

**CORPUS CHRISTI INTERNATIONAL AIRPORT
AMENDED AND RESTATED HANGAR AND
FIXED BASE OPERATOR'S LEASE**

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This Corpus Christi International Airport Amended and Restated Hangar and Fixed Base Operator's Lease (hereinafter "Lease" or "Lease Agreement") is entered into by and between the **CITY OF CORPUS CHRISTI** ("Lessor"), a Texas home-rule municipal corporation, acting by and through its City Manager pursuant to Ordinance No. _____, and **SIGNATURE FLIGHT SUPPORT CORPORATION** ("Lessee"), a Delaware corporation authorized to do business in Texas, acting by and through its duly authorized officers. The initial addresses of the parties are as follows:

City
Director of Aviation
City of Corpus Christi
1000 International Drive
Corpus Christi, Texas 78406

Lessee
Attn: General Counsel
Signature Flight Support Corporation
201 South Orange Avenue, Suite 1100
Orlando, Florida 32801

WHEREAS, on August 29, 1959, Lessor leased certain sites at the Corpus Christi International Airport for commercial hangar and fixed base aviation operations, herein referred to as the "Master Lease;" and

WHEREAS, on July 14, 1960, a lease agreement covering certain of the Master Lease sites, or portions thereof, was assigned to Gault Aviation and

WHEREAS, said lease agreement was later amended on July 14, 1960, February 14, 1961, May 27, 1964, May 25, 1966, and November 15, 1966; and

WHEREAS, on February 20, 1980, an assignment of said lease agreement from Gault Aviation to Air Associates, Inc., later known as Van Dusen Airport Services Company, was approved by Lessor; and

WHEREAS, said lease agreement was later amended and/or modified on December 7, 1983 and December 17, 1985; and

WHEREAS, said lease agreement was assigned on December 16, 1986 from Van Dusen Air, Inc. to Van Dusen Air Services Company, Limited Partnership, and was later amended and assigned from Van Dusen Airport Services, L.P. to Page Avjet Airport Services, Inc., a wholly owned subsidiary of Page Avjet Corporation (Page) on October 31, 1990; and

WHEREAS, Page Avjet Airport Services, Inc. changed its name to Signature Flight Support Corporation pursuant to a Certificate of Amendment of Certificate of Incorporation dated October 1, 1992; and

WHEREAS, Lessee is a current tenant pursuant to the above-referenced lease agreement, together with all assignments, amendments, modifications, and name changes thereof.

WHEREAS, the parties hereto desire to modify the provisions of said lease agreement; and

NOW, THEREFORE, the following Amended and Restated Hangar and Fixed Base Operator's Lease is hereby entered into by and between the parties hereto in complete substitution for the previous lease agreement and all amendments and modifications thereto, as heretofore amended:

ARTICLE 1. DEFINITIONS

As used herein, the following words and phrases shall have the meanings set forth below:

1.01 Affiliate. "Affiliate" is any corporation or other entity which directly or indirectly controls or is directly or indirectly controlled by or is under common control with Lessee; "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities or by contract or otherwise.

1.02 Airport. "Airport" means Corpus Christi International Airport.

1.03 AOA. "AOA" means Aircraft Operating Area.

1.04 Appraisal. "Appraisal" means the process to arrive at a property valuation based on rental rates for similar property at the Airport and at similar nearby airports and consistent with airports included in the appraisal done by Aviation Management Consulting Group, dated November 18, 2011, identified in EXHIBIT 2, attached hereto and incorporated into this Lease that will be utilized to set rental rates during the term of this Lease.

1.05 Aviation Director. "Aviation Director" means the Aviation Director of the City of Corpus Christi or Assistant Aviation Director.

1.06 Capital Improvement. "Capital Improvement" means an expenditure for a project or improvement at the Leased Premises that increases the value of the Leased Premises or extends its life expectancy by (i) returning the Leased Premises to its originally efficient operating condition if it has deteriorated to a state of disrepair and is no longer functional for its intended use, (ii) rebuilding Leased Premises to a like-new condition after the end of its economic useful life, or (iii) replacing or adding a major component or substantial structural part of the Leased Premises.

1.07 DOT. "DOT" means the United States Department of Transportation, and any federal agency succeeding to its jurisdiction.

1.08 FAA. "FAA" means the Federal Aviation Administration of the United States government, and any federal agency succeeding to its jurisdiction.

1.09 FBO. "FBO" is an abbreviation for Fixed Base Operator, which is further defined in the Minimum Standards for Commercial Aeronautical Service Providers.

1.10 Fiscal Year. "Fiscal Year" means a period of twelve (12) consecutive months commencing on October 1 and ending on September 30.

1.11 Leased Premises. "Leased Premises" means those certain premises at Airport more particularly described in Article 2.

1.12 Maintenance. "Maintenance" means a repair of less than \$100,000 that keeps the Leased Premises in proper working condition but does not add to the value or extend the life expectancy of the Leased Premises. Maintenance merely keeps the Leased Premises in an operating condition over its probable useful life for which it was acquired.

1.13 Sign. "Sign" means any advertising sign, billboard, identification sign or symbol, or other similar device, regardless of content.

1.14 Subsidiary. "Subsidiary" shall mean any corporation or other entity not less than fifty percent (50%) of whose outstanding stock (or other form of equity ownership) shall, at the time, be owned directly or indirectly by Lessee or the entity owning directly or indirectly 50% or more of Lessee, as applicable.

1.15 Trade Fixtures. "Trade Fixtures" shall mean, but shall not be limited to, any signs (electrical or otherwise) used to identify Lessee's business; all shelves, bins, racking, machinery and equipment used in connection with Lessee's required or permitted activities pursuant to this Lease, whether or not such machinery or equipment is bolted or otherwise attached to the Leased Premises; and all other miscellaneous office equipment, furnishings, and personal property.

1.16 TSA. "TSA" means the Transportation Security Administration, and any federal agency succeeding to its jurisdiction.

ARTICLE 2. DESCRIPTION OF LEASED PREMISES

2.01 Lessor, for and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed by Lessee, does hereby lease unto Lessee, and Lessee does hereby accept from Lessor, the property, including all structures and improvements erected on the property existing and in operation as of the Commencement Date of this Lease (collectively referred to as "Leased Premises") located at 574 Hangar Lane, at the Airport, identified in EXHIBIT 1, attached hereto and incorporated into this Lease.

ARTICLE 3. RENTAL

3.01 Lessee agrees to pay Lessor the rental as indicated on the tables (entitled "Premises Rent" and "Fuel Farm Rent") below, monthly in advance (without notice or demand, both of which are expressly waived) for the use and occupancy of the Leased Premises, at the times and in the manner hereinafter provided. During the Term, any change in rent will be based on an Appraisal by a third party appraiser, pursuant to the Appraisal process defined herein and described in section 3.03 herein. Initial values will be determined by the amount set by the appraisal done by Aviation Management Consulting Group, dated November 18, 2011, identified in EXHIBIT 2, attached hereto and incorporated into this Lease.

All rentals shall be calculated based on the Appraisal and shall be paid by Lessee to Lessor in advance without invoicing, notice or demand, in equal monthly installments on or before the first day of each calendar month beginning on the Commencement Date and continuing throughout the remainder of the term of this Lease and any extension(s) hereof. In the event that the term of this Lease shall commence on the day other than the first day of any calendar month or expire on a day other than the last day of a calendar month, then, and in such event, the rent will be prorated for the first or last month as the case may be.

From Commencement Date through Initial Term:

**PREMISES
RENT**

<u>Premises</u>	<u>Area SF</u>	<u>Acreage</u>	<u>Rent per sf/yr</u>	<u>Annual Rental</u>	<u>Monthly Rental</u>
Hangar 2	15,000	0.34	\$1.50	\$ 22,500.00	\$ 1,875.00
Hangar 3	30,800	0.71	\$1.65	\$ 50,820.00	\$ 4,235.00
Office 3	5,770	0.13	\$5.65	\$ 32,600.50	\$ 2,716.71
Office 4	5,032	0.11	\$5.65	\$ 28,430.80	\$ 2,369.23
Office 5	7,464	0.17	\$5.65	\$ 42,171.60	\$ 3,514.30
Terminal	4,900	0.11	\$6.00	\$ 29,400.00	\$ 2,450.00
Parking Lot	51,602	1.18	\$0.30	\$ 15,480.60	\$ 1,290.05
Apron	62,000	1.42	\$0.325	\$ 20,150.00	\$ 1,679.17
Undeveloped	22,944	0.53	\$0.30	\$ 6,883.20	\$ 573.60
Fuel Farm Pad	4,776	0.11	\$0.30	\$ 1,432.80	\$ 119.40
TOTAL	210,288	4.81		\$249,869.50	\$20,822.46

FUEL FARM RENT

<u>Description</u>	<u>Capacity (Gallons)</u>	<u>Rent per GAL/YR</u>	<u>Annual Rent</u>
JETA	36,000	\$0.750	\$27,000
AVGAS	12,000	\$0.750	\$9,000
UNLEADED	2,000	\$0.750	\$1,500
DIESEL	2,000	\$0.750	\$1,500
TOTAL	52,000	\$0.750	\$39,000

3.02 All rent and payments that become due and payable by the Lessee shall be made to the City of Corpus Christi, Office of the Aviation Director, Corpus Christi International Airport, 1000 International Drive, Corpus Christi, Nueces County, Texas, 78406 unless otherwise notified in writing. All rent and payments unpaid for ten (10) days after the date due shall bear interest at the rate of eighteen (18) percent per annum from that date.

3.03

(a) At the City's sole expense, the Appraisal shall be updated by the City approximately every five (5) years after the date of the previous Appraisal, to arrive at an updated property rental valuation that will be utilized to set rental rates for any subsequent five (5) year period, irrespective of whether or not one or more Options are exercised by Lessee. Following the Commencement Date of this Lease, any increase(s) will (i) be based on the most current Appraisal, (ii) be implemented on a continuing five-year cycle, utilizing the 2011 Appraisal as the base date for the five-year cycle, and (iii) take effect upon the date next following 30-days advance notice, as set out in this paragraph. Such continuing five-year cycle is unaffected by the exercise of an Option or by any number of Options that may be exercised by Lessee at any one

time. The City shall provide Lessee with not less than 30 days advance written notice of the amount of the increase(s) and the date the rental rate increase(s) will take effect.

(b) The appraiser shall be a qualified and impartial member of the Appraisal Institute or a person with equivalent credentials, experienced in airport property appraisals.

ARTICLE 4. USE OF LEASED PREMISES

Lessee shall use the Leased Premises solely for operating an FBO as defined Section 15 of the current Minimum Standards dated October 17, 2012, for Commercial Aeronautical Service Providers and as the same may be amended from time to time, which includes performing and/or subleasing to qualified tenants to perform full aircraft servicing facilities including but may not be limited to the sale of aircraft and aircraft parts; aircraft maintenance and repair; servicing of aircraft engines, instruments, propellers and accessories in connection with said business, aircraft storage, aircraft training, aircraft charter and rentals, aviation school instruction, classroom and flight simulator instruction, and other flight instruction provided only to those persons already holding an aircraft pilot license and seeking a certification towards an aircraft being manufactured or sold on the Leased Premises, and such other activities reasonably incidental thereto and such business directly related thereto or as may be set forth in the Minimum Standards as amended from time to time. Such use may also include any other activity or services normally performed or offered by an FBO at the Airport, as adopted in the Minimum Standards, as they may be amended from time to time, and such other aviation related uses as may be included in the Minimum Standards as amended from time to time. Provided Lessee is a holder of a valid aviation fuel dispensing permit issued by the City of Corpus Christi and not in default of any other provision of this Lease, Lessee may also conduct fueling operations as authorized under said fuel dispensing permit on the Leased Premises.

In connection with such use and occupancy, Lessee shall have the right to occupy and maintain, as required by this Lease, all buildings, shops, hangars and other improvements existing on the Leased Premises as of the Commencement Date of this Lease.

The City reserves the right to replace or repair portions of the apron included in the Leased Premises. During any such replacement or repair work, if Lessee cannot use portions of the apron due to the work being done, the City will provide Lessee alternate space of substantially the same size of said portions and as close to the Leased Premises as is practical. Prior to the award of any contract for such replacement or repair, the City shall consult with Lessee on alternative space options and use its best efforts to provide an alternative that has the least impact on Lessee's operations. Following the completion of any such replacement or repair, Lessee's Leased Premises will be restored to its original layout. Lessee waives any claims for compensation for loss caused by such temporary relocation provided the steps identified herein are followed.

The Lessee shall not at any time leave the Leased Premises vacant, but shall in good faith continuously throughout the term of this Lease conduct and carry on in the entire Leased Premises the type of business for which the Leased Premises are leased, except during periods in which the Leased Premises may not be occupied as a result of fire or other casualty, or reasonable periods for repairs and alterations, all such repairs and alterations to be diligently pursued to completion.

All services performed by Lessee shall be in compliance with all applicable state and federal environmental rules and regulations at Lessee's sole expense.

No other activities shall be conducted on the Leased Premises unless authorized in writing by the Aviation Director provided, however that such other activities be aeronautical in nature.

ARTICLE 5. LEASE TERM

5.01 The initial term of this Lease shall be five (5) years ("Initial Term") that shall commence on the sixty-first (61st) day following the date of passage of an Ordinance by the City Council of Corpus Christi approving this Lease ("Commencement Date") and shall terminate at midnight of the last day of the 5-year term unless earlier terminated in accordance with this Lease or extended for additional periods as provided in section 5.02 below. Together the Initial Term and any extension shall collectively be referred to as the Term of this Lease.

5.02 Lessee shall have the option to extend the Term by up to four (4) additional five (5) year periods ("Option(s)"), with the maximum term of the Lease not to exceed twenty-five (25) years. Each five (5) year Option shall be conditioned upon i) a Capital Improvement Plan (as defined herein in the paragraph below) and related budget, agreed upon by the parties as described herein, ii) a capital investment by Lessee of not less than One Million One Hundred Thousand dollars (\$1,100,000) for Direct Construction Costs (as defined below) for such Capital Improvements, and iii) a performance bond or irrevocable standby letter of credit in the face amount of the agreed upon budget for the Capital Improvement Plan, as described below, provided however, if the Lessee submits and the City approves a Capital Improvement Plan equal to or in excess of a multiple of \$1,100,000, the Term of this Agreement shall be extended for five year Option periods equal to the multiple of the Direct Construction Costs in the approved Capital Improvement Plan. Upon satisfaction of the foregoing three conditions, the Term of this Agreement shall be extended by amendment to be promptly issued by the City and countersigned by the Lessee. Failure to meet any of the three conditions stated herein will invalidate the Option.

As used herein, "Capital Improvement Plan" means a detailed description of the Capital Improvements including budgetary costs, and intended uses for each item intended to be installed or constructed at the Leased Premises by the Lessee. "Direct Construction Costs" means all general contractor and construction related trades required to complete the project in accordance with the approved drawings as well as related costs associated with architecture, engineering, testing, permits, and construction management.

Subject to the requirements set forth in Article 13 herein, Lessee will submit the above-referenced Capital Improvement Plan to the Aviation Director before the end of the thirtieth (30th) month after the Commencement Date of the Initial Term (or current Option period, in the case of exercise of the first, second or third Option). The Aviation Director shall have thirty (30) calendar days after receipt of the Capital Improvement Plan, to approve or to object in writing to any matter referenced within. If the Aviation Director objects within such 30-day period in writing to any matter contained within such Plan (including its budget), the Aviation Director and Lessee agree to work together in good faith to resolve any such objections to the reasonable satisfaction of both parties. Subject to the approval by the Aviation Director of the Capital Improvement Plan, Commencement of Construction of such Capital Improvements shall begin no later than the end of the sixth (6th) month of the fourth (4th) year after the Commencement Date of the Initial Term (or current Option period, in the case of exercise of the first, second or third Option). "Commencement of Construction" means (i) to commence the work of constructing the Capital Improvements or features with all approvals thereof required by applicable governmental authorities obtained as necessary; (ii) a notice to proceed has been issued to the contractor; and (iii) onsite construction of the site development components (such as drainage, extensive grading or utilities) is underway and being pursued.

As security for full and faithful Completion of such Capital Improvements required for each Option, before the end of the thirtieth (30th) month after the Commencement Date of the Term (or current Option period, in the case of exercise of the first, second or third Option), Lessee must furnish to the Aviation Director a performance bond or irrevocable standby letter of credit in the face amount of the agreed upon budget for the Capital Improvement Plan referenced above, but in no event less than One Million One Hundred Thousand dollars (\$1,100,000), issued by a surety company or bank authorized and licensed to transact business in the State of Texas, with the City of Corpus Christi Aviation Department as obligee or beneficiary, respectively, and, if a bond, not subject to reduction or cancellation except after thirty (30) days' written notice by certified mail, return receipt requested, to the Aviation Director. Said performance bond or irrevocable standby letter of credit shall be kept in force until Completion of the above-referenced Capital Improvement. "Completion" means issuance of Certificates of Occupancy for the Capital Improvement(s) have been issued or a determination by an engineering or architectural firm that the Capital Improvement Plan is substantially complete and Lessee may safely use and occupy the improvements.

A bond or irrevocable letter of credit, as described above, must be valid for six (6) months or more and require, as sole documentation for payment, a statement in writing from the Aviation Director setting forth (i) the circumstances giving rise to the call on the bond or giving rise to the draft on a letter of credit or (ii) a statement of the failure to furnish proof of renewal or replacement of the bond or letter of credit, as applicable, no less than thirty (30) days prior to the expiration of the then current bond or letter of credit and, if a letter of credit was posted, accompanied by a properly drawn draft in an amount not to exceed the face value of the letter of credit.

Upon Lessor's request, Lessee shall provide documentation such as invoices, contracts, proof of payment, and other records satisfactory to the Aviation Director as evidence of expenditure towards Capital Improvement Plan.

Only in the event that this Lease is terminated by the City prior to the end of an exercised Option without fault or default on the part of Lessee and (i) other than as a result of the lawful assumption by the United States Government or any authorized agency thereof of the operation, control or use of the Leased Premises that substantially restricts Lessee from operating thereon; or (ii) other than as a result of the issuance by any court of competent jurisdiction of an injunction that prevents or restrains the use of the Leased Premises that prevents Lessee from operating thereon, the total Direct Construction Costs for the approved Capital Improvement Plan associated with said Option shall be amortized on a straight line basis over the term of that Option and a payment issued by the City to the Lessee for the unamortized amount of the Direct Construction Costs for the approved Capital Improvement Plan for the remaining balance of that Option term, with payment to be made within sixty (60) days of such termination. If the Lease is terminated as a result of a Lessee default as stated in Section 24 of this Lease or for any reason other than that stated in the immediately preceding sentence herein, no reimbursement of Direct Construction Costs will be made and Lessee forfeits the full investment to the City.

The budget for the Capital Improvement Plan required to exercise an Option, as described in this Section 5.02, shall be in addition to the deferred maintenance and other maintenance required in Article 15 herein.

The performance bond or irrevocable standby letter of credit required to exercise an Option, as described in this Section 5.02, shall be in addition to the performance guarantee required in Article 8 herein.

ARTICLE 6. INDEMNIFICATION

6.01 Lessee shall indemnify, hold harmless and defend the City, its officers, officials, employees, and agents ("Indemnitees") from and against any and all liability, loss, damages, claims, demands, causes of action, and judgments of any nature on account of personal injuries, property loss, or damage (including, without limitation to the foregoing, workers' compensation and death claims) which arise out of or in connection with this Lease Agreement or the performance of this Lease Agreement, regardless of whether the injuries, death, loss, or damage are caused by or are claimed to be caused by the concurrent or contributory negligence of Indemnitees, but not by the sole negligence of Indemnitees unmixed with the fault of any other person. Lessee must, at its own expense, investigate all claims and demands, attend to their settlement or other disposition, defend all actions based thereon with counsel satisfactory to Indemnitees, and pay all charges of attorneys and all other costs and expenses of any kind arising from any liability, loss, damages, claims, demands, or actions. The indemnification obligations of Lessee under this section shall survive the expiration or earlier termination of this Lease Agreement.

6.02 Intentionally left blank.

6.03 NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES ARISING OUT OF THE PERFORMANCE OF THIS AGREEMENT.

ARTICLE 7. INSURANCE

7.01 General Requirements. Lessee shall not commence use or occupancy of the Leased Premises until Lessee has obtained the types and amounts of required insurance as indicated below and until such insurance has been reviewed by the City and a Certificate of Insurance is received indicating required coverage. If the coverage period ends prior to the end of the Term of this Lease, including any extensions thereof, Lessee must, prior to the end of the coverage period, forward a new Certificate of Insurance to City as verification of continuing coverage for the duration of the Term of this Lease. Lessee must submit certificates of insurance for all sub lessees, assignees and subcontractors to the City prior to commencing work.

Lessee and all sub lessees', assignees' and subcontractors' insurance coverage shall be written by companies licensed to do business in the State of Texas at the time the policy is issued and shall be written by companies with an A.M. Best rating of A-VII or better. Hazardous materials insurance, if required, shall be written by companies with an A.M. Best rating of A-VII or better. Lessee, sub lessees, assignees and subcontractors 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 with endorsements approved by the Texas Department of Insurance. The coverage provided must be in amounts sufficient to assure that all workers' compensation obligations incurred by the Operation will be promptly met.

The following conditions apply:

(a) Approval of insurance by City and the required minimums shall not relieve or decrease the liability or responsibility of the Lessee hereunder and shall not be construed to be a limitation of liability on the part of the Lessee.

(b) The Lessee, sub lessees, assignees and subcontractors must obtain and maintain in force insurance at all times during the Term of this Lease.

(c) All endorsements naming the City as additional insured, waivers of subrogation, and notices of cancellation, endorsements, as well as Certificates of Insurance shall indicate:

City of Corpus Christi
Department of Aviation
1000 International Drive
Corpus Christi, Texas 78406
Attn: Director of Financial Services

A copy of the insurance certificate shall be provided to the City's Risk Management Division.

(d) It is intended that Policies required in the Minimum Standards, which may be amended from time to time, covering the City and Lessee shall be considered primary and non-contributory coverage, as applicable.

(e) If insurance policies are not written for the amounts specified below, the Lessee, sub lessees, assignees and subcontractors shall carry Umbrella or Excess Liability Insurance for any differences in amounts specified. If Excess Liability Insurance is provided, it shall follow the form of the Primary Coverage.

(f) The City shall be entitled, upon request and without expense, to receive certified copies of policies and endorsements thereto.

(g) The City reserves the right to review insurance requirements set forth during the term of a Lease and to make reasonable adjustments to required types of insurance coverage, limits, and exclusions when deemed necessary and prudent by the City based upon changes in statutory law, court decisions, the claims history of the industry or financial considerations of the insurance company as well as the Lessee, sub lessees, assignees and subcontractors.

(h) The Lessee, sub lessees, assignees and subcontractors shall not cause any insurance to be cancelled or permit any insurance to lapse during the Term of a Lease or as required in the Lease.

(i) The Lessee, sub lessees, assignees and subcontractors shall provide all deductibles and self-insured retentions, if any, stated in the policies. All deductibles and self-insured retentions shall be disclosed on the Certificates of Insurance.

(j) Liability Insurance provided by the Lessee, sub lessees, assignees and subcontractors pursuant to the Minimum Standards shall cover and protect the City, its officials, officers, agents, Personnel, contractors, successors, and assigns, as their interests may appear.

(k) The Lessee, sub lessees, assignees and subcontractors are responsible for insuring their own interest.

7.02 Specific Insurance Requirements. The Lessee, sub lessees, assignees and subcontractors shall obtain, and maintain throughout the Term of this Lease, the following insurance coverages and furnish certificates of insurance and policy endorsements as evidence thereof:

(a) Workers' Compensation and Employers Liability coverage with limits consistent with statutory benefits outlined in the Texas Workers' Compensation Act (Section 401) and minimum policy limits for employers liability of \$1,000,000 bodily injury each accident, \$1,000,000 bodily injury by disease policy limit and \$1,000,000 bodily injury by disease each Personnel. The following endorsements shall be added to the policy:

- (i) A Waiver of Subrogation in favor of the City of Corpus Christi;
- (ii) A thirty (30) day written notice of Cancellation/Material Change in favor of the City.

(b) Property insurance coverage on an "All Risk of Physical Loss" form for 100% of the replacement value of all improvements constructed by or for Lessee on the Leased Premises. Coverage shall include, but not be limited to, fire, wind, hail, theft, vandalism, and malicious mischief. The coverage shall be written on a replacement cost basis. The proceeds from such insurance shall be used to restore the improvements to their original condition in the event of a covered loss. Lessee is responsible for insuring their own interests. Lessee is responsible for deductibles for any loss.

(c) Liability insurance in the specific types and amounts specified in section 7.03 below as applicable for the proposed Commercial Aeronautical Service Operator, as defined in the Minimum Standards, as may be amended from time to time.

- (i) All Commercial General Liability Insurance policies shall contain:
 - (1) Waiver of Subrogation in favor of the City of Corpus Christi.
 - (2) Thirty (30) day written notice of cancellation or material change in favor of the City of Corpus Christi.
 - (3) City of Corpus Christi listed as additional insured, form CG 2010, or its equivalent.
 - (4) Independent Contractors coverage.
 - (5) Blanket contractual liability coverage for liability assumed under the Lease or Permit.
 - (6) Damage to Premises Rented to you in an amount not less than \$250,000.
 - (7) Medical Expense coverage with a limit of \$5,000 any one person.

(d) Environmental impairment liability to include remediation and spill/leakage clean-up with minimum limits of \$2,000,000 each incident / \$2,000,000 policy aggregate limit issued on a claims made policy with extended reporting coverage of 24 months post-lease termination/expiration. By offer of Lessee and specific acceptance by City, Lessee shall provide the 24 months post-lease termination/expiration coverage of environmental impairment liability insurance by renewal of the policy in effect during the Term, with proof of renewal provided to the City's Risk Manager and Aviation Director upon each successive renewal for a period of 24 months following the expiration or earlier termination of the Lease.

This provision, providing for the environmental coverage post-lease, survives the expiration or earlier termination of this Lease.

7.03 Lessee Requirements.

Environmental Impairment Liability (Broad Form Pollution Liability Coverage/Third party Clean up. AST/UST coverage)	Commercial General Liability (Bodily Injury and Property Damage / Personal and Advertising Injury)	Completed Operations	Hangar Keepers	Aircraft Liability (Bodily Injury and Property Damage / including Passengers)	Non Owned Aircraft
\$2MM each incident – limit /\$2MM policy aggregate; if claims made policy needs twenty four (24) month extension period post termination date	\$10MM / \$10MM	\$10,000,000	\$2,000,000	\$10MM / \$10MM	\$10MM

7.04 Motor Vehicle Requirements. For Lessee's vehicles operated on the Leased Premises and in the AOA the following conditions apply:

- (a) Business Automobile Liability Insurance for all owned, non-owned, and hired vehicles with a minimum combined single limit of \$5,000,000 for bodily injury and property damage.
- (b) City of Corpus Christi named as additional insured, Form TE 9901B.
- (c) Thirty (30) day written notice of cancellation or material change in favor of the City of Corpus Christi, form TE 0202A.

ARTICLE 8. PERFORMANCE GUARANTEE & LANDLORDS LIEN

8.01 Lessee shall deliver to the City, on or before the Commencement Date of this Lease, but at a minimum must show written evidence of performance guarantee commitment no later than the date of execution of this Lease, and shall keep in force throughout the Term hereof, an irrevocable standby letter of credit ("ISLC") in favor of Lessor, drawn upon a bank satisfactory to Lessor and payable to City of Corpus Christi, Aviation Department. The foregoing shall be in a form and content satisfactory to Lessor, shall be conditioned upon satisfactory performance of all terms, conditions and covenants, including maintenance requirements, contained herein during the Term hereof and shall stand as security for payment by Lessee of all amounts due by Lessee as a result of valid declarations of uncured default, as set forth herein, asserted by Lessor. The amount of the ISLC shall be adjusted, as necessary, so that it shall at all times equal at least one (1) year of the total estimated annual rentals, fees and charges payable by Lessee to Lessor hereunder. The ISLC shall not be subject to reduction in coverage or cancellation. If the available

balance on the ISLC falls below the amount required herein, Lessor agrees to replenish it to the full required amount within seven (7) days of it falling below the full required amount. Failure to replenish the ISLC as stated herein constitutes default of the Lease. The surety on the ISLC must, by appropriate notation thereon, stipulate and agree that no change, extension of time, alteration or addition to the terms of this Lease in any way affects its obligations under the ISLC and consents to waive notice of any such matters. An irrevocable letter of credit, as described above, must be valid for six (6) months or more and require, as sole documentation for payment, a statement in writing from the Aviation Director setting forth (i) the circumstances of a valid declaration of default giving rise to the call on the letter of credit or (ii) a statement of the failure to furnish proof of renewal or replacement of the letter of credit no less than thirty (30) days prior to the expiration of the then current letter of credit, and accompanied by a properly drawn draft in an amount not to exceed the face value of the letter of credit.

8.02 Lessee hereby gives to Lessor a lien upon all of its property now, or at any time hereafter, in or upon the Leased Premises, to secure the prompt payment of charges herein stipulated to be paid for the use of said Premises; all exemptions of such property, or any of it, being hereby waived.

In the event that the amount of the performance guarantee provided by Lessee under the terms of this Lease, at all times during the term hereof, shall equal the greater of the rents, fees and charges payable by Lessee to Lessor for the current calendar year or double the amount of the performance guarantee set forth in Section 8.01 above, then the provisions set forth in Section 8.02 above, shall not apply hereto.

8.03 The performance guarantee required in Article 8 herein shall be in addition to the performance bond or irrevocable standby letter of credit required to exercise the Option, as described in Section 5.02 herein.

ARTICLE 9. MINIMUM STANDARDS

Lessor has adopted Minimum Standards ("Minimum Standards") and Rules and Regulations ("Rules and Regulations"), which shall govern Lessee in the use of the Leased Premises and all common facilities, a copy of each of which has been furnished to Lessee and are incorporated herein by reference. Lessee agrees to comply fully at all times with these governing documents. Lessor, in its sole discretion, shall have the right to amend, modify and alter these Minimum Standards and Rules and Regulations from time to time in a reasonable manner or may introduce other regulations as deemed necessary for the purpose of assuring the safety, welfare, convenience and protection of property of Lessor, Lessee and all other tenants and customers of the Airport; provided, however, that Lessor shall give Lessee reasonable advance notice of any such amendments, modifications or alteration of the Minimum Standards and/or Rules and Regulations.

ARTICLE 10. FEES AND CHARGES

10.01 Fees and Charges.

(a) Fuel flowage fees shall be paid by Lessee to the Lessor for all fuel delivered to the Leased Premises for dispensal by the Lessee to all categories of customers except any signatory airline paying a landing fee at the Airport, in the amount per gallon, subject to atmospheric adjustments, now or hereafter set by the Aviation Director, as may be adjusted periodically. The fees and charges in effect as of the Commencement Date of this Lease are set forth in EXHIBIT 5 attached hereto, Lessee agrees to keep accurate books, records and accounts of its purchase

and sale of aircraft fuel delivered to its customers on the Airport premises. Lessee agrees to remit to the Aviation Director payment and related delivery tickets provided by the various suppliers as to the amount of aircraft fuel delivered to the Leased Premises, by the 10th day of the month following such delivery. If no such delivery is made during a particular month, Lessee shall provide the Aviation Director with a written statement to that effect.

(b) Any City controlled ramp related uses by Lessee that are not included in the Leased Premises shall be for public use and subject to a Ramp Fee, as set forth in EXHIBIT 5 attached hereto. The Ramp Fee shall be set annually by the City for use of City controlled ramp. Lessee or sub lessee shall remit to the City seventy-five percent (75%) of all revenues received for use of City controlled ramp or equivalent charges within ten (10) days following the end of the month in which the ramp was utilized, accompanied by an accounting of all City controlled ramp rental activity. Lessee shall retain the remaining twenty-five percent (25%) of such revenues as consideration for Lessee's management of said City controlled ramp rental and collection of resulting revenues. The City retains the right to enter upon City controlled ramp at any time and to take an inventory of any aircraft parked on the City controlled ramp, as well as a right to audit Lessee's or sub lessee's accounting of City controlled ramp rental activity. Lessee or sub lessee cannot charge any fees for use of the City controlled ramp other than the Ramp Fee set by the City for use of City controlled ramp and cannot waive any fees set by the City and due to the City for use of City controlled ramp without City's written approval.

(c) Fees and charges for miscellaneous items and services provided by the City, including, but not limited to, employee badges, shall be assessed by the City in connection with the ordinary usage of Airport facilities (hereafter "City Fees," set forth in EXHIBIT 5 attached hereto).

(d) All rentals, fees and charges payable by Lessee to Lessor under the terms hereof, whether or not expressly denominated as rent, shall constitute rent for all purposes, including, but not limited to, purposes of the United States Bankruptcy Code.

(e) For those services or functions listed in EXHIBIT 5 attached hereto, Lessee cannot charge fees to their customers that are in excess of the applicable fees and charges that are approved by the City, as amended from time to time, set forth in EXHIBIT 5 attached hereto.

10.02 Proceeds Rent.

(a) Lessee covenants and agrees to pay as additional Rent hereunder an amount equal to three percent (3%) of any Gross Proceeds (as hereinafter defined) from a Sale (as hereinafter defined) of the Lessee's Leasehold Interest in the Leased Premises, or any portion thereof, as the case may be, at the times and in the manner hereinafter set forth (the "Proceeds Rent"). This section 10.02 applies only to the sale of Lessee's Leasehold Interest in the Leased Premises, or any portion thereof, at Corpus Christi International Airport and no other location.

(b) Payments of the Proceeds Rent shall be paid immediately upon a Sale as follows: upon the Closing and payment of the total purchase price in a Sale, accompanied by a certificate of the chief financial officer of the Lessee as to the amount of Gross Proceeds of the Sale. At the election of the City, the City and the Lessee shall coordinate payment of the Proceeds Rent through an escrow.

(c) Lessee shall, at the time of any such Sale, deliver to the City a statement certifying the amount of the Gross Proceeds for such Sale and the amount of the Proceeds Rent due and payable to the City. Such statement shall set forth in detail reasonably satisfactory to the City the

computation of Gross Proceeds, and Proceeds Rent therefor, together with such other information as the City may deem reasonably necessary for the determination of the Proceeds Rent, such as the purchase agreement and/or sale closing statement. Except for such changes as are necessary to calculate the Gross Proceeds from the Sale, the statements required above shall be prepared in accordance with generally accepted accounting principles on the accrual basis consistently applied and otherwise in such manner as the City shall have approved in writing.

(d) For purposes of this Section, capitalized terms set forth below shall have the meanings ascribed to them below:

"Beneficial Interest" shall mean the interest of the Beneficiary in any trust of which it is beneficiary, if the Lessee is ever a land trust.

"Beneficiary" shall mean the Beneficiary under a trust which at any time the Lessee is a trustee under a land trust.

"Gross Proceeds" shall mean the purchase price in a Sale (including, without limitation, (1) the principal and interest of any financing to which the Sale is subject or which is assumed by the Lessee and (2) the fair market value of any consideration consisting of property other than cash).

"Leasehold Interest" shall mean the Lease between the City and Lessee and all resulting income streams and contracts resulting from Lessee's use of the Leased Premises, as defined herein.

"Sale" shall mean (i) a sale, assignment, transfer or other conveyance of any portion of Lessee's interest under this Lease (including an assumption and assignment of the Lease by Lessee as debtor or debtor in possession or by a trustee in bankruptcy acting on behalf of Lessee) and/or in the Leased Premises or any portion of the Leased Premises; (ii) execution and delivery of a contract to convey any portion of Lessee's interest under this Lease upon payment of part or all of the purchase price which is accompanied by a transfer of possession and the risks and benefits of ownership to the purchaser; or (iii) a transaction or series of related transactions involving Lessee which has the economic equivalence to the owners of interests in Lessee as a transaction described as a Sale, regardless of the form of such transaction, whether by sales of direct or indirect interests in Lessee (including, without limitation, sales or other transfer of any membership interests in Lessee or in any constituent members of Lessee or in any corporate stock, partnership interests or Beneficial Interests in any future tenant organized as a corporation, partnership or trust, respectively, or in any constituent shareholders, partners or Beneficiaries thereof) or sales of assets by an entity which owns Lessee's interest under this Lease and other property.

(e) The City shall not, as a result of the rights granted herein to receive Proceeds Rent, be considered as a co-owner, co-partner or co-adventurer with Lessee in the Leased Premises.

(f) The Lessee shall not be required to pay Proceeds Rent on its receipt of proceeds from business interruption or loss of rents insurance payments.

ARTICLE 11. PRIVILEGES AND CONDITIONS

11.01 Lessor hereby grants to Lessee and any assignees and/or sub lessees pursuant to Article 26 herein, the following general, non-exclusive privileges, uses and rights, subject to the terms,

conditions and covenants herein set forth:

(a) The general use by Lessee, for commercial aviation activities, of all common aircraft facilities and improvements, which are now, or may hereafter be, connected with or appurtenant to said Airport, except as hereinafter provided. "Common airport facilities" shall include all necessary landing area appurtenances, including, but not limited to, approach areas, runways, taxiways, unleased aprons provided for in 10.01(b) of this Lease, public roadways, sidewalks, navigational and aviation aids, the airfield lighting facilities, terminal facilities or other common or public facilities appurtenant to said Airport.

(b) The right of ingress to and egress from the Leased Premises, over and across common or public roadways serving the Airport for Lessee and sub lessees, its agents, contractors, employees, patrons, invitees, suppliers of service and furnishers of material. Said right shall be subject to such ordinances, rules and regulations as now, or may hereafter, apply at the Airport.

(c) Lessee must remain in compliance at all times with all FAA, Department of Homeland Security and all other governmental organizations with jurisdiction over the Airport as well as all rules, laws and regulations as may be amended from time to time.

11.02 The granting and acceptance of this Lease is conditioned upon compliance with the covenant that the right to use said common Airport facilities, in common with others so authorized, shall be exercised subject to and in accordance with the laws of the United States, State of Texas and City of Corpus Christi, the rules and regulations promulgated by their authority with reference to aviation and navigation, and all reasonable and applicable rules, regulations and ordinances of Lessor, now in force or hereafter prescribed or promulgated by charter authority or by law, as may be amended from time to time.

11.03 Lessor reserves the right to enter the Leased Premises at any reasonable time for the purpose of inspecting same or verifying that fire, safety, sanitation regulations and other provisions contained in this Lease are being adhered to by Lessee.

ARTICLE 12. AS IS ACCEPTANCE AND CONDITION OF PREMISES

12.01 The parties agree that this Lease is granted by Lessor, at Lessee's request, and that the Leased Premises were formerly and presently are leased to and occupied by Lessee .

12.02 Lessee has had full opportunity to examine the Leased Premises and to review the structural report prepared by engineering firm PGAL, dated November, 2010, attached hereto as EXHIBIT 3 and incorporated into this Lease. Except for environmental matters not caused by or reasonably discoverable by Lessee prior to the commencement of this Lease, Lessee's taking possession of the Leased Premises shall be conclusive evidence of Lessee's acceptance thereof in an "AS IS" condition, and Lessee hereby accepts same in its present condition as suitable for the purpose for which leased.

12.03 Lessee agrees that no representations respecting the condition of the Leased Premises and no promises to improve same, either before or after the execution hereof, have been made by Lessor or its agents to Lessee, unless contained herein or made a part hereof by specific reference.

ARTICLE 13. CONSTRUCTION/CAPITAL IMPROVEMENT BY LESSEE

13.01 Lessee shall have the right to erect, alter, remodel and renovate buildings and make other improvements as Capital Improvements on the Leased Premises, provided that it shall submit to the Aviation Director plans and specifications prepared by registered architects and engineers setting forth the renovations, construction, alterations or improvements that Lessee desires to perform, in such detail as may be reasonably required by the Aviation Director, and provided that approval of such plans and specifications by said Director is obtained as set forth below. In addition to the requirements herein, approval of any Capital Improvement Plan shall be pursuant to section 5.02 herein.

13.02 Lessor agrees to examine and approve or disapprove plans and specifications submitted in accordance with the provisions above, within thirty (30) calendar days after receipt thereof, and to give Lessee written notification of same. The approval by Lessor of such plans and specifications refers only to the conformity of same to the general architectural plan for the Leased Premises, as opposed to their architectural or engineering design. Lessor, by giving its approval, assumes no liability or responsibility therefor or for any defect in any work performed according to such plans and specifications. Lessee agrees not to commence any renovations, construction, alterations or improvements until Lessor, through the Aviation Director, has given written approval regarding Lessee's plans and specifications.

13.03 Further, prior to the commencement of any construction, Lessee shall procure any and all additional approvals of the plans and specifications for its buildings and improvements required by any federal, state or municipal authorities, agencies, officers and departments having jurisdiction thereof and shall obtain any and all requisite building or construction licenses, permits or approvals. Construction shall comply with applicable building code requirements and with applicable regulations promulgated by any federal, state or municipal agency or department having jurisdiction thereof. Lessee specifically agrees that it shall hold Lessor completely harmless from and against any and all claims, causes of action or liabilities, whether actual or potential, associated with any construction undertaken by Lessee hereunder.

13.04 The cost of any renovations, construction, alterations or improvements upon the Leased Premises shall be borne and paid for solely by Lessee. Except as may be otherwise set forth herein, Lessor has no financial or other obligation of any kind under this Lease, other than the renting to Lessee of the Leased Premises which are the subject hereof for the term and consideration hereinbefore set forth.

13.05 Upon completion of all renovations, construction, alterations or improvements, a conformed set of "as built" plans and a Certificate of Occupancy shall be provided by Lessee to the Aviation Director.

13.06 In undertaking any such renovations, construction, alterations or improvements, it is expressly understood that, where applicable, unless otherwise agreed to in writing by the parties, Lessee shall be responsible, at its sole expense, for any and all construction and maintenance of taxiways and connections to the Airport's runway and taxiway system, along an alignment and in accordance with designs and plans approved in advance, in writing, by the Aviation Director. It is further expressly understood and agreed that any improvements and access thereto constructed by Lessee on the Leased Premises shall be performed in such a manner that shall not cause flowage of surface drainage onto adjacent tracts or interrupt flow to the storm drainage system.

13.07 Any construction of a Capital Improvement pursuant to this Article 13 may, at the option of the Lessee be considered part of a Capital Improvement Plan and subject to the review and approval procedures in Article 5 hereof.

ARTICLE 14. LIENS PROHIBITED

14.01 Lessee shall not suffer or permit any mechanics' or other liens to be filed against the fee of the Leased Premises, or against Lessee's leasehold interest in the land, buildings or improvements thereon, by reason of any work, labor, services or materials supplied, or claimed to have been supplied, to Lessee or to anyone holding the Leased Premises, or any part thereof, through or under Lessee.

ARTICLE 15. MAINTENANCE AND REPAIR

15.01 Lessee shall pay or cause to be paid any and all charges for water, heat, gas, electricity, sewer and any and all other utilities used on the Leased Premises, throughout the term of this Lease, including, but not limited to, any connection fees and any and all additional costs related to utility connection, metering, maintenance, repair and usage.

15.02 Deferred Maintenance. Lessee shall complete all deferred Maintenance items identified on EXHIBIT 4, attached hereto and incorporated into this Lease ("Deferred Maintenance"), no later than eighteen (18) months from the Commencement Date of this Lease. In this respect, as a point of reference, Lessee shall refer to the structural report prepared by PGAL, dated November, 2010, attached hereto as EXHIBIT 3 and incorporated into this Lease, which shall be considered the base condition of the Leased Premises from which Deferred Maintenance requirements shall be measured.

The Aviation Director shall have thirty (30) calendar days after Lessee's completion of all Deferred Maintenance items to object to any deficiencies thereof. If the Aviation Director does not object in writing within such 30-day period, Lessor shall be deemed to have approved such Deferred Maintenance. If, however, the Aviation Director objects within such 30-day period in writing as to any deficiencies of the Deferred Maintenance completed, the Aviation Director and Lessee agree to work together in good faith to resolve any such objections to the reasonable satisfaction of both parties.

Deferred Maintenance completed pursuant to this Section 15.02 is in addition to the repair and maintenance required in Sections 15.01, 15.03 and 15.04 herein.

15.03 In addition to the Deferred Maintenance required in Section 15.02 above, except as may be otherwise provided herein, Lessee shall, throughout the term of this Lease, assume the entire responsibility, cost and expense for all repair and Maintenance of the Leased Premises and all buildings and improvements thereon, whether such repair or Maintenance be ordinary, extraordinary, structural or otherwise, normal wear and tear excepted. In this respect, as a point of reference, Lessee shall refer to the structural report prepared by PGAL, dated November, 2010, attached hereto as EXHIBIT 3 and incorporated into this Lease, which shall be considered the base condition of the Leased Premises from which any needed repairs shall be measured. Additionally, without limiting the foregoing, Lessee shall:

(a) at all times maintain the buildings and improvements in a good state of repair and preservation, excepting ordinary wear and tear and obsolescence in spite of repair; and

(b) replace or substitute any fixtures and equipment which have become inadequate, obsolete, worn out, or unsuitable, with replacement or substitute fixtures and equipment, free of all liens and encumbrances, which shall automatically become a part of the buildings and improvements and revert to City ownership at termination of this Lease, as provided for herein; and

(c) at all times keep the Leased Premises, its buildings, improvements, fixtures, equipment and personal property, in a clean and orderly condition and appearance; and

(d) provide, and maintain in good working order, all obstruction lights and similar devices, fire protection and safety equipment, and all other equipment of every kind and nature required by applicable laws, rules, orders, ordinances, resolutions or regulations of any competent authority, including Lessor and Aviation Director; and

(e) observe all insurance regulations and requirements as required in Article 7 herein concerning the use and condition of the Leased Premises, for the purpose of reducing fire hazards and insurance rates on the Airport; and

(f) repair any damage caused by Lessee to paving or other surfaces of the Leased Premises or the Airport, in connection with the scope of the Lease, caused by any oil, gasoline, grease, lubricants, flammable liquids and/or substances having a corrosive or detrimental effect thereon, or by any other reason whatsoever; and

(g) take measures to prevent erosion, including, but not limited to, the planting and replanting of grass on all unpaved or undeveloped portions of the Leased Premises; the planting, maintaining and replanting of any landscaped areas; the designing and constructing of improvements on the Leased Premises; and the preservation of as many trees as possible, consistent with Lessee's construction and operations; and

(h) be responsible for the maintenance and repair of all utility services lines serving the Leased Premises, including, but not limited to, water and gas lines, electrical power and telephone conduits and lines, sanitary sewers and storm sewers; and

(i) keep and maintain all vehicles and equipment operated by Lessee on the Airport in safe condition, good repair, properly licensed and insured, as required by this Lease; and

(j) replace broken or cracked plate glass, repair roofing material as needed, paint/repaint structures upon the Leased Premises and, where applicable, mow the grass; and

(k) provide and use suitable covered metal receptacles for all garbage, trash and other refuse; assure that boxes, cartons, barrels or similar items are not piled in an unsightly, unsafe manner, on or about the Leased Premises; promptly collect and remove all trash and foreign materials from parking lots and Leased Premises; provide a complete and proper arrangement, satisfactory to the Aviation Director, for the adequate sanitary handling and disposal (away from the Airport), of all trash, garbage and refuse generated as a result of the operation of Lessee's business;

(l) at the expiration or termination of this Lease, deliver the Leased Premises to Lessor clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the Leased Premises in good working order, reasonable wear and tear excepted; and

(m) within five (5) calendar days of receipt of Lessor's written request, Lessee shall provide documentation such as invoices, contracts, proof of payment and other records satisfactory to the Aviation Director as evidence of performance of major Maintenance.

15.04 Following consultation with Lessee, the adequacy of the performance of the foregoing Maintenance and repair by Lessee shall be determined by the Aviation Director, whose reasonably exercised judgment shall be conclusive. No more than thirty (30) days after determining the inadequacy of such Maintenance or repair, the Aviation Director shall provide Lessee a written request that Lessee remedy such inadequate Maintenance or repair. Should Lessee fail to undertake any such Maintenance or repair within ten (10) days of receiving written notice from the Aviation Director, or if Lessor performs any Maintenance or repair on behalf of and for Lessee necessitated by Lessee's failure to start or complete Maintenance or repairs, then the costs of such Maintenance or repair, plus any associated overhead reasonably determined by Lessor, plus a 15% administrative fee, shall be reimbursed by Lessee to Lessor no later than ten (10) days following receipt by Lessee of written demand from Lessor for same. In cases not involving Maintenance or repair requiring exigent action, Lessor shall provide Lessee a written request that Lessee perform such Maintenance or repair, at least thirty (30) days before Lessor affects such Maintenance or repair on behalf of Lessee.

15.05 Any Maintenance or repair performed pursuant to this Article 15 will not be part of a Capital Improvement plan.

15.06 The Capital Investment required to exercise an Option, as described in Section 5.02, shall be in addition to the Deferred Maintenance and other Maintenance required in Article 15 herein.

ARTICLE 16. TITLE

16.01 It is expressly understood and agreed that any and all fixtures, furniture, equipment, and improvements that may be reasonably removed, placed or maintained by Lessee in the Leased Premises during the Term hereof shall be and remain Lessee's property, and the Leased Premises returned to its original condition at the sole expense of Lessee, normal wear and tear excepted. Provided that Lessee is not in default under this Lease, it may remove or cause to be removed all such items from the Leased Premises, with any damage caused by such removal repaired at the Lessee's sole expense. At Lessor's sole election, any such items remaining on the Leased Premises more than ten (10) days after the expiration or termination of the term hereof, shall then belong to Lessor without payment of consideration therefor.

16.02 Unless otherwise provided, all foundations, buildings, alterations, additions or improvements ("Improvements") made upon the Leased Premises by Lessee are and shall be the property of Lessee during the Term hereof. During said Term, absent the Aviation Director's written approval, such Improvements shall be conveyed, transferred or assigned, only to a person or entity to whom this Lease is being transferred or assigned, whereupon such Improvements shall become the property of the holder of the leasehold interest hereunder. Absent such written approval of the Director any attempted conveyance, transfer or assignment of Improvements, to any person or entity, whether voluntary, by operation of law or otherwise, shall be void and of no effect.

16.03 Title to Improvements made upon the Leased Premises by Lessee, and fixtures annexed thereto, shall vest in and become the property of Lessor, at no cost to Lessor and without any instrument of conveyance, upon the expiration of the Term of this Lease or upon earlier termination thereof. Notwithstanding the foregoing, Lessee covenants and agrees, upon Lessor's demand, on or after termination of the Lease, to execute any instruments requested by Lessor in

connection with the conveyance of such Improvements. Lessor shall notify Lessee whether or not Lessor intends take title to Improvements, or any portion thereof, as herein provided, at least sixty (60) days prior to the expiration of the Term of this Lease or earlier termination thereof. Lessor's failure to provide such notice, however, shall not act as a waiver of its rights hereunder; provided that Lessor, within a reasonable time after receipt of Lessee's written request, advises Lessee of its election hereunder. No obligations under this section herein are waived by the termination of this Lease.

16.04 Should Lessor elect not to take title to Improvements, or any portion thereof, as provided in Section 16.03 above, same shall be removed by Lessee, at its sole cost and risk, no later than midnight of the expiration or termination date of the Lease, in compliance with all applicable laws and regulations and, to the degree reasonably possible, the Leased Premises shall be restored to the condition that existed prior to the construction of same, provided however, that Lessee shall not be required to demolish or remove any building, structure or improvement that was the subject of a Capital Improvement Plan. Should Lessee fail to undertake such removal within ninety (90) days following the expiration or termination of this Lease, Lessor may undertake such removal at Lessee's expense. The performance guarantee, required under this Lease, may not be applied towards any costs incurred by Lessor for such removal.

ARTICLE 17. ENVIRONMENTAL COMPLIANCE

17.01 Lessee agrees that it shall, at its sole expense, comply with all applicable federal, state and local statutes, laws, ordinances, rules and regulations concerning the use and operation of all fuel storage facilities presently existing upon the Leased Premises, including, but not limited to, regulations promulgated by the Environmental Protection Agency ("EPA") as well as all inspection, financial liability and inventory control recording requirements of the EPA, and that it shall provide Lessor with copies of certificates of registration from the Texas Commission on Environmental Quality ("TCEQ") for any existing fuel storage facilities, together with copies of any required proof of financial responsibility and other documentation, such as an "Accord Form" certificate of insurance applicable to above ground fuel storage tanks, income statements or balance sheets, reasonably required by the Aviation Director or applicable regulatory agency. For purposes of this provision, "facilities" are defined as any mobile or fixed, onshore building, structure, installation, equipment, pipe, or pipeline used in fuel storage, fuel gathering, fuel transfer, or fuel distribution.

17.02 During the Term of this Lease and any extensions thereof, should changes in applicable statutes, laws, rules or regulations regarding fuel storage facilities and/or dispensing equipment necessitate the removal, modification or replacement of any component, piping, valves, or connections comprising part of the fuel storage facilities and/or dispensing equipment, potentially including the entire fuel storage facilities, in, on, upon or under the Leased Premises, then such removal, modification or replacement shall be timely undertaken and performed by Lessee, at its sole cost and expense. Furthermore, if requested by Lessor, Lessee shall, no later than Midnight of the termination or expiration of this Lease, at its sole cost, remove said fuel storage facilities, dispensing equipment and/or component(s) thereof from the Leased Premises, perform any required soil or other investigations, perform regulatory remediation and restore the Leased Premises in a condition that complies with all applicable statutes, laws, rules, or regulations governing fuel storage facilities. Provided, however, that if Lessee has made significant improvements to such fuel storage facilities and/or dispensing equipment, as part of a Capital Improvement Plan or as otherwise determined and approved by the Aviation Director, whose approval shall not unreasonably be withheld, such removal by Lessee upon termination or expiration shall not be required. Any such removal of Lessee's property shall be coordinated by Lessee so that there is no unreasonable interference with Airport customers' use of the Airport or

of other aeronautical service providers' use and occupancy of other areas at the Airport. In the event Lessee plans to conduct any environmental remediation work on the Leased Premises, Lessee shall give the Aviation Director and the aeronautical service providers adjacent to Lessee written notice of the same, with a general description of the work to be conducted, including if Lessee anticipates that such work will impact the use and occupancy of adjacent areas at the Airport and, if so, how Lessee intends to minimize such impact. Following the termination or expiration of this Lease, City will conduct a comprehensive environmental assessment to determine compliance with TCEQ and/or EPA standards, at Lessee's sole expense, to reasonably determine if any environmental pollution or contamination exists and, if so, an accepted contamination removal program shall be implemented at Lessee's sole expense. Lessee or any City approved sub lessee shall remain liable for any discharge if contamination is found at a future date if such discharge is the responsibility of Lessee or sub lessee.

17.03 Lessee shall, in conducting any activity or business on the Leased Premises, including environmental response or remedial activities, comply with all environmental laws, including, but not limited to, those regarding the generation, storage, use, transportation and disposal of solid wastes, hazardous materials, toxic chemicals, special wastes or other contaminants, and all laws, regulations and notice requirements pertaining to releases or threatened releases of hazardous materials, toxic chemicals, special wastes or other contaminants into the environment. Lessee shall not cause the release, or permit its employees, agents, permittees, contractors, subcontractors, sublessees, or others in Lessee's control, supervision, or employment, to release (whether by way of uncapping, pouring, spilling, spraying, spreading, attaching or otherwise), into or onto the Leased Premises or any other location upon or above the Airport (including the air, ground and ground water thereunder and the sewer and storm water drainage systems thereon), any quantity of hazardous substances (as defined or established from time to time by applicable local, state, or federal law and including, among other things, hazardous waste and any other substances that have been or may in the future be determined to be toxic, hazardous or unsafe). To the extent any such release may exceed quantities or volumes permitted by applicable federal, Texas or local law, Lessee shall immediately notify the Aviation Director, TCEQ, and Local Emergency Planning Committee, as may be required under the federal Emergency Planning and Community Right To Know Act. The Lessee, or any occupant of Leased Premises, shall be responsible for compliance with said Act, in the event of any such release.

17.04 Lessee shall remedy any release or threatened release caused by Lessee's operations at the Airport, as described above and, whether resulting from such release or otherwise, remove any hazardous materials, special wastes and any other environmental contamination caused by Lessee on, under or upon the Leased Premises, as may be required by a governmental or regulatory agency responsible for enforcing environmental laws and regulations. Such work shall be performed, at Lessee's sole expense, after Lessee submits to Lessor a plan, approved in writing by the appropriate governmental or regulatory agency(ies) responsible for enforcing such environmental laws and regulations, for completing such work. Lessor shall have the right to review and inspect all such work at any time, using consultants and representatives of its choice, at Lessor's sole cost and expense. Specific cleanup levels for any environmental remedial work shall be designed to meet all of the applicable environmental laws and regulations, to the satisfaction of the appropriate government or regulatory agency responsible for enforcing environmental laws and regulations.

17.05 Lessee agrees to defend, indemnify and hold harmless Lessor, its elected and appointed officials, officers, agents and employees, from and against any and all reasonable losses, claims, liability, damages, injunctive relief, injuries to person, property or natural resources, costs, expenses,

enforcement actions, actions or causes of action, fines and penalties, arising as a result of action or inaction of Lessee, its officers, employees, sublessees, guests, invitees, agents or contractors, in connection with the release, threatened release or presence of any hazardous material, contaminants, or toxic chemicals at, on, under, over or upon the Leased Premises or Airport, whether or not foreseeable. The foregoing indemnity includes, without limitation, all reasonable costs at law or in equity for removal, clean-up, remediation and disposal required to bring the Leased Premises or Airport to be in compliance with, all applicable environmental laws and regulations and all reasonable costs associated with claims for damages to persons, property or natural resources arising out of Lessee's use and occupancy of the Leased Premises or its operations at the Airport. In the event that Lessor is named in any enforcement action or lawsuit by any party in connection with the environmental condition of the Leased Premises caused by the action or inaction of the Lessee, its officers, employees, sublessees, guests, invitees, agents or contractors, Lessee shall defend Lessor and indemnify and hold harmless Lessor from any reasonable costs, damages, fines and penalties resulting therefrom.

Nothing in this Lease shall prohibit Lessee from pursuing contribution or indemnity for such cleanup costs or remediation by other responsible parties and the Aviation Director shall provide reasonable cooperation and coordination in such endeavors.

17.06 In addition to any other rights of access herein regarding the Leased Premises, Lessor shall, upon reasonable notice, have access thereto in order to inspect and confirm that the Lessee is using same in accordance with all applicable environmental laws and regulations. Lessee shall, upon the Aviation Director's reasonable demand and at Lessee's sole expense, demonstrate to said Director (through such tests, professional inspections, samplings, or other methods as may be reasonably required by said Director) that Lessee has not caused or permitted any release of hazardous substances or contaminants in excess of quantities or volumes permitted by applicable federal, Texas or local law. Qualified independent experts, chosen by Lessee, subject to Lessor's approval, which approval shall not be unreasonably withheld, shall conduct any such tests and assessments. Lessee shall provide copies of reports from any such testing or assessments to Lessor upon receipt. Should Lessee not provide same to Lessor after Lessor's written request therefor, Lessor may conduct, or cause to be conducted, such tests, inspections, samplings and assessments, and Lessee shall reimburse Lessor for all costs of such actions, no later than thirty (30) days following receipt by Lessee of invoices therefor. Lessor reserves the right to conduct any of the above actions, at the Aviation Director's discretion, when in the opinion of same, additional or supplemental assessments are in Lessor's best interest.

17.07 Lessee, at Lessor's request, shall make available for inspection and copying, upon reasonable notice and at reasonable times, any or all of the non-privileged documents and materials Lessee has prepared pursuant to any environmental law or regulation, which may be retained by Lessor or submitted to any governmental regulatory agency; provided, such documents and materials relate to environmental regulatory compliance and pertain to the Airport or the Leased Premises. If any environmental law or regulation requires Lessee to file any notice or report of a release or threatened release of regulated materials on, under or about the Leased Premises or the Airport, Lessee shall promptly submit such notice or report to the appropriate

governmental agency and simultaneously provide a copy of such report or notice to Lessor. In the event that any written allegation, claim, demand, action or notice is made against Lessee regarding Lessee's failure or alleged failure to comply with any environmental law or regulation, Lessee, as soon as practicable, shall notify Lessor in writing and provide same with copies of any such written allegations, claims, demands, notices or actions so made.

17.08 The parties to this Lease, including the tenants or sublessees who may enjoy a future right of occupation through Lessee, acknowledge a right and a duty in Lessor, exercised by the Aviation Director, to review safety and potential environmental impacts of any proposed operation, business, maintenance or other activity of the Lessee and its sublessees. To this end, said Director shall have authority to disapprove an activity of the Lessee and/or any sublessee not otherwise expressly permitted under this Lease, on the basis of a risk assessment. The parties understand that Leased Premises are not intended for use involving refining, processing, manufacturing, maintenance (other than aircraft maintenance and repair permitted hereunder or as may be required by the Minimum Standards), overhaul, or similar heavy industrial activities entailing use, storage, manufacture, or transport of critical volumes of regulated or hazardous materials or toxic chemicals. For purposes of this Lease, "critical volumes" are those which pose or may pose an unreasonable risk to Airport property, its occupants, employees or the traveling public.

ARTICLE 18. SIGNS

Any signs installed on the Leased Premises shall be submitted to the Aviation Director for approval prior to installation. Lessee shall neither erect signs nor distribute advertising matter upon Airport Premises, without the prior written consent of the Aviation Director. All signage must be in compliance with applicable City code standards and restrictions.

ARTICLE 19. REGULATIONS

Lessee's officers, agents, employees, contractors, subcontractors, tenants and subtenants shall obey all rules and regulations promulgated by Lessor, its authorized agents in charge of the Airport, or other lawful authority, to insure the safe and orderly conduct of operations and traffic thereon.

ARTICLE 20. QUALITY OF SERVICES

Lessee shall, at all times, furnish good, prompt and efficient commercial aviation services, in compliance with the applicable Minimum Standards, adequate to meet demand for same at the Airport, furnish said services on a ~~non-discriminatory~~ basis to all users thereof, and charge non-discriminatory prices for each unit of sale or service; provided, however, that Lessee will be allowed to make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

ARTICLE 21. TIME OF EMERGENCY

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

ARTICLE 22. SUBORDINATION OF LEASE & RIGHT OF RECAPTURE

22.01 This Lease shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States of America and/or the State of Texas regarding operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal or state funds for the development of the Airport. Should the effect of such agreement with the United States be to take any of the property under lease, or substantially alter or destroy the commercial value of the leasehold interest granted herein, Lessor shall not be held liable therefore, but, in such event, Lessee may cancel this Lease upon ten (10) days' written notice to Lessor. Notwithstanding the foregoing, Lessor agrees that, in the event it becomes aware of any such proposed or pending agreement or taking, Lessor shall utilize its best efforts to give the maximum possible notice thereof to Lessee. Any portion of the Leased Premises recaptured from Lessee under this provision shall result in a proportionate abatement of rent as of the date the recapture is effectuated.

22.02 Lessor shall have the right to recapture any or all of the Leased Premises to the extent that such are necessary for the City's development, improvement, and or maintenance of the Airport's runways and taxiways; for protection or enhancement of flight operations; or for other development in compliance with any current or future Airport Master Plan and Airport layout plan. In the event of any such recapture, Lessee and Lessor shall execute an amendment reflecting a corresponding adjustment to the Leased Premises and rent, according to the then applicable rental rates. In the event Lessee has made an investment in accordance with an approved Capital Improvement Plan during the Initial Term of this Agreement or any extension thereof and a portion or all of the Leased Premises are recaptured, the total Direct Construction Costs for the approved Capital Improvement Plan associated with said Option shall be amortized on a straight line basis over the term of that Option and a payment issued by the City to the Lessee for the unamortized amount of the Direct Construction Costs for the approved Capital Improvement Plan for the remaining balance of that Option term, with payment to be made within sixty (60) days of such amendment.

ARTICLE 23. SECURITY

23.01 Lessee shall comply with all rules, regulations, statutes, orders, directives or other mandates of the United States or State of Texas, regarding Airport security requirements or measures. Additionally, Lessee shall comply with the Airport Security Program, as may be amended from time to time, a copy of which will be provided by Lessor to Lessee upon request. Lessor reserves the right to require Lessee to install access control system(s) and/or surveillance cameras at all points of access from public areas to security-restricted areas. Airport security officials must be able to access, inspect and monitor such access control system(s) and/or surveillance cameras required by Lessor.

23.02 Lessee shall comply with all current and future mandates of the Transportation Security Administration, or successor agency, for background investigations of its personnel.

23.03 Lessee shall indemnify and hold harmless Lessor, its officers, officials, employees, and agents from any charges, fines or penalties that may be assessed or levied by any department or agency of the United States or State of Texas, by reason of Lessee's failure to comply with any applicable security provision and/or requirement for compliance set

forth herein. Lessee is responsible for payment of all such fines and penalties.

ARTICLE 24. DEFAULT AND REMEDIES

24.01 Each of the following shall constitute an event of default by Lessee or its parent company, successor company or related company(ies):

(a) Lessee shall fail to pay any rent as provided for in this Lease and such failure shall continue for a period of ten (10) days after receipt by Lessee of written notice thereof.

(b) Lessee shall neglect or fail to perform or observe any of the terms, provisions, conditions or covenants herein contained, and if such neglect or failure should continue for a period of thirty (30) days after receipt by Lessee of written notice of same, or if more than thirty (30) days shall be required because of the nature of the default, if Lessee shall fail within said thirty (30) day period to commence and thereafter diligently proceed to cure such default.

(c) Lessee shall become insolvent; take the benefit of any present or future insolvency statute; make a general assignment for the benefit of creditors; file a voluntary petition in bankruptcy or a petition or answer seeking a reorganization or the readjustment of its indebtedness under the federal bankruptcy laws, or under any other law or statute of the United States or of any state thereof; or consent to the appointment of a receiver, trustee or liquidator of all or substantially all of its property.

(d) An Order of Relief shall be entered, at the request of Lessee or any of its creditors, under federal bankruptcy, reorganization laws or any law or statute of the United States or any state thereof.

(e) A petition under any part of the federal bankruptcy laws, or an action under any present or future insolvency law or statute, shall be filed against Lessee and shall not be dismissed within thirty (30) days after the filing thereof.

(f) Pursuant to, or under the authority of, any legislative act, resolution, rule, or any court, governmental, agency or board order or decree or officer, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of Lessee and such possession or control shall continue in effect for a period of fifteen (15) days.

(g) Lessee shall become a corporation in dissolution or voluntarily or involuntarily forfeit its corporate charter.

(h) The rights of Lessee hereunder shall be transferred to, pass to or devolve upon, by operations of law or otherwise, any other person, firm, corporation or other entity, in connection with or as a result of any bankruptcy, insolvency, trusteeship, liquidation or other proceeding or occurrence described in Paragraphs c through g of this Section 24.01.

(i) Lessee shall voluntarily discontinue its operations at the Airport for a period of ninety (90) consecutive days.

(j) If Lessee sells, transfers or assigns this Lease to or is sold, transferred or assigned a lease from any entity or organization that has an interest in any other FBO operating at the Airport.

24.02 In the event any default shall occur, Lessor then, or at any time thereafter, but prior to the removal of such condition of default, shall have the right, at its election, either to terminate this Lease and/or any sublease agreements that Lessee may have, by giving at least five (5) days written notice to Lessee, at which time Lessee will then quit and surrender the Leased Premises to Lessor, but Lessee shall remain liable as herein provided, or enter upon and take possession of the Leased Premises (or any part thereof in the name of the whole), without demand or notice, and repossess the same as of the Lessor's former estate, expelling Lessee and those claiming under Lessee, forcibly if necessary, without prejudice to any remedy for arrears of rent or preceding breach of Lease.

24.03 Lessor's repossession of the Leased Premises shall neither be construed as an election to terminate this Lease and/or any sublease agreements that Lessee may have nor shall it cause a forfeiture of rents or other charges remaining to be paid during the balance of the term hereof, unless a written notice of such intention be given to Lessee, or unless such termination is decreed by a court of competent jurisdiction.

24.04 Upon repossession, Lessor shall have the right, at its election, whether or not this Lease and/or any sublease agreements that Lessee may have shall be terminated, to relet the Leased Premises or any part thereof for such period(s), which may extend beyond the term hereof, at such rent and upon such other terms and conditions as Lessor may, in good faith, deem advisable. Notwithstanding any law or anything contained herein to the contrary, to the full extent permitted under applicable law, Lessee and Lessor agree that Lessor's duty to relet the Leased Premises or otherwise to mitigate damages hereunder shall be limited to those requirements set forth in the Texas Property Code, as amended. Lessor shall in no event be liable, and Lessee's and sublessees' liability shall not be affected or diminished whatsoever, for failure to relet the Leased Premises, or in the event the Leased Premises are relet, for failure to collect any rental under such reletting, so long as the Lessor uses objectively reasonable efforts to comply with said Property Code. Lessor and Lessee agree that any such duty shall be satisfied and Lessor shall be deemed to have used objective reasonable efforts to relet the Leased Premises and mitigate Lessor's damages by: (a) posting a "For Lease" sign on the Leased Premises; (b) advising Lessor's lease agent, if any, of the availability of the Leased Premises; and (c) advising at least one (1) outside commercial brokerage entity of the availability of the Premises.

24.05 In the event that Lessor elects to relet, rentals received by same from such reletting shall be applied: first, to the payment of any indebtedness, other than rent due hereunder from Lessee under this Lease; second, to the payment of any cost of such reletting; third, to the payment of rent due and unpaid hereunder; and finally, the residue, if any, shall be held by Lessor and applied hereunder. Should that portion of such rentals received from such reletting during any month, which is applied to the payment of rent hereunder, be less than the rent payable during that month by Lessee hereunder, then Lessee shall pay such deficiency to Lessor. Such deficiency shall be calculated and paid monthly. Lessee shall also pay to Lessor, as soon as ascertained, any costs and expenses incurred by Lessor in such reletting not covered by the rentals received from such reletting of the Leased Premises.

24.06 If Lessor shall terminate this Lease or take possession of the Leased Premises by reason of a condition of default, Lessee and those holding under Lessee, shall forthwith remove their goods and effects from the Leased Premises. If Lessee or any such claimant shall fail to effect such removal forthwith, Lessor may, without liability to Lessee or those claiming under Lessee, remove such goods and effects and store same for the account of Lessee or of the owner thereof at any place selected by Lessor, or, at Lessor's election, and upon giving fifteen (15) days' written notice to Lessee of date, time and location of sale, Lessor may sell the same at public auction or private sale on such terms and conditions as to price, payment and otherwise, as Lessor in its

sole discretion may deem advisable. If, in Lessor's judgment, the cost of removing and storing, or of removing and selling any such goods and effects, exceeds the value thereof or the probable sale price thereof, as the case may be, Lessor shall have the right to dispose of such goods in any manner Lessor may deem advisable.

24.07 Lessee shall be responsible for all costs of removal, storage and sale, and Lessor shall have the right to reimburse the Airport from the proceeds of any sale for all such costs paid or incurred by Lessor. If any surplus sale proceeds remain after such reimbursement, Lessor may deduct from such surplus any other sum due to Lessor hereunder and shall pay over to Lessee any remaining balance of such surplus sale proceeds.

24.08 If Lessor shall enter into and repossess the Leased Premises as a result of Lessee's default in the performance of any of the terms, covenants or conditions herein contained, then Lessee hereby covenants and agrees that it will not claim the right to redeem or re-enter the said Premises to restore the operation of this Lease, and Lessee hereby waives the right, and the right of any party claiming through or under Lessee, to such redemption and re-entrance under any present or future law, and does hereby further, for any party claiming through or under Lessee, expressly waive its right, if any, to make payment of any sum or sums of rent, or otherwise, of which Lessee shall have made default under any of the covenants of the Lease and to claim any subrogation of the rights of Lessee under these presents, or any of the covenants thereof, by reason of such payment.

24.09 All rights and remedies of Lessor herein created or otherwise existing at law are cumulative, and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other. All such rights and remedies may be exercised and enforced concurrently, whenever and as often as deemed desirable.

24.10 If proceedings shall, at any time, be commenced for recovery of possession, as aforesaid, and compromise or settlement shall be effected either before or after judgment whereby Lessee shall be permitted to retain possession of the Leased Premises, then such proceeding shall not constitute a waiver of any condition or agreement contained herein or of any subsequent breach thereof or to this Lease.

24.11 Any amount paid or expense or liability incurred by Lessor for the account of Lessee may be deemed to be additional rental and the same may, at the option of Lessor, be added to any rent then due or thereafter falling due hereunder.

ARTICLE 25. HOLDING OVER

It is agreed and understood that any holding over by Lessee or sub lessee, with Lessor's written consent, at sole discretion of Lessor, after the termination of this Lease, shall not renew and extend same, but shall operate and be construed as a tenancy from month-to-month, not to exceed six (6) months, upon all the terms and conditions set forth herein, except that rental shall be paid to Lessor by Lessee for all buildings on the Leased Premises at one hundred twenty-five percent (125%) the then current rents, fees and charges in effect as of the end of the primary term of this Lease or the ground rental rate established through appraisal, whichever is greater. Lessee shall be liable to Lessor for all loss or damage resulting from such holding over against Lessor's will after the termination of this Lease, whether such loss or damage may be contemplated at this time or not. It is expressly agreed that acceptance of the foregoing rental by Lessor, in the event that Lessee fails or refuses to surrender possession, shall not operate to give Lessee any right to remain in possession beyond the period for which such amount has been paid nor shall it constitute a waiver by Lessor of its right to immediate possession thereafter.

ARTICLE 26. ASSIGNMENT AND SUBLET

26.01 Lessee shall not transfer or assign this Lease or Lessee's interest in or to the Leased Premises, or any part thereof, without having first obtained Lessor's prior written consent, which may be given only by or pursuant to an ordinance enacted by the City Council of the City of Corpus Christi, Texas. Lessee may not assign or sublet this Lease to any other FBO operating at the Airport or to any entity or organization that has any financial, equity or ownership interest in any other FBO operating at the Airport. Notwithstanding the foregoing and for so long as any pledge or collateral assignment of Lessee's interest in the Lease shall be by instrument substantially in such form as shall have previously been approved by the City Council, the consent of Lessor to such pledge or collateral assignment may be given by Lessor acting by and through the Aviation Director.

26.02 Lessor acknowledges and agrees that the subletting of hangar, office, shop and ramp space comprises a routine and material part of Lessee's business operations. In the event Lessee subleases any such space, Lessee shall submit to the Director a copy of the applicable sublease agreement(s) and of all agreement(s) collateral thereto. The identity of the sublessee, the area or space to be subleased, the rental to be charged and the type of business to be conducted shall be specified in any such sublease. In the alternative, at the election of the Director, Lessee shall instead periodically submit to the Director a schedule of all subtenants occupying space upon the Leased Premises, with such other detail as may be reasonably requested.

26.03 Should the subletting of the Leased Premises be approved by Lessor, however, Lessee agrees and acknowledges that it shall remain fully and primarily liable under this Lease, notwithstanding any such sublease and that any such sublessee shall be required to attorn to Lessor hereunder.

26.04 The receipt by the Lessor of rent from an assignee, subtenant or occupant of the Leased Premises shall not be deemed a waiver of the covenant in this Lease against assignment and subletting or an acceptance of the assignee, subtenant or occupant as a tenant or a release of the Lessee from further observance or performance by Lessee of the covenants contained in this Lease. No provision of this Lease shall be deemed to have been waived by the Lessor, unless such waiver is in writing, signed by the Aviation Director.

ARTICLE 27. FIRE AND OTHER DAMAGE

27.01 In the event the Premises shall be partially damaged by fire or other casualty through no fault of Lessee, Lessee shall give immediate notice thereof to Lessor and the same shall be repaired, at Lessor's expense, without unreasonable delay, unless Lessor determines that the damage is so extensive that repair or rebuilding is not feasible. From the date of such casualty until repair, monthly rents, fees and charges hereunder shall abate based on the proportion of the Premises destroyed, or rendered untenable, bears to the total Premises; provided, however, that if said Premises shall be so slightly damaged in any such way so as to be rendered usable, the rent hereunder shall not cease or be abated during any repair period. In the event that the damage to the Premises, by fire or other casualty, is so extensive that the Premises is rendered wholly unusable, and such damage to the Premises, in the exclusive judgment of Lessor, makes occupancy and use to be impractical, then at the option of the Lessor, and upon notice to Lessee, this Lease, as it applies to said Premises, shall cease, and the rent hereunder shall be apportioned and paid up to date of such damage. If Lessor elects to restore the Premises, Lessor shall notify

Lessee of such intention within thirty (30) days of the date of the damage, otherwise the Lease, as applicable to said Premises, shall be deemed canceled and of no further force or effect.

27.02 Lessor's obligations to rebuild or repair under this Article shall, in any event, be limited to restoring said Premises to substantially the condition that existed prior to the commencement of improvements, if any, performed by Lessee and shall further be limited to the extent of the insurance proceeds available to Lessor for such restoration. Lessee agrees that if Lessor elects to repair or rebuild as set forth in this Article, then Lessee will proceed with reasonable diligence, at its sole cost and expense, to rebuild, repair and restore its improvements, signs, fixtures, furnishings, equipment and other items provided or installed by Lessee in or about the Leased Premises in a manner and to a condition at least equal to that which existed prior to the damage or destruction.

ARTICLE 28. LAWS AND ORDINANCES

Lessee agrees to comply promptly with all laws, ordinances, orders and regulations affecting the Leased Premises, including, but not limited to, those related to its cleanliness, safety, operation, security, environmental, use and business operations. Lessee shall comply with all Federal, State and local regulations concerning its operation on the Airport and **shall indemnify and hold harmless Lessor, its officers and employees, from any charges, fines or penalties that may be assessed or levied by any department or agency of the United States, the State of Texas, or any other governmental agencies, or their successor agencies, with jurisdiction over the Airport by reason of Lessee's failure to comply with the terms of this Article or with any other terms set forth in this Lease.**

ARTICLE 29. TAXES AND LICENSES

Lessee shall, at its sole cost and expense, pay on or before their respective due dates, to the appropriate collecting authority, all Federal, State and local taxes and fees, which are now or may hereafter be levied upon the Lessee, Leased Premises, the business conducted thereon or upon any of Lessee's property used in connection therewith including, but not limited to, any possessory interest taxes. Lessee shall also maintain and provide to the City upon request, in current status, all Federal, State and local licenses and permits required for the operation of its business.

ARTICLE 30. NONDISCRIMINATION & AFFIRMATIVE ACTION REGULATIONS

30.01 Any discrimination by Lessee, its sublessees, agents or employees, based on race, color, creed, sex, age, religion, national origin or handicap, in employment practices, use of or admission to the Leased Premises, is prohibited.

30.02 Lessee for itself, its successors and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the Lease, that in the event facilities are constructed, maintained or otherwise operated on the Leased Premises, for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR pt 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

30.03 Lessee for itself, its successors and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the Lease, that: (a) no person, on the grounds of race, color, creed, sex, age, religion, national origin or handicap, shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination, in the use of said facilities; (b) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, creed, sex, age, religion, national origin or handicap shall be excluded from participation, denied the benefits of, or otherwise be subjected to discrimination; and (c) that Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to 49 CFR pt 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

30.04 Lessee agrees that it will comply with applicable statutes, Executive Orders and such rules as are promulgated by applicable state, federal or municipal agencies to assure that no person shall be excluded from participating in any activity conducted with or benefiting from Federal assistance on the basis of race, creed, color, national origin, sex age, or handicap. Lessee, its successors and assigns, shall be obligated to comply with the provisions of this Section 30.04 for the period during which Federal assistance is extended to the Airport during the Term of this Lease, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures of improvements thereon. In these cases, this Section 30.04 shall apply to Lessee, its successors and assigns, through the later of: (a) the period during which such property is used by Lessor, its successors and assigns for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which Lessor, its successors or assigns, retains ownership or possession of the Leased Premises.

ARTICLE 31. WAGES and EMPLOYMENT

Lessee shall comply with all federal, state and local wage and employment laws, ordinances, rules and regulations. All employees must be legally employable in the United States.

ARTICLE 32. FORCE MAJEURE

If either party shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, war, terrorism, inability to procure materials, restrictive governmental laws or regulations or other cause, without fault and beyond the control of the party obligated (the financial inability of the party excepted), performance of such act shall be extended by a period equal to the period of such delay; provided, however, that nothing in this paragraph shall excuse Lessee from the prompt payment of any rental except as may be expressly provided otherwise in this Lease; and further provided that the party relying on this paragraph shall provide written notice to the other party notifying such other party of the force majeure event promptly after such force majeure event, and shall proceed with all diligence to complete the performance of the act upon the cessation of the force majeure event.

ARTICLE 33. ATTORNEYS' FEES

Excluding an action to enforce the indemnification provisions of this Lease Agreement, in the event that Lessor or Lessee brings an action under this Lease to enforce this Lease, each party shall be responsible for their own attorneys' fees incurred in the defense or prosecution thereof.

ARTICLE 34. SEVERABILITY

If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, it is the parties' intention that the remainder hereof not be affected. In lieu of each clause or provision that is illegal, invalid or unenforceable, the parties intend that there be added, as a part of this Lease, a clause or provision, as similar in terms to such illegal, invalid or unenforceable clause or provision, as may be possible, yet be legal, valid and enforceable.

ARTICLE 35. AMENDMENT

This Lease, together with its authorizing ordinance, constitutes the entire agreement between the parties. No amendment, modification or alteration of the terms of this Lease shall be binding, unless the same is in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

ARTICLE 36. NOTICES

Notices to City provided for in this Agreement shall be sufficient if sent by registered or certified mail, postage prepaid, addressed to the Aviation Director, Corpus Christi International Airport, 1000 International Drive, Corpus Christi, Texas 78406; and notices to Lessee shall be sufficient if sent by registered or certified mail, postage prepaid, addressed to:

Signature Flight Support Corporation
Attn: General Manager
574 Hangar Lane
Corpus Christi, Texas 78406

with a copy to:

Signature Flight Support Corporation
Attn: General Counsel
201 South Orange Avenue, Suite 1100
Orlando, Florida 32801

or to such other respective addresses as the parties may designate to each other in writing from time to time.

ARTICLE 37. RELATIONSHIP OF PARTIES

Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers or any other similar such relationship, between the parties hereto. It is understood and agreed that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties hereto, creates a relationship other than one of Lessor and Lessee.

ARTICLE 38. CUMULATIVE REMEDIES NO WAIVER - NO ORAL CHANGE

The specific remedies of the parties under this Lease are cumulative and do not exclude any other remedies to which they may be lawfully entitled, in the event of a breach or threatened breach hereof. The failure of either party ever to insist upon the strict performance of any covenant of this

Lease, or to exercise any option herein contained, shall not be construed as its future waiver or relinquishment thereof. Lessor's receipt of a rent payment, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach. Further, no waiver, change, modification or discharge by either party of any provision of this Lease shall be deemed to have been made or be effective, unless in writing and signed by the party to be charged. In addition to other remedies herein, the parties shall be entitled to an injunction restraining the violation, or attempted violation, of any of the covenants, conditions or provisions hereof, or to a decree compelling performance of same; subject, however, to other provisions herein.

ARTICLE 39. CONFLICT OF INTEREST

Lessee warrants and certifies, and this contract is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of the City. Lessee further warrants and certifies that it has tendered to the City a true and correct Disclosure Statement in compliance with Section 2-349 of the City's Ethics Code.

ARTICLE 40. GENERAL PROVISIONS

40.01 Incorporation of Exhibits. All exhibits referred to in this Lease are intended to be and hereby are specifically made a part of this Lease.

EXHIBIT 1: Leased Premises
EXHIBIT 2: November 18, 2011 Appraisal
EXHIBIT 3: PGAL Structural Report
EXHIBIT 4: Deferred Maintenance Items and Budget
EXHIBIT 5: Fees and Charges

40.02 Incorporation of Required Provisions. Lessor and Lessee incorporate herein by this reference all provisions lawfully required to be contained herein by any governmental body or agency.

40.03 Nonexclusive Rights. It is understood and agreed that nothing herein contained shall be construed to grant to Lessee any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act, as amended, for the conduct of any activity on the Airport, except that, subject to the terms and provisions hereof, Lessee shall have the right to exclusive possession of the Leased Premises.

40.04 Removal of Disabled Aircraft. Lessee shall promptly remove any disabled aircraft that is in the care, custody, or control of Lessee from any part of the Airport (other than the Leased Premises) (including, without limitation, runways, taxiways, aprons, and gate positions) and place any such disabled aircraft in such storage areas as may be designated by the Aviation Director. Except as to aircraft subject to bailment and/or for which Lessee is owed money from a customer, Lessee may store such disabled aircraft only for such length of time and on such terms and conditions as may be established by Lessor. If Lessee fails to remove any of disabled aircraft promptly, the Aviation Director may, but shall not be obligated to, cause the removal of such disabled aircraft after written notice to Lessee (except in the event of emergency), provided, however, the obligation to remove or store such disabled aircraft shall not be inconsistent with federal laws and regulations and Lessee agrees to reimburse Lessor for all costs of such removal, and Lessee further hereby releases Lessor from any and all claims for damage to the disabled aircraft or otherwise arising from or in any way connected with such removal by Lessor unless caused by the negligence or recklessness of Lessor.

40.05 Airport Access License/Permit. Lessor reserves the right to establish a licensing or permit procedure for vehicles requiring access to the Airport operational areas and to levy directly against Lessee or its suppliers a reasonable regulatory or administrative charge (to recover the cost of any such program) for issuance of such Airport access license or permit.

40.06 Compliance with 14 CFR pt 77. Lessee agrees to comply with the notification and review requirements covered in Part 77, Title 14, Code of Federal Regulations, FAA Regulations, in the event future construction of a building is planned for the Leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

40.07 Reservations re: Airspace and Noise. There is hereby reserved to Lessor, its successors, and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises.

40.08 Inspection of Books and Records. Each party hereto, at its expense and on reasonable notice, shall have the right from time to time to inspect and copy the books, records, and other data of the other party relating to the provisions and requirements hereof, provided such inspection is made during regular business hours and such is not prohibited by the U.S. Government.

40.09 Independent Contractor. Lessee is not an employee or agent of City by reason of this Lease, or otherwise. Lessee shall be solely responsible for its acts and omissions arising from or relating to its operations or activities at Airport, or lease of property herein.

40.10 Authority of Agreement. Lessee warrants and represents that it has the right, power, and legal capacity to enter into, and perform its obligations under this Lease, and no approvals or consents of any persons are necessary in connection with it. The execution, delivery, and performance of this Lease by the undersigned Lessee representatives have been duly authorized by all necessary corporate action of Lessee, and this Lease will constitute a legal, valid, and binding obligation of Lessee, enforceable in accordance with its terms.

40.11 Authority of the Aviation Director. The Aviation Director shall administer this Lease on behalf of Lessor. Whenever this Lease calls for approval by Lessor, such approval shall be evidenced, in writing, by either the Aviation Director or the City Manager of the City of Corpus Christi or his designee, in accordance with the requirements of the City Charter. In no event shall this language be considered a waiver by Lessee to object to decisions by the Aviation Director which it considers to be arbitrary, capricious or inconsistent with any express obligations to act reasonably set forth herein.

40.12 Consent. Unless stipulated otherwise herein, whenever the consent or approval of either party hereto is required or authorized hereunder, such consent or approval shall not be unreasonably withheld, unreasonably conditioned, or unreasonably delayed.

40.13 Net Agreement. It is the intent and purpose of the City and Lessee that all rental payable by Lessee herein shall be absolutely net to the City so that this Lease shall yield to City the entire rent specified, in each year of this Lease, free of any charges, assessments, impositions or deductions of any kind or character which may be charged, assessed, or imposed on or against Lessee or the Leased Premises, without abatement, deduction or set-off by Lessee.

40.14 Noise Control. Lessee, for itself and each of its officers, representatives, agents, employees, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, or suppliers shall not conduct any operation or activity on the Leased Premises, or elsewhere at the Airport, in which the sound emitting therefrom is of such volume, frequency or intensity at such time as to constitute a nuisance. The Aviation Director shall have the sole and exclusive authority to determine what constitutes a nuisance under the provisions of this Lease Agreement recognizing the permitted uses granted hereunder, except that operations and activities having noise levels not in violation of federal, State, or local governmental standards shall not be deemed a nuisance.

40.15 Time is of the Essence. Time shall be of the essence in complying with the terms, conditions and provisions of this Lease.

40.16 Vehicular Parking. Vehicular parking in the areas included in the Leased Premises shall be restricted to parking directly related to Lessee's operations on the Leased Premises by Lessee, its officers, representatives, agents, employees, guests, patrons, volunteers, contractors, subcontractors, licensees, and suppliers. Access to vehicular parking areas within the Leased Premises shall be coordinated through the Airport's overall parking management program.

ARTICLE 41. AUDIT

Lessee shall keep complete and accurate accounts, records and books pertaining to the lease of the Leased Premises and FBO services rendered in connection with the permitted uses under this Lease, including all expenses, costs and expenditures for the Leased Premises and other information reasonably necessary or pertinent to determine the amounts due and payable under this Lease. Such records may be kept by Lessee at its local office or at the management office for the Leased Premises for seven (7) years after each annual financial statement has been delivered to Lessor. Such books and records shall be made available to the City and its agents (or copies shall be furnished at the City's request) at all times, on not less than five (5) Business Days' notice, during regular business hours for examination and audit. If such books and records are located outside the City of Corpus Christi, Lessee shall make them available to the City within the City of Corpus Christi.

If the results of such examination by the City establish a deficiency in Proceeds Rent payable to the City, Lessee shall within ten (10) days' pay to the City the deficiency. In the event that a deficiency in such Proceeds Rent of five percent (5%) or more is established for any calendar year, Lessee shall pay the full cost of any examination requested by the City if Lessee is responsible for such deficiency, and Lessee shall also pay interest at the Default Rate on said deficiency in Proceeds Rent from the time it should have been paid until the date paid. The inspection on behalf of the City may be made by an officer, employee or other designee of the City.

Lessor shall have the right during each calendar or fiscal year to authorize an audit of Lessee's records pertaining to its operation on the airport. Such audits shall be undertaken by the Lessor's staff or a firm of certified public accountants, satisfactory to Lessor. Except with respect to an audit of Proceeds Rent as set forth above, the cost of such audit shall be paid by Lessor, unless the results of such audit reveal a discrepancy of more than three percent (3%) between the amounts that should have been paid under this Lease and the amounts actually paid during any calendar or fiscal year. In case of such discrepancy, the full cost of the audit shall be paid by Lessee. Any additional auditing expense resulting from Lessee's inability or refusal to provide records as required by the auditor shall be paid by Lessee. The Lessee shall forthwith pay to the

Lessor the full amount of fees due based upon the results of the audit if a discrepancy exists. This amount shall be paid within thirty (30) days of written notice by Lessor.

ARTICLE 42. MOST FAVORED NATION

CITY covenants and agrees not to enter into any agreement with any FBO which (i) makes substantially similar use of the Airport as set forth in Article 4 herein, and (ii) utilizes substantially similar facilities to that of Lessee, which contains more favorable terms than this Lease, or to grant to any such FBO rights or privileges with respect to the Airport which are not afforded to Lessee hereunder unless substantially the same terms, rights, privileges and facilities are concurrently made available to Lessee.

ARTICLE 43. PARTIES BOUND

This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, as permitted hereby.

ARTICLE 44. TEXAS LAW TO APPLY

All obligations under this Lease are performable in Nueces County, Texas, and shall be construed pursuant to the laws of the State of Texas, except where state law shall be preempted by any rules, laws or regulations of the United States.

ARTICLE 45. GENDER

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

ARTICLE 46. CAPTIONS

The captions of the provisions contained herein are for convenience in reference and are not intended to define, extend or limit the scope of any provision of this Lease.

ARTICLE 47. ENTIRE AGREEMENT

This Lease comprises the final and entire agreement, including all terms and conditions thereof, between the parties hereto, and supersedes all other agreements, oral or otherwise, regarding the subject matter hereof, none of which shall hereafter be deemed to exist or to bind the parties hereto. The parties intend that neither shall be bound by any term, condition or representation not herein written.

IN WITNESS WHEREOF, the undersigned have duly executed this Lease as of the dates set forth below.

**CITY/LESSOR:
CITY OF CORPUS CHRISTI**

By: _____
Ronald L. Olson, City Manager

Date: _____

**LESSEE:
SIGNATURE FLIGHT SUPPORT
CORPORATION**

By: *Maria A. Sastre*
Maria Sastre, President and Chief
Operating Officer

Date: 11/3/14

Approved as to legal form: 12/1/14

Elizabeth Hundley
Elizabeth Hundley
Assistant City Attorney
on behalf of the City Attorney

APPROVED AS TO FORM:
PKR 11-3-2014
LEGAL DEPT.