

LONG-TERM LEASE AGREEMENT

STATE OF TEXAS §
COUNTY OF NUECES §

KNOWN BY ALL THESE PRESENT:

This Lease Agreement (the "Agreement") is entered into this the ____ day of _____, 2013 between the City of Corpus Christi, a Texas municipal corporation, ("City") acting through its duly authorized representative the City Manager, or designee ("City Manager"), P.O. Box 9277, Corpus Christi, Nueces County, Texas 78469-9277, and Host International, Inc. ("Concessionaire"), whose principal office and place of business is 6905 Rockledge Drive, 7th Floor, Bethesda, Maryland, 20817, acting through its duly authorized representative ("Concessionaire's Agent").

WHEREAS, by Ordinance No. 025091, the City and Concessionaire entered into an eight-year lease dated November 12, 2002 and commencing November 17, 2002, (the "Original Lease") for the operation of a news and gift concession at the Corpus Christi International Airport (the "Airport");

WHEREAS, said the Original Lease was amended by Amendment No. 1 to Lease, dated January 18, 2005, pursuant to Ordinance No. 026113, to provide for additional storage area;

WHEREAS, the City and Concessionaire desire to reinstate the Original Lease, extend the term, modify the provisions of the Original Lease and formally recognize the following terms and conditions in complete substitution for the Original Lease and all amendments and modifications thereto, as set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the rentals to be paid City by Concessionaire and the respective covenants of the parties hereto, it is mutually agreed between City and Concessionaire as follows:

1. LEASED PREMISES

City hereby leases, demises, and lets unto Concessionaire, and Concessionaire hereby hires and takes from City, the following leased premises (the "Leased Premises"), all located within the terminal building and the cargo facility at the Airport for the uses and purposes set forth below and as shown on **Exhibit "A"** and **"Exhibit "C"** (respectively, the concession premises and storage space premises, as set forth herein), hereto attached and made a part hereof.

2. TERM OF AGREEMENT

The term of the Original Lease (the "Term") was November 17, 2002 to November 17, 2010. The City and Concessionaire hereby reinstate the Original Lease, as amended, extend the Term and ratify the reinstatement to be effective November 18, 2010.

The Term of the Original Lease is hereby extended through April 30, 2013.

The Term of this Agreement shall be extended an additional five (5) years with an effective commencement date of May 1, 2013 and expiring April 30, 2018 ("Base Term"), with the option to extend further for one (1) additional three (3) year term (the "Option"). The Option is conditioned upon i) a refurbishment plan and related budget for the Leased Premises, agreed upon by the parties as described herein, ii) a capital investment by Concessionaire of one hundred fifty thousand dollars (\$150,000) for

direct construction costs to refurbish the Leased Premises, such refurbishment to be completed before the end of the Base Term, iii) a performance bond or irrevocable standby letter of credit in the face amount of one hundred fifty thousand dollars (\$150,000) as described below, and iv) a letter of agreement to extend the Agreement as stated herein, signed by both parties upon agreement of the parties of the refurbishment plan and budget.

Concessionaire will submit the above-referenced refurbishment plan and budget to the Director no later than one (1) year before the expiration of the Base Term, to be approved in writing by the Director, which approval shall not be withheld unreasonably. The Director shall have thirty (30) calendar days after receipt of the refurbishment plan and budget to object to any matter referenced within. If the Director does not object in writing within such 30-day period, he or she shall be deemed to have approved such refurbishment plan and budget. If, however, the Director objects within such 30-day period in writing to any matter contained within the refurbishment plan and budget, the Director and Concessionaire agree to work together in good faith to resolve any such objections to the reasonable satisfaction of both parties. Subject to such approval by the Director of the refurbishment plan and budget, Concessionaire shall begin construction of said refurbishment no later than October 1 of the fifth (5th) year of the Base Term, and shall complete refurbishment of the Premises no later than the expiration date of the Base Term. Failure of the parties to reach an agreement with respect to the refurbishment plan and budget or to sign a letter of agreement to extend will invalidate the Option and Concessionaire will have no obligation to refurbish the Premises

On or before the date construction, if any, begins, Concessionaire must furnish to the Director a performance bond or irrevocable standby letter of credit in the face amount of one hundred fifty thousand dollars (\$150,000), issued by a surety company authorized and licensed to transact business in the State of Texas, with the City of Corpus Christi, Aviation Department as obligee, not subject to coverage or cancellation except after thirty (30) days' written notice by certified mail, return receipt requested, to the Director. Said performance bond or irrevocable standby letter of credit shall be kept in force until completion of the above-referenced refurbishment, and shall stand as security for completion by Concessionaire of the refurbishment of the Leased Premises as described herein.

In the event that the Option is exercised as described in the preceding paragraphs, but actual total direct construction costs expended on the refurbishment are less than \$150,000, Concessionaire shall pay the City the difference between \$150,000 and the total direct construction costs. As used herein, "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.

This \$150,000 capital investment shall be in addition to the improvements required in Section 5A herein.

3. USES, PRIVILEGES, RESTRICTIONS

Subject to the terms and conditions hereinafter contained, City grants to Concessionaire the following rights and privileges;

A. To the extent allowed by law, the non-exclusive right to operate a News and Gift concession in the Concession Premises identified on Exhibit A located in the terminal building at the Airport, providing news and gift items within Concessionaire's core business such as magazines, newspapers, books, retail products, beverages, and other items, subject to approval by the Director.

B. The right of ingress to and egress from the Leased Premises and the Airport for Concessionaire, its officers, employees, agents, and servants, patrons, and invitees, and its suppliers of service and furnishers of materials, subject to the rules and regulations and applicable laws, codes, ordinances, and other regulatory measures relating to the use and operation of the Airport, and subject further at all times to the Director's approval and control.

C. The right to install, operate and maintain signs on the Leased Premises for the purposes of identifying the Concessionaire. The number, size, location, general type, and design of said signs and the method of installation shall be subject to the prior written approval of the Director.

D. Concessionaire shall not at any time engage in any business or activity on the Leased Premises or anywhere upon the premises of the Airport other than those activities specifically authorized and contemplated under the terms of this Agreement without first securing written authorization from the City.

4. RIGHTS AND PRIVILEGES RESERVED BY CITY

A. The Director shall have the right at all times to raise objections to the condition of the Leased Premises, quality of goods offered for sale, prices charged, and the character of the service rendered, and to require that all objectionable practices either be remedied or discontinued within a reasonable period of time.

B. All rights, privileges, or interests acquired by the Concessionaire under the terms of this Agreement may, at the option of the City, following written notice of thirty (30) days, be suspended or finally terminated if such suspension or termination is found by City, acting in good faith, to be necessary to secure federal financial aid for the development and improvement of the Airport.

C. City shall have the right, at any and all reasonable hours, to enter upon the Leased Premises of Concessionaire for the purposes and to the extent necessary to protect City's rights and interests, to provide for periodic inspection of the Leased Premises from the standpoint of safety and health, and to check Concessionaire's compliance with the terms of this Agreement.

5. OBLIGATIONS OF CONCESSIONAIRE

A. Improvements

Concessionaire shall, without cost to City, provide all improvements, ~~whether fixed or not~~, alterations, repairs, and trade fixtures necessary for the customary operation of such a concession, including, but not limited to, sales counters, display cabinets, interior partitions, special lighting fixtures, wall coverings and finishes, floor covering, and all other equipment, furniture, proprietary trade fixtures, and furnishings necessary in the proper conduct of Concessionaire's business. Concessionaire shall provide a plan and budget for proposed improvements to the City, attached to this Agreement as Exhibit D, to be approved in writing by the City prior to commencement of construction. Concessionaire shall begin construction and installation of said improvements by March 27, 2013 for completion no later than April 30, 2013. All improvements, furniture, fixtures and equipment identified above shall be funded at the sole cost of Concessionaire and amortized over the Base Term of the Agreement. Upon occupancy, Concessionaire shall provide a complete list of all improvements, furniture, fixtures and equipment, whether fixed or not, to the City, to be incorporated into this Agreement. All improvements, furniture, fixtures, and equipment used in the Leased Premises shall be high quality, safe, fire-resistant, attractive in appearance, and shall require written approval of the Director prior to installation.

At the termination of this Agreement, all improvements, furniture, fixtures and equipment shall revert to the City in their entirety. However, all proprietary trade fixtures and non-fixed improvements shall belong to Concessionaire.

These improvements shall be in addition to the \$150,000 capital investment required in Section 2 herein.

B. Replacement or Removal

Concessionaire shall not replace or remove, in whole or in part, any elements of the fixed leasehold improvements and trade fixtures in the Leased Premises without the prior written consent of the Director, who may, at his/her discretion, condition such consent upon the obligation of Concessionaire to replace same by an improvement specified in such consent. However, Concessionaire may remove its proprietary trade fixtures and non-fixed improvements and must restore the Premises to its original condition, normal wear and tear excepted.

C. Alterations

Concessionaire, during the Base Term of this Agreement, and following completion of the initial improvements, shall not make any structural alterations to said Terminal Building without the prior written consent of the Director. If any such alterations are permitted, Concessionaire shall pay all costs in connection therewith, including the restoration of the Leased Premises to the condition which existed prior to the making of such alterations by Concessionaire, provided such restoration is demanded by City.

D. Conduct of Concession Operations

Concessionaire shall conduct its concession operations in a first-class manner and in accordance with the highest standards for similar operations at other major air terminals and in the region. The service shall be prompt, clean, courteous, and efficient. Concessionaire shall maintain its Leased Premises at all times in a safe, clean, orderly, and inviting condition, to the reasonable satisfaction of the Director.

E. Quality of Goods/Merchandise - Prices

(1) It is specifically stipulated and agreed by and between City and Concessionaire, with reference to the goods and merchandise sold by Concessionaire to the public using the facilities of the Airport, that Concessionaire will at all times maintain a degree of quality and quantity comparable to similar operations in airports of comparable size and standards throughout the United States.

(2) Prices charged by Concessionaire shall not exceed ten percent (10%) above the prices charged for similar offerings at convenience stores in the Corpus Christi Area for comparable items.

(3) All goods and merchandise sold or offered for sale by Concessionaire must conform in all respects to federal, state, and municipal laws, ordinances, and regulations.

(4) Airport Director reserves the right to audit Concessionaire to ensure compliance with this Section E. In the event that the Airport Director, in his or her sole discretion, determines that Concessionaire is not in compliance as stated, Airport Director shall provide written notice to Concessionaire of non-compliance and Concessionaire shall have twenty four (24) hours to comply. If Concessionaire fails to correct within the stated time frame and/or receives notice of such non-compliance more than twice in a twelve (12) month period, the Agreement shall terminate as provided in Section 17D herein.

F. Additional Airport Customer Services

Concessionaire shall and agrees to make money change for any persons requesting such accommodation.

G. Hours of Operation

Concessionaire shall observe and comply with the following minimums as relating to hours of concession operations at the Airport:

(1) Adequate services to meet public demand are to be maintained in the Terminal Building at least one-half (1/2) hour prior to the first aircraft departure to one-half (1/2) hour after the last scheduled aircraft departure, each day, seven (7) days per week.

(2) These hours of operation are subject to adjustment upon seven (7) days' written notice by the Director to the Concessionaire if changes in airline schedules require the modification of the hours.

(3) Airport Director reserves the right to audit Concessionaire to ensure compliance with this Section G. In the event that the Airport Director, in his or her sole discretion, determines that Concessionaire is not in compliance as stated, Airport Director shall provide written notice to Concessionaire of non-compliance and Concessionaire shall have twenty four (24) hours to comply. If Concessionaire fails to correct within the stated time frame and/or receives notice of such non-compliance more than twice in a twelve (12) month period, the Agreement shall terminate as provided in Section 17D herein.

H. Personnel

Concessionaire shall at all times provide a full-time, active, qualified, competent, and experienced manager to supervise the concession operations and otherwise to represent and act for the Concessionaire in matters pertaining to the day-by-day operation of the concession. Concessionaire's employees shall be clean, courteous, efficient, and neat in appearance. Concessionaire shall not employ any person or persons in or about the Concessionaire's Leased Premises who use improper language or act in a loud or boisterous or otherwise improper manner. Upon written notification by the Director to Concessionaire that any person employed by Concessionaire at the Airport is, in City's opinion, disorderly, un-sanitary, or otherwise unsatisfactory, Concessionaire shall take corrective action within twenty-four hours and shall inform the Director, in writing, of such action. All on-site personnel must meet the requirements for and obtain a CCIA Security badge, the cost of which is to be borne by Concessionaire. Employee permit parking is available and shall be provided by the Airport with the cost of permitting borne by Concessionaire.

J. Licenses, Permits, Franchises, Taxes

Concessionaire shall bear, at its own expense, all costs of operating the News and Gift Concession, including any and all taxes assessed against its furnishings, equipment or stocks of merchandise and supplies, and shall obtain and pay for all permits, licenses, franchises, or other authorizations required by authority of law in connection with the operation of its business at the Airport.

K. Compliance with Laws, Regulations, Ordinances, Rules

Concessionaire shall at all times comply with applicable Federal, State, and Local laws and regulations, all applicable health rules and regulations, all applicable ordinances of the City of Corpus Christi and the County of Nueces, and the rules and regulations governing the operation, use, and

control of Corpus Christi International Airport as an airport.

L. Utility Services

City shall provide electric service to Concessionaire. Payment for this service is included in the percentage of rental fees in paragraph 6 hereof. Concessionaire shall pay for all other utility services used by it at the public utility rates applicable for such services in the Corpus Christi area.

M. Maintenance of Concessionaire's Premises

(1) Routine Maintenance

Concessionaire agrees to assume full responsibility for the maintenance, at its own cost, of the Leased Premises, it being expressly understood that City will provide only for major maintenance and repairs to the building structure. Concessionaire has inspected the Leased Premises prior to the execution of this Agreement and is satisfied with the physical condition of the Leased Premises, and its taking possession thereof is agreed to be conclusive evidence of its receipt of the Leased Premises in good order and repair. Concessionaire agrees to faithfully and fully maintain Leased Premises in good order and repair throughout the entire term of this Agreement and any extension hereof. Concessionaire further agrees that upon the termination of this Agreement for any reason, it shall, except as otherwise provided in paragraphs 15 and 20 hereof, restore the Leased Premises to the same condition as when received, reasonable and ordinary wear and tear excepted. If the Leased Premises shall not be so kept by Concessionaire, City may enter the Leased Premises (without such entering causing or constituting a termination of this Agreement or any interference with the possession of the Leased Premises by the Concessionaire) and do all things necessary to restore the Leased Premises to the condition required by this Agreement, charging the cost and expense to Concessionaire; and Concessionaire shall pay to City all such costs and expenses in addition to the rentals, fees, and charges herein provided.

(2) Custodial Responsibilities

Concessionaire shall, at its own costs and expense, provide custodial services within the Leased Premises, including sweeping, cleaning, and waxing floors; dusting and washing of interior window surfaces. Concessionaire shall be responsible, at its own cost, for the maintenance and repair of all lighting fixtures within the Leased Premises, including the replacement of incandescent and fluorescent lamps, starters, ballasts, and other similar appurtenances. Concessionaire shall keep the Leased Premises free from flies, roaches, other insects, and rodents. Concessionaire shall not permit the accumulation of rubbish, trash, debris, or other litter in and upon the Leased Premises and shall, at its own expense, provide for the disposal of such items in the trash dumpster provided by City for all Terminal Building tenants, and City will be responsible for the removal of rubbish, trash, debris, or other litter from the Airport premises. Concessionaire shall provide and use suitable receptacles placed within their Premises for all garbage, trash, and other refuse on or in connection with the Leased Premises. Piling of boxes, cartons, barrels, or other similar items in an unsafe manner in or about the Leased Premises, the loading dock, or other areas of the Airport, is forbidden.

6. SERVICES TO BE PERFORMED BY CITY

A. Unless otherwise limited by Federal or State statutes, executive order, rules, or regulation, City shall, at its cost, furnish ordinary air conditioning and heat for Concessionaire's Leased Premises twenty-four (24) hours a day.

B. Subject to the provisions of paragraph 5.M. hereof, City shall furnish electric current to existing outlets in Concessionaire's areas.

7. FEES, CHARGES, ACCOUNTING RECORDS AND REPORT

Concessionaire shall pay rent through April 30, 2013 under the terms of the Original Lease.

A. Annual Guarantee

For the period commencing May 1, 2013 and ending twelve (12) months thereafter, Concessionaire agrees to pay City a minimum annual guarantee of either one hundred ten thousand dollars (\$110,000), or a percentage of gross receipts (as defined in paragraph B below), whichever is computed to be the greater. One-twelfth (1/12) of \$110,000 shall be due and payable on or before the first day of each month for the month that the payment is due. If the payment is not received by the fifth day of each month, then a penalty will be assessed as per Section 7D(3).

For the subsequent years of this Agreement thereafter, the minimum annual guarantee payment shall be adjusted for the ensuing twelve (12) month period according to the Consumer Price Index (CPI) calculated for the State of Texas for the previous full calendar year, provided, however, that in no event shall the minimum annual guaranteed payment for the ensuing twelve (12) month period be less than either \$110,000 or the percentage of gross receipts, as defined in paragraph B below, whichever is greater.

B. Percentage of Gross Receipts Paid to City

The percentage of gross receipts to be paid to City is as follows;

(1) Commencing May 1, 2013, a sum equal to ten percent (10%) of the gross receipts (as defined herein) derived by Concessionaire during the month of account from the sale of all items whatsoever, in connection with Concessionaire's News and Gift Shop operation in the terminal building.

C. Payment Terms

(1) Fifteen (15) days after the beginning of each calendar month during the term hereof, Concessionaire shall pay to City a sum of money which represents the excess of the difference between the percentage fee due on gross receipts (as defined herein) for the previous month, less one-twelfth (1/12) of the minimum annual guaranteed payment (as adjusted, based on the CPI, as stated in Section 7A above) made on or before the first of the previous month. In the event the percentage fees due shall not exceed the minimum annual guarantee due during any month in the term hereof, then no additional percentage fee shall be due and payable for such month.

(2) All remittances for rentals, fees, and charges are to be made payable to the City of Corpus Christi and remitted to the office of the Director of Aviation, 1000 International Drive, Corpus Christi, Texas 78406.

D. Delinquent Charges or Fees

(1) Concessionaire shall be responsible for payment of interest and penalty on amounts not remitted in accordance with the terms of this Agreement or amounts determined to be due and owing to City, unless waived by the City Commission.

(2) Interest

Interest on all past due amounts due the City shall be charged at the lawful legal rate, as may be amended. The obligations for payment and calculations thereof shall commence upon the day following the due date established herein.

(3) Penalty

In addition to interest described above, Concessionaire may be responsible for payment of penalty on amounts not remitted in accordance with the terms of this Agreement as may be determined by the Director or designee. Said penalty shall be ten percent (10%) of the amount then due or \$100.00, whichever is greater. The obligation for payment and calculation thereof shall commence upon the day following the due dates established herein.

(4) Annual Statement Results

If, as a result of the annual statement required in F.2, additional amounts are disclosed to be due and owing to City, interest and penalty shall be calculated thereon in accordance with paragraph 7.D.(1), (2), and (3). Concessionaire shall remit to City any additional amounts identified as due and owing according to the written statement. Interest and penalty thereon for any remittance received later than 90 days after the close of the year shall be calculated and billed by City. If no written statement is received within 180 days, the City may make an independent audit, which costs and any monies owed as a result of the audit, including penalties and interest, shall be paid by Concessionaire.

(5) Non-exclusivity

This provision permitting collection of interest and penalty by City on delinquent payments is not to be considered City's exclusive remedy for Concessionaire's default or breach with respect to delinquent payment. The exercise of this remedy is not a waiver by City of any other remedy permitted under the Agreement, including but not limited to termination of this Agreement.

E. Definition of Gross Receipts

The term "gross receipts" as used herein shall mean the aggregate amount of the gross selling price received by Concessionaire from all sources through the operations of the concession granted by this Agreement. It shall be all-inclusive whether or not such sales are made by cash or credits or whether the selling price is collected or uncollected. It shall include all business transacted at the Airport. Deductions shall be allowed only for the amount of any federal, state, or local excise and sales taxes presently or hereafter levied upon such sales or to be collected from the purchaser, and bona fide reimbursements to Concessionaire by its agents or employees for shortages in cash.

F. Statements, Books, and Records

(1) Within fifteen (15) days after the close of each calendar month during the Term of this Agreement, Concessionaire shall submit to City, in a form and with detail satisfactory to City, a statement of its gross receipts during the preceding month from its operations at the Airport upon which the percentage payments to City set forth in 7.A are computed, said statement to be signed by a responsible accounting officer of Concessionaire, along with any additional fees due for revenues in excess of minimum. In addition, a late monthly report penalty of \$100.00 per month is due for any report received after the twentieth (20th) day.

Concessionaire shall keep full and accurate books and records showing all of its gross receipts pertaining to operations at the Airport, and City shall have the right, through its representatives, and at all reasonable times, to inspect such books and records, including sales tax return records. Concessionaire hereby agrees that all such records and instruments will be made available to City at the Leased Premises for at least a three (3) year period.

(2) Concessionaire shall employ an independent certified public accountant who shall furnish within one hundred twenty (120) days after the close of each contract year a written statement to City stating that in their opinion the percentage fee paid by Concessionaire to City during the preceding year pursuant to this Agreement was made in accordance with the terms of this Agreement. Such statement shall also contain a list of the gross receipts as shown on the books and records of

Concessionaire and which were used to compute the fees paid to City during the period covered by the statement. Failure on the part of Concessionaire to submit this required statement within one hundred twenty (120) days after the close of each contract year will result in the City assessing a late processing fee of Fifty and No/100 dollars (\$50.00) for each month or fraction thereof that the statement is past due.

(3) The parties acknowledge and agree that the term "contract year" means the twelve-month period from May 1 through April 30.

G. Audit

City reserves the right, at City's expense, to audit Concessionaire's books and records of receipts at any time for the purpose of verifying the gross receipts hereunder. If, as a result of such audit, it is established that concessionaire has understated the gross receipts, as defined herein, by three percent (3%) or more, the entire expense of the audit shall be borne by Concessionaire. Any additional percentage fee due shall forthwith be paid by Concessionaire to City with interest thereon at ten percent (10%) per annum from the original due date.

H. Additional Fees and Charge

Concessionaire shall pay to City additional fees and charges under the following conditions:

(1) If City has paid any sum or sums or has incurred any obligation or expense which Concessionaire agreed to pay or to reimburse City; or

(2) If City is required or elects to pay any sum or sums or incurs any obligations or expense because of the failure, neglect, or refusal of Concessionaire to perform or fulfill any of the conditions of this Agreement.

I. Rental Fees for Cargo Facility Storage

The rental fee for the space allotted Concessionaire in the Cargo Facility as depicted on Exhibit "C" shall be charged in accordance with the typical rental fees for this type of space in accordance with the Airline's Rates and Charges calculations each fiscal year. Thirty (30) days prior to the end of each fiscal year, Concessionaire shall be notified of the new rate for the next fiscal year. Payment is due upon receipt of invoice. Concessionaire may terminate rental of the Cargo Facility Storage space by requesting such in writing to the Director providing for a thirty-day notice. Once Concessionaire has vacated the storage space, rental payments under this Section shall cease.

8. INDEMNITY

Concessionaire agrees to indemnify, protect, defend, and hold harmless the City, and any successors, assigns, agents, officers, directors, employees, and affiliates of City, (collectively referred to herein as "indemnitees") for, from, and against any and all liabilities, damages, claims, suits, losses, causes of action, liens, judgments, and expenses (including court costs, attorneys' fees, and costs of investigation) of any nature, kind or description arising or alleged to arise by reason of injury to or death of any person or damage to or loss of property (1) occurring on, in, or about the Leased Premises, or (2) by reason of any other claim whatsoever of any person or party occasioned or alleged to be occasioned in whole or in part by any act or omission on the part of Concessionaire or any invitee, licensee, employee, director, officer, servant, Contractor, or subcontractor, or (3) by any breach, violation, or non-performance of any covenant of Concessionaire under this Agreement (collectively referred to herein as "liabilities"), even if such liabilities arise from or are attributed to the concurrent negligence of any indemnitee. The only liabilities with respect to which Concessionaire's obligation to

indemnify the indemnitees does not apply is with respect to liabilities resulting solely from the negligence or willful misconduct of an indemnitee. If any action or proceeding shall be brought by or against any indemnitee in connection with any such liability or claim, Concessionaire, on notice from City, shall defend such action or proceeding, at Concessionaire's expense, by or through attorneys reasonably satisfactory to City. The provisions of this paragraph shall apply to all activities of Concessionaire with respect to the Leased Premises, building or complex, whether occurring before or after the commencement date of the Agreement Term, or before or after the expiration or termination of this Agreement. Concessionaire's obligations under this paragraph shall not be limited to damages, compensation, or benefits payable under insurance policies, workers' compensation acts, disability benefit acts, or other employees' benefit acts. The terms of this provision shall survive the termination of this Agreement to the extent any such damage occurs prior to such termination.

9. INSURANCE AND PERFORMANCE BOND

A. Liability Insurance

Concessionaire must secure and maintain at Concessionaire's expense during the term of this Agreement, a Commercial General Liability Insurance policy with the limits and requirements shown on the attached and incorporated as **Exhibit "B."** The Certificate of Insurance must be sent to City's Risk Manager and Airport Director and must provide thirty (30) days written notice of cancellation, intent not to renew or material change of any coverage required herein. Concessionaire will provide copies of all insurance policies to the City Attorney upon the City Manager's written request.

The amount of all required Insurance policies is not deemed to be a limitation on Concessionaire's agreement to indemnify and hold harmless City, and in the event Concessionaire or City becomes liable in an amount in excess of the amount or amounts of the policies, then Concessionaire must save City harmless from the whole liability.

City shall have no liability for any premiums charged for such coverage, and the inclusion of City as a named insured is not intended to, and shall not, make City a partner or joint-venturer with Concessionaire in its operations at the concession Premises.

B. Future Insurance Requirements

Concessionaire and City understand and agree that the minimum limits of the insurance herein required may become inadequate, and Concessionaire agrees that it shall increase such minimum limits upon receipt of notice in writing from City.

C. Adjustment of Claims

Concessionaire shall provide for the prompt and efficient handling of all claims for bodily injury, property damage or theft arising out of the activities of Concessionaire under this Agreement.

D. Conditions of Insurance Default

City may terminate this Agreement in accordance with Section 16 of this agreement if Concessionaire fails to consistently maintain said insurance levels.

E. Performance Bond

A Performance Bond, conditioned on performance of all of the Concessionaire's covenants set forth in the Agreement, in the amount equal to the first year's minimum annual guarantee as defined in Section 7 herein, will be required from the Concessionaire and shall be renewed annually and remain in effect for the entire term of the Agreement. The Performance Bond shall be (i) issued by a company licensed to conduct business in the State of Texas; (ii) in the form approved by the City; (iii) payable to City of Corpus Christi, Aviation Department and (iv) delivered to the Office of the Director.

10. NONDISCRIMINATION

Concessionaire, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, that (1) no person on the ground of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises; (2) that in the construction of any improvements in the Leased Premises and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in the project, denied the benefits of, or otherwise be subjected to discrimination; (3) that Concessionaire shall use the leased premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. That in the event of breach of any of the above nondiscrimination covenants, City shall have the right to terminate this Agreement and to re-enter and repossess the facilities thereon, and hold the same as if this Agreement had never been made or issued. Concessionaire further agrees to undertake all applicable mandated actions that may be required pursuant to Americans with Disabilities Act, as may be amended.

11. AFFIRMATIVE ACTION

The Concessionaire assures that it will undertake an affirmative action program as required by 14 CFR Part 12, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 162, Subpart E. The Concessionaire assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Concessionaire assures that it will require that its covered sub organizations provide assurances to the Concessionaire that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, as required by 14 CFR, Part 152, Subpart E, to the same effect.

12. DISADVANTAGED BUSINESS DEVELOPMENT

A. This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR part 23, subpart F. The Concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award of performance of any concession agreement covered by 49, CFR part 23, subpart F.

B. Concessionaire agrees to include the statements in paragraph 12.A. in any subsequent concession agreements that it enters and cause those businesses to similarly include the statements in further agreements.

C. Concessionaire shall comply with Airport's approved Disadvantaged Business Enterprise (DBE) program submitted in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Office of the Secretary, Part 23, Participation by Minority Business Enterprise programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

D. If Concessionaire is a DBE firm, evidence of certification as a Disadvantaged Business Enterprise issued under a Disadvantaged Business Enterprise program approved by the Department of Transportation shall be provided prior to the commencement of this agreement. If Concessionaire is eligible for certification as a DBE, but is not currently certified, Concessionaire shall notify City of its eligibility prior to the commencement of this agreement so that the certification process can be initiated.

13. EMINENT DOMAIN

In the event that the United States of America or the State of Texas or any entity having the power of eminent domain shall, by exercise of the right of eminent domain or any other power, acquire title in whole or in part to the Airport, including any portion assigned to Concessionaire, Concessionaire shall have no right of recovery whatsoever against City but shall make its claim for compensation solely against the United States of America or the State of Texas or the condemning entity, as the case may be.

14. UNTENANTABLE PREMISES AND RELOCATION

A. If Leased Premises are partially damaged by fire or other casualty, but not rendered untenable, City shall repair the premises at its own cost and expense, subject to the limitations of Paragraph 14.E; provided, however, that if the damage is caused by the negligent act or omission of Concessionaire, its sub lessees, agents, or employees, Concessionaire shall be responsible for reimbursing City for the cost and expenses incurred in such repair.

B. If the damage be so extensive as to render the Leased Premises untenable but capable of being repaired in sixty (60) days, the same shall be repaired by City at its own cost and expenses, subject to the limitations of Paragraph 14.E., and the fees payable by concessionaire shall be proportionately paid up to the time of such damage and cease until such time as the assigned premises shall be restored and again made tenable; provided, however, that if said damage is caused by the negligent act or omission of Concessionaire, its sub lessees, agents or employees, the fees due will not abate and Concessionaire shall be responsible for reimbursing City for the costs and expenses incurred in such repair.

C. In the event the premises are completely destroyed by fire or other casualty or so damaged that they will remain untenable for more than sixty (60) days, the City shall be under no obligation to repair, replace and reconstruct the Leased Premises, and concession fees shall be paid up to the time of such damage and destruction and thereafter cease until the premises shall be fully restored. If within twelve (12) months after the time of the damage or destruction the Leased Premises have not been repaired or reconstructed for Concessionaire's use, or other reasonable facilities provided, Concessionaire may give City written notice of its intention to cancel this Agreement in its entirety as of the date of such damage or destruction.

D. Notwithstanding paragraph 14.C., if the leased premises are completely destroyed

as a result of the negligent acts or omissions of Concessionaire, fees payable hereunder shall not abate and City may, in its sole discretion, require Concessionaire to repair and reconstruct the Leased Premises and pay the costs therefor; or City may, in its sole discretion, repair and reconstruct the Leased Premises and Concessionaire shall be responsible for reimbursing City for the costs and expenses incurred in such repair.

E. It is understood that, in the application of the foregoing Paragraphs 14.A., B., and C., City's obligations shall be limited to repair or reconstructing of the Leased Premises, where applicable, to the same extent and of equal quality as obtained at the commencement of this Agreement, City will not be responsible for repair or replacement of improvements, furniture, furnishings, equipment or expendables.

F. Should the improvements, furniture, furnishings, equipment or expendables, or any part of them, be destroyed or damaged, they shall in all instances be repaired or replaced by Concessionaire whether or not said damage or destruction is covered by insurance, provided that this Agreement has not been canceled in accordance with the terms thereof. Redecoration and replacement of damaged or destroyed furniture, furnishing, equipment and expendables shall also be the responsibility of Concessionaire and any such redecoration, refurbishing, and re-equipping shall be of equivalent quality to that originally installed hereunder. If Concessionaire fails to repair or replace such damaged or destroyed improvements subject to a schedule approved by City or falls to redecorate or replace damaged or destroyed furniture, furnishing, equipment and expendables, and provided that this Agreement has not been canceled, City may make such repairs or replacement and recover from Concessionaire the cost and expense of such repair or replacement.

15. AIRPORT-REQUESTED RELOCATION

The Director may require the Concessionaire to vacate or relocate all or part of the Leased Premises upon first giving written notice to the Concessionaire. The notice must identify that portion of the Leased Premises to be vacated or relocated and the date the Concessionaire must vacate. The Airport will work with the Concessionaire to locate replacement Concession space within the Terminal of the approximate size of the Leased Premises taken. Airport has no obligation or liability to pay any moving cost or any claim for lost revenue or profits associated with the relocation or removal of Concession space from the Concessionaire's Leased Premises. The Airport will reimburse the Concessionaire for the unamortized capital investment, as set forth in Section 5 herein, for each portion of the Leased Premises taken within 60 days after Concessionaire vacates that portion as required by this provision. Unamortized capital investment shall be defined as the cost of the capital investment as agreed upon by Concessionaire and City, less straight line depreciation from the date Concessionaire begins operations in the refurbished Leased Premises.

16. LIABILITY OF CITY

It is specifically understood and agreed that City shall have no liability to Concessionaire for damage to or loss of property of Concessionaire, its employees, agents, servants, or patrons, from any cause whatsoever, unless such damage to or loss of property shall be caused by gross negligence or willful misconduct on the part of City, its employees, agents, or servants.

17. ASSIGNMENT AND SUBLETTING

Concessionaire shall not assign this Agreement or sublet the Leased Premises, either in whole or in part, without prior written approval of City, which approval will not be unreasonably withheld or delayed. No request for, or consent to, such assignment or sublease shall be considered unless Concessionaire shall have paid all rentals, fees, and charges which have accrued in favor of City and

Concessionaire shall have otherwise met all other legal obligations to be performed, kept, and observed by it under the terms and conditions of this Agreement or as this Agreement may be subsequently amended or modified.

18. TERMINATION BY CITY

This Agreement shall be subject to cancellation by City in the event of the happening of any or more of the following contingencies:

A. Concessionaire shall file a voluntary petition of bankruptcy; or if proceedings in bankruptcy shall be instituted against it and it is thereafter adjudicated a bankrupt pursuant to such proceedings; or if a court shall take jurisdiction of Concessionaire and its assets pursuant to proceedings brought under the provisions of any federal reorganization act; or if a receiver for Concessionaire's assets is appointed; or if Concessionaire shall be divested of its rights, powers, and privileges under this Agreement by other operation of law.

B. Concessionaire shall abandon and discontinue the conduct and operation of said concession at the Airport.

C. Concessionaire shall default in or fail to make any payments at the times and in the amounts as required of it under this Agreement.

D. Concessionaire shall fail to perform, keep, and observe all of the covenants and conditions contained in this Agreement to be performed, kept, and observed by it, including, but not limited to, the payment of fees and other charges in the time, manner, and amount as provided in this Agreement and compliance with all applicable laws, ordinances, codes, rules, and other regulatory measures of the United States of America, the State of Texas, County of Nueces and City of Corpus Christi, and the rules and regulations governing the use, operation, and control of the Airport.

E. All rights, privileges, or interests acquired by Concessionaire under the terms of this Agreement may, at the option of City, following written notice of thirty (30) days, be suspended or finally terminated if such suspension or termination is found by City, acting in good faith, to be necessary to secure Federal financial aid for the development and improvement of said Airport.

F. Upon the happening of any of the contingencies recited in subsection B, C, or D of this paragraph 18, City shall give written notice to Concessionaire to correct or cure such default, failure to perform, or breach; and if, within thirty (30) days from the date of such notice, the default, failure to perform, or breach complained of shall not have been corrected in a manner satisfactory to the Director, then, in such event, City shall have the right, at once and without further notice to Concessionaire, to declare this Agreement terminated and to enter upon and take full possession of the Leased Premises. If this Agreement is terminated pursuant to this Section, the City may draw upon the Performance Bond described in Section 9(E) herein in satisfaction of any past-due Annual Guarantee or other past-due amounts hereunder, to be drawn monthly on the last day of each month after such termination, for a period of time not to exceed one year, or until the Premises are re-let to a replacement tenant, whichever event occurs sooner.

G. Upon the happening of any one of the contingencies enumerated in subsection A of paragraph 18 hereof, this Agreement shall be deemed to be breached by Concessionaire and thereupon, ipso facto and without entry or any other action by City, this Agreement shall terminate, subject to be reinstated only if such involuntary bankruptcy or insolvent proceedings, petition for organization, trusteeship, receivership, or other legal act divesting Concessionaire of its rights under

this Agreement shall be denied, set aside, vacated, or terminated in Concessionaire's favor within sixty (60) days from the happening of the contingency. Upon the happening of said latter events, this Agreement shall be reinstated as if there had been no breach occasioned by the happening of said contingencies, provided that Concessionaire shall, within ten (10) days after the final denial, vacating, or setting aside of such petition on the vacating, terminating, or setting aside of such appointment, pay or discharge any or all sums of money which may have become due under this Agreement in the Interim and shall then remain unpaid and shall likewise fully perform and discharge all their obligations which may have accrued and become payable in the interim.

19. TERMINATION BY CONCESSIONAIRE

Concessionaire may cancel this Agreement and terminate all or any of its obligations hereunder at any time Concessionaire is not in default under the terms hereof by giving thirty (30) days written notice upon or after the happening of any one of the following events.

- A. The permanent abandonment of the Airport as an air terminal.
- B. The Issuance by any court of competent jurisdiction of an injunction substantially preventing or restraining the use of the Airport or of the terminal building and the remaining in force of such injunction for at least ninety (90) days.
- C. The breach by City of any of the terms, covenants, and conditions of this Agreement and the failure of City to act to remedy such breach for a period of sixty (60) days after the receipt of written notice from concessionaire of the existence of such breach.
- D. In the event of destruction of all or a material portion of the Airport or its facilities, or in the event that any agency or instrumentality of the United States Government or any state or local government were to occupy the Airport or a substantial part thereof, or in the event of military mobilization or public emergency where there is a curtailment (either by executive decree or legislative action) of normal civilian traffic at the Airport or of the use of motor vehicles or airplanes by the general public or in the event of a limitation of the supply of automobiles or automobile fuel supplies or parts for general public use, or in the event of strikes, boycotts, labor disputes, embargoes, shortage of materials, provided; however, that any of said events must first result in material interference with Concessionaire's normal business operations or substantial diminution in Concessionaire's gross receipts of 50% for a period of sixty (60) or more consecutive days.

20. WAIVERS

- A. The acceptance of charges and fees by City for any period or periods after a default of any of the terms, covenants, and conditions herein contained to be performed, kept, and observed by Concessionaire shall not be deemed a waiver of any rights on the part of the City to terminate this Agreement for failure by Concessionaire to so perform, keep, or observe any of the terms, covenants, or conditions hereof to be performed, kept, and observed.
- B. No waiver of default by either party of any of the terms, covenants, or conditions of this Agreement to be performed, kept, and observed by either party either prior to or after either party may have remedied the same, shall be construed to be or act as a waiver of any subsequent default of any of the terms, covenants, and conditions herein contained to be performed, kept, and observed by either party.

21. DISPOSITION OF FURNISHINGS AND EQUIPMENT UPON TERMINATION

Upon the termination of this Agreement, all furnishings other than Concessionaire's personal property, proprietary trade fixtures and non-fixed improvements revert to City with no further obligations on the part of either party hereto to one another.

22. INTERPRETATION OF AGREEMENT

It is understood and agreed that nothing herein contained is intended or should be construed as in anywise creating or establishing the relationship of copartners between the parties hereto, or as constituting Concessionaire as the agent, representative, or employee of City for any purpose or in any manner whatsoever. Concessionaire is to be and shall remain an independent contractor under this Agreement and agrees to and does hereby accept full and exclusive liability for the payment of any and all contributions or taxes for Social Security, Worker's Compensation Insurance, Unemployment Insurance, or Old Age Retirement Benefits, Pensions, or Annuities now or hereafter imposed under any state or federal laws which are measured by the wages, salaries, or other remuneration paid to persons employed by Concessionaire for work performed under the terms of this Agreement, and agrees to indemnify and save harmless City from any such contributions or taxes or liability therefor. In interpreting the provisions of this Agreement, the laws of the State of Texas shall prevail.

23. INVALID PROVISIONS

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

24. NOTICES

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

General Counsel
HMS Host Corporation
6905 Rockledge Drive
7th Floor
Bethesda, MD 20817

Senior Vice President of Development
HMS Host Corporation
6905 Rockledge Drive
Bethesda, MD 20817

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

25. GOVERNMENTAL FACILITIES

In the event the Federal Government discontinues the provision and operation of air traffic controls, navigational aids, and other airport facilities which are now or may hereafter be furnished by it, City shall not be required or obligated to furnish such facilities and services after discontinuance thereof by the Federal Government.

26. AIRPORT SECURITY

Concessionaire covenants and agrees that it will at all times maintain the integrity of the Airport Security Plan and FAR Part 107, as amended from time to time. Should Concessionaire, through a negligent act of its own, allow access to the Security identification Display Area to an unauthorized person or persons, and City should be cited a civil penalty for the concessionaire's breach of security, Concessionaire agrees to reimburse City for any monetary civil penalty which may be imposed upon City by the Federal Aviation Administration.

27. GOVERNMENTAL RIGHTS

Nothing in this Agreement shall be construed or interpreted in any manner whatsoever as limiting, relinquishing, or waiving of any rights or ownership enjoyed by City in said Airport or in any manner waiving or limiting its control over the development, improvement, operations, and maintenance of the Airport or in derogation of such governmental rights as City possesses, except as may be otherwise specifically provided herein.

28. PARAGRAPH HEADINGS

The paragraph headings contained herein are for convenience in reference and are not intended to specifically define or limit the scope of any provision of this Agreement.

29. FAMILIARITY AND COMPLIANCE WITH TERMS

A. Concessionaire represents that it has carefully reviewed the terms and conditions of this Agreement and is familiar with such terms and conditions and agrees to faithfully comply with the same to the extent to which said terms and conditions apply to its activities as authorized and required by this Agreement.

B. It is understood that Concessionaire's proposal submitted in response to the Request for Proposal relative to the award of this Agreement, and any written answers to questions asked by City are all made part of this Agreement by reference, and this Agreement shall supersede any conflicting agreements.

30. SUCCESSORS AND ASSIGNS

All provisions of this Agreement shall extend to bind and inure to the benefit not only of City and of Concessionaire, but also their legal representatives, successors, and assigns.

31. ATTORNEY'S FEES AND COSTS

Should this Agreement be placed by CITY in the hands of any attorney for collection, or for handling costs of bankruptcy or probate proceedings, CITY shall be entitled to recover its costs and reasonable and necessary attorneys' fees. In such event, reasonable and necessary attorneys' fees are

agreed to be ten percent (10%) of all sums due and owing under the Concession Agreement, unless otherwise pleaded and proved.

32. STATE LAW AND VENUE DETERMINATION

This Agreement shall be subject to and governed under the laws of the state of Texas. Any and all obligations and payments are due and performable and payable in Nueces County, Texas. The parties agree that venue for purposes of any and all lawsuits, causes of action, arbitrations, or other disputes shall be in Nueces County, Texas.

33. CANCELLATION OF ALL PREVIOUS NEWS AND GIFT CONCESSION AGREEMENTS

By mutual execution of this Agreement the parties agree to cancel all prior News and Gift Concession Agreements in effect for operation by Concessionaire at Corpus Christi International Airport as of the date of said mutual execution.

34. PUBLICATION COSTS

Concessionaire agrees to pay the costs of newspaper publication of this Agreement and related Ordinance as required by the City Charter.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective proper officers and have affixed their corporate seals hereto as of the day and year first above written.

EXECUTED IN DUPLICATE ORIGINALS this ____ day of _____, 2013 by the authorized representative of the parties.

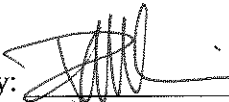
ATTEST:

City of Corpus Christi, Texas

Armando Chapa
City Secretary

Ronald L. Olson
City Manager

Host International, Inc.
Concessionaire:

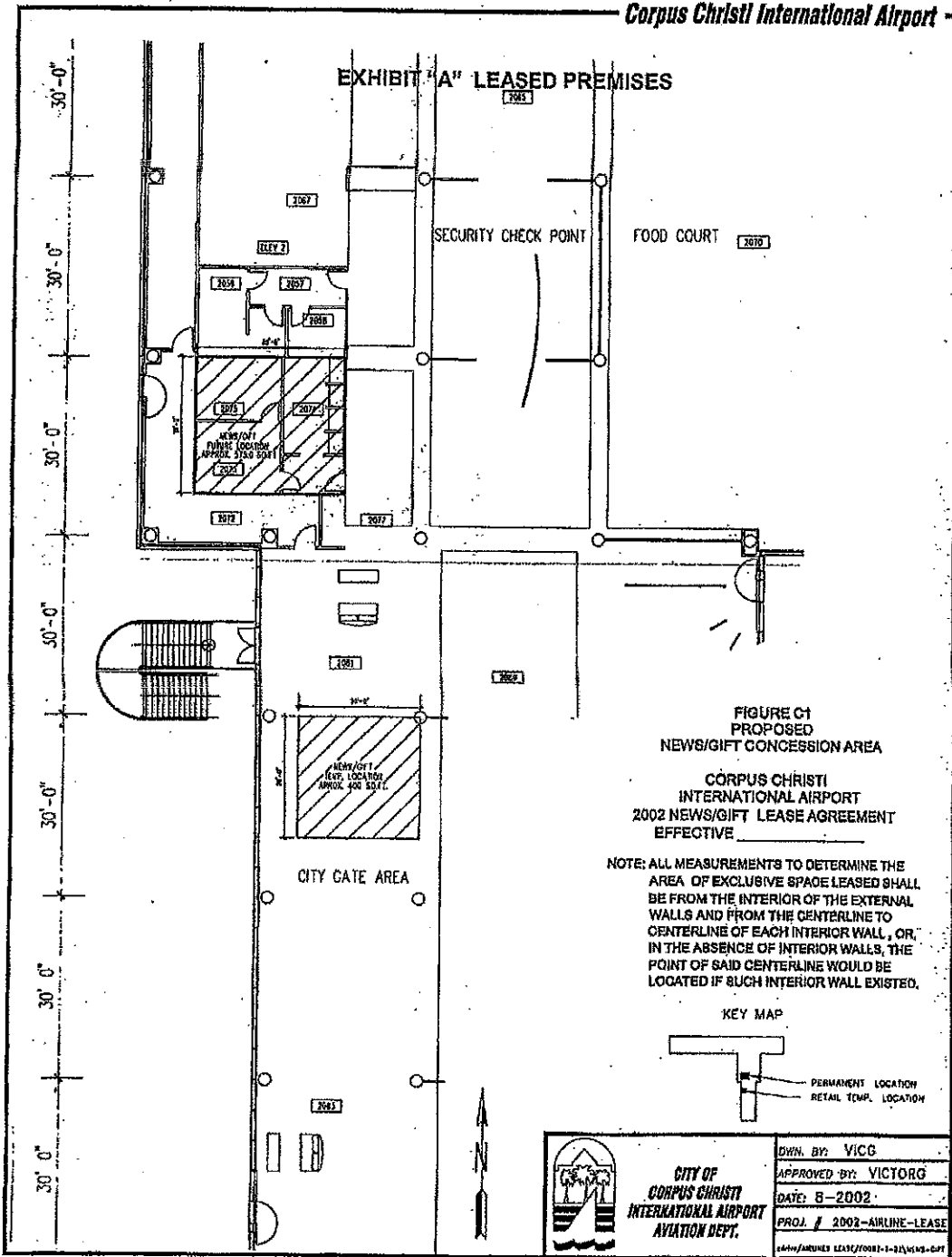
By:  **Paul Mamalian**
Name: **President**
Title: ~~Senior Vice President~~

EXHIBITS:

- Exhibit A - Concession Premises Description
- Exhibit B - Insurance Requirements
- Exhibit C - Storage Premises Description
- Exhibit D - Improvements Plan and Budget

EXHIBIT "A"
LEASED PREMISES
(concession premises)

Corpus Christi International Airport

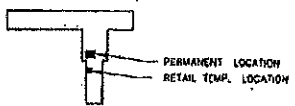


**FIGURE C1
PROPOSED
NEWS/GIFT CONCESSION AREA**

**CORPUS CHRISTI
INTERNATIONAL AIRPORT
2002 NEWS/GIFT LEASE AGREEMENT
EFFECTIVE**

**NOTE: ALL MEASUREMENTS TO DETERMINE THE
AREA OF EXCLUSIVE SPACE LEASED SHALL
BE FROM THE INTERIOR OF THE EXTERNAL
WALLS AND FROM THE CENTERLINE TO
CENTERLINE OF EACH INTERIOR WALL, OR,
IN THE ABSENCE OF INTERIOR WALLS, THE
POINT OF SAID CENTERLINE WOULD BE
LOCATED IF SUCH INTERIOR WALL EXISTED.**

KEY MAP



DWN. BY: VICG
APPROVED BY: VICTORG
DATE: 8-2002
PROJ. # 2002-AIRLINE-LEASE
CAH/AVIATION LEASE/2002-1-21/VICG-CPI

EXHIBIT "B"
INSURANCE REQUIREMENTS

EXHIBIT B

INSURANCE REQUIREMENTS

I. CONCESSIONAIRE'S LIABILITY INSURANCE

- A. Concessionaire shall not commence business under this agreement until all insurance required herein has been obtained and approved by the City's Risk Manager or designee.
- B. Concessionaire shall furnish to the Risk Manager or designee two (2) copies of Certificates of Insurance, with applicable policy endorsements showing the following minimum coverage by an insurance company(s) acceptable to the Risk Manager or designee. The City must be named as an additional insured to the extent of its interests for the General Liability policy, and a waiver of subrogation is required on all applicable policies.

TYPE OF INSURANCE	MINIMUM INSURANCE COVERAGE
30-Day Notice of Cancellation required on all certificates by policy endorsement(s)	Bodily injury and Property Damage Per Occurrence / aggregate
Commercial General Liability including: <ul style="list-style-type: none"> 1. Broad Form 2. Premises – Operations 3. Products/Completed Operations Hazard 4. Contractual Liability 5. Broad Form Property Damage 6. Independent Contractors 	\$1,000,000 Per Occurrence \$2,000,000 Aggregate
BUSINESS AUTOMOBILE LIABILITY <ul style="list-style-type: none"> 1. Owned 2. Hired & Non-owned 	\$1,000,000 Combined Single Limit
WORKERS' COMPENSATION	WHICH COMPLIES WITH THE TEXAS WORKERS' COMPENSATION ACT AND PARAGRAPH II OF THIS EXHIBIT.
EMPLOYER'S LIABILITY	\$500,000 / \$500,000 / \$500,000

- C. In the event of accidents of any kind related to this project involving employees of the City, Concessionaire shall furnish the Risk Manager with copies of all reports of such accidents within ten (10) days of the accident.

II. ADDITIONAL REQUIREMENTS

- A. Concessionaire must obtain workers' compensation coverage through a licensed insurance company in accordance with Texas law. The contract for coverage must be written on a policy and endorsements approved by the Texas Department of Insurance. The coverage provided must be in amounts sufficient to assure that all workers' compensation obligations incurred will be promptly met.
- B. Concessionaire's financial integrity is of interest to the City; therefore, subject to Concessionaire's right to maintain reasonable deductibles, Concessionaire shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at Concessionaire's sole expense, insurance coverage written on an occurrence basis, by companies authorized and admitted to do business in the State of Texas and with an A.M. Best's rating of no less than A-VII.
- C. The City shall be entitled, upon reasonable request and without expense, to receive copies of the policies, declarations page and all endorsements thereto as they apply to the limits required by the City. All notices under this Article shall be given to City at the following address:

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

- D. Concessionaire agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following required provisions:
- Name the City and its officers, officials, employees, volunteers, and elected representatives as additional insured by endorsement to the extent of their interests, as respects operations and activities of, or on behalf of, the named insured performed under contract with the City, with the exception of the workers' compensation policy
 - Provide for an endorsement that the "other insurance" clause shall not apply to the City of Corpus Christi where the City is an additional insured shown on the policy;
 - Workers' compensation and employers' liability policies will provide a waiver of subrogation in favor of the City; and
 - Provide thirty (30) calendar days advance written notice directly to City of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance written notice for nonpayment of premium.
- F. Within fifteen (15) calendar days of a suspension, cancellation, or non-renewal of coverage, Concessionaire shall provide a replacement Certificate of Insurance and applicable endorsements

to City. City shall have the option to suspend Concessionaire's performance should there be a lapse in coverage at any time during this contract. Failure to provide a replacement Certificate of Insurance and applicable endorsements as set forth above shall constitute a material breach of this contract.

- G. In addition to any other remedies the City may have upon the suspension, cancellation, or non-renewal of Concessionaire's coverage, , the City shall have the right to order Concessionaire to discontinue sales hereunder, until Concessionaire provides a replacement Certificate of Insurance and applicable endorsements as set forth in Section III F, above. .
- H. Except to the extent otherwise provided herein, nothing herein contained shall be construed as limiting in any way the extent to which Concessionaire may be held responsible for payments of damages to persons or property resulting from Concessionaire's or its contractor's performance of the construction work covered under this agreement.
- I. Except to the extent otherwise provided herein, it is agreed that Concessionaire's insurance shall be deemed primary and non-contributory with respect to any insurance or self-insurance carried by the City of Corpus Christi for liability arising out of operations under this agreement.
- J. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this agreement.

EXHIBIT "C"
LEASED PREMISES
(storage premises)

EXHIBIT "D"
IMPROVEMENTS PLAN AND BUDGET

To be attached when provided.