

**ADDENDUM NO. 1 TO THE AMENDED AND RESTATED
HANGAR AND FIXED BASE OPERATOR'S LEASE
BETWEEN THE
CITY OF CORPUS CHRISTI AND ATLANTIC AVIATION**

**STATE OF TEXAS §
 §
COUNTY OF NUECES §**

WHEREAS, the City of Corpus Christi ("Lessor" or "City") and Mercury Air Center—Corpus Christi, Inc., dba Atlantic Aviation ("Lessee") entered into an Amended and Restated Hangar and Fixed Base Operator's Lease ("Lease"), approved by Ordinance No. 030016, on November 19, 2013; and

WHEREAS, the parties mutually desire to modify the terms and conditions of the Lease through execution of an addendum to the Lease ("Addendum No. 1") in order to correct, clarify, and add specific provisions to the Lease for the benefit of the parties.

1. Atlantic Aviation FBO Holdings, LLC (formerly, Macquarie FBO Holdings, LLC) (herein, "Atlantic"), a Delaware corporation legally authorized to transact business in Texas, acting as lease guarantor for Lessee pursuant to an assignment and assumption of guaranty agreement executed September 13, 2007, is added as a party to the Lease, such addition to be retroactively effective as of the approval date of the Lease, which was November 19, 2013. Atlantic, pursuant to a stock purchase agreement between Atlantic and Lessee dated April 16, 2007, acquired all of the outstanding and issued capital stock of Lessee and assumed all lease guarantees, in existence and continuing, of Lessee. By execution of this Addendum No. 1, Atlantic ratifies all terms and conditions of the Lease and continues the assumption of all lease guarantees pursuant to the assignment and assumption of guaranty agreement dated September 13, 2007.
2. For purposes of the notice provisions under the Lease, the initial address of Atlantic is added to the Lease as follows: Atlantic Aviation FBO Holdings, LLC, 6652 Pinecrest Drive, Suite 300, Plano, Texas, 75024.
3. For purposes of this Addendum No. 1, the parties acknowledge and agree that the specific language included in this document modifies the terms and conditions of the Lease as necessary and desired to effectuate the purposes and plans of the parties.
4. Article 3, section 3.01, first and second paragraphs of the Lease are deleted and replaced with language to read as follows:

“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.”

5. Article 3, section 3.01 table, first line of the table in the Lease is deleted and replaced with language to read as follows:

“From Commencement Date through January 19, 2019:”

6. Article 3, section 3.03, subsections (a) and (b) of the Lease are deleted and replaced with language to read as follows:

“(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.”

7. Article 5, section 5.01 of the Lease is deleted and replaced with language to read as follows:

"The initial term of this Lease shall be five (5) years ("Initial Term") that shall commence on the sixty-first (61st) day following 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."

8. Article 5, section 5.02, first paragraph, next to last sentence of this first sectional paragraph of the Lease is deleted and replaced with language to read as follows:

"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."

9. Article 5, section 5.02, third paragraph of the Lease is deleted and replaced with language to read as follows:

"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."

10. Article 5, section 5.02, fourth paragraph of the Lease is deleted and replaced with language to read as follows:

"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 issuances 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."

11. Article 5, section 5.02 of the Lease is modified by the insertion of a new fifth paragraph to read as follows:

"A bond or irrevocable letter of credit, as described above, must be valid for six (6) months or more and require, as documentation for payment, a statement in writing from the Aviation Director, and such other documentation as may reasonably be required by the surety or bank, 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."

12. Article 6, section 6.01 of the Lease is deleted and replaced with language to read as follows in bold print and set off in a larger font size:

"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, to the extent permitted by insurance

coverage maintained by the Lessee under this Lease Agreement, counsel reasonably 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."

13. Article 6, section 6.02 of the Lease is deleted and replaced with language to read as follows: "Intentionally left blank."

14. Article 7, section 7.02, subsection (b) of the Lease is deleted and replaced with language to read as follows:

"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. City must be included as an additional insured on all property insurance policies. Lessee is responsible for deductibles for any loss."

15. Article 7, section 7.02, subsection (c)(i)(2) of the Lease is deleted and replaced with language to read as follows:

"(2) Thirty (30) day written notice of cancellation or material change in favor of the City of Corpus Christi."

16. Article 7, section 7.02, second subsection (c) of the Lease is deleted and replaced with a corrected subsection "(d)" designation and language to read as follows:

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

17. Article 7, section 7.04, first line of the Lease is deleted and replaced with language to read as follows:

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

18. Article 7, section 7.04, subsection (c) of the Lease is deleted and replaced with language to read as follows:

"(c) Thirty (30) day written notice of cancellation or material change in favor of the City of Corpus Christi."

19. Article 8, section 8.01 of the Lease is modified by inserting additional language at the end of the existing paragraph to read as follows:

"An irrevocable letter of credit, as described above, must be valid for six (6) months or more and require, as documentation for payment, a statement in writing from the Aviation Director, and such other documentation as may reasonably be required by the surety or bank, 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."

20. Article 13, section 13.02 of the Lease is modified by changing the time period stated in this section from "thirty (30) business days" to read "thirty (30) calendar days".

21. Article 14, section 14.02 of the Lease is deleted and replaced with language to read as follows: "Intentionally left blank."

22. Article 17, section 17.05, first paragraph of the Lease is deleted and replaced with language to read as follows in bold print and set off in a larger font size:

"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."

21. Article 22, section 22.02 of the Lease is deleted and replaced with language to read as follows:

"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."

22. Article 23, section 23.03 of the Lease is deleted and replaced with language to read as follows in bold print and set off in a larger font size:

"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 or requirement for compliance set forth herein. Lessee is responsible for payment of all such fines and penalties."

23. Article 24, section 24.01, subpart (j) of the Lease is deleted and replaced with language to read as follows:

"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. Article 25 of the Lease is deleted and replaced with language to read as follows:

"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%) of the then current rents, fees and charges in effect as of the end of the Initial 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."

25. Article 28 of the Lease is deleted and replaced with language to read as follows:

"Lessee agrees to comply promptly with all applicable 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.**"

26. Article 30, subsection 30.02 of the Lease is deleted and replaced with language to read as follows:

"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."

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27. Article 30, subsection 30.03 of the Lease is deleted and replaced with language to read as follows:

"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."

28. Article 31 of the Lease is deleted and replaced with language to read as follows:

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.

29. Article 33 of the Lease is deleted and replaced with language to read as follows:

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.

30. Article 39 of the Lease is deleted and replaced with language to read as follows:

"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."

31. Article 40, section 40.11 of the Lease is deleted and replaced with language to read as follows:

"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

EXHIBIT A

Director which it considers to be arbitrary, capricious or inconsistent with any express obligations to act reasonably set forth herein.”

32. Atlantic Aviation FBO Holdings, LLC (“Atlantic”), by its execution of this Addendum No. 1 to the Lease, ratifies all terms and conditions of the Lease, such ratification made retroactively effective as of November 19, 2013, the date of original approval of the Lease by the City Council of the City of Corpus Christi and, Atlantic acknowledges and agrees that Atlantic continues to provide the lease guarantees under this Lease as if joined on the date of initial execution of the Lease by Lessee.

33. The parties agree that all other terms and conditions of the Lease not changed by execution of this Addendum No. 1 to the Lease remain in full force and effect.

Executed in triplicate originals:

ATTEST:

CITY OF CORPUS CHRISTI

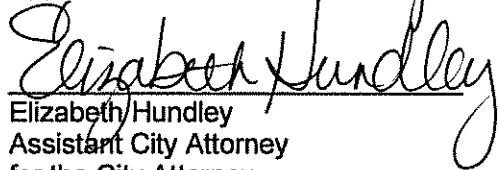
Rebecca Huerta, City Secretary

Ronald L. Olson, City Manager

Date: _____

Date: _____

Approved as to legal form: Sept. 10, 2014



Elizabeth Hundley
Assistant City Attorney
for the City Attorney


LESSEE: Mercury Air Center—Corpus Christi, Inc., doing business as Atlantic Aviation



Louis Pepper, Chief Executive Officer

Date: 9.9.14

LEASE GUARANTOR: Atlantic Aviation FBO Holdings, LLC



Louis Pepper, President

Date: 9.9.14