

GROUND LEASE

THE STATE OF TEXAS §
 §
COUNTY OF NUECES §

THIS GROUND LEASE ("*Lease*") is entered into on April 14, 2013, by and between the CITY OF CORPUS CHRISTI, a Texas home-rule municipal corporation, known herein as "*Landlord*," and FDL – CC, LLC, a Texas limited liability company, known herein as "*Tenant*." Landlord and Tenant are sometimes collectively referred to herein as the "*Parties*" and, in the singular, as a "*Party*."

WITNESSETH:

WHEREAS, Landlord is the owner of the Corpus Christi International Airport (the "*Airport*") located in Nueces County, State of Texas, the use and operation of which is governed by the Director of Aviation (the "*Director*");

WHEREAS, Tenant desires to lease a certain parcel of land at the Airport for the initial purpose of developing and subleasing to the General Services Administration (the "*Government-Tenant*") a three-building complex and related improvements more particularly described in Exhibit A attached hereto (the "*DHS Facilities*"), to be initially occupied by the Department of Homeland Security, the United States Coast Guard and Customs and Border Protection;

WHEREAS, the Parties intend that the DHS Facilities will be developed and constructed by Tenant in accordance with the requirements of the sublease for the DHS Facilities to be entered into between Tenant and the Government-Tenant (the "*Government Lease*," attached hereto as Exhibit C); and

WHEREAS, subject to the terms and provisions hereinafter set forth, Landlord is willing to lease such parcel of land to Tenant and to grant specified rights and privileges in connection therewith.

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, Landlord does hereby demise, lease, let and grant unto Tenant, and Tenant hereby rents, hires and takes from Landlord, the certain premises hereinafter specified, subject to the following terms, conditions and covenants:

1. PREMISES.

The premises hereby demised consist of that certain approximately _____ () acre tract of land situated on and comprising a portion of the Airport, such land being more specifically described or depicted on Exhibit B attached hereto and incorporated herein for all purposes (the "*Premises*"). The Premises are leased by Landlord to Tenant on an "AS IS," "WHERE IS" basis, with no obligation on the part of Landlord to provide or construct any improvements or alterations, except as expressly provided in

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Ord. 029742

grants and conveys to Tenant, for the use of Tenant, its Subtenants and their

respective employees, agents, contractors, guests and invitees, in common with others, (i) an uninterrupted right of ingress and egress for pedestrian and vehicular traffic to/from the Premises from/to public roadways, (ii) an uninterrupted right of ingress and egress to/from the Premises from/to all airfield improvements related to the conduct of flight operations at the Airport, and (iii) the right to connect to the utilities and utility infrastructure currently situated at the Airport and to construct aircraft parking ramp(s) as shall be reasonably necessary in connection with the development and operation of the Premises from time to time. Other rights and benefits afforded Tenant, its Subtenants and their respective employees, agents, contractors, guests and invitees, with respect to the Airport are described in Section 23 hereof.

For purposes of this Lease, (i) the term "***Subtenant***" shall mean the Government-Tenant and any other party to whom the Premises has been subleased by Tenant under the terms of an Approved Sublease; the term "***Approved Sublease***" shall mean any sublease agreement between Tenant and a third party for the sublease of the Premises which has been approved by Landlord in accordance with the terms of this Lease, including, without limitation, the Government Lease; and the term "***Occupant***" shall mean the actual party validly occupying the Premises pursuant to the terms of an Approved Sublease.

2. **IMPROVEMENTS.**

During the term of this Lease, Tenant shall be permitted to develop and improve the Premises from time to time as it deems necessary for the use and enjoyment of the Premises for the purposes herein permitted (any such improvements constructed from time to time are sometimes referred to herein as "***Improvements***"). Tenant agrees that the Improvements to be initially constructed on the Premises shall be the DHS Facilities, together with all required aircraft parking ramp(s) and other improvements related thereto or otherwise required to be constructed under the terms of the Government Lease, all of which shall be constructed in accordance with and subject to the terms and provisions contained in Exhibit A.

3. **TERM.**

The initial term of this Lease shall begin on the date that Tenant closes on the financing obtained for the development of the DHS Facility, _____, 2013 ("***Effective Date***") and shall end on the expiration of the twentieth (20th) year thereafter, plus so many days as shall be necessary to be coterminous with the initial twenty (20) year Government Lease, unless earlier terminated in accordance with the terms and conditions of this Lease. The Parties intend and agree that each shall have vested rights as of the Effective Date and, accordingly, each agree that this Lease shall be fully binding upon the Parties and shall be in full force and effect from and after the Effective Date.

Provided this Lease has not been terminated pursuant to the provisions hereof, Tenant shall have the right, benefit and option to extend and renew the term of this Lease for up to four (4) renewal terms of five (5) years each upon written notice to Landlord of such renewal at least six (6) months prior to the expiration of the then current term; provided, however, if Tenant is then in negotiations with the Government-Tenant for the renewal or re-lease of the Government Lease, such renewal or re-lease notice to be provided by Tenant hereunder may be deferred until such time as the Government-Tenant elects to either renew, re-lease or terminate the Government Lease, and the then current term of this Lease shall be extended, on the same terms and conditions then applicable, until such date. Any extension or renewal of

the term shall be subject to all of the terms and provisions of this Lease, and all such provisions shall continue in full force and effect. If Tenant fails to timely renew the term as provided herein, then all options with regard to subsequent extensions or renewals shall expire and be null and void.

Any holding over of the Premises, or any portion thereof, by Tenant or its Subtenants, after the expiration or termination of this Lease shall be on a month-to-month tenancy at one hundred fifty percent (150%) of then current gross monthly rent, and subject to surrender upon thirty (30) days' prior written notice.

4. **RENT.**

Commencing on the Effective Date, Tenant shall pay Landlord the rent described below (collectively, the "***Rent***").

a. **Base Rent.** During the term of this Lease (as the same may be extended from time to time), Tenant shall pay Landlord the rent amounts hereinafter described ("***Base Rent***"):

(i) From the Effective Date through and including the date on which the Government Lease commences (the "***Government Lease Commencement Date***"), Tenant shall pay Base Rent of \$_____ per year, such sum representing the product of (a) \$0.055 multiplied by (b) the aggregate land square feet contained within the boundary of the Premises.

(ii) From and after the Government Lease Commencement Date and continuing through and including the last day of the initial term of this Lease, Tenant shall pay the greater of (a) the Base Rent of \$_____ per year, such sum representing the product of (i) \$0.225 multiplied by (ii) the aggregate land square feet contained within the boundary of the Premises, or (b) \$100,000.00. In the event that the Base Rent described in clause (a) is less than the amount described in clause (b), then for purposes hereof, the positive difference between such amounts shall be referred to as the "***Excess Rentals***"; however, in the event that both (1) the land area contained within the boundary of the Premises exceeds thirteen (13) acres and (2) the size of the improved aircraft parking ramp required by the Government-Tenant exceeds forty percent (40%) of the gross area of the Premises, then the positive difference between the Base Rent described in clause (a) and the Base Rent computed on the basis of thirteen (13) acres shall instead be referred to under this Lease as the "***Excess Rentals***." The Parties acknowledge and agree that Tenant shall be permitted to be reimbursed the Excess Rentals paid by Tenant hereunder from cash flow generated from the Premises.

(iii) During each of the renewal terms (if and to the extent exercised), Base Rent shall be equal to the annual fair market rental value of the Premises (categorized as aeronautical improved land) as of the date immediately preceding the commencement of such renewal term, such value to be determined by an appraisal conducted by a qualified, reputable, third party appraiser reasonably selected by Landlord who shall hold a MAI designation and have not less than ten (10) years of experience in appraising fair market rental values of multiple aviation-related improvements located within the largest 100 metropolitan statistical areas (MSAs). The fair market rental value of the Premises (categorized as aeronautical improved land) shall be updated in such manner prior to the commencement of each renewal term.

Base Rent shall be payable in monthly installments, in arrears, on or before the fifth (5th) day of each and every month during the Term, and otherwise on the same terms and conditions set forth in the Government Lease.

b. **Percentage Rent.** In addition to Base Rent, Tenant shall also pay to Landlord, on a quarterly basis, the percentage rent hereinafter described ("**Percentage Rent**"). Percentage Rent shall be an amount equal to fifty-one percent (51%) of Tenant's Net Profits (defined below), if any, which amount shall be paid within thirty (30) days after the end of each calendar quarter in which Tenant has Net Profits. Within ninety (90) days after the end of each calendar year during the term of this Lease, Tenant shall deliver to Landlord a statement, certified by an officer of Tenant (the "**Annual Reconciliation**"), reflecting the Net Profits for the preceding calendar year, together with Tenant's calculation of Percentage Rent payable to Landlord for such period and any amounts previously paid by Tenant as Percentage Rent during such period. Landlord shall have thirty (30) days after its receipt of an Annual Reconciliation to object to any matter reflected therein. If Landlord does not object in writing within such 30-day period, Landlord shall be deemed to have approved such Annual Reconciliation and the matters therein contained. If, however, Landlord objects within such 30-day period in writing to any matter contained within such statement, Landlord and Tenant agree to work together in good faith to resolve any such objections to the reasonable satisfaction of Landlord and Tenant. For purposes hereof, the following definitions shall apply:

(i) "**Net Profits**" shall mean, with respect to the applicable period for which such determination is being made, an amount equal to the remainder arrived at by subtracting (A) the sum of Operating Expenses, Cash Flow Reimbursements, Excess Rental Reimbursements, Reserve Replenishment, Landlord-approved Capital Expenditures (but not Capital Expenditures that are to be paid from the Reserve Account or which are covered by insurance proceeds paid to Tenant) and debt service payments for such period from (B) Gross Revenues for such period.

(ii) "**Operating Expenses**" shall mean, with respect to the applicable period for which such determination is being made, all direct cash expenditures made by Tenant during such period in connection with the operation and management of the Premises in the normal course of business (except to the extent that such expenditures are Capital Expenditures or non-cash items such as depreciation and amortization), including, without limitation, Permissible Management Fees.

(iii) "**Cash Flow Reimbursements**" shall mean, with respect to the applicable period for which such determination is being made, the sum of all Operating Expenses and Capital Expenditures (less any funds from the Reserve Account utilized for the payment thereof) paid by Tenant during the period(s) preceding such period that were in excess of any Gross Revenues for such preceding period. There shall be deducted from Cash Flow Reimbursements any amounts that have been previously reimbursed to Tenant during prior periods.

(iv) "**Excess Rental Reimbursements**" shall mean, with respect to the applicable period for which such determination is being made, the sum of all Excess Rentals paid by Tenant to Landlord under the terms of this Lease. There shall be deducted from Excess Rental

Reimbursements any amounts that have been previously reimbursed to Tenant during prior periods.

(v) **“Reserve Account”** shall mean a separately identified fund or account, initially funded by Tenant from Construction Financing (defined below) in the amount of One Hundred Thousand Dollars (\$100,000), as may be replenished from time to time, to be used for major maintenance or emergency capital replacements.

(vi) **“Reserve Replenishment”** shall mean, with respect to the applicable period for which such determination is being made, the amount necessary to either replenish or increase the Reserve Account during such period in accordance with the Annual Budget (defined below).

(vii) **“Capital Expenditures”** shall mean, with respect to the applicable period for which such determination is being made, expenditures made by Tenant during such period in accordance with the Approved Budget that, for federal tax purposes, are not expensed but are capitalized.

(viii) **“Permissible Management Fees”** shall mean, with respect to the applicable period for which such determination is being made, the fees paid during such period to Tenant (or its affiliates or other third parties designated by Tenant and reasonably approved in writing in advance by Landlord) in connection with the management of the Premises, such fees consisting of (a) an asset management fee equal to one and 25/100ths percent (1.25) of gross annual rents for the initial term and any renewal terms of this Lease (less the property management fee) derived from the subleasing of the Premises to Subtenants as called for in this Lease; and (b) a property management fee of three percent (3%) of the gross annual rents (less the asset management fee) derived from the subleasing of the Premises to Subtenants as called for in this Lease; each of which fees shall be paid monthly no later than fifteen (15) days after the end of each month.

(ix) **“Gross Revenues”** shall mean cash receipts from the operation of the Premises from all sources including, without limitation, (a) base rent, additional rent and other charges under the Government Lease and/or any other Approved Sublease into which Tenant may enter with a Subtenant, penalties, insurance proceeds as a result of a claim by Tenant against the Occupant, interest income, forfeited security deposits and other amounts payable or reimbursable to Tenant by Subtenants or other Occupants, (b) any payments in the nature of indemnification that are received by Tenant, and (c) net reductions in the Reserve Account that are not used for their intended purpose.

c. **Late Payments.** If any payment required to be paid to Landlord hereunder is not received by Landlord on or before the due date therefor as delineated in this Lease, Tenant shall pay to Landlord interest of eighteen percent (18%) per annum on the delinquent amount due to Landlord from the due date therefor until the date of payment. Payments due to Landlord shall be received by Landlord only on normal business days of Monday through Friday, and shall not be considered late if the due date falls on a weekend or a legal municipal holiday for the City of Corpus Christi, Texas, so long as payment is made the next business day. For the purposes of this section, the date payments are received by Landlord shall be the U.S. Postal Service cancellation date on the envelope transmitting the payment if paid by mail, the date the payment is posted to Landlord’s bank account if paid by ACH payment, the date of receipt if

delivered by a nationally recognized courier service, or the date such payment is received by an authorized representative of Landlord if the payment is hand delivered.

5. BUDGETING, REPORTING AND AUDIT.

At least sixty (60) days prior to the anticipated Government Lease Commencement Date, and thereafter at least sixty (60) days prior to the commencement of each of Landlord's fiscal years during the term of this Lease (Landlord's fiscal year commencing on August 1 of each calendar year) ("***Fiscal Year***"), Tenant shall cause its asset manager to prepare and deliver to Landlord, in writing, an annual accounting of the Reserve Account and a proposed annual operating budget for the Premises for the upcoming Fiscal Year. Such budget shall set forth, on a monthly basis, Tenant's estimate of Gross Revenues for the upcoming Fiscal Year, together with a detailed summary of the estimated Operating Expenses, debt service, major maintenance, proposed Capital Expenditures, and Reserve Replenishment requirements for such year, and any other authorized expenses or reimbursements anticipated by Tenant. The Parties agree that the initial annual operating budget will include the initial pre-funding of the Reserve Account with the sum of One Hundred Thousand Dollars (\$100,000) to be set aside for the payment of major maintenance or emergency capital replacements, which amount will be funded from the financing to be obtained by Tenant for the initial development and construction of the DHS Facilities and any Aviation-Related Infrastructure (as defined in Exhibit A) not funded by Federal funds ("***Construction Financing***"). The portion of the budget pertaining to Capital Expenditures shall contain, *inter alia*, a breakdown of the items to be incurred pursuant to any approved plan or plans for any capital improvements proposed to be funded from the cash generated from the Premises or other sources. Landlord may, within thirty (30) days after its receipt thereof, approve or disapprove of any proposed budget in whole or in part, and if Landlord disapproves a part of any proposed budget and specifically approves the balance in writing, Tenant shall implement the approved portion. If Landlord does not respond to a proposed budget within such 30-day period, Landlord shall be deemed to have approved such budget. Landlord's approval of a proposed budget shall not be unreasonably withheld or delayed (each budget so approved by Landlord and Tenant being referred to herein as the "***Annual Budget***"). In any case in which an entire budget is disapproved by Landlord, Tenant shall continue to operate and manage the Premises pursuant to the prior year's Annual Budget (excepting extraordinary expenses and Capital Expenditures, but permitting the payment of actual amounts incurred for taxes, insurance, debt service and utilities) until the Parties can agree upon an annual operating budget.

If the Parties are unable to reach agreement with respect to a proposed budget after a period of thirty (30) days following Landlord's disapproval thereof, then either Party may request to have the matter settled by mediation in Corpus Christi, Texas, by a mutually agreed to mediator. The mediator shall be selected by the Parties within ten (10) days following the initiation of mediation hereunder. It is the intent of the Parties that any mediation shall be concluded as quickly as reasonably practicable. Each Party shall bear its own costs incurred in connection with the mediation and shall share equally the fees and expenses of the mediator.

Tenant also shall provide to Landlord, no later than thirty (30) days following the preceding calendar month, a monthly expense report prepared by Tenant's asset managers.

Landlord, or its authorized representatives or accountants, at Landlord's sole expense subject to the limitations herein, shall have the right to conduct an audit or program review of all such books and

records referenced in this Section 5 during the term hereof and for a period of one (1) year after the expiration or earlier termination of this Lease. In the event Landlord's audit and/or program review reflects that Tenant has overpaid Landlord, Landlord shall promptly reimburse Landlord for such overpayment. If such audit and/or program review reveals that Tenant has underpaid Landlord, Tenant shall promptly pay Landlord the amount of such underpayment. If such audit and/or program review reveals that Tenant has underpaid Landlord by more than three percent (3%), Tenant shall promptly reimburse Landlord for the reasonable cost of such audit, not to exceed two thousand dollars (\$2,000), in addition to the entire underpayment. The provisions of this paragraph shall survive the termination or expiration of this Lease.

6. APPOINTMENT OF AGENT.

Landlord hereby appoints the Director, or its designee, as Landlord's agent to receive all rent, notices and correspondence and other documentation to be provided to Landlord under the terms of this Lease and to act as the point of contact and liaison for Landlord in all matters involving this Lease, the development and construction of the Improvements and the Government Lease and/or any other Approved Sublease into which Tenant may enter with a Subtenant.

7. CONTINGENCIES.

Notwithstanding anything to the contrary herein, this Lease and Tenant's obligations hereunder shall be subject to and contingent on (i) Tenant being awarded the right to develop and construct on behalf of the Government-Tenant, and to lease to the Government-Tenant, the DHS Facilities on the Premises (the "*Award*"); (ii) the Parties each approving the principal terms and conditions of the Award, including the required terms and provisions of the Government Lease; and (iii) Tenant and the Government-Tenant entering into the Government Lease for the lease of the Premises for the use and operation of the DHS Facilities to be constructed by Tenant. In the event any one of the foregoing conditions are not satisfied, for any reason or no reason, by April 31, 2014, Tenant may terminate this Lease upon fifteen (15) days' prior written notice to Landlord, whereupon the Parties shall have no further rights or obligations hereunder. Tenant agrees that it shall provide to Landlord a true, correct and complete copy of the executed Government Lease promptly after the full execution thereof.

8. USE; COMPLIANCE WITH LAWS.

a. Tenant shall, during the initial twenty (20) year term of this Lease, use the Premises solely for the construction and operation of the DHS Facilities, including all lawful uses associated therewith or otherwise necessary or desirable in connection therewith, and for any other lawful purpose. The Premises may be used for the parking of business-related automobiles, trucks, vans, trailers and similar vehicles, without payment of any additional fees to Landlord, provided all such parking comply with applicable Airport rules and regulations relative to such use.

b. Not later than twenty-four (24) months prior to the end of the initial term and to the end of any renewal term of this Lease, Tenant shall initiate efforts to obtain the Government-Tenant's written agreement to renew the Government Lease, or enter into another lease, for the occupancy of the DHS Facilities for the next succeeding term of this Lease. If the Government-Tenant does not elect in writing to renew the Government Lease or to enter into a new lease for the next succeeding term within twelve

(12) months after receiving Tenant's written request, or, after providing such commitment, thereafter revokes such commitment or otherwise fails to actually renew the Government Lease or enter into a new lease, then (i) Landlord and Tenant shall commence jointly marketing the Premises for sublease to other parties for aviation-related purposes and (ii) Tenant shall be permitted to sublease the Premises to another party for aviation-related purposes, subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, delayed or conditioned. Such joint marketing activities by Landlord and Tenant may be pursued during any ongoing negotiations Tenant may then be having with the Government-Tenant for the renewal of the Government Lease.

c. Tenant covenants to promptly observe, comply with and execute, and shall cause any Occupant to promptly observe, comply with and execute (as and to the extent applicable to such Occupant), (i) the provisions of any and all present and future federal, state and municipal laws, ordinances, rules, regulations, requirements, environmental requirements, orders and directions applicable to the use and occupancy of the Premises; and (ii) all applicable Federal laws, rules, and regulations, including, without limitation, the Drug Free Workplace Act, the Violence in the Workplace Act, the Americans with Disabilities Act, and any other acts that the U.S. Congress passes that apply to the uses and operations at the Premises. During any period of Tenant's or any Subtenant's good faith challenge to any such laws, ordinances, rules, regulations, requirements, orders and directions in a court of competent jurisdiction shall not be deemed a breach of this Lease.

d. Tenant acknowledges that the provisions of 49 CFR, Part 23, Disadvantaged Business Enterprises ("**DBE**"), as said regulations may be amended, and such other similar regulations may be enacted, may be applicable to the activities of Tenant or any Subtenant under the terms of this Lease, unless exempted by said regulations, and Tenant hereby agrees to comply with the Federal Aviation Administration ("**FAA**") and the U.S. Department of Transportation, in reference thereto. Tenant agrees to use good faith efforts to provide maximum opportunity for the consideration and use of DBEs in the contracting, subcontracting and purchasing activities associated with this Lease and to abide by all applicable provisions of the Airport's DBE Program and this Lease.

e. Notwithstanding anything to the contrary herein, if, because of the specific use of the Premises for DHS Facilities, there are any Federal laws, rules or regulations applicable to such use ("**Specific Use Laws**") which vary from or conflict with, either directly or indirectly, any other federal, state, county or municipal laws, rules or regulations (including, without limitation, those of the FAA or the Airport), such Specific Use Laws shall take precedent to such other laws, rules and regulations, and the observance of and compliance with such Specific Use Laws by Tenant and the Government-Tenant shall not constitute a default under this Lease.

9. **TAXES.**

Tenant shall be responsible for any and all ad valorem taxes on Tenant's personal property and any Improvements at the Premises, or which may be incurred on Tenant's leasehold interest in the Premises; provided, however, the Parties specifically acknowledge and agree that any and all real property and fixtures, exclusive of Tenant's and any Occupant's Removables, installed or placed at the Premises (herein, the "**Public Facilities**") shall constitute property held and used for public purposes and, as such, shall be tax-exempt to Tenant and its Subtenants; and, provided further, in the event Landlord or any other taxing authority with jurisdiction over the Premises or Tenant seeks to tax Tenant or its

Subtenants for use or ownership of all or any portion of the Public Facilities, Landlord agrees to reasonably cooperate with Tenant in its efforts to negate such efforts and to take all actions as are reasonably necessary to ensure that Tenant and the leasehold estate hereby created are not burdened by taxes with respect to the Public Facilities. For purposes hereof, the term "**Removables**" shall mean all personal property, trade fixtures, machinery and equipment owned by a party and used in the operation of such party's business or services on the Premises.

10. REPAIRS AND MAINTENANCE.

a. Tenant's Obligations. Tenant, at its own expense, shall make, or cause to be made, any and all repairs, replacements and preventative major maintenance necessary to keep the Premises in good condition and safe repair (normal wear and tear excepted), including any and all repairs and replacements reasonably necessary to prevent and remedy failures of a structural nature; shall maintain all utilities and utilities connections and infrastructure on the Premises; shall provide janitor and cleaning services for the Premises from the supplier of services of its choice in accordance with the maintenance schedule required under the Government Lease; shall keep the interior and exterior of the Premises in a clean, attractive and sanitary condition at all times, normal wear and tear excepted; shall cause the landscaping on the Premises to be well maintained and kept in a neat and trimmed condition; and shall otherwise perform all other maintenance and repairs required under the terms of the Government Lease. All of the maintenance, repairs, finishing and replacements must be of quality at least equal to the original in materials and workmanship. Tenant, at its expense, shall obtain all licenses and permits required by reason of its maintenance, repairs, construction on, or use of the Premises. Tenant, at its sole expense without reimbursement from Landlord, shall be responsible for the repair of any and all damage caused to any property of Landlord occurring elsewhere on the Airport as the result of the willful or negligent acts or omissions of Tenant, its employees or agents, and not the result of acts or omissions of Landlord, its employees or agents.

Tenant must arrange for the collection and lawful disposal of all trash and other refuse resulting from operations on the Premises in compliance with all applicable environmental laws, rules, and regulations; must provide and use suitable sealed fireproof receptacles approved by the Director for all trash and other refuse generated by the use of the Premises; must prohibit piling of boxes, barrels or other similar debris in or within view from a public area; must comply with all applicable laws and regulations relative to trash disposal; and must pay or cause to be paid the costs associated with trash removal and disposal. Tenant shall use commercially reasonable efforts to ensure that the Premises are maintained free of foreign object debris.

Tenant must immediately correct, or cause to be corrected, any hazardous or potentially hazardous condition on the Premises promptly after becoming aware thereof, or immediately upon receipt of written notice thereof from the Director. At the Director's sole discretion following consultation with Tenant, the operations in the Premises, or affected portion of the Premises, may be restrained or stopped until the hazardous or potentially hazardous condition is removed or corrected.

Subject to the provisions of Section 17 and/or Section 20, the Director may, at any time during Tenant's normal business hours and upon prior notice and accompanied by a representative of Tenant (unless an emergency exists), but subject to the reasonable security procedures or requirements described in the Government Lease ("**Security Requirements**"), enter upon the Premises to determine if the

maintenance requirements of this Lease, including but not limited to landscape maintenance, parking lot maintenance, structural and non-structural repairs, replacements, rebuilding or painting, are being complied with. The Director must notify Tenant in writing of any default. If the required maintenance, in the Director's notice to Tenant, is not commenced within fifteen (15) calendar days after receipt of such written notice, or is not diligently prosecuted to completion once commenced, the Landlord may enter upon the Premises and perform the subject maintenance, and Tenant agrees to reimburse Landlord for all direct expenses incurred in connection with such maintenance, plus a ten percent (10%) administrative fee, due and payable within thirty (30) days after Tenant's receipt of an invoice therefor, together with copies of all supporting documentation.

b. Landlord's Obligations. Notwithstanding any provision of this Lease to the contrary, Landlord agrees to (i) operate the Airport as a public airport during the term of this Lease, subject to the assurances given by City to the United States Government, and (ii) operate, maintain and keep in good repair the areas and facilities at the Airport for the public and Tenant. Landlord agrees to use reasonable efforts to keep the Airport free from obstructions and to do all things reasonably necessary for the safe, convenient and proper use of the Airport by those who are authorized to use the same.

Subject to the terms and provisions set forth in Paragraph 1.e. of Exhibit A hereto, Landlord shall assist and reasonably cooperate with Tenant, at no cost to Landlord, in making available to the Premises property line all existing utilities located outside the boundary of the Premises and described or depicted on Exhibit A-2 attached hereto (collectively, the "*Existing Utility Infrastructure*"), it being understood and agreed that Tenant shall accept the Existing Utility Infrastructure in their current, existing locations, on an "AS IS," "WHERE IS" basis, with no obligation on the part of Landlord to provide or construct any utilities not described or depicted in Exhibit A-2. Tenant or its designee must pay in full all utility usage charges for water, gas, wastewater, electricity and other utilities supplied to the Premises during the term of this Lease as the charges become due and payable.

11. SIGNAGE.

Tenant and its Subtenants may install on the Improvements and/or Premises signs or other corporate identification of its or their business, provided the same comply with applicable City ordinances and Airport policies. The size, type, design and location of such signs or other corporate identification shall be subject to the prior approval of the Director, which approval shall not be unreasonably withheld.

12. PERSONAL PROPERTY.

Notwithstanding anything to the contrary herein, all Removables placed or installed in, on or under the Premises by Tenant, or by an Occupant, whether or not affixed to the realty, shall remain the property of Tenant, or such Occupant, and Tenant, or such Occupant, shall have the right to remove such property at any time during the term hereof, provided any damage caused to the Premises as a result of such removal is repaired by Tenant or such Occupant.

Upon the expiration or earlier termination or expiration of this Lease, Landlord shall permit the Occupant to remove all Removables installed by such Occupant, so long as it removes same within the time period set forth in a written notice from Landlord to such Occupant, but in no event less than ten (10) business days after termination or expiration of the Lease. Landlord will require any damage to the

Premises caused by such Occupant's removal of its property, normal wear and tear excepted, to be repaired at Tenant's sole expense, without reimbursement from Landlord. Such repairs must be made to the reasonable satisfaction of the Director. Any fuel storage facilities installed must be removed prior to vacating the Premises, regardless of circumstances, and all affected Premises completely remediated at the sole expense of Tenant, without reimbursement from Landlord; provided, however that Landlord can waive this requirement to remove fuel storage facilities upon termination of the Lease, in which case Tenant will be responsible for all required remediation of all affected Premises, as more fully discussed in Section 22 herein, related to any fuel storage facilities that have been identified as of the date that Tenant vacates the Premises.

Notwithstanding the foregoing, if the Occupant fails to remove its Removables within the required time frame, then the Director, may at its option, take title to the said personality and sell, lease or salvage the same, if and as permitted by law. The Director will provide the Occupant with a written itemized breakdown of the costs recaptured, if any, by the sale, lease or salvage of the property, and the balance due, which is expected to be paid by such Occupant upon receipt of said itemized breakdown.

13. ASSIGNMENT, SUBLETTING.

Tenant shall not at any time assign or transfer this Lease and Tenant shall not sublet the Premises or any part thereof without the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. It shall not be unreasonable for Landlord to withhold its consent to any proposed assignment or sublease if (i) Tenant is in default under this Lease beyond any applicable notice and cure periods, (ii) the creditworthiness, financial responsibility, nature of business or character of the proposed assignee or subtenant are not all reasonably satisfactory to Landlord, or (iii) in the reasonable judgment of Landlord, the proposed assignee or subtenant does not have the ability or experience to perform the obligations required under this Lease. The foregoing shall not exclude any other reasonable basis for Landlord to withhold its consent. It is a condition of this Lease that at all times the use of the Premises shall be related to aviation. Notwithstanding the preceding, Tenant is given the right to:

- 1) Pledge, mortgage, encumber, assign and/or hypothecate Tenant's interest in this Lease as collateral for Tenant's construction or permanent financing for any Improvements installed or constructed at the Premises and any renewals and extensions thereof, and Landlord agrees, if requested by Tenant, to enter into a subordination, non-disturbance and attornment agreement (a "*SNDA*") with Tenant's lender ("*Tenant's Lender*") in a form reasonably agreeable to the Parties and Tenant's Lender;

- 2) Assign its interest in this Lease to any entity which is controlled by Tenant (*e.g.*, an entity of which Tenant owns more than fifty percent of the outstanding shares or equivalent of Tenant), which controls Tenant (*e.g.*, a parent or subsidiary which owns more than fifty percent of the outstanding shares or equivalent of Tenant) or a financially solvent entity which is under common control with Tenant (*i.e.*, a financially solvent entity which has a brother-sister or other affiliate relationship with Tenant) (any of the foregoing, herein an "*Affiliate*"); and

- 3) Sublease the Premises to the Government-Tenant, in which event Landlord agrees to enter into a non-disturbance and attornment agreement (a "*NDA*") with the

Government-Tenant in a form reasonably acceptable to Landlord and the Government-Tenant providing that (i) the Government-Tenant's possession of the Premises shall not be affected or disturbed by any termination of this Lease or by Landlord in the exercise of any of its rights and remedies under this Lease and (ii) if Landlord should terminate this Lease or Tenant's right of possession thereunder, the Government-Tenant shall attorn to Landlord and Landlord shall be bound to the Government-Tenant under the terms of the Government Lease.

No assignment or subletting by Tenant hereunder shall relieve Tenant of its obligations hereunder, unless expressly agreed to by Landlord. Each Approved Sublease shall be subject to and subordinate to the terms and provisions of this Lease; provided, however, Landlord agrees that, to the extent of any conflict between the terms of this Lease and the terms and provisions of the Government Lease, the terms and provisions of the Government Lease shall control and govern.

In the event Tenant, with Landlord's consent, assigns or transfers this Lease in connection with the sale of its leasehold interest to a third party that is not an Affiliate, Tenant shall pay to Landlord a transfer fee equal to one and one-half percent (1.5%) of the gross sale price received by Tenant in connection with such sale and assignment.

14. INSPECTION BY LANDLORD.

Subject to compliance with any Security Requirements, Landlord and its authorized representatives shall have the right to inspect the Premises at any time during regular business hours-upon at least twenty-four (24) hours written notice to Tenant; provided, however, in the event of an emergency, Landlord, at the expense of Tenant, may take such action on the Premises as may be reasonably required for the immediate protection of persons or property.

15. INSURANCE.

a. Except as otherwise provided in subsection 15.h below, Tenant shall, and shall require any Subtenant to, obtain and maintain continuously in effect at all times during the term of this Lease, at Tenant's and such Subtenant's sole expense, at least the minimum insurance stated on Exhibit A-3 attached hereto, as well as the following minimum insurance:

Property and Casualty Insurance against loss or damage to the Improvements (including any Occupant's fixtures, equipment and personal property therein) due to fire, lightning and all other perils, including wind, included in standard extended coverage policies, including vandalism and malicious mischief, all in amounts of not less than ninety percent (90%) of replacement value. Upon request by Landlord, such replacement value shall be determined by a qualified appraiser selected by Landlord and Tenant, a copy of whose findings shall be submitted to Landlord and Tenant, and thereafter, proper adjustment in the limits of insurance coverage shall be effected. Tenant's Lender shall be named as an additional insured and mortgagee loss payee.

b. All insurance herein required shall apply as primary and not in excess of or contributing with other insurance which Tenant may carry. All policies shall name Landlord as an additional insured

or loss payee, as the case may be. Tenant's insurance policies as required by this Lease shall apply separately to Landlord as if separate policies had been issued to Tenant and Landlord.

c. Tenant's Comprehensive General Liability policy shall protect Landlord against any and all liability created by reason of Tenant's conduct incident to use of the Airport, or resulting from any accident occurring on or about the roads, driveways or other public areas of the Airport, including the runways, taxiways and ramp by Tenant at the Airport.

d. Tenant's insurance as required by this Lease shall not be subject to cancellation or material alteration until at least thirty (30) days written notice has been provided to Landlord. Tenant shall furnish to Landlord, annually, Certificates of Insurance evidencing that all of the herein stated requirements have been met.

e. The amounts of all required policies shall not be deemed a limitation of Tenant's agreement to indemnify and hold harmless Landlord, and in the event Tenant or Landlord shall become liable in an amount in excess of the amount or amounts of such policies, then Tenant shall save Landlord harmless from the whole thereof, except in the event of gross negligence or willful misconduct of Landlord or a Landlord-Related Party (as hereinafter defined). The insurance specified by this Lease is only a minimum requirement; Tenant is encouraged to maintain reasonably obtainable liability insurance in amounts reasonably necessary to protect Tenant and Landlord from normal insurable liabilities that may be incurred by Tenant in its operation at the Airport.

f. In the event such insurance as required by this Lease shall lapse, Landlord reserves the right to obtain such insurance, upon prior written notice to Tenant, at Tenant's expense.

g. Tenant and Landlord understand and agree that the minimum limits of the insurance herein required may become inadequate, and Tenant agrees that it shall increase such minimum limits upon receipt of notice, in writing, from the Director. Notwithstanding the preceding, such increases, if any, shall be reasonable and commensurate with industry standards therefor. Such notices to change shall, in general, be issued with no more frequency than every five (5) years during the Lease term.

h. Notwithstanding the foregoing to the contrary:

i. If Tenant desires to demonstrate proof of any portion of the insurance required by this section through a Subtenant's insurance, Tenant may do so if the insurance is adequate to also provide protection for both Landlord and Tenant (and, if applicable, Tenant's Lender).

ii. Tenant shall not be required to purchase and maintain aviation operations insurance (i.e., hangar keeper and/or aircraft and aviation liability insurance) unless Tenant (exclusive of its Subtenants) undertakes aviation operation activities for which aviation operations insurance is specifically required.

iii. With respect to aviation operation activities undertaken by Tenant's Subtenants, insurance coverage therefor and indemnification relating thereto shall be provided on behalf of Landlord and Tenant (and, if applicable, Tenant's Lender) by Tenant's Subtenants and all such

policies shall name both Landlord and Tenant (and, if applicable, Tenant's Lender) as additional insureds and cover all such operations on the Premises and Airport as required herein.

16. INDEMNITY.

a. **EXCEPT AS EXPRESSLY PROVIDED TO THE CONTRARY IN THIS LEASE, TENANT AGREES, AND AGREES TO REQUIRE ITS SUBTENANTS, CONTRACTORS AND SUBCONTRACTORS, TO INDEMNIFY AND HOLD HARMLESS LANDLORD, AND ITS ELECTED OFFICIALS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES AND AGENTS (EACH A "LANDLORD-RELATED PARTY" AND, COLLECTIVELY, THE "LANDLORD-RELATED PARTIES") FROM AND AGAINST ANY AND ALL LOSSES (AS HEREINAFTER DEFINED) ARISING OUT OF OR IN ANY WAY CONNECTED WITH ANY CONSTRUCTION TO BE PERFORMED ON THE PREMISES, OR THE OCCUPANCY, OPERATION, MAINTENANCE, ENJOYMENT OR USE OF ANY OF THE PREMISES BY TENANT UNDER THIS LEASE AND ARISING FROM ANY CAUSE WHATSOEVER, EXCEPT AS MAY BE CAUSED BY (I) CONDITIONS WHICH EXISTED ON THE PREMISES OR AT THE AIRPORT, AS APPLICABLE, PRIOR TO THE EFFECTIVE DATE, AND (II) ANY MATTER FOR WHICH LANDLORD OR A SUBTENANT IS RESPONSIBLE PURSUANT TO THIS LEASE OR AN APPROVED SUBLEASE, AS APPLICABLE. IT IS FURTHER COVENANTED AND AGREED THAT SUCH INDEMNITY SHALL APPLY EVEN WHERE SUCH LOSSES AND/OR SUITS ARISE IN ANY PART FROM THE NEGLIGENCE OF ANY LANDLORD-RELATED PARTY UNDER THIS LEASE; PROVIDED, HOWEVER, THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH (A) SHALL APPLY ONLY WHEN THE NEGLIGENT ACT OF LANDLORD OR A LANDLORD-RELATED PARTY IS A CONTRIBUTORY CAUSE OF THE RESULTANT INJURY, DEATH OR DAMAGE, AND SHALL HAVE NO APPLICATION WHEN THE NEGLIGENT ACT OF ANY LANDLORD-RELATED PARTY IS THE SOLE CAUSE OF THE RESULTANT INJURY, DEATH OR DAMAGE, AND (B) SHALL IN NO EVENT BE APPLICABLE TO ANY GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD OR ANY LANDLORD-RELATED PARTY.**

b. The provisions of this Section 16 shall survive expiration or earlier termination of this Lease. For the purposes of this Lease, (i) "**Losses**" means any and all damage, liability, claims, demands, costs, charges, expenses and causes of action, including all reasonable costs of defense thereof, including attorneys' fees, of whatsoever character which may be incurred or sustained by a party or which a party may be legally obligated to pay on account of loss or damage to property and loss thereof, and for bodily injury to, or death of, any persons (including the Landlord-Related Parties or Tenant-Related Parties as hereinafter defined, as applicable) arising out of or in any way connected with any construction to be performed on the Premises, or the occupancy, operation, maintenance, enjoyment or use of the Premises or Airport, as applicable, by Tenant or Landlord, as applicable, under this Lease and arising from any cause whatsoever, except as expressly limited or negated herein, and (ii) "**Tenant-Related Parties**" means the officers, directors, managers, members, employees, agents, representatives and contractors of Tenant.

c. With respect to all indemnification obligations of either Party pursuant to this Lease, each Party agrees that, upon commencement of any action against it or demand for payment in respect of which indemnity may be sought pursuant to this Lease, it will promptly give written notice of the commencement or demand thereof, specifying in detail the nature and the basis for the action or demand

for payment to the party against whom indemnity shall be sought. Failure to give timely and proper notice shall reduce the obligations of the indemnifying party only to the extent such failure adversely impacts the indemnifying party. Such indemnifying party shall be entitled to participate at its own expense in the defense of such action or, if it so elects, to assume the defense of such action. In such event, such defense shall be conducted by counsel chosen by such indemnifying party and reasonably acceptable to the indemnified party, and the indemnified party shall bear the fees and expenses of any additional counsel retained by it. If the indemnifying party shall not elect to assume the defense of such action or claim, the indemnifying party will reimburse the indemnified party for the reasonable fees and expenses of counsel retained by it and reasonably approved by the indemnifying party. In the event that the parties to any such action or claim, including impleaded parties, include both parties and either (i) the indemnifying party and indemnified party mutually agree, or (ii) representation of both the indemnifying party and the indemnified party by the same counsel is inappropriate under applicable standards of professional conduct due to actual or potentially differing interests between them, then the indemnifying party shall not have the right to assume the defense of such action or the prosecution of such claim on behalf of such indemnified party and shall reimburse the indemnified party for the reasonable and actual fees and expenses of counsel retained by the indemnified party. The indemnifying party shall not be liable with respect to any settlement made by the indemnified party without prior written consent by the indemnifying party to such settlement. The indemnifying party shall not enter into any settlement, other than a settlement which involves the payment of money only and for which the indemnified party is totally indemnified by the indemnifying party, without the prior written consent of the indemnified party. Each party agrees to cooperate with the other in any defense and make available all pertinent records, materials and information in its possession or control relating thereto as is reasonably requested by the other party.

17. RESTORATION OF DAMAGE OR DESTRUCTION.

In case of any damage to or destruction of the Improvements and/or Premises, or any part thereof, Tenant will promptly give written notice thereof to Landlord, unless less than One Hundred Thousand Dollars (\$100,000) is involved, in which case no notice is required, and at Tenant's expense, whether or not the insurance proceeds, if any, shall be sufficient for the purpose, Tenant will promptly commence and complete with due diligence the restoration, repair, replacement or rebuilding (hereinafter collectively referred to as "**Restoration**") of the damaged Improvements and/or Premises as shall be required under the Government Lease, or, in any event, to as nearly as possible its value, conditions and character immediately prior to such damage or destruction; provided, Tenant's obligations hereunder are subject to the rights of Tenant's Lender pursuant to the SNDA, if any.

In case of extreme damage to or destruction of the Improvements and/or Premises used and occupied by the Occupant, the Parties shall consult and mutually agree as to whether or not Restoration is economically feasible. If the Parties agree that Restoration is not economically feasible, the Parties can agree to terminate this Lease, provided that the Authorized Sublease can likewise be terminated or the then current Subtenant consents to such termination.

Subject to the provisions of the SNDA, if any, all net proceeds of insurance (after deducting the costs of adjusting the loss) received by Landlord or by Tenant on account of such damage or destruction shall be paid to Tenant and Tenant shall use the same to pay for the cost of Restoration. Subject to the superior rights of Tenant's Lender as set forth in the SNDA, if any, any insurance proceeds held by

Tenant upon the completion of such Restoration shall be applied to any sum then owed by Tenant to Landlord under this Lease and any balance remaining shall be apportioned evenly between Landlord and Tenant.

Tenant shall continue to be liable for payment of the rent for the remainder of the term of the Lease unless Tenant obtains a new tenant acceptable to Landlord, or alternately, Tenant is no longer in possession and Landlord obtains a new tenant.

18. TERMINATION BY LANDLORD.

Without limiting any other rights and remedies to which Landlord may be entitled by common law, statutory law or as elsewhere provided in this Lease, if Tenant shall fail to (a) pay rent or other charges under this Lease and such failure has continued for a period of ten (10) business days after Tenant's receipt of written notice thereof from Landlord; or (b) perform, keep and observe any of the other terms, covenants or conditions herein contained on the part of Tenant to be performed, kept or observed, and such failure has continued for a period of thirty (30) days after Tenant's receipt of written notice thereof from Landlord (or, if the cure of such failure cannot be reasonably completed within such 30-day period, then Tenant shall have the period of time as shall be reasonable to cure such failure, provided that Tenant commences such cure within such 30-day period and thereafter diligently prosecutes such cure to completion), then Landlord may, subject to the provisions of the next paragraph, terminate this Lease upon ten (10) business days' prior written notice at any time prior to cure or correction of any such condition or default, and the term hereby demised shall thereupon cease and expire at the end of such ten (10) business days in the same manner and to the same effect as if it were the expiration of the original term.

Notwithstanding the rights of Landlord as specified in the preceding sentence, Landlord agrees to send Tenant's Lender copies of any such notices which it gives Tenant at the same time said notices are sent to Tenant, and, subject to the terms and provisions of any applicable SNDA, Tenant's Lender shall be entitled to cure any such defaults and shall be afforded all rights of Tenant which are provided for in the following paragraph.

Notwithstanding any provision of this Lease to the contrary, no default in the performance of the terms, covenants or conditions of this Lease on the part of Tenant or Landlord shall be deemed to continue if and so long as Tenant or Landlord, as the case may be, shall be delayed in or prevented from remedying the same by (1) strikes or other labor disputes, (2) acts of God or the public enemy, (3) any order, directive or other interference by municipal, state, federal or other governmental official or agency, or (4) any other cause reasonably beyond the control of Landlord or Tenant (with the exception of monetary obligations of either party), as the case may be; but if and when the occurrence or condition which delayed or prevented the remedying of such default shall cease or be removed, it shall be the obligation of Landlord or Tenant, as the case may be, without further delay, to commence or continue the correction of such default.

Upon termination of this Lease, Tenant shall have ten (10) business days within which to remove its property, or (subject to the terms of any applicable NDA) to allow the Occupant to remove its property, from the Premises, and, if Tenant fails to remove its property, or (subject to the terms of any

applicable NDA) the Occupant fails to remove its property. Tenant or its Subtenant, as applicable, shall continue to pay rent on a per diem basis for the period which said property remains on the Premises.

Notwithstanding anything herein to the contrary, if Tenant is in default of any term, provision, covenant or condition of this Lease, Landlord agrees that, before it exercises any right of termination hereunder, it shall give written notice to the Subtenant and Tenant's Lender in accordance with any NDA executed by Landlord and the Subtenant, and the Subtenant and/or Tenant's Lender shall have the right to cure Tenant's default as set forth in the NDA.

19. TERMINATION BY TENANT.

Without limiting any other rights and remedies to which Tenant may be entitled by common law, statutory law, or as elsewhere provided in this Lease, Tenant shall have the right, subject to the foregoing provisions, upon written notice to Landlord (and upon written approval by Tenant's Lender, if applicable) to terminate this Lease upon the happening of one or more of the following events, if said event or events are then continuing:

1) The issuance by any court of competent jurisdiction or governmental authority of an injunction, order or decree (a) preventing or restraining the use of all or any substantial part of the Premises for the purposes intended hereby, (b) preventing or restraining the use of all or a part of the Airport for normal airport purposes, which may be used by Tenant and/or the Occupant and which is necessary for its or the Occupant's operations on the Airport, or (c) preventing Tenant and/or the Occupant from operating an aviation-related business or service and which injunction, order or decree remains in force for a period of at least sixty (60) consecutive days.

2) If Landlord defaults in any of the terms, covenants or conditions under this Lease and fails to cure the default or make substantial progress with regard thereto within sixty (60) days following receipt of written demand from Tenant to do so; provided, however, rather than terminate this Lease, Tenant may, at Tenant's election, elect to cure Landlord's default hereunder and, in such event, Landlord shall reimburse Tenant for all direct expenses incurred in connection with such curative action.

3) If all or a part of the Airport's infrastructure which is necessary to or required for the operation of Tenant's and/or the Occupant's business or service is damaged or destroyed such that Tenant or the Occupant cannot operate its business at the Premises and such damage or destruction is not rendered functional and operational within one hundred eighty (180) days after the occurrence thereof.

4) If, by reason of any action of Landlord, Tenant or the Occupant is unable to conduct business for a period of in excess of ninety (90) days in substantially the same manner or substantially to the same extent as prior to such action.

5) The lawful assumption by the United States Government, or any authorized agency thereof, of the operation, control, or use of the Airport, or any substantial part or parts thereof that substantially restricts the Occupant from operating for at least ninety (90) days.

6) Landlord's permanent abandonment of the Premises at the Airport.

7) The Government-Tenant terminates the Government Lease, in accordance with the terms and conditions thereof, because of any casualty to or condemnation of the Premises or any portion thereof.

20. TAKINGS.

In the event of a taking of either the fee or of an easement necessary to the operation of the entire Premises, this Lease shall terminate as of the effective date of such taking. No termination pursuant to this section, however caused, shall impair or limit Tenant's obligation to pay to Landlord the rent and other charges payable by Tenant under this Lease up to the date of termination. The term "*taking*" means a taking of all or part of the Improvements or any interest therein or right accruing thereto as the result of, or in lieu of, condemnation or eminent domain (provided, Landlord agrees to timely advise Tenant in writing of any contemplated and/or actual condemnation which may adversely affect Tenant's and the Occupant's business at the Premises and/or Airport and, to the extent such contemplated and/or actual condemnation is of the Premises, or of ingress and egress to and from the Premises or Airport, or of any taxiway or runway at the Airport, to keep Tenant informed of, and reasonably include Tenant in, any related negotiations and/or proceeding).

In the event of a taking of the Premises other than a total taking, this Lease shall remain in full force and effect as to the portion of the Premises remaining immediately after such taking, without any abatement or reduction of rent payable hereunder except as hereinafter provided in this section, and Landlord shall promptly restore the facilities in such manner and to such extent as shall be reasonably sufficient and suitable for Tenant's use and occupancy as contemplated by this Lease; provided, however, that Landlord's obligations hereunder are subject to the provision of any SNDA and Landlord shall not be obliged to spend any sum or sums for restoration in excess of the amount of the award received by Landlord pursuant to provisions hereinafter set out in this section.

In the event of a taking of the Premises other than a total taking, and if such substantial part of the Improvements shall be taken with the result, determined in the good faith judgment of Tenant, that (i) the portion of the Improvements remaining after such taking (even if restoration were made) is unsuitable for use and occupancy by Tenant and the Occupant or (ii) that the Subtenant shall be permitted to terminate the Approved Sublease, and in fact give notice of such termination, then, for the purposes of this Lease, such taking shall be deemed to be a total taking of the type hereinabove described in this section.

If a taking occurs as described in the preceding sentence, and if Landlord disagrees with Tenant's judgment that the remaining portion of the facilities would be unsuitable for use and occupancy, this Lease shall not terminate as of the date of such taking (as hereinabove required by this section) and Tenant and Landlord may request to have the matter settled by mediation in Corpus Christi, Texas, by a mutually agreed to mediator. The mediator shall be selected by the Parties within ten (10) days following the initiation of mediation hereunder. It is the intent of the Parties that any mediation shall be concluded as quickly as reasonably practicable. Each Party shall bear its own costs incurred in connection with the mediation and shall share equally the fees and expenses of the mediator.

In the event of a taking resulting in termination hereof under this section, subject to the provisions of the SNDA, if any, Tenant shall participate in the aggregate of all amounts awarded with respect to the taking, including any amounts awarded with respect to the termination of this Lease, in whole or in part, as follows:

(1) There shall be first paid to Tenant an amount equal to the greater of the appraised value or book value of Tenant's leasehold interest, such appraised value to be determined by an appraisal conducted by a qualified, reputable, third party appraiser reasonably selected by Landlord who shall hold a MAI designation and have not less than ten (10) years of experience in appraising fair market rental values of aviation-related improvements.

(2) All sums awarded to Tenant for moving expenses and the taking of Tenant's Removables shall be the property of Tenant.

(3) Any excess shall be paid to Landlord.

Subject to the provisions of the SNDA, if any, in the event of any partial taking, Tenant shall participate in aggregate of all amounts awarded with respect to the taking, including any amounts awarded with respect to partial termination of this Lease as follows:

(x) There shall first be paid to Tenant an amount equal to the lesser of the appraised value or book value of that portion of Tenant's leasehold interest, which is taken (determined in accordance with clause (1) above).

(y) All sums awarded to Tenant for moving expenses and taking of Tenant's Removables shall be the property of Tenant.

(z) Any excess shall be paid to Landlord or to Tenant, as their interests may appear, for restoration of the facilities pursuant to Section 17 hereof. In the event of a taking other than a total taking, each monthly installment of rent hereunder shall be reduced, commencing with the first rent payment date following the date of such taking, by an amount determined by multiplying the number of square feet of land taken by the prevailing rental rate.

21. NON-DISCRIMINATION AND AFFIRMATIVE ACTION.

a. Tenant, for itself and as a requirement for any Subtenant subject thereto, their personal representatives, successors in interest, and assigns, as a part of the consideration hereof, covenants that: (1) no person on the grounds of race, creed, color, religion, sex, age, national origin, handicap, or political belief or affiliation will be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination in the use of the Premises; (2) in the construction of any Improvements on, over, or under the Premises and the furnishing of services thereon, no person on the grounds of race, color, religion, sex, age, national origin, handicap, or political belief or affiliation will be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination; and (3) Tenant will cause, to the best of its ability, the Premises to be in compliance with all other requirements imposed by or pursuant to 14 CFR Part 152, Subpart E, Non-Discrimination in Aid Program and Title VI of the Civil Rights Act of 1964 and 49 CFR, Subtitle A, Part 21, Nondiscrimination in Federally Assisted Programs of

the Department of Transportation, and as said Title and Regulations may be amended, and with other applicable state or federal laws or regulations, as amended.

b. This Lease is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23. Tenant, for itself and as a requirement for any Subtenant, agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award of performance or any concession agreement, management contract or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23.

c. If Tenant is found by a final verdict of a court of competent jurisdiction to have deliberately breached a non-discrimination covenant, or to have permitted any Subtenant to deliberately breach a non-discrimination covenant, Landlord may immediately enforce the remedies directed by the Court's decision, which may include Landlord's right to reenter the Premises, retake possession thereof and terminate the Lease. This provision is not effective until the procedures of Title 49, Code of Federal Regulations, Part 21 are completed, including exercise of any rights to appeal.

d. Tenant shall cause to be implemented an affirmative action program as required by 14 CFR Part 152, Subpart E, to provide (i) that no person on the grounds of race, creed, color, religion, sex, age, national origin, handicap, or political belief or affiliation is excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E; (ii) that no person will be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by that Subpart; (iii) that third parties otherwise retained by Tenant or its designee shall provide similar assurances to Tenant or its designee to undertake affirmative action programs and to require assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E. Tenant or its designee, at no expense to Landlord, shall comply with any applicable requirements of the Americans with Disabilities (ADA) as it may be amended, with respect to the Premises.

22. ENVIRONMENTAL REQUIREMENTS.

a. Tenant will observe, obey and adhere to, and will cause the Tenant-Related Parties to observe, obey, and adhere to, all environmental laws, rules, regulations, orders and permits applicable to the use of the Premises, including but not limited to, required National Pollutant Discharge Elimination System Permits and all applicable laws relating to the use, storage, generation, treatment, transportation, or disposal of hazardous or regulated substances. Except for the hazardous substances governed by and transported in full compliance with the transportation laws of the state or federal government, neither Tenant nor its designee shall knowingly use, store, generate, treat, transport, or dispose of any hazardous or regulated substances or waste on or near the Premises without the Director's prior written approval and without first obtaining all required permits and approvals from all authorities having jurisdiction over the operations conducted on the Premises.

b. The foregoing provisions shall not prohibit the transportation to and from, and use, storage, maintenance and handling within, the Premises of substances customarily used in the operation of United States Coast Guard facilities, provided: (a) such substances shall be used only in quantities as are reasonably necessary for such permitted use of the Premises, strictly in accordance with applicable law and the manufacturers' instructions, (b) such substances shall not be disposed of, released or discharged on the Premises, and shall be transported to and from the Premises in compliance with all applicable laws,

and (c) any such substances shall be completely, properly and lawfully removed from the Premises upon expiration or earlier termination of this Lease.

c. During the Lease term, Landlord will observe, obey, and adhere to, and will cause the Landlord-Related Parties to observe, obey and adhere to, all environmental laws, rules, regulations, orders and permits applicable to Landlord's operations, processes, use and occupation of the Airport, and Landlord will refrain from any and all acts, uses or processes on or at the Airport which are not in full conformity with such environmental laws.

d. Tenant shall assume no liability with respect to any pre-existing environmental conditions, and nothing in this Lease shall be deemed to be an assumption by Tenant of any liability relating to any pre-existing environmental conditions on the Premises or elsewhere. Tenant and Government-Tenant shall have the right, at its sole cost and expense, to perform a Phase I and a Phase II environmental site assessment (an "ESA") on the Premises prior to the date Tenant commences construction thereon, which assessment the Parties agree shall establish a baseline with respect to the existing environmental condition of the Premises. If the ESA reflects any environmental contamination that requires remediation or other treatment under applicable environmental laws, Landlord and Tenant may agree to perform, or cause to be performed, such remediation or other treatment as so required, in which case the cost of such remediation or other treatment shall be paid by Tenant as a cost of the initial development of the Premises. If, however, the Parties cannot reach agreement with respect to the performance of any necessary remediation or other treatment, then either Party may request to have the matter settled by mediation in Corpus Christi, Texas, by a mutually agreed to mediator. The mediator shall be selected by the Parties within ten (10) days following the initiation of mediation hereunder. It is the intent of the Parties that any mediation shall be concluded as quickly as reasonably practicable. Each Party shall bear its own costs incurred in connection with the mediation and shall share equally the fees and expenses of the mediator. If the Parties fail to resolve this issue at mediation, or if the Parties otherwise mutually agree not to proceed with such remediation, then Tenant may elect, in writing delivered to Landlord, to terminate this Lease without any further liability or obligation hereunder.

e. If Tenant or its designee determines that a threat to the environment, including but not limited to a release, discharge, spill or deposit of a hazardous or regulated substance, has occurred or is occurring which affects or threatens to affect the Premises, or the persons, structures, equipment or other property thereon, Tenant or its designee must notify the Director immediately by oral report, in person or by telephone, which notification shall be promptly confirmed in writing to the Director as required by law or regulation. Tenant shall require any Subtenant to cooperate fully with the Director in promptly responding to, reporting, and remedying a threat to the environment, including, without limitation, a release or threat of release of hazardous or regulated substance into the drainage systems, soils, ground water, waters, or atmosphere, in accordance with applicable law or as authorized or approved by any federal, state, or local agency having authority over environmental matters.

f. Tenant or the Occupant (or their respective designees) shall keep a readily accessible file of Materials Safety Data Sheets ("**MSDS**") for each Hazardous Substance on site or transported, in accordance with federal and state transportation laws, which file must be posted and immediately available to any Airport employee who responds to report of a discharge of a hazardous substance on the Premises. Tenant will require any operator of any building improvements or facilities on the Premises to

use good faith efforts to determine which hazardous substance was accidentally discharged and have that MSDS sheet available for the first responders to the Premises.

g. Tenant shall cause prompt remediation and the payment of all costs (including fines) associated with any action or inaction of Tenant or its designee or Subtenant(s) that results in environmental contamination and/or directly or indirectly prevents the Airport from materially conforming to all then applicable environmental laws, rules, regulations, orders, or permits. The rights and obligations set forth in this subsection shall survive the earlier expiration or termination of this Lease.

h. IN ADDITION TO THE ABOVE, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, (I) TENANT AGREES AND AGREES TO REQUIRE ITS SUBTENANTS, CONTRACTORS AND SUBCONTRACTORS TO INDEMNIFY LANDLORD AND THE LANDLORD-RELATED PARTIES FOR ALL EXPENSES INCURRED AND/OR LOSSES SUSTAINED, OR PENALTIES IMPOSED BY AGENCIES BY LAW AUTHORIZED TO DO SO, ARISING OUT OF THE FAILURE OF TENANT AND THE TENANT-RELATED PARTIES TO OBSERVE, OBEY, ADHERE TO, AND CONFORM TO APPLICABLE ENVIRONMENTAL LAWS AT OR ON THE PREMISES; AND, TO THE EXTENT ALLOWABLE BY LAW, LANDLORD WILL INDEMNIFY AND HOLD TENANT AND THE TENANT-RELATED PARTIES HARMLESS FROM ANY AND ALL LOSSES INCURRED BY TENANT OR A TENANT-RELATED PARTY ARISING DURING THE LEASE TERM FROM OR IN CONNECTION WITH (A) ANY PRE-EXISTING ENVIRONMENTAL CONDITIONS, (B) ENVIRONMENTAL CONTAMINATION CAUSED BY LANDLORD OR ANY LANDLORD-RELATED PARTY, (C) LANDLORD'S OR A LANDLORD-RELATED PARTY'S FAILURE TO COMPLY WITH ITS ENVIRONMENTAL OBLIGATIONS SET FORTH ABOVE, OR (D) THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD, ITS PREDECESSOR IN TITLE AND LANDLORD-RELATED PARTIES. THIS PROVISION SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.

23. ACCESS TO AND USE OF AIRPORT.

a. Right to Use Airport. Tenant and the Occupant shall have the right to use the Airport and its facilities in common with others authorized to do so, such use being subject to any and all applicable laws and the Rules and Regulations (defined below), including any limitations, restrictions or prohibitions affecting the aviation activities or operations of Tenant or the Occupant. The Occupant shall not be required to pay any landing fees to Landlord. Tenant agrees to reasonably cooperate with Landlord and Occupant to facilitate any agreements, if any, needed for Occupant to operate at the Airport.

b. Access to Aircraft Operations Area. Tenant and the Occupant shall have reasonable access to the Airport's Aircraft Operations Area ("**AOA**"), provided such access is obtained in accordance with all applicable FAA and Airport security procedures. Movement of all aircraft and persons from the Premises into the AOA and from the AOA into the Premises shall be cleared in accordance with Airport and FAA rules and regulations. Tenant, or its Subtenants, shall be primarily responsible for the opening and closing of any security gates and/or doors permitting access to the Premises from the AOA.

c. Vehicle Operations Within the AOA. No vehicles owned or operated by Tenant or the Occupant will be allowed to operate within the Movement or Non-Movement Areas of the AOA except in accordance with the regulations of the FAA and the Airport.

d. Airport Certification Rules and Regulations: Tenant and the Occupant shall comply with such rules that pertain to its operation on the Airport under the Airport Certification Rules of the Federal Aviation Regulations, Part 139, as amended 14 CFR Part 139, as amended.

e. Airport Security Rules and Regulations: Tenant and the Tenant-Related Parties shall comply with all federal and local Airport security regulations adopted by the Landlord pursuant to 14 C.F.R. Part 107, or subsequent federal security regulations, as such rules and regulations exist or may hereafter be amended. TENANT AGREES TO INDEMNIFY AND HOLD HARMLESS LANDLORD, ITS OFFICERS AND EMPLOYEES, FROM ANY CHARGES, FINES OR PENALTIES THAT MAY BE ASSESSED OR LEVIED BY THE FAA OR THE TRANSPORTATION SECURITY ADMINISTRATION, BY REASON OF THE NEGLIGENT OR INTENTIONAL FAILURE OF TENANT OR ITS SUBTENANTS OR A TENANT-RELATED PARTY TO COMPLY WITH SUCH AIRPORT SECURITY REGULATIONS, REGARDLESS OF WHETHER THE FINE, CHARGE OR PENALTY IS LEVIED AGAINST LANDLORD, TENANT OR ITS DESIGNEE.

f. 14 C.F.R. Part 77 Requirements: Tenant 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 Premises, or in the event of any planned modification of any present or future building, antenna or structure located on the Premises.

g. Control of Structures: Tenant shall not erect or permit the erection of any structure or object, or permit the growth of any tree on the Premises which highest point is above a mean sea level elevation established by the FAA and Landlord as a height limitation on such structures or objects. Following Landlord's written notice to Tenant provided in accordance with this Lease, Landlord reserves the right to enter upon the Premises and to remove the offending structure or object and cut the offending tree at Tenant's expense, plus an administrative charge of fifteen percent (15%).

h. Aerial Approaches: Landlord reserves the right, for itself and the Director, to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, including the right to prevent Tenant from erecting or permitting to be erected any building or other structures on or adjacent to the Airport which, in the reasonable judgment of the Director, would limit the usefulness of the Airport or constitute a hazard to aircraft.

i. Right to Overflight: Subject to any applicable Security Requirements, there is hereby reserved to Landlord, for the use and benefit of the public, a right of flight for the passage of aircraft above the surface of the 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.

j. Conflicts with Specific Use Laws. The Parties acknowledge that there may be some Specific Use Laws that are contrary to or conflict with the laws, rules and regulations described in this Section 23. In such event, unless Federal law specifically addresses the manner in which such conflict

shall be resolved, Landlord agrees that, while the Government-Tenant is a Subtenant of the Premises, such Specific Use Laws shall take precedent to such other laws, rules and regulations and the Government-Tenant shall be required to first comply with the Specific Use Laws applicable to its use and operation of the Premises, and then to all other Federal, state and municipal laws, rules and regulations to the extent not in conflict with the Specific Use Laws.

24. QUIET ENJOYMENT.

Landlord covenants that it has the authority to execute this Lease, that at commencement of the Lease, Landlord has good title to the Premises and that throughout the term hereof, subject to the payment of rent and other charges herein provided and the performance of the covenants and agreements to be performed by Tenant, its successors and assigns, or its Subtenants, Tenant shall have and peaceably enjoy the Premises and the rights and facilities herein granted and to the extent herein granted. Landlord agrees to remedy any violation of quiet enjoyment caused by Landlord or one of the other tenants of the Airport and to honor Tenant's tenancy for the term of the Lease.

25. OTHER FEES AND CHARGES.

Landlord agrees that no charges, fees or tolls except those expressly provided for, or except those provided for in the Rules and Regulations for conduct of the Airport, should be assessed by Landlord against Tenant, its successors and assigns, or its Subtenants, for the purpose of entering or leaving the Airport, or for other privileges granted to Tenant in accordance with the provisions of this Lease.

26. REPAIR OR DAMAGE.

Tenant shall, at its sole expense without reimbursement from Landlord, repair any damage caused to real or personal property of Landlord, wherever situated on the Airport, by the careless or negligent acts or omissions of a Tenant-Related Party while acting in the regular course of Tenant's business, or shall, at the option of Landlord, reimburse Landlord for the cost of repairs and replacements, accomplished by Landlord.

27. SURRENDER OF PREMISES.

Subject to the terms hereof regarding Tenant's and the Occupant's Removables, upon the expiration or termination of this Lease, Tenant shall deliver the Premises to Landlord peaceably, quietly and in as good condition as the same now are or may be hereafter improved by Tenant or the Subtenant or Landlord, normal use and wear thereof excepted.

28. RULES AND REGULATIONS.

Tenant agrees to observe and obey all rules and regulations promulgated from time to time by the Director governing the safe conduct and efficient operation of the Airport and its facilities (the "**Rules and Regulations**"), except that Landlord agrees that any such Rules and Regulations promulgated shall not be inconsistent with this Lease or any legally authorized rule or regulation of the FAA, or subsequent authoritative agency, and Landlord shall provide Tenant thirty (30) calendar days prior written notice of

any amendments of the Rules and Regulations. A current copy of the Rules and Regulations will be kept at all times on file in the Director's office.

29. THIRD PARTY BENEFICIARY.

Landlord and Tenant acknowledge and agree that Tenant's Lender will provide funds to construct the initial Improvements on the Premises and, due to this fact and in exchange for other good and valuable considerations, Landlord and Tenant agree that Tenant's Lender, its successors and assigns, is a third party beneficiary for purposes of all provisions of this Lease which benefit Tenant's Lender and, as such, Tenant's Lender has the right to enforce such provisions. Furthermore, Landlord and Tenant acknowledge, consent and agree that Tenant will be executing loan documents which assign in trust Tenant's interest in this Lease and that upon the foreclosure of said rights, if such a foreclosure should occur (or in the event of a deed in lieu of foreclosure or other similar proceeding), the purchaser at said foreclosure sale (or grantee in a deed in lieu of foreclosure or otherwise) shall, subject to the terms of the SNDA, acquire Tenant's rights and obligations under this Lease.

30. NOTICE TO THE PARTIES.

Notices are sufficient if in writing and sent by certified mail, return receipt requested, postage prepaid, or by overnight delivery service with proof of delivery, or by facsimile (followed by written notice confirmed by mail or other delivery service, as addressed below:

- If to Landlord: City of Corpus Christi
 Attn.: City Manager
 P.O. Box 9277
 Corpus Christi, Texas 78469-9277
 Ph: (361) 826-3220
 Facsimile: (361) 826-3839

- with a copy to: City Attorney
 P.O. Box 9277
 Corpus Christi, Texas 78469-9277
 Ph: (361) 826-3360
 Facsimile: (361) 826-3239

- with a copy to: Director of Aviation
 Corpus Christi International Airport
 1000 International
 Corpus Christi, Texas 78406
 Ph: (361) 289-0171
 Facsimile: (361) 826-4434

If to Tenant: FDL – CC, LLC
c/o FD Stonewater
1001 19th Street, Suite 930
Arlington, Virginia 22209
Attn.: Claiborne Williams
Ph: (703) 537-7653

with a copy to: Raymond J. Brimble
Lynxs Group LLC
106 E. 6th Street, Suite 550
Austin, Texas 78701
Ph: (512) 539-2205
Facsimile: (512) 539-2211

with a copy to: Leasehold Mortgagee

Ph: () _____
Facsimile: () _____

or at such other address as Landlord or Tenant may designate in writing.

31. LEASEHOLD MORTGAGE.

As used herein, “*Leasehold Mortgage*” means the mortgage, deed of trust or other indenture creating a lien on Tenant’s leasehold interest in this Lease given by Tenant to Leasehold Mortgagee to secure repayment of funds advanced or to be advanced by a Leasehold Mortgagee to Tenant to construct the Improvements. As used herein, “*Leasehold Mortgagee*” means Tenant’s Lender and any other mortgagee or beneficiary under the Leasehold Mortgage. Subject to the conditions set forth herein, Tenant shall be permitted to encumber its leasehold interest created hereunder with a Leasehold Mortgage, solely for the purpose of (1) obtaining the Construction Financing, together with any additional financing required for any additional construction or alterations made subsequent to the initial construction, or (2) refinancing the Construction Financing; provided, however, that with respect to the financing described in clause (2) above, the principal amount of any loan secured by a Leasehold Mortgage must not be greater than the original principal amount of the Construction Financing, including any financing for additional construction or alterations made subsequent to the initial construction of the Improvements.

Notwithstanding anything to the contrary herein, the Parties agree that any Leasehold Mortgage shall in no way affect or diminish Landlord’s interest in the Premise or its rights under the Lease, nor relieve Tenant of any of its obligations hereunder, and in no event shall Landlord’s interest in this Lease be subordinate to such Leasehold Mortgage. The making of any Leasehold Mortgage hereunder shall not be deemed to constitute an assignment or transfer of this Lease, nor will any Leasehold Mortgagee be deemed as assignee or transferee of this Lease.

With respect to Leasehold Mortgages, the Parties agree as follows:

- 1) No Leasehold Mortgage shall be binding upon Landlord in the enforcement of its rights and remedies under this Lease unless and until a copy thereof has been delivered to the Director;
- 2) Landlord agrees to execute an estoppel certificate and any other similar documentation as may reasonably be required by a Leasehold Mortgagee so as to certify to the status of this Lease and to the performance of Tenant hereunder as of the date of said certification;
- 3) Tenant shall furnish the Director a written notice setting forth the name and address of any Leasehold Mortgagee;
- 4) If a Leasehold Mortgagee or a purchaser at foreclosure of the Leasehold Mortgage acquires Tenant's leasehold interest in the Premises by virtue of the default of Tenant under the Leasehold Mortgage or otherwise, this Lease will continue in full force and effect so long as Leasehold Mortgagee or the purchaser at foreclosure is not in default hereunder, including the obligation to timely pay rent. For the period of time during which Leasehold Mortgagee or any purchaser at foreclosure of a mortgage holds Tenant's leasehold interest in the Premises, the Leasehold Mortgagee or said purchaser shall be liable and fully bound by the provisions of this Lease.
- 5) Any notice from Landlord affecting the Premises shall be simultaneously delivered to Tenant and said Leasehold Mortgagee at its address provided by Tenant to Landlord, and no notice of default or termination of this Lease affecting the Premises given by Landlord shall be deemed legally effective until and unless like notice has been given by the Director to said Leasehold Mortgagee;
- 6) Any Leasehold Mortgagee entitled to notice hereunder shall have any and all rights of Tenant with respect to the curing of any default hereunder by Tenant; and
- 7) Tenant must provide any Leasehold Mortgagee with notice of any proposed modification.

If Landlord elects to terminate this Lease for any material default by Tenant with respect to the Premises, the Leasehold Mortgagee that has become entitled to notice hereunder has, not only any and all rights of Tenant with respect to the curing of any default, but also the right to postpone and extend the specified termination date of the Lease ("**Leasehold Mortgagee's Right to Postpone**"), contained in any notice of termination by Landlord to Tenant ("**Termination Notice**"), for a maximum of ninety (90) days, subject to the following conditions:

- 1) Leasehold Mortgagee must give the Director written notice of the exercise of Leasehold Mortgagee's Right to Postpone at least ten (10) days prior to the date of termination specified by the Director in the Termination Notice and simultaneously pay to Landlord all

amounts required to cure all defaults then existing (as of the date of the exercise of Leasehold Mortgagee's Right to Postpone) which may be cured by the payment of a sum of money.

2) If Leasehold Mortgagee's Right to Postpone is exercised, Leasehold Mortgagee must pay any sums and charges which may be due and owing by Tenant and promptly undertake to cure, diligently prosecute, and as soon as reasonably possible, complete the cure of all defaults of Tenant with respect to the Premises which are susceptible to being cured by Leasehold Mortgagee. Leasehold Mortgagee's exercise of its Right to Postpone may extend the date for the termination of this Lease specified in the Termination Notice for a maximum of six (6) months.

3) If, before the date specified for the termination of this Lease as extended by a Leasehold Mortgagee's exercise of its Right to Postpone, Leasehold Mortgagee has performed and observed all of Tenant's covenants and conditions under the Lease with respect to the Premises and no further defaults with respect to the Premises have occurred which have not been timely cured, then all defaults under this Lease, with respect to the Premises, will be deemed to have been cured and the Termination Notice will be deemed to have been withdrawn.

4) Nothing herein may be deemed to impose any obligation on Landlord's part to deliver physical possession of the Premises to a Leasehold Mortgagee.

5) If more than one Leasehold Mortgagee seeks to exercise any of the rights provided for in this Section 31, the most senior lien holder is entitled, as against the others to exercise said rights. Should a dispute arise among Leasehold Mortgagees regarding the priority of lien, Leasehold Mortgagees must provide evidence substantiating the correct priority of the competing liens to the satisfaction of the City Attorney prior to taking any action with respect to exercising said lienholder rights.

32. SUBORDINATION TO U.S. GOVERNMENT/FAA REGULATIONS.

Notwithstanding anything to the contrary herein, this Lease is subordinate to the provisions of any existing or future agreement between Airport and the United States of America relating to the operation or maintenance of the Airport, where the execution of said agreement(s) is required as a condition to the expenditure of federal funds for the development of the Airport.

33. RADIO ANTENNA.

Subject to the Director's prior written approval as to height and location, which will not be unreasonably withheld, conditioned or delayed, Tenant or the Subtenant, as the case may be, may furnish and install at its own expense, a radio antenna either adjacent to the Improvements but within the Premises, or on the roof of the Improvements to be constructed on the Premises, subject to (a) any and all federal, state and local laws, ordinances, statutes, rules, regulations and orders applicable thereto; (b) Tenant's or the Subtenant's, as the case may be, obtaining any and all building and other permits, licenses and other approvals with respect thereto (unless otherwise exempt therefrom); (c) the antenna and building both must be structurally sound and not adversely affect the soundness of, or the condition of, the roof and/or other parts of such building improvements; and (d) any and all costs of maintaining and operating the same must be paid entirely by Tenant or its designee. Upon the expiration or earlier

termination of this Lease, Tenant shall cause the removal of the antenna(s) and the restoration of any damage to the building improvements and Premises caused by the installation and/or removal thereof. Tenant shall be responsible for all costs for the repair and maintenance of said installation of the antenna.

34. DELEGATION.

Any obligations of Tenant required by this Lease may be delegated to the Subtenant by the terms of the Approved Sublease, or to any other designee of Tenant, provided that such delegation shall not relieve Tenant of its liability and responsibilities under this Lease.

35. TAX REPORTING.

The Parties acknowledge and agree that, strictly for purposes of federal income tax reporting and in compliance with all applicable Federal tax laws, Tenant intends to report all income and expenses relative to this Lease and the operation of the Premises as though this Lease were a partnership. Tenant shall pay Tenant's share of income taxes out of Tenant's own funds. Landlord agrees that it shall not take any action or file any report or return that is inconsistent with such treatment and characterization, unless required by applicable law or if such treatment or characterization causes Landlord to be liable for any taxes or other liabilities for which it would otherwise not be liable.

36. ESTOPPELS.

Both Parties agree that at any time and from time to time at reasonable intervals, within ten (10) business days after written request by the other Party, said Party will execute, acknowledge and deliver to the designee designated by the other Party, a certificate in a form as may from time to time be provided, certifying to the extent true and correct the following, as well as any other provision reasonably requested by the other party: (a) that the Occupant has entered into occupancy of the Premises and the date of said entry if requested; (b) that this Lease is in full force and effect, and has not been assigned, modified, supplemented or amended in any way (or if there has been any assignment, modification, supplement or amendment, identifying the same); (c) that this Lease represents the entire agreement between Landlord and Tenant as to the subject matter hereof (or if there has been any assignment, modification, supplement or amendment, identifying the same); (d) the date of commencement and expiration of the term; (e) that all conditions under this Lease to be performed by Landlord, if any, have been satisfied (and if not, what conditions remain unperformed); (f) that to the knowledge of the signor of said writing, no default exists in the performance or observance of any covenant or condition in this Lease and there are no then existing defense or offsets against the enforcement of this Lease by Landlord, or, instead, specifying each default, defense or offset of which the signor may have knowledge; and (g) the amount of rent or other charges, if any, that has been paid in advance and the amount of security, if any, that has been deposited with Landlord.

37. LANDLORD'S LIEN.

Landlord hereby waives any right to a statutory or contractual landlord's lien or similar lien on any Removables of Tenant or the Occupant. Landlord agrees, at the request of Tenant, to execute a waiver of any Landlord's or similar lien for the benefit of any present or future holder of a security interest in or lessor of any of trade fixtures or any other personal property of Tenant or the Occupant.

Landlord acknowledges and agrees in the future to acknowledge (in a written form reasonably satisfactory to Tenant) to such persons and entities at such times and for such purposes as Tenant may reasonably request that Removables owned by Tenant are Tenant's property and not part of Improvements (regardless of whether or to what extent such Removables are affixed to the Improvements) or otherwise subject to the terms of this Lease.

38. FORCE MAJEURE.

Neither Landlord nor Tenant will be deemed to be in breach of this Lease if either is prevented from performing any of its obligations hereunder by reason of Force Majeure. "*Force Majeure*" means any act that (a) materially and adversely affects the affected Party's ability to perform the relevant obligations under this Lease or delays such affected Party's ability to do so, (b) is beyond the reasonable control of the affected Party, (c) is not due to the affected Party's negligence or willful misconduct and (d) could not be avoided by the Party who suffers it by the exercise of commercially reasonable efforts (provided that such commercially reasonable efforts shall not require such Party to expend a material amount of money to avoid the act giving rise to a Force Majeure). Subject to the satisfaction of the conditions set forth in (a) through (d) above, Force Majeure shall include, but not be limited to,: (i) natural phenomena, such as storms, wind, floods, lightning and earthquakes; (ii) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (iii) transportation disruption, whether by ocean, rail, land or air; (iv) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (v) fires; and (vi) the unavailability of necessary and essential equipment and supplies; provided, however, that under no circumstances shall Force Majeure include any of the following events: (A) economic hardship; (B) changes in market condition; or (C) weather conditions which could be anticipated by experienced contractors operating at the relevant location and exercising commercially reasonable business judgment.

39. MISCELLANEOUS.

a. Landlord expressly reserves all water, gas, oil and mineral rights in and under the soil beneath the Premises, but testing for and/or removal of any such gas, oil, or minerals shall be done in a manner so as not to materially disturb the Premises or disrupt the operation of the business being conducted thereon.

b. If any provision of this Lease shall be to any extent held invalid or unenforceable, the remainder of this Lease shall not be deemed affected thereby.

c. This Lease shall be governed by and construed and enforced in accordance with the laws of the State of Texas, without resort to conflicts of laws principles.

d. Any failure or neglect of Landlord or Tenant at any time to declare a forfeiture of this Lease for any breach or default whatsoever hereunder does not waive Landlord's or Tenant's right thereafter to declare a forfeiture for like or other or succeeding breach or default

e. Whenever a consent or approval is required, or a party is required to undertake any action hereunder, such consent, approval or action shall not be unreasonably withheld, conditioned or delayed.

f. Whenever the parties are required to agree on the selection of a professional to be engaged by or on behalf of the parties, a party's selection shall be acceptable so long as such firm is a recognized firm with (or such individual has) all required licenses to conduct the subject business and meets other applicable industry standards.

g. If either party fails to require the other to perform a term of this Lease, that failure does not prevent the party from later enforcing that term and all other terms. If either party waives the other's breach of a term, that waiver does not waive a later breach of this Lease.

h. This Lease may be amended only by written instrument executed on behalf of Landlord and Tenant, and, if applicable, Tenant's Lender.

i. This Lease shall be binding on and inure to the benefit of Landlord and Tenant and their respective permitted successors and assigns.

j. Venue of any action brought under this Lease lies in Nueces County, Texas, exclusively, where the Lease was executed and will be performed.

k. This Lease may be executed in any number of duplicate counterparts, each of which shall be deemed to be an original of this Lease for all purposes.

l. This Lease and the exhibits attached hereto set forth the entire agreement of the Parties with respect to lease of the Premises. No other agreements, assurances, conditions, covenants (express or implied), or other terms of any kind, exist between the parties regarding this Lease.

[signature page follows]

IN TESTIMONY WHEREOF, the Parties have hereunto set their hands in duplicate effective as of the Effective Date.

LANDLORD:

CITY OF CORPUS CHRISTI

By: *Ronald L. Olson*
for Ronald L. Olson
City Manager

Date: 2/25/13

Attest:

Armando Chapa
Armando Chapa
City Secretary

Date: 2/26/13

TENANT:

FDL-CC, LLC, a Texas limited liability company

By: *Claiborne Williams*
Name: Claiborne Williams
Title: Manager

Date: 1/31/13

EXHIBITS:

- Exhibit A - Initial Development Provisions
- Exhibit A-1 - GSA Request for Lease Proposal
- Exhibit A-2 - Utility Infrastructure
- Exhibit A-3 - Insurance Requirements
- Exhibit B - Premises Description
- Exhibit C - Government Lease

Ord. 029742
 AUTHORIZED
 BY COUNCIL 2/12/13
AC
 SECRETARY

Exhibit A

INITIAL DEVELOPMENT PROVISIONS

These Initial Development Provisions are attached to and form a part of that certain Ground Lease dated April 14, 2013 (the "*Lease*"), by and between the City of Corpus Christi, a Texas home-rule municipal corporation (herein, "*Landlord*"), and FDL – CC, LLC, a Texas limited liability company (herein, "*Developer*"). All capitalized terms used in this exhibit, unless specifically defined herein, shall have the meanings ascribed to them in the Lease.

1. Development of Improvements

a. Improvements. As of the date of this Lease, the DHS Facilities are intended to be comprised of three structures: (i) a three-story command and control building of approximately 58,000 square feet; (ii) a two-story hangar building of approximately 114,000 square feet; and (iii) a one-story ground support building of approximately 8,000 square feet; all being more particularly described in the GSA Request for Lease Proposal attached hereto as Exhibit A-1. The DHS Facilities and all required ramps and improvements related thereto or otherwise required to be constructed under the terms of the Government Lease (collectively, "*Initial Improvements*"), shall be developed and constructed by Developer in accordance with and subject to the Government Lease and the terms and provisions of this Exhibit A.

b. Plans and Specifications. Prior to constructing the Initial Improvements, Developer shall cause to be prepared, by competent and licensed architects and engineers of recognized standing, complete plans and specifications therefor, and such plans and specifications shall be submitted to the Director for approval, which approval shall not be unreasonably withheld. Developer may not make any substantial changes or alterations to said plans or specifications after initial approval by the Director without further written approval by the Director; provided, however, such approval shall not be required with respect to any changes or alterations made to the DHS Facilities at the request of the Government-Tenant, so long as such changes or alterations comply with all municipal fire, building and other applicable city, state and federal regulations and code requirements, including any landscaping or design requirements of the Airport and the terms and provisions of any required building permits (collectively, "*Building Regulations*").

All plans and specifications for any Initial Improvements, and all renovations, remodeling, refurbishing and construction upon the Premises, must comply with all applicable Building Regulations, unless otherwise exempt therefrom. Such plans and specifications are subject to final submission and permit review by Landlord, in the ordinary course of Landlord's business. Developer will coordinate design and construction with Landlord, and Landlord will promptly approve in writing all plans and design-related change orders through completion of the Initial Improvements; provided, however, if Landlord shall fail to approve or disapprove any such plans and specifications submitted by Developer hereunder within ten (10) business days after Landlord's receipt thereof, Landlord shall be deemed to have approved same. All construction, including workmanship and materials, must be of first-class quality. As used herein, the term "*first-class quality*" means of the same quality as materials used to construct other buildings used for the same or similar purposes already constructed on the Airport.

c. Construction. After Landlord's approval (or deemed approval) of the plans and specifications for the Initial Improvements, Developer will enter into a construction contract with a reputable, licensed contractor, and will cause all such work reflected by such plans and specifications to be performed by such contractor. The Parties agree that Developer will use best efforts to award a minimum of eighty percent (80%) of the value of the construction costs for the Initial Improvements to qualified parties, including but not limited to, architects, engineers, contractors, and consultants, available at competitive rates, located within a fifty (50) mile radius of Nueces County. In the event that Developer does not believe that sufficient qualified parties, including but not limited to, architects, engineers, contractors, and consultants, are available at competitive rates, then it may request an exemption in writing from Landlord identifying the reasons that Developer is unable to satisfy such goal. Landlord shall consider such request in good faith and shall provide its written response thereto with ten (10) business days after its receipt of such request. Developer must include in all construction contracts entered into for the construction of the Initial Improvements a provision requiring the contractor to indemnify, hold harmless, defend and insure the Parties, including their respective officers, agents and employees, against the risk of legal liability for death, injury or damage to persons or property, direct or consequential, arising or alleged to arise out of, or in connection with, the performance of any or all of the construction work, whether the claims and demands made are just or unjust, unless same are caused by the gross negligence or willful act of either of the Parties or their respective officers, agents or employees. Developer must also furnish, or require the contractor to furnish, insurance as required in Section 15 of the Lease.

During such construction, Developer shall be responsible for causing the Premises to be kept in good order and condition in accordance with commercially reasonable standards. Developer will coordinate all construction traffic within the Airport boundaries with the Director so as to not inhibit regular airport traffic and to keep roadways safe and clean. All construction parking and staging will occur on the Premises unless agreed to by the Director in writing. Developer will also coordinate with Landlord and the FAA any construction activities that are reasonably anticipated to affect the operations of the Airport.

During the progress of all work, the Director or another duly authorized representative of Landlord may enter upon the Premises and make such inspections as may be reasonably necessary for the purpose of satisfying Landlord that the work or construction is being performed in accordance with the terms and provisions of this Lease, provided that Landlord shall not unreasonably interfere with the progress of such work.

Upon completion of the construction of any Initial Improvements and prior to the occupancy thereof by the Occupant, Developer shall provide a copy of the certificate of occupancy (or its local equivalent) therefor to the Director.

d. Bonding. Prior to the commencement of the construction of any Initial Improvements, Developer shall provide Landlord with a completion and performance bond in an amount sufficient to fully fund the construction of the Initial Improvements in accordance with the Government Lease.

e. Utilities. Developer shall be responsible for arranging and paying for, at its sole cost, all utility connections necessary for utilizing the Premises and all utilities required under the plans and specifications for the Initial Improvements; provided, however, Landlord shall assist and reasonably cooperate with Tenant, at no cost to Landlord, in making available to the Premises property line the Existing Utility Infrastructure as described or depicted on Exhibit A-2 attached hereto, it being understood and agreed that Tenant shall accept the Existing Utility Infrastructure in their current, existing locations, on an "AS IS," "WHERE IS" basis, with no obligation on the part of Landlord to provide or construct any utilities not described or depicted in Exhibit A-2. Utility usage will be billed directly to Developer and paid for by Developer unless and until Developer has delegated the responsibility for utility payments to the Government-Tenant.

f. Aviation-Related Infrastructure. The Parties agree that Developer shall construct and install any required improvements as shall be necessary or desirable for the intended operation of the DHS Facilities (the "*Aviation-Related Infrastructure*") as part of its construction of the Initial Improvements, such construction to be in accordance with plans and specifications therefor approved by the Parties. The Parties acknowledge that Federal funds may be available for all or part of the construction of the Aviation-Related Infrastructure, and the Parties agrees to work together in good faith to obtain such funding.

g. Access. Landlord agrees to cooperate with Developer with respect to any roadway or access improvements required to enhance passenger vehicle traffic to the Premises, provided that the costs of any necessary modifications shall be the sole responsibility of Developer.

h. Financing. The complete cost of developing all necessary plans and specifications as provided herein, obtaining all licenses and permits required prior for construction, and the construction of Initial Improvements upon and as a part of the Premises by Developer shall be borne solely by Developer and be at no expense to Landlord whatsoever; provided, however, Landlord agrees that, in connection with Developer's construction of the Initial Improvements, Landlord shall provide Developer the maximum waiver allowance permitted under applicable ordinances, rules and regulations of the City of Corpus Christi. Developer acknowledges that it shall be responsible for the payment of any and all cost overruns incurred in connection with the initial construction of the Initial Improvements.

Landlord also agrees to cooperate with Developer in the pursuit of any and all available grant funding which might be available in connection with the construction of the Initial Improvements on the Premises or any portion thereof, and all such grant funds received will be credited in full to Developer. The pursuit of such funds will be conditioned upon the requested funds not being required to complete other projects contained in the Airport Capital Improvement Program, as may be amended from time to time. If the FAA or its successor requires modifications or changes to the Lease or this Exhibit A as a condition precedent to granting funds for improvements, the Parties agree to consent to the amendments, modifications or changes of the Lease or this Exhibit A as may be reasonably required to obtain the funds provided; provided, however, Tenant will not be required to pay increased rent, change the use of the Premises, modify or amend the Government Lease or accept a relocation or reduction in size of the Premises unless the Parties have fully executed an amendment to the Lease that is mutually satisfactory to all parties, including the Government-Tenant, for any terms or conditions of the Lease affected by said actions.

Other than the grant funding described above, Developer shall be responsible for securing any Construction Financing. The terms and conditions of the Construction Financing shall be subject to the sole discretion of Developer, and Developer agrees that it shall not allow any lien to attach to the Premises or Tenant's leasehold interest, except as expressly permitted in the Lease. The Parties further agree that, to the extent that Developer realizes any cost savings in the construction of the Initial Improvements such that funds from the Construction Financing remain available for Developer's use, then, after payment of all expenses and Tenant's initial funding of the Reserve Account, if such excess funds are less than Five Hundred Thousand Dollars (\$500,000), then (i) fifteen percent (15%) of such excess funds shall be paid to Landlord and (ii) eighty-five percent (85%) of such excess funds shall be paid to Developer. If such excess funds exceed \$500,000, then the amount of such excess exceeding \$500,000 shall be paid into the Reserve Account.

Not later than forty-five (45) days prior to the closing on the Construction Financing, Developer shall provide to Landlord the construction budget for the development and construction of the Initial Improvements and Landlord shall have twenty-one (21) days in which to provide any comments it may have with respect to any matters contained in such budget. The budget shall reflect all costs and expenses anticipated to be incurred in connection with the development and construction of the Initial Improvements, including the Development Fee and Consulting Fee to be paid to Developer (as defined below). If Landlord provides comments to the budget, Landlord and Developer shall work together in good faith to address any comments that Landlord may have with respect to the construction budget, such that the budget shall be finalized and approved by Developer's construction lender ("*Developer's Lender*") within twenty (20) days after having been first provided to Landlord (once approved by Landlord, Developer and Developer's Lender, the "*Construction Budget*").

i. As-Built Plans. Upon final completion and acceptance by the Government-Tenant of the Initial Improvements, Developer and/or Developer's architect shall (i) certify to the Director that the Initial Improvements were completed according to the approved plans and specifications therefor and in compliance with all applicable Building Regulations and (ii) provide two (2) sets of Mylar "as-built" plans and one electronic copy of the record construction documents to the Director, who will keep one set of plans on file at the Director's office in the Airport terminal and will provide the other set to the City Secretary. Developer must keep said documents current, by providing to the Director two (2) sets of Mylar "as-built" plans and one electronic copy of all record construction documents showing any alteration in excess of \$50,000 to the Initial Improvements during the term of this Lease.

j. Alterations. During the term of this Lease, Tenant shall (subject to the other terms and conditions of this Lease) have the continuing right to remodel, renovate and refurbish the Initial Improvements situated from time to time on Premises, or any part thereof, and to build and construct new additions and improvements thereto and thereon; provided, however any changes each costing more than One Hundred Thousand Dollars (\$100,000) shall require the prior written consent of the Director, whose consent shall not be unreasonably withheld, conditioned or delayed; provided further, that such consent shall not be required with regard to any alterations made to the DHS Facilities if requested by the Government-Tenant and such alterations comply with applicable Building Regulations.

k. Ownership of Improvements. Upon the termination of this Lease, ownership of improvements at the Premises, exclusive of Tenant's and its Subtenants' Removables, shall fully vest in Landlord, free and clear of all liens, leases and other encumbrances and adverse interest on property and improvements.

1. Liens. Except as expressly permitted under Sections 13 and 31 of the Lease, Developer shall not allow a lien to attach to the Premises or Tenant's leasehold interest therein without the prior written approval of Landlord. Notwithstanding any such approval, Landlord's fee simple interest in the surface estate burdened by Tenant's leasehold estate and rent received from Subtenants must in all events be exempt from any such lien. Any lien of Developer's Lender (defined below) shall contain the following language, or such other similar language as may be approved by Landlord:

"Lender agrees that the lien created by this instrument is effective only as to Tenant's leasehold estate created by the Ground Lease dated _____, executed by the City of Corpus Christi, as Landlord, and FDL-CC, LLC, as Tenant, and does not affect Landlord's interest, being the fee simple estate burdened by Tenant's leasehold estate."

In the event of any foreclosure by any lender, financing agency or guarantor of its lien or liens on the Initial Improvements constructed by Developer, said lender, financing agency or guarantor shall succeed hereunder to all rights, privileges and duties of Tenant, including, without limitation, paying all rentals called for under the Lease, as if said lender was originally named as the "Tenant" thereunder.

2. **Permissible Development Fees**

In connection with the Government Lease and the development of the Initial Improvements and Premises, Developer shall be entitled to be paid (i) a development fee equal to four percent (4%) of the soft and hard costs (exclusive of any financing fees, administrative fees and marketing fees) expended in the initial development of the Premises (the "*Development Fee*"), and (ii) a government consulting fee of two dollars (\$2.00) per square foot of rentable building area subleased to the Government-Tenant under the Government Lease (the "*Consulting Fee*"). The Development Fee shall be included in the total Construction Financing and paid to Developer in monthly installments during the progression of the construction of the Initial Improvements and in accordance with the Construction Budget. The Consulting Fee shall be paid to Developer upon the closing of the Construction Financing.

3. **Right to Amend**

If the Government-Tenant or its successor requires modifications or changes to the Lease or this Exhibit A as a condition precedent to granting or providing funds for the Initial Improvements, the Parties agree to consent to the amendments, modifications or changes of the Lease or this Exhibit A as may be reasonably required to obtain the funds provided; provided, however, Tenant will not be required to pay increased rent, change the use of the Premises, modify or amend the Government Lease or accept a relocation or reduction in size of the Premises unless the Parties have fully executed an amendment to the Lease that is mutually satisfactory to all parties, including the Government-Tenant, for any terms or conditions of the Lease affected by said actions.

4. Signage

Developer and the Government-Tenant may install on the Initial Improvements and/or Premises signs or other corporate identification of its or their business, provided the same comply with applicable City ordinances and Airport policies. The size, type, design and location of such signs or other corporate identification shall be subject to the prior approval of the Director, which approval shall not be unreasonably withheld.

5. Taxes and Licenses

During the development of the Premises and the construction of the Initial Improvements, Developer must cause to be paid, prior to delinquency, any and all taxes of whatever character, including ad valorem and intangible taxes, that may be levied or charged upon the Premises, the Initial Improvements or any operations thereon. Developer shall cause to be paid any and all sales taxes arising in connection with the occupancy or use of the Premises whether the taxes are assessed against the Developer or any Subtenant. Developer must obtain and pay for all licenses or permits necessary or required by law for the construction of the Initial Improvements and must require any Subtenant to obtain and pay for all licenses and permits necessary or required by law for the installation of equipment and furnishings, and any other licenses necessary for the conduct of its operations. If Developer or any Subtenant wishes to contest any tax or charge, such contest will not be a default under the Lease, so long as Developer or such Subtenant diligently prosecutes the contest to conclusion and promptly pays whatever tax is ultimately owed. Further, Developer shall cause any taxes not being contested to be paid prior to delinquency.

6. Insurance

Developer shall not commence construction of the Initial Improvements until all insurance required under Section 15 of the Lease and Exhibit A-3 attached hereto has been obtained by Developer and any contractor or subcontractors engaged by Developer and approved by Landlord's Risk Manager or designee. Developer shall otherwise comply with the terms and provisions set forth in Section 15 of the Lease and Exhibit A-3 at all times during the construction of the Initial Improvements.

Exhibit A-1

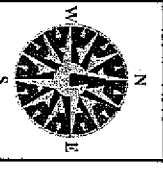
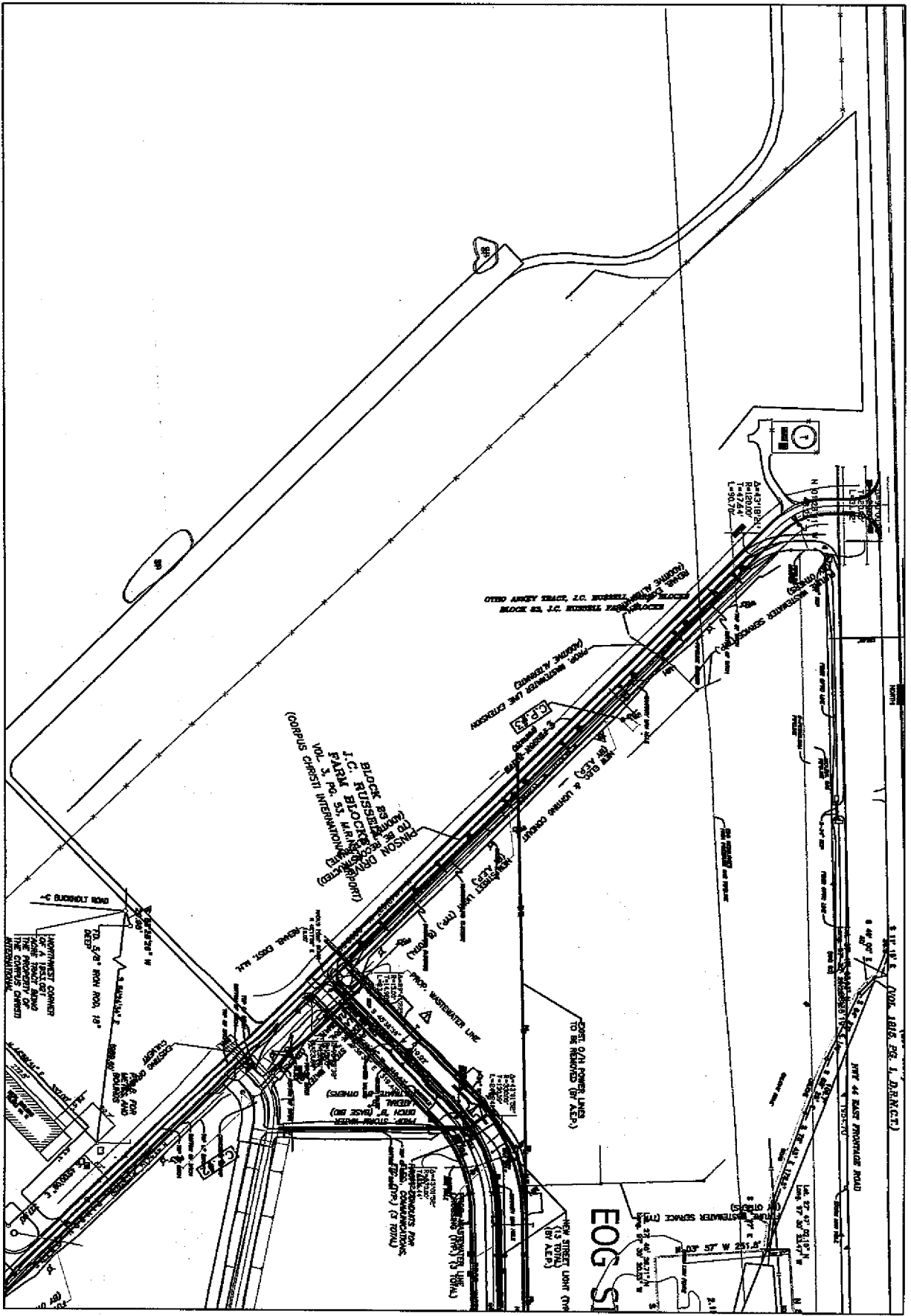
GSA REQUEST FOR LEASE PROPOSAL
(to be attached when issued)

[see attached]

Exhibit A-2

UTILITY INFRASTRUCTURE

[see attached]



DEPARTMENT OF AVIATION

EXHIBIT "A-2"

CORPUS CHRISTI INTERNATIONAL AIRPORT 2011

SCALE:	1:250
DESIGNED BY:	BEN CASQUEZ
APPROVED BY:	VICTOR GONZALEZ
DATE:	9/6/2012
PROJECT NO.:	
PAGE:	1 OF 1

Exhibit A-3

INSURANCE REQUIREMENTS

I. DEVELOPER'S LIABILITY INSURANCE

A. Developer shall not commence work under the Lease until all insurance required herein has been obtained and approved by Landlord's Risk Manager or designee. Developer must not allow any contractor or subcontractor to commence work until all similar insurance required of the Developer/Contractor has been so obtained.

B. Developer shall furnish to the Risk Manager or designee two (2) copies of Certificates of Insurance, with applicable policy endorsements showing the following minimum coverage by an insurance company(s) acceptable to the Risk Manager or designee. Landlord must be named as an additional insured for the General Liability policy, and a waiver of subrogation is required on all applicable property policies.

TYPE OF INSURANCE	MINIMUM INSURANCE COVERAGE
30-Day Notice of Cancellation required on all certificates or by policy endorsement(s)	Bodily injury and Property Damage Per Occurrence / aggregate
Commercial General Liability including: 1. Broad Form 2. Premises -- Operations 3. Products/Completed Operations Hazard 4. Contractual Liability 5. Broad Form Property Damage 6. Independent Tenants 7. Underground Hazard (if applicable)	\$1,000,000 Per Occurrence \$2,000,000 Aggregate
BUILDER'S RISK (During any Period of Construction)	Completed Value Policy with an All-Risk Endorsement
BUSINESS AUTOMOBILE LIABILITY 1. Owned 2. Hired & Non-owned	\$5,000,000 Combined Single Limit
WORKERS' COMPENSATION	WHICH COMPLIES WITH THE TEXAS WORKERS' COMPENSATION ACT AND PARAGRAPH II OF THIS EXHIBIT.
EMPLOYER'S LIABILITY	\$500,000 / \$500,000 / \$500,000

C. In the event of accidents of any kind related to this project, Developer/Contractor shall furnish the Risk Manager with copies of all reports of such accidents within ten (10) days of the accident.

II. ADDITIONAL REQUIREMENTS

A. Developer/Contractor must obtain workers' compensation coverage through a licensed insurance company in accordance with Texas law. The contract for coverage must be written on a policy and endorsements approved by the Texas Department of Insurance. The coverage provided must be in amounts sufficient to assure that all workers' compensation obligations incurred will be promptly met.

B. Developer's financial integrity is of interest to Landlord; therefore, subject to Developer's right to maintain reasonable deductibles in such amounts as are reasonably approved by Landlord, Developer shall obtain and maintain in full force and effect for the duration of this Contract, and any extension hereof, at Developer's sole expense, insurance coverage written on an occurrence basis, by companies authorized and admitted to do business in the State of Texas and with an A.M. Best's rating of no less than A- VII.

C. Landlord shall be entitled, upon request and without expense, to receive copies of the policies, declarations page and all endorsements thereto as they apply to the limits required by Landlord, and may reasonably require the deletion, revision, or modification of particular policy terms, conditions, limitations or exclusions (except where policy provisions are established by law or regulation binding upon either of the Parties or the underwriter of any such policies) where commercially feasible. Developer shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to Landlord at the address provided below within 10 days of the requested change. Developer shall pay any costs incurred resulting from said changes. All notices under this provision shall be given Landlord at the following address:

City of Corpus Christi
Attn: Risk Management
P.O. Box 9277
Corpus Christi, TX 78469-9277
(361) 826-4555- Fax #

D. Developer/Contractor agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following required provisions:

- Name Landlord and its officers, officials, employees, and elected representatives as additional insured by endorsement, as respects operations and activities of, or on behalf of, the named insured performed under contract with Landlord, with the exception of the workers' compensation policy;
- Provide for an endorsement that the "other insurance" clause shall not apply to the City of Corpus Christi where Landlord is an additional insured shown on the policy;
- Workers' compensation and employers' liability policies will provide a waiver of subrogation in favor of Landlord; and
- Provide thirty (30) calendar days advance written notice directly to Landlord of any cancellation in coverage, and not less than ten (10) calendar days advance written notice for nonpayment of premium.

E. Within five (5) calendar days of a suspension, cancellation, or non-renewal of coverage,

Developer shall provide a replacement Certificate of Insurance and applicable endorsements to Landlord. Landlord shall have the option to suspend Developer's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach hereof if not promptly cured.

F. In addition to any other remedies Landlord may have upon Developer's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, Landlord shall have the right to order Developer to stop work hereunder, and/or withhold any payment(s) which become due to Developer hereunder until Developer demonstrates compliance with the requirements hereof.

G. Nothing herein contained shall be construed as limiting in any way the extent to which Developer may be held responsible for payments of damages to persons or property resulting from Developer's performance of the work covered hereunder.

H. It is agreed that Developer's insurance shall be deemed primary and non-contributory with respect to any insurance or self-insurance carried by the City of Corpus Christi for liability arising out of operations under the Lease, except for the negligence of Landlord.

I. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in the Lease.

Exhibit B

PREMISES DESCRIPTION

[see attached]

Exhibit C

GOVERNMENT LEASE
(to be attached when executed)

[see attached]