, driveways or other public areas of the Leased Premises used by Lessee, its trustees, officers, employees, students, invitees, and contractors at the Airport, whether or not such damage or injury is the result of negligence of the Lessee or its officers, employees, representatives, invitees, licensees, contractors, agents, guests, or students.

8.04 Cancellation, Certificates of Insurance: Lessee's insurance as required by this Agreement shall not be subject to cancellation or material alteration until at least thirty (30) days written notice has been provided to the Lessor. Lessee shall furnish to the

Lessor, annually, Certificates of Insurance showing Lessor as an additional insured and evidencing that all of the herein-stated requirements have been met.

8.05 Lessor's Right to Purchase Insurance: In the event such insurance as required by Section 8.01, above, shall lapse, the Lessor reserves the right to obtain such insurance at Lessee's expense. Upon demand from Lessor, Lessee shall reimburse Lessor for the full amount of the premium paid on Lessee's behalf.

8.06 Lessor's Right to Casualty Insurance Proceeds: Lessor shall be paid a portion of any proceeds from a claim filed against Lessee's property and casualty policy arising from an event that results in the substantial damage or destruction of Lessee's improvements if Lessee's does not commence rebuilding within 180 days after the event which caused the damage. The portion of the insurance proceeds to which Lessor shall entitled pursuant to this section shall be equal to the ratio of the number of days remaining in the Lease Term as of the date the improvements were damaged.

ARTICLE 9. INDEMNITY

LESSEE AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE JOINT AIRPORT BOARD, THE CITY, COUNTY, AND THEIR RESPECTIVE OFFICERS, EMPLOYEES AND AGENTS from and against any and all loss, damage, liability, claims, demands, costs, charges, expenses and causes of action including all costs of defense thereof (and including reasonable attorney fees) of whatsoever character which the Lessor may incur, sustain, or be subjected to on account of loss, damage to property and loss thereof and for bodily injury to or death of any persons (including but not limited to the property, employees, customers, contractors, agents, invitees and licensees of each party hereto) ARISING OUT OF THE CONDUCT OR OPERATIONS, NEGLIGENT OR OTHERWISE, OF LESSEE, ITS DIRECTORS, OFFICERS, EMPLOYEES, SUBLESSEES, CONTRACTORS, SUBCONTRACTORS OR AGENTS on the Leased Premises. The Lessor will give Lessee prompt notice of any claim made or suit instituted which in any way affects or might affect the Lessor. Similarly, Lessee will accord the Lessor the same notice and rights.

ARTICLE 10. UTILITIES

Lessee shall be solely responsible for the payment of all electric, telephone, water, sewer, refuse, natural gas, internet and other utility services used on the Leased Premises.

ARTICLE 11. SIGNS

11.01 Consent Required: Except with the prior written consent of the Airport Manager, which shall not be unreasonably withheld, Lessee shall not erect, maintain, or display any signs or any advertising at, or on, the exterior part of structures on the Leased Premises, or inside any buildings located on the Leased Premises so as to be visible through the window or exterior doors thereof. All signage shall be permitted from the City of Kerrville and in conformance with City of Kerrville sign ordinances.

11.02 Removal on Termination: Upon the termination of this Agreement, Lessee shall remove, obliterate or paint out, any and all signs and advertising on the Leased Premises or elsewhere at the Airport, and in connection therewith shall restore the Leased Premises to the same condition as prior to the placement of any such signs or advertising. In certain circumstances, the Lessor may elect to allow specific signs to remain as existing at the termination of this Agreement. Such signs shall be identified and agreed upon mutually, in writing, by Lessee and Lessor.

ARTICLE 12. ASSIGNMENT AND SUBLEASING

12.01 Sublease and Assignment Prohibited: At no time shall Lessee grant any sublease or assign its interests or obligations in this Lease Agreement without the written consent of the Lessor. Any such sublease or assignment or attempted sublease or assignment shall be void.

12.02 Assignment by Lessor: The Lessor may transfer and assign this Agreement to any successor in interest of Lessor to whom the Airport may be sold or assigned.

ARTICLE 13. TAX LIENS

Lessee shall be solely responsible for the collection and payment of all applicable federal, state, and local taxes, including, but not limited to, sales, use, or excise tax required to be collected and paid over by Lessee to the appropriate taxing authority. Furthermore, Lessee shall be responsible for the payment of any applicable ad valorem taxes and any taxes on Lessee's personal property located on the Leased Premises. Lessee shall at no time permit the foreclosure of any tax liens to Lessee's leasehold interest in the Leased Premises or the buildings, fixtures, or other improvements located on the Leased Premises.

ARTICLE 14. DEFAULT AND REMEDIES

14.01 Default by Lessee: The following shall be deemed to be events of default by Lessee under this Agreement:

- A. Lessee shall fail to pay when due any installment of rent or any other payment required pursuant to this Agreement;
- B. Lessee shall abandon any substantial portion of the Leased Premises;
- C. Lessee or any guarantor of Lessee's obligations hereunder shall file a petition or be adjudged bankrupt or insolvent under any applicable federal or state bankruptcy or insolvency law or admit that it cannot meet its financial obligations as they become due, or a receiver or trustee shall be appointed for all or substantially all of the assets of Lessee or any guarantor of Lessee's obligations hereunder;
- D. Lessee or any guarantor of Lessee's obligations hereunder shall make a transfer in fraud of creditors or shall make an assignment for the benefit of creditors;

- E. Lessee shall do or permit to be done any act which results in a lien being filed against the Leased Premises;
- F. The liquidation, termination, dissolution of Lessee or any guarantor of Lessee's obligations hereunder; or
- G. Lessee shall be in noncompliance with any other term, provision or covenant of this Agreement, other than those specified in subparts A. through F. above.

14.02 Termination Upon Lessee's Default: Except for an event of default resulting from the filing of a petition in bankruptcy, if an event of default by Lessee shall continue for ten (10) days after service of notice of such event of default, Lessor may give notice of its election to terminate this Agreement, and thirty (30) days after service of such notice of election to terminate, this Agreement shall cease and terminate as if the day of Lessor's election were the day originally fixed for termination of this Agreement. Such election to terminate by Lessor shall not be construed as a waiver of any claim it may have against the Lessee consistent with such termination. If, however, the event of default is of such nature that it cannot reasonably be remedied within ten (10) days after receipt of notice, and if the Lessee shall have commenced curing such event of default within ten (10) days after receipt of such notice, and shall continuously and diligently proceed in good faith to cure such event of default, then the period for curing the event of default shall be extended for such length of time as is reasonably necessary to cure the event of default. Furthermore, if the event of default is the result of Lessee filing a petition in bankruptcy, then termination shall not occur unless the trustee in bankruptcy has failed to ratify this lease within sixty (60) days following the date of filing of the petition in bankruptcy.

14.03 No Remedy Exclusive: No remedy herein conferred upon or reserved to the Lessor or Lessee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lessor and Lessee to exercise any remedy reserved to it in this section, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

14.04 No Waiver of Breach: Lessor's failure or delay in declaring the existence of an event of default by Lessee shall not be construed as a waiver thereof, nor shall it be construed so as to waive or to lessen the right of the Lessor to insist upon the performance by Lessee of any term, covenant or condition hereof, or to exercise any rights given it on account of any such event of default. A waiver of any particular event of default shall not be deemed to be a waiver of the same, similar of any other subsequent event of default.

14.05 Expeditious Action: Notwithstanding any provision as to notice in this Agreement herein contained, if in Lessor's reasonable judgment the continuance of any event of default by Lessee for the full period of the notice to cure the event of default will

jeopardize the operation of the Airport or the rights of the Lessor or the other Airport tenants, Lessor may, without notice, elect to perform those acts in respect to which Lessee is in default. Lessee shall reimburse Lessor for any reasonable and necessary costs incurred by the Lessor pursuant to this Section 14.05.

14.06 Default in Rent Payment: Notwithstanding anything to the contrary above, if there should be any default in the payment by Lessee of any rates, fees or charges due to Lessor as provided herein, the Lessor may give Lessee a ten (10) day written notice to pay all sums then due or cease operations, and if such payment is not made within such ten (10) day period or such longer time as Lessor may set forth, Lessee's rights under the Agreement shall terminate. By so terminating this Agreement, the Lessor does not waive any other claim or rights against Lessee. However, if such monetary default consists only of underpayment of a disputed and unliquidated sum, under \$1,000.00, the termination of this Agreement may be forestalled by tender of the liquidated sum and deposit of the amount in controversy in escrow.

ARTICLE 15. TERMINATION BY LESSEE

15.01 Except for the payment by Lessee to Lessor of rents or other amounts past due or accrued but not yet due, Lessee shall have the right to terminate this Agreement in its entirety, and all rights and obligations ensuing therefrom immediately upon the occurrence of the following:

- A. The issuance of any order, rule or regulation of the Federal Aviation Administration, or its successor Federal Agency, or other competent government authority, Federal or State, or the issuance and execution of any judicial process by any court of competent jurisdiction, materially restricting for a period of at least sixty (60) days, the use of the Airport for aeronautical purposes; provided that none of the foregoing is due to any fault of Lessee; or
- B. The material restriction of the Lessor's operation of the Airport by action of the Federal Government, or any department or agency thereof, under its wartime or emergency powers, and the continuance thereof for a period of not less than sixty (60) days; provided however, that without prejudice to the rights of Lessee to terminate as above provided, the Lessor and Lessee may mutually agree to adjust fees and charges; or
- C. Material restriction of the operation of the Airport arising from Lessor's failure to maintain and keep in repair the landing area of the Airport.

ARTICLE 16. MISCELLANEOUS PROVISIONS

16.01 Damages: LESSEE HEREBY RELEASES THE JOINT AIRPORT BOARD, CITY, COUNTY, AND THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND CONTRACTORS FROM LIABILITY TO LESSEE FOR ANY DAMAGE TO THE PERSONAL PROPERTY OF LESSEE including its aircraft, caused by the act of negligence of any of those hereby released or any other user of the Airport, the bursting, leaking or running of any cistern, water closet, waste pipe, tank, water, gas, steam or sewer pipe, or oil and/or gas pipelines in, above, upon or about the Leased Premises, the

Airport, or any part thereof, any heating, gas or electrical device, or vehicle, or any flooding or other weather related casualty.

16.02 Quiet Enjoyment: Upon the performance of the covenants and agreements on the part of the Lessee to be performed hereunder, the Lessee shall peaceably have and enjoy the Leased Premises, appurtenances, facilities, licenses and privileges granted in this Agreement.

16.03 Force Majeure: Neither the Lessor nor Lessee shall be deemed in violation of this Agreement if it is prevented from performing any of its obligations hereunder except the obligation to pay rent by reason of strikes, boycotts, labor disputes, embargoes, shortages of materials, act of God, acts of the public enemy, act of superior governmental authority, weather conditions, floods, riots, rebellions, acts of sabotage or any other circumstances for which it is not responsible or which are not in its control.

16.04 No Partnership, Agency, or Joint Venture: It is mutually understood and agreed that nothing in this Agreement is intended or shall be construed as in any way creating or establishing any partnership, joint venture, agency, or any other relationship between the Lessor and Lessee other than landlord and tenant, respectively.

16.05 Inspection by Lessor: Lessor may enter upon the Leased Premises at any reasonable time for any purpose necessary, incidental to or connected with the performance of Lessor's obligations hereunder, or in the exercise of its governmental functions, for fire protection or security purposes, or for inspecting or maintaining the Leased Premises, or doing any and all things Lessor is obligated to do, or which may be deemed by Lessor necessary or desirable for the proper conduct and operation of the Airport or the protection of Lessor's interests.

16.06 Conformance with Rules and Regulations: The use of the Airport by Lessee shall be subject to any and all rules, regulations and ordinances which are now in force or which may be hereafter adopted by the Lessor with respect to the operation and use of the Airport, but no such rules, regulations, or ordinances shall increase the rent payable by Lessee under this Lease or otherwise materially and adversely affect Lessee's tenure of the Leased Premises under this Lease. Furthermore, this Agreement and Lessee's use of the Airport shall be subject to any and all applicable laws, ordinances, resolutions, statutes, rules, regulations or orders of any federal, state or local governmental authority lawfully exercising jurisdiction over the Airport or the activities and business operations of Lessee, including any limitations, restrictions or prohibitions affecting the aviation activities or operations of Lessee.

16.07 Licenses and Permits: Lessee hereby agrees that it shall, at its own expense and cost, procure and obtain all lawfully required licenses and permits, certificates and other authorizations required by any governmental authority, in connection with or covering the operations or activities permitted to be performed by it under the provisions of this Agreement.

16.08 Notices: Notices provided for in this Agreement shall be either hand delivered or sent by certified mail, return receipt requested, postage prepaid, and properly addressed as follows:

If to Lessor:
Airport Manager
Kerrville/Kerr County Airport
1877 Airport Loop Rd.
Kerrville, Texas 78028

If to Lessee:

The parties may change the representative or address for delivery of notices from time to time by sending written notices to the other party. All notices shall be in writing and effective only upon actual receipt.

16.09 Governing Law and Venue: This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any cause of action shall be in a court of competent jurisdiction in Kerr County, Texas.

16.10 Severability: If any provision of this Agreement is invalid or unenforceable, this Agreement shall be considered severable as to such provision, and the remainder of this Agreement shall remain valid and binding as though such invalid or unenforceable provision was not included herein.

16.11 Captions: Section headings are inserted herein only as a matter of convenience and for reference, and in no way defines limits or describes the scope or intent to any provision herein.

16.12 Use of Language: Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

16.13 Counterparts: This Agreement may be executed in multiple counterparts, each of which shall be deemed as original, and all of which constitute but one and the same instrument.

16.14 Development of the Airport: Future development, changes, alterations, modifications or improvement to the Airport shall be at the sole discretion of the Lessor, subject only to such notification to Lessee that the Federal Aviation Administration may

dictate. The Lessor will strive not to hinder the Lessee's operations in carrying out the provisions of this paragraph.

16.15 Subordination to State or Federal Agreements: This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the Lessor and the United States or the Lessor and the State of Texas, relative to the development, operation or maintenance of the Airport.

16.16 No Exclusivity of Aeronautical Services: Nothing herein contained shall be construed to grant or authorize the granting of the exclusive right to provide aeronautical services to the public as prohibited by Section 308(a) of the Federal Aviation Act of 1958, as amended.

16.17 Discrimination Prohibited: The Lessee, for itself, its trustees, officers, legal representatives, successors-in-interest and assigns, as a part of the consideration hereof, agrees (1) that no person on the grounds of race, color, sex, national origin, veteran status or disability shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of the Leased Premises; (2) that in the construction of any improvements on, over or under the Leased Premises and the furnishing of services thereon, no person on the grounds of race, sex, color, national origin, or disability shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination; (3) that the Lessee shall use the Leased Premises and the Airport 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 said regulations may be amended. In the event of breach of any of the above nondiscrimination covenants, the Lessor shall have the right to terminate this Agreement and to re-enter and repossess the Leased Premises and the improvements thereon, and hold the same as if said Agreement were terminated by its own term pursuant to Section 2.0 I, above.

16.18 Affirmative Action Program: Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, sex or disability be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this Agreement.

16.19 Entire Agreement: This Agreement embodies the entire agreement between the Lessor and Lessee, and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. This Agreement shall not be changed, modified, discharged or extended, except by written instrument duly executed by Lessor and Lessee. The parties agree that no representations or warranties shall be binding upon either party unless expressed in writing in the aforesaid Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be legally executed in duplicate this _____ day of _____, 2021.

LESSOR:
KERRVILLE-KERR COUNTY AIRPORT

LESSEE:

By: _____

By: _____

Mary Rohrer, Airport Manager

THE STATE OF TEXAS §
COUNTY OF KERR §

This instrument was acknowledged before me on this _____ day of _____, 20____,
by Mary Rohrer, Airport Manager on behalf of the Joint Airport Board.

Notary Public, State of Texas

THE STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of _____, 20____,
by _____

Notary Public, State of Texas

EXHIBIT A

METES and BOUNDS DESCRIPTION AND DEPICTION OF THE LEASED PREMISES IN THAT CERTAIN HANGAR GROUND LEASE AGREEMENT BETWEEN THE KERRVILLE-KERR COUNTY AIRPORT BOARD AND _____:

SAMPLE