

GENERAL AVIATION LEASE AGREEMENT

STATE OF TEXAS §
COUNTY OF MATAGORDA §

This General Aviation Lease Agreement (Lease) is hereby made and entered into effective as of (Effective Date) by and between the City of Bay City (Lessor), a Texas home-rule municipality, and (Lessee or Tenant). For convenience, Lessor and Lessee may sometimes be referred to herein individually as a "Party" and collectively as the "Parties."

WITNESSETH

WHEREAS, Lessor owns the Bay City Regional Airport located in Bay City, Matagorda County, Texas with a street address of 3598 FM 2540 N, Bay City, TX 77414 (the Airport); and

WHEREAS, Lessor desires to lease the Leased Premises (as defined in Section 1.1) located at the Airport to Lessee for general aviation purposes; and

WHEREAS, Lessee desires to lease the Leased Premises from Lessor in accordance with the terms and conditions expressed in this Lease; and

NOW, THEREFORE, for and in consideration of the mutual agreements and covenants of the Parties as expressed in this Lease, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby mutually agree as follows:

SECTION 1. LEASED PREMISES.

1.1 Lessor, for and in consideration of the rents, covenants and promises herein contained to be kept, performed, and observed by Lessee, and subject to the terms, conditions and considerations stated herein, does hereby lease to Lessee and Lessee does hereby accept from Lessor the following premises (the "Leased Premises"), located at the Airport:

- a) That certain area known as T-hangar ;
b) An unassigned parking space in the Main Hangar;
c) T-hangar suite , (T-hangar suite is a T-hangar and endcap that are modified. These modifications have made the two units inseparable. Therefor they are always rented as one unit. The cost is based on what the current t-hangar rate is as well as the current endcap rate.)
d) That certain area known as Endcap ;

(Lessor shall mark through one of the above that does not apply (subsection (c) and/or (d) and both Parties shall initial).

SECTION 2. REGISTERED AIRCRAFT.

2.1 Lessee will use the Leased Premises for the storage of an aircraft identified as:

TYPE OF AIRCRAFT: _____ NUMBER: _____

REGISTERED OWNER: _____ COLOR: _____

This aircraft is hereinafter referred to as "Registered Aircraft."

SECTION 3. TERM.

3.1 The term of this Lease shall be month to month, commencing on the later to occur of (i) the Effective Date, or (ii) substantial completion of the Fixtures, if any, and continuing for successive months unless terminated in accordance with the provisions of this Lease.

3.2 Lessee has the option to terminate this Lease at any time without incurring a penalty or fee and without being responsible for Rent after the effective date of such termination. Lessee may exercise this option by providing Lessor with thirty (30) days' written notice.

3.3 Lessee agrees that upon the expiration or termination of this Lease, the Fixtures and any other fixtures or permanent improvements attached to and located on the Leased Premises shall become the property of Lessor.

3.4 Any holding over by Lessee after the expiration or termination of this Lease, in whatever manner the termination may be brought about, shall not operate as a renewal of this Lease, but during the period of such holding over Lessee shall be a tenant at will of Lessor and shall pay to Lessor a sum equal to one fifty percent (150%) of the calculated daily Rent in effect on the day prior to termination of the Lease for each day Lessee occupies the Leased Premises after such termination. In addition, Lessor retains all rights allowable by law and equity to remove Lessee, and Lessee's property, from the Leased Premises and recover damages therefrom.

3.5 In the event that the Leased Premises are abandoned or vacated by Lessee, Lessor shall have the right, but not the obligation, to re-let the Leased Premises for the remainder of the Term. If the payments received through such re-letting are less than the Rent provided for herein for such periods, Lessee shall pay the deficiency between the Rent for such periods and the payments received through re-letting; provided that such payments for re-letting are at a fair market rate.

SECTION 4. CONSIDERATION.

4.1 As consideration for the lease of the Leased Premises, Lessee agrees to pay the following in monthly installments (collectively, the "Base Rent"):

- a) T-Hangar - \$ _____ dollars per month.
- b) An unassigned parking space in the Main Hangar - \$ _____ dollars a month.
- c) T-Hangar Suite - \$ _____ dollars a month.
- d) Endcap - \$ _____.
- e) Utility Fee - \$ _____ dollars per month, which is equivalent to \$ _____ per year ("Utility Fee"). The Utility Fee payment includes all utility fees (electricity, water, sewer, garbage collection, disposal of waste oil, and routine maintenance).

4.2 Lease rates are subject to change by City Council with 30 days' written notice. City Council reviews lease rates annually and adjusts rates to comply with state law and federal regulations.

4.3 Lessee shall have no more than one (1) aircraft on the Leased Premises, which is the Registered Aircraft. Lessee shall have the option to lease additional T-hangar space at the established and/or approved rate per month, subject to availability of space. Lessee promises and agrees to pay all Ramp fees and Tie down fees on any other aircraft utilized by or owned by Lessee that utilize Airport services. In addition, Lessee promises and agrees to pay all Ramp fees for each of its customers, clients, associates, agents, licensees, invitees, and guests (on a per day, per aircraft basis) who arrive at the Airport and do not purchase fuel. In addition, Lessee promises and agrees to pay all Tie down fees (on a per day, per aircraft basis) for each of its customers, clients, associates, agents, licensees, invitees, and guests who which utilize tie downs at the Airport. Ramp fees and Tie down fees are to be paid according to the established and/or approved rates. Amounts for additional T-hangar space shall be payable as additional rent (collectively "Additional Rent"). Amounts for Ramp fees and Tie down fees shall be payable at the time of service.

4.4 Base Rent shall be payable in monthly installments on or before the *first day* of each month during the Term with the first such installment being due on or before the Effective Date. Additional Rent, if any, shall be due and payable at the same time as the next scheduled payment of Base Rent. All Base Rent and Additional Rent (collectively the "Rent") shall be paid as the same become due. Payment of the rent is accepted in several ways:

- (a) Set up an account online at www.cityofbaycity.org. There you will click on the City Services tab at the top, choose Pay A Bill Online, and then Accounts Receivable.
- (b) Mail your payment monthly to either the Airport at 3598 FM 2540 N, Bay City, Texas 77414 or the City of Bay City Finance 1901 5th Street, Bay City, Texas 77414.

- (c) Contact your bank and have the payment automatically drafted out of your account and sent to either one of the above addresses before the 1st day of the month.
- (d) Come to either the Airport or City Hall Finance Dept. and pay in person via check, money order, cash (exact amount), or credit card.

In the event Lessee fails to remit Rent when the same is due, and such payment remains unpaid for ten (10) days after the date due, a late payment fee of \$50.00 shall be charged to Lessee. Failure to pay Rent or any late payments as provided for in this Lease for a period of thirty (30) days after the date said payment is due shall be considered a condition of default.

SECTION 5. DEPOSIT

5.1 Prior to the Effective Date, Lessee shall deposit, equal to one month's rent for the Leased Premises, with Lessor. Lessor shall return the deposit to the Lessee within 30 days of the termination of the Lease provided: (i) Lessee's rent payment is not in arrears; (ii) Lessee has not damaged the Leased Premises; (iii) the Leased Premises are left in a clean condition; (iv) Lessee has provided in writing a 30 day notice to terminate this Lease; and (v) Lessee is not otherwise in breach of this Lease.

SECTION 6. COVENANTS AND CONDITIONS

6.1 Lessee covenants and agrees that it will use the Leased Premises solely for general aviation related purposes. Lessee further covenants and agrees to comply with Chapter 18 (Aviation) of the Bay City Code of Ordinances, as amended, and all policies and procedures implemented by the Airport. Lessee shall have exclusive right to occupy the Leased Premises and to use the Leased Premises for the uses and purposes described in this paragraph as long as Lessee is not in default of this Lease or in violation of Chapter 18 (Aviation) of the Bay City Code of Ordinances, as amended. Chapter 18 (Aviation), as amended, of the Bay City Code of Ordinances is fully incorporated herein for all purposes. A copy of Chapter 18 of the Bay City Code of Ordinances is attached hereto as **Exhibit A**. Lessee acknowledges and agrees that they are responsible for obtaining and understanding any amendments to Chapter 18 (Aviation) of the Code of Ordinances.

6.2 Lessee shall maintain the Leased Premises and the improvements and appurtenances thereto, in a presentable condition consistent with good business practice and in a safe, neat, slightly, and good physical condition; provided that, in no event shall Lessee be required to make any capital improvements or repairs to the Leased Premises and Lessor shall remain responsible for all routine maintenance, the roof, floors, walls and all major building systems. Lessee shall repair all damages to the Leased Premises and equipment located thereon caused by Lessee, its employees, patrons, clients, customers, associates, contractors, vendors, and its operation thereon.

6.3 Lessee shall make no make changes to the wiring or similar installations in the Leased Premises. Lessor represents and warrants that the Leased Premises will be in accordance with all Applicable Laws on the Effective Date.

6.4 If either Party fails to undertake its maintenance obligations hereunder within thirty (30) days after receipt of the other Party's written notice, then such Party shall have the right to perform such maintenance for the non-performing Party at the non-performing Party's expense.

6.5 Lessee shall use the provided garbage dumpsters for the handling and disposal of all trash, garbage, and any other refuse. Piling of items such as boxes, cartons, barrels or other similar items in an unsightly or unsafe manner on or about the Leased Premises is prohibited.

6.6 Lessee shall store and maintain in proper condition readily accessible fire extinguishers in a number and of a type required by the Airport Manager.

6.7 Lessee covenants and agrees to comply with all Applicable Laws, rules, and regulations of the Police, Fire and Health Departments, all rules and regulations established by Lessor for the operation of the Airport. It is understood and agreed that if Lessor gives notice to Lessee of any such violation on the part of Lessee or any of its officers, agents, employees, contractors, subcontractors, licensees or invitees, Lessee shall immediately cease and desist from such violations, take all necessary steps to ensure that such violation is corrected, and take actions necessary to in order that such violation does not reoccur.

6.8 Lessee shall comply with all applicable Federal Aviation Administration and Texas Department of Transportation rules and regulations. All activities of Lessee shall be conducted so as not to unreasonably interfere with other Airport traffic, including, but not limited to, runway(s), taxiways, ramps, aprons, and fueling points.

SECTION 7. INDEPENDENT CONTRACTOR.

7.1 It is expressly understood and agreed: (a) that Lessee shall operate hereunder as an independent contractor as to all rights and privileges granted herein and not as an agent, representative, or employee of Lessor; (b) that Lessee shall have exclusive control of and the exclusive right to control the details of its operations on the Leased Premises and shall be solely responsible for the acts and omissions of its officers, agents, employees, contractors, or subcontractors; (c) that the doctrine of respondent superior shall not apply as between Lessor and Lessee, its officers, agents, employees, contractors, and subcontractors; and (d) that nothing herein shall be construed as creating a relationship of employer-employee, principal-agent, partner or joint venture or enterprise or any such similar relationship between Lessor and Lessee.

SECTION 8. INDEMNIFICATION.

8.1 Lessee agrees to indemnify and hold harmless Lessor and its elected officials, directors, managers, agents, employees, and representatives from and against all liability for any and all claims, suits, demands, and/or actions arising from or based upon negligent acts or omissions arising out of Lessee's use and occupancy of the Leased Premises, its use of the Airport, and its activities conducted in connection with this Lease. Such indemnification shall include, but is not limited to, acts or omissions on the part of Lessee's contractors, subcontractors, and sub-lessee. Lessee shall also indemnify Lessor against any and all mechanic's and materialmen's

liens or any other types of liens imposed upon the Leased Premises arising as a result of Lessee's conduct or activity.

Lessee's indemnity obligations extend to any and all such claims, suits, demands, and/or actions regardless of the type of relief sought thereby, and whether such relief is in the form of damages, judgments, court costs, and reasonable attorney's fees and expenses, or any other legal or equitable form of remedy. This Indemnity Provision shall apply regardless of the nature of the injury or harm alleged, whether for injury or death to persons or damage to property, and whether such claims be alleged at common law, or statutory or constitutional claims, or otherwise.

Lessor assumes no responsibility or liability for harm, injury, or any damaging event which is directly or indirectly attributable to defects or conditions which may now exist or which may hereafter arise upon the Leased Premises except to the extent that such defects or conditions are due solely to the negligence of Lessor or its employees or agents.

It is expressly understood and agreed that Lessor shall not be liable or responsible for the negligence of Lessee, its agents, servants, employees and customers. Lessee further agrees that Lessee shall at all times exercise reasonable precautions for the safety of, and shall be solely responsible for the safety of Lessee's elected officials, directors, managers, agents, representatives, employees, members, patrons, visitors, contractors, and subcontractors (if any), and/or sub-lessee, and other persons, as well as for the protection of supplies and equipment and the property of Lessee or other persons.

8.2 Lessor shall in no way be responsible for any property belonging to Lessee, its officers, agents, employees, contractors, subcontractors, licensees, or invitees which may be stolen, destroyed or in any way damaged, and Lessee hereby indemnifies and holds harmless Lessor, its officers, agents, servants and employees from and against any and all such claims.

SECTION 9. INSURANCE.

9.1 Lessee shall continuously maintain in effect during the term of this Lease, at Lessee's sole expense, the following insurance coverage:

- a) Insurance against claims for bodily injury, death, or property damage occurring on, in, or about the leased premises, such insurance to afford protection to the City of not less than \$1,000,000.00. The insurance policy must meet aircraft liability to include \$1,000,000.00 single limit liability.

9.2 All policies shall name Lessor as an additional named insured and provide for a minimum of ten (10) days written notice to the Lessor prior to the effective date of any cancellation, material change, or lapse of such policies. Notwithstanding other provisions herein contained, Lessor may cancel this Lease with notice to Lessee should Lessee's insurance lapse for a period of ten (10) days or more. Lessor may elect to reinstate and revive such Lease after such insurance obligation is cured by Lessee. Lessor shall be listed as a Certificate Holder on Lessee's insurance and shall receive notification of any lapse.

9.3 Any insurance policy herein required or procured by Lessee shall contain an express waiver of any right or subrogation by the insurance company against the Lessor.

9.4 Proof of insurance is required before Lessor can enter this Lease.

9.5 Lessee acknowledges and agrees that is shall not be within protection or coverage of Lessor's workers' compensation insurance, health insurance, liability insurance or any other insurance that Lessor, from time to time, may have in force and effect.

SECTION 10. ENVIRONMENTAL PROVISIONS.

10.1 Lessee agrees to properly position and tie down its aircraft and property on the Leased Premises and to adequately collect and clean all amounts of oil or other fluids which may drip or leak from such aircraft or property.

10.2 Lessee agrees to properly store, collect, clean, and dispose of all chemicals and chemical residues, and petroleum products and residues, including oil and gas samples; to properly store, confine, collect, clean, and dispose of all paint, including paint spray in the atmosphere, and paint products; and to comply with all local, state and federal regulations governing the storage, handling, collection, cleaning, and disposal of such chemicals, petroleum products, and paints. In the event of any accident or spillage by Lessee of any petroleum product, chemical, toxic compound, Hazardous Materials (as defined below) on or at the Leased Premises, Lessee shall comply with all federal, state, and local laws, rules, and regulations pertaining thereto, including notification of proper authorities, safety of all persons potentially affected, evacuation of the Leased Premises, if necessary, clean-up and disposal. Additionally, Lessee shall be solely responsible for all costs associated with its spillage, clean-up, and disposal of any such fluids, compounds, Hazardous Materials, or wastes on or at the Leased Premises. All clean-ups and disposals shall be in accordance will Applicable Laws.

10.3 Lessee agrees to comply with all Environmental Requirements (as defined below).

10.4 As used in this Section 8, the following terms have the meanings set forth below:

"Hazardous Materials" shall mean any substance which is or contains (a) any "hazardous substance" as now or hereafter defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. 59601 et seq.) ("CERCLA") or any regulations promulgated under or pursuant to CERCLA; (b) any "hazardous waste" as now or hereafter defined in the Resource Conservation and Recovery Act (42 U.S.C 56901 et seq.) ("RCRA") or regulations promulgated under or pursuant to CERCLA; (c) any substance regulated by the Toxic Substance Control Act (15 U.S.C. 525 et seq.); (d) asbestos and asbestos containing material, in any form, whether friable or non-friable; (e) polychlorinated biphenyls; (f) radon gas; (g) any additional substances or materials which are now or hereafter classified or considered to be hazardous or toxic under Environmental Requirements (as hereinafter defined) or the common law, or any other applicable laws relating to

the Property. Hazardous Materials, shall also include, without limitation, any substance, the presence of which on the Leased Premises: (i) requires reporting, investigation or remediation under Environmental Requirements; (ii) causes or threatens to cause a nuisance on the Leased Premises or adjacent property or poses or threatens to pose a hazard to the health or safety of persons on the Leased Premises or adjacent property; or (iii) which, if emanated or migrated from the Leased Premises, could constitute trespass; (h) storm water pollution prevention plan (SW3P); and (i) spill prevention, control, and countermeasure (SPCC) plan.

"Environmental Requirements" shall mean all laws ordinances, statutes, codes, rules, regulations, agreements, judgments, orders, and decrees, now or hereafter enacted, promulgated, or amended, of the United States, the states, the counties, the cities, or any other political subdivision in which the Leased Premises is located, and any other political subdivision, agency or instrumentality exercising jurisdiction over the owner of the Property, the Property, or the use of the Property, relating to pollution, contaminants, chemicals, or industrial, toxic or hazardous substances or waste or Hazardous Materials into the environment (including, without limitation, ambient air, surface water ground water or land or soil).

10.5 Lessee may dispense fuel into their aircraft on the condition that Lessee meets all of the requirements the City of Bay City places on other fuel suppliers, public or private. All private fueling facilities shall be installed and the fuel dispensed in accordance with rules applicable to aircraft fueling and fire safety contained in accordance with Manual 407 — "Standard for Aircraft Fuel Servicing, 2017 edition," (as amended) published by the National Fire Protection Association.

SECTION 11. NO ASSIGNMENT/NO UNREGISTERED AIRCRAFT.

11.1 Lessee shall not sublet or assign all or any part of the Leased Premises. Any sublet or assignment of all or any part of the Leased Premises shall void this Lease. In addition, Lessee shall not allow any aircraft not registered to Lessee for the Leased Premises to occupy or remain within the Leased Premises. Such occupation in the Leased Premises of an aircraft not registered to Lessee for the Leased Premises shall void the Lease.

SECTION 12. INSPECTION.

12.1 Upon reasonable notice, Lessor shall have the right to enter the Leased Premises for inspection during normal business hours.

SECTION 13. DEFAULT.

13.1 Each of the following shall constitute an event of default by Lessee:

- A. Lessee shall fail to pay Rent as provided for in this Lease and such failure shall continue for a period of ten (10) days after the date said payment is due.
- B. Lessee neglects, or fails to perform or observe any of the terms, provisions, conditions or covenants herein contained and on Lessee's part to be performed or

any way observed, other than non-payment of Rent, and if such neglect or failure should continue for a period of ten (10) days after delivery to Lessee of written notice of such neglect or failure.

13.2 In the event of failure to pay Rent, Lessor will have the option to:

- A. Terminate this Lease, resume possession of the Leased Premises, and recover immediately from Lessee the amount, if any, that the Rent exceeds the fair rental value of the Leased Premises for the remainder of the Term, reduced to present worth; or
- B. Terminate this Lease, resume possession, and re-let the Leased Premises for the remainder of the Term and recover any outstanding amounts at the end of the Term or at the time each payment of Rent comes due under this Lease, whichever Lessor may choose.

13.3 If either Party fails to perform or breaches any provision of this Lease, other than the payment of Rent, and after giving ten (10) days' written notice the failure or breach continues for ten (10) days after said written notice specifying the required performance has been given to the Party failing to perform, either:

- A. The Party giving notice may terminate this Lease; or
- B. The Party may correct any failure or breach, with the costs of the compliance payable on demand to that Party.

SECTION 14. TERMINATION.

14.1 Lessee agrees and covenants that it will, at the end of the Term or upon the earlier termination of this Lease pursuant to the provisions hereof, peaceably deliver up unto Lessor the Leased Premises and all appurtenances or improvements thereon in a good state of repair, ordinary wear and tear excepted, and vacant, unencumbered and in good and tenantable condition.

SECTION 15. ATTORNEYS FEES AND COSTS

15.1 The prevailing Party in any action arising between Lessor and Lessee under this Lease shall be entitled to its reasonable attorney fees and costs.

SECTION 16. NOTICE.

16.1 Any notice required by this Lease to be sent to Lessor shall be sufficient if hand delivered or sent by registered mail, postage prepaid, addressed to: James Mason, Airport Manager, 3598 FM 2540 North, Bay City, Texas, 77414. Any notice required by this Lease to be sent to Lessee shall be sufficient if sent by registered mail, postage prepaid, addressed to: the given address by Lessee in Section 20 (Personal Information).

SECTION 17. GOVERNING LAW AND VENUE.

17.1 This Lease shall be enforceable and construed under the laws of the State of Texas and venue for any action brought to interpret or enforce this agreement shall lie in a district court that has jurisdiction in Matagorda County, Texas.

SECTION 18. SOVEREIGN IMMUNITY.

18.1 Nothing in this Lease is intended to or shall have the effect of waiving any privileges or immunities afforded the Lessor under the laws of the State of Texas including, but not limited to, sovereign immunity and official immunity, and it is expressly agreed that the Lessor retains all such privileges and immunities afforded under such laws.

SECTION 19. MISCELLANEOUS PROVISIONS.

19.1 This Lease and any attachments or Exhibits hereto constitute the entire agreement by the Parties hereto concerning the lease of the Leased Premises. Any prior or contemporaneous oral or written agreements which purport to vary from the terms hereof shall be void. Any change or modification hereof shall be in writing signed by both Parties.

19.2 The "Section" captions and headings are inserted solely for the convenience of reference and are not part of nor intended to govern, limit, or aid in the construction of any provision hereof.

19.3 The Parties hereby acknowledge and agree that they have the power, right, and authority to enter into this Lease.

19.4 If any section, paragraph, sentence, or phrase entered in this Lease is held to be illegal or unenforceable by a court of competent jurisdiction, such illegality or unenforceability shall not affect the remainder of this Lease and, to this end, the provisions of this Lease are declared to be severable.

19.5 The Lessor shall not be required to perform any term, condition, or covenant in the Lease so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, civil riots, floods, actions of the State or Federal government and any other cause not reasonably within the control of the Lessor.

19.6 Lessee shall pay to Lessor the standard commercial rate for fuel plus all federal state and local taxes, if applicable. If there are any provisions existing for any type of tax exemptions, the burden shall be on the Lessee to provide any and all documents for such exemption.

19.7 Lessor specifically reserves the right to reject any and all of Lessor's employees, representatives, contractors, sub-contractors, agents, invitees, and licensees for any cause, should the presence of any such person on the Leased Premises or Airport, or their interaction

with Lessor’s employees, be found not in the best interest of Lessor, harassing, or is found to interfered with the effective and efficient operation of the Airport.

SECTION 20. LESSEE’S CONTACT INFORMATION.

Name: _____

Mailing Address: _____

Work Phone Number: _____

Cell Phone Number: _____

Home Phone Number: _____

Email Address: _____

CONTACT IN CASE OF EMERGENCY:

Name: _____

Work Phone Number: _____

Cell Phone Number: _____

Home Phone Number: _____

Email Address: _____

SECTION 21. NON-DISCRIMINATION.

21.1 Lessee acknowledges and agrees that no person on the grounds of race, color, sex, 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.

21.2 Lessee acknowledges and agrees that in the construction of any improvements on, over, or under the Leased Premises or Airport and the furnishing of services thereon, no person, on the grounds of race, color, sex, or national origin, shall be excluded from participation in, denied benefits of, or otherwise subject to discrimination.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Lease on the

_____ day of _____ 20____.

CITY OF BAY CITY, TEXAS

BY: _____
James Mason, Airport Manager

BY: _____

Date: _____

Date: _____