

RESOLUTION NO. R2024-30

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS APPROVING A FORTY-YEAR AIRPORT GROUND LEASE AGREEMENT WITH CAREFLITE FOR APPROXIMATELY 0.972 +/- ACRES LOCATED AT THE SOUTH END OF THE AIRPORT.

Whereas, the City currently owns and operates an airport known as the Burnet Municipal Airport (hereinafter called the "Airport"), located in Burnet County Texas, and;

Whereas, Careflite is a Texas non-profit corporation, and;

Whereas, pursuant to this Agreement the City desires to enter into a forty-year ground lease agreement with Careflite for approximately 0.972 +/- acres of Airport property located at the south end of the Airport for construction and operation of Careflite facilities, and;

Whereas, pursuant to this Agreement the City desires to grant Careflite certain rights, privileges and uses therein as necessary to conduct the agreed Authorized Aeronautical Activities, and;

Whereas, Careflite desires to enter into a forty-year Ground Lease Agreement with the City for 0.972 +/- acres located at the Airport, and;

Whereas, the Parties agree that the obligation to perform the terms, covenants and conditions of this Agreement is sufficient consideration to make this Agreement a legally enforceable contract.

NOW, THEREFORE, BE IT RESOLVED BY CITY COUNCIL OF THE CITY OF BURNET, TEXAS, THAT:

Section one. Findings. That the recitals to this Resolution are incorporated herein for all purposes.

Section two. Approval. The Careflite Ground Lease Agreement attached is hereby approved.

Section three. Delegation of Authority. The City Manager is hereby authorized and directed to execute an agreement in substantial form as the attachment hereto and take such further action, and execute such ancillary documents, as may be reasonably necessary to facilitate the purpose of this resolution.


Section four. Open Meetings. It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act.

Section five. Effective Date. That this resolution shall take effect immediately upon its passage, and approval as prescribed by law.

PASSED AND APPROVED this the 23rd day of April 2024.

CITY OF BURNET, TEXAS

ATTEST:



Gary Wideman, Mayor



Kelly Dix, City Secretary



**AIRPORT HANGAR GROUND LEASE AGREEMENT
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 Lessee

 City

AIRPORT HANGAR GROUND LEASE AGREEMENT

STATE OF TEXAS

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KNOW ALL PERSONS BY THESE PRESENTS:

COUNTY OF BURNET

THIS GROUND LEASE AGREEMENT (this "Lease") is entered into this 15th day of May, 2024, by and between the CITY OF BURNET, a Texas Municipal Corporation ("City"), as the owner of the Kate Craddock Field Municipal Airport, acting by and through its CITY MANAGER, and CAREFLITE, a Texas non-profit corporation ("Lessee") acting by and through its PRESIDENT & CEO.

WITNESSETH:

For good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, City and Lessee, for themselves and their authorized successors and assigns, hereby agree as follows:

ARTICLE I. DEFINITIONS

Definitions. The following terms, as used in this Lease, shall have the meanings set forth below:

"Abandon" or **"Vacated"** shall mean that for more than thirty (30) consecutive days the occurrence of any of the following: (i) the Leased Premises has ceased to be used for its authorized purpose; (ii) the building has not been occupied; (iii) that utilities have been disconnected without notification to the City of a temporary closure due to improvement or repairs.

"Aeronautical Activities" shall mean any activity or service that involves, or directly: (i) makes possible, (ii) facilitates, (iii) assists in, or (iv) is required for the operation of commercial or noncommercial aircraft, or which contributes to or is required for the safety of commercial or noncommercial aircraft operations.


"Airport" shall mean that certain municipal airport owned and operated by the City known as the Burnet Municipal Airport, aka Kate Craddock Field, and that is located at 2302 S. Water Street, Burnet, Burnet County, Texas 78611.

"Aircraft Hangar Facility" shall mean the building to be constructed on the Land by Lessee to fulfill Lessee's Mandatory Construction obligations pursuant to this Lease.

"Appeal" shall mean an appeal of a determination of the City Representative by Lessee to City Council.

"Assignment" shall mean the sale, exchange, assignment, or other disposition of all of Lessee's interest in this Lease and the leasehold estate created thereby, whether by operation of Law or otherwise.

"Authorized Aeronautical Activities" shall mean those Aeronautical Activities authorized by the City under this Agreement as set forth in Exhibit B.

 Lessee

 City

"Best Management Practices" or **"BMP"** shall mean practices employed to prevent or reduce source water pollution, such as the construction of runoff-retention basins and replanting eroding surfaces.

"Business Day" shall mean any day which is not a Saturday, Sunday, or a day observed as a holiday by the City.

"Certificate of Occupancy" shall mean a certificate issued by the City permitting the occupancy of the Aircraft Hangar Facility. For purposes hereof, a temporary Certificate of Occupancy shall be deemed to be a Certificate of Occupancy but shall be replaced with a permanent Certificate of Occupancy before the expiration of such temporary Certificate of Occupancy.

"City" shall mean the City of Burnet, Burnet County, Texas, and in the context of the relationship with Lessee in this Agreement the term City shall be equivalent to the term "Lessor."

"City's Consent" shall mean the written consent of the City Council, or City Representative, as the case may be, such consent not to be unreasonably denied, conditioned or delayed.

"City Council" or **"Council"** shall mean the governing body of the City.

"City Representative" shall mean the City's City Manager.

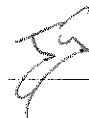
"Commencement Date" means the date designated in Section 4.01 as the date the Lease commences.

"Commencement of Construction" shall mean the date on which the Mandatory Construction shall commence, including any excavation or pile driving but not including test borings, test pilings, surveys, and similar pre-construction activities.

"Completion of Construction" shall mean the date on which the Mandatory Construction Aircraft Hangar Facility receives a Certificate of Occupancy.

"Condemnation" shall mean the taking or appropriation of all or any part of the Premises, or any interest therein or right accruing thereto including any right of access, by, or on behalf of any Governmental Authority, or by any entity granted the authority to take property in the exercise of the power or right of eminent domain granted by statute, or any agreement that conveys to the condemning authority all or any part of the Premises as the result of, or in lieu of, or in anticipation of, the exercise of a right of condemnation or eminent domain. Such term shall also be deemed to include, to the extent not otherwise defined herein, a temporary taking of the Premises or any part thereof or the Improvements thereon for a period of six months or more, and the taking of the leasehold interest created herein.

"Consumer Price Index" or **"CPI"** shall mean the Consumer Price Index for all Urban Consumers (CPI-U, Dallas-Fort Worth-Arlington, TX) 1982-84=:100 Base as compiled by the Bureau of Labor Statistics, or any successor or substitute index, appropriately adjusted.

 Lessee

 City

“Consideration” shall mean the Rent and Additional Consideration Lessee promises to exchange for the benefits of the Lease.

“Dangerous Acts and Omissions” means those actions or circumstances which Lessee should do or discontinue doing which are Derogatory to Aeronautical Activities. Conditions or circumstances which are Derogatory to Aviation Activities shall be conclusive as to Lessee if the determination that they are such is made by the FAA, TxDOT, or City Council.

“Derogatory” shall mean an act or omission by Lessee, which does or reasonably appears to materially hinder Aeronautical Activities.

“Due Date” shall mean the date on which such Rent payment is due as provided in this Lease.

“Encumbrances” shall mean a security instrument including, but not limited to a mortgage, pledge, hypothecate or otherwise transfer or assign the leasehold estate granted hereby as security for a purchase money debt to construct the Improvements contemplated in Article VIII.

“Environmental Laws” shall mean all Laws: (a) relating to the environment, human health, or natural resources; (b) regulating, controlling, or imposing liability or standards of conduct concerning any Hazardous Materials; (c) relating to Remedial Actions; and (d) requiring notification or disclosure of releases of Hazardous Materials or of the existence of any environmental conditions on or at the Premises, as any of the foregoing may be amended, supplemented, or supplanted from time to time.

“Environmental Liabilities” shall mean any loss, cost, expense, claim, demand, liability, obligation, action, or other responsibility of whatever kind, based upon or required under Environmental Laws or otherwise relating to: (a) any environmental, health, or safety matter or condition (including, but not limited to, on-site or off-site pollution or contamination, the welfare, safety, and health of people at the Premises or elsewhere, and the regulation of chemical substances or products); (b) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands, responses, and remedial, investigative, or inspection costs and expenses arising under or caused by application of Environmental Laws (including, but not limited to, fees for attorneys, engineers, and other professionals); (c) financial responsibility under Environmental Laws for Remedial Action or for any damages to natural resources; or (d) any other Remedial Actions required under Environmental Laws.

“Event of Default” or **“Default”** shall mean those acts or omissions set out in Section 3.07.

“Exigent Circumstances” shall mean a Dangerous Act or Omission on the Leased Premises, or a nuisance created or allowed on the Leased Premises, by Lessee, which if not immediately remediated by Lessee, upon written notice by City to Lessee, may be remediated by City with all reasonable charges for such remediation charged to Lessee.

“Expiration Date” shall mean the date designated in Section 4.02 as the date the Lease terminates.

“FAA” shall mean the Federal Aviation Administration.

"Governmental Authorities" shall mean the United States of America, the State of Texas, the County of Burnet, the City of Burnet, any political subdivision thereof, and any other governmental or regulatory authority, agency, board, department, bureau, body, commission, or instrumentality, or quasi-governmental authority, and any court, arbitrator, or other administrative, judicial, or quasi-judicial tribunal, or any other public or quasi-public authority, having jurisdiction over the Premises or the matter at issue or having jurisdiction or control over the operation of the Airport.

"Hazardous Materials" shall mean any substance or other material that: (i) is defined as a hazardous substance, hazardous material, hazardous waste or toxic substance under any Hazardous Materials Law or is a flammable or explosive material (including gasoline, diesel, aviation fuels, lubricating oils, and solvents), asbestos, radioactive material, nuclear medicine material, drug, vaccine, bacterial, virus, or injurious or potentially injurious matter; or (ii) is controlled or governed by any Hazardous Materials Law.

Hazardous Materials Laws shall mean any Federal, State or local law, ordinance, rule, order, regulation or court decision relating to Hazardous Materials.

"Improvements" shall mean all buildings and other improvements now located, or hereafter erected, on the Land (including the Facility), together with all fixtures now or in the future installed or erected in or upon the Land or such improvements owned or leased by City or Lessee (including boiler(s), equipment, elevators, escalators, machinery, pipes, conduits, wiring, septic systems, wells, and heating, ventilation, and air conditioning systems).

"Jet Blast" shall mean the phenomenon of rapid air movement produced by the jet engines of aircraft, particularly on or before takeoff."

"Land" shall mean all that certain plot, piece, tract, lot or parcel of land described in Section 2.01.

"Law" shall mean any present or future law, statute, ordinance, regulation (including zoning regulations), code, building code, judgment, injunction, arbitration award, order, rule, directive, proclamation, decree, common law, or other requirement, ordinary or extraordinary, foreseen or unforeseen, of the federal or any state or local governmental, or any political subdivision, arbitrator, department, commission, board, bureau, agency, or instrumentality thereof, or of any court or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction, or of any other public or quasi-public authority, having jurisdiction over the Premises; and any reciprocal easement, covenant, restriction, or other agreement, restriction or easement of record affecting the Premises as of the date of this Lease or subsequent thereto.

"Leasehold Mortgage" shall mean an Encumbrance.

"Leased Premises" or **"Premises"** shall mean the Land, any Improvements thereon (including the Facility, as applicable), and any and all rights, privileges, easements, and appurtenances to the Land and the Improvements. References in this Lease to the **"Leased Premises"** or **"Premises"** shall be construed as if followed by the phrase "or any part thereof" unless the context otherwise requires.

 Lessee

 City

"**Liabilities**" shall mean all losses, claims, suits, demand, costs, liabilities, and expenses, including reasonable attorneys' fees, penalties, interest, fines, judgment amounts, fees, and damages, of whatever kind or nature.

"**Mayor**" shall mean the duly elected or appointed mayor of the City.

"**Mandatory Construction**" shall mean the required construction of Improvements described in Article VIII.

"**New Construction**" shall mean any addition of an improvement made by Lessee, including the Mandatory Construction, or any alteration to an existing improvement.

"**Person**" shall mean any individual, corporation, partnership, firm, or other legal entity.

"**Prop Wash**" shall mean the disturbed mass of air pushed aft by the propeller of an aircraft.

"**Protected Area**" shall mean an area located within the Leased Premises, which is: (i) accessible only to aircraft; (ii) identified on the Site Plan as Protective Area; (iii) identified on the Leased Premises by warning signs; and, (iv) may only be use for Authorized Aeronautical Activities only.

"**Ramp**" shall mean a paved aircraft ramp area wholly within the boundary lines of the Land designed and built to specifications, and for a minimum weight bearing capacity, established by the City, built to the full width of the Leased Premises, and to connect with adjacent taxiway, ramp and/or auto parking areas, in order that a continuous and safe pavement section results; and, if access to the Leased Premises is not available on existing taxiways and/or roadways, the Ramp to be constructed by Lessee shall include the construction of such access.

"**Run-up Area**" means that area of the taxiway where aircraft preparing for takeoff go through pre-takeoff procedures, which may produce Prop Wash or Jet Blast.

"**Security Deposit**" shall mean the deposit of money to City by Lessee to ensure that Rent will be paid, and Lessee will perform other obligations under the Lease.

"**Significant Materials**" shall mean materials having the potential to be released with storm water discharges including, but are not limited to, raw materials; fuels; materials such as solvents detergents and plastic pellets; finished materials such as metallic products, raw materials used in food processing or production; hazardous substances designated under section 101(14) of CERCLA; any chemical the Airport or Lessee is required to report pursuant to section 313 of title III of SARA; fertilizers; pesticides; and waste products such as ashes, slag and sludge.

"**Special Damages**" shall mean consequential, special, punitive (or exemplary), or any similar damages, including, without limitation, lost profits, loss of revenue or income, cost of capital, or loss of business reputation or opportunity.

"**State**" shall mean the State of Texas.

"**Storm Water**" shall mean storm water runoff, snow melt runoff, and surface runoff and drainage.

"**Storm Water Discharge Associated with Industrial Activity**" shall mean, as defined by EPA, the discharge associated with any conveyance which is used for collecting and conveying storm water, and which is directly related to manufacturing, processing or raw materials storage areas at an industrial plant. The term does not include discharges from facilities or activities excluded from the NPDES program under 40 C.F.R. Part 122.

"**Sublease**" shall mean any lease, sublease, occupancy, license, or concession agreement for the use or occupancy of space in the Improvements (other than this Lease).

"**Term**" shall mean the term of this Lease commencing on the Commencement Date and ending on the Expiration Date.

"**TxDOT**" shall mean the Texas Department of Transportation.

"**Transfer**" shall mean any transaction or series of transactions (including any assignment, transfer, issuance or redemption of any ownership interest, or any merger, consolidation, or dissolution) which results in a change of Control of Lessee or any Person or entity which directly or indirectly Controls Lessee. Notwithstanding the foregoing, a Transfer shall not be deemed to include an issuance or a transfer of stock through the over the counter market or through any recognized national stock exchange.

ARTICLE II PREMISES AND PRIVILEGES

2.01 Leased Premises. City, 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 City the Land, located at the Airport as follows:

Being approximately 0.972 acres legally described as Lot No. Two (2A), Replat of a portion of Lot Two (2) and Three (3), Flight Line Boulevard Subdivision, a subdivision in the City of Burnet, Burnet County, Texas, as shown on plat recorded under Clerk's File No. 201810840, Official Public Records of Burnet County, Texas, as further show in **Exhibit "A."**


2.02 Use of Leased Premises. Lessee shall only use the Leased Premises for the 'Permitted Uses.'

(A) Permitted Uses. The Leased Premises may be used for any Authorized Aeronautical Activity which must be made known to and agreed upon by City and for no other purposes. The list of Authorized Aeronautical Activities is attached hereto as **Exhibit "B."** From time to time, Lessee may seek City's Consent to amend the Authorized Aeronautical Activity list by written request made to the City Representative; and, may Appeal the denial thereof, by the City Representative, as provided in Section 12.03.

 Lessee

 City

- (1) Automobiles. Lessee may park Lessee's privately owned automobile(s): (i) inside the Aircraft Hangar Facility, but only while on a flight which originated at the Airport; and (ii) in the Airport's designated parking area.
 - (2) Storage of hazardous materials. Storage of Hazardous Materials is subject to the terms and conditions of Article XI.
- 2.03 Right of Flight. City reserves unto itself, its patrons, visitors, and other lessees and their patrons, visitors, and employees, the right of flight for the passage of aircraft above the surface of the Leased Premises, together with the right to cause in such air space such noise, dust, interference as may be inherent in the lawful operation of aircraft now known or hereafter in use, including the right of using said air space for landing at, taking off from, or operating at or near the Airport.
- 2.04 Access and Use of Airport Facilities. During the Term of this Lease City agrees that Lessee shall have unrestricted access to the runways and taxiways now in existence, or hereinafter build at or on the Airport to the same extent that any other parties may have use thereof, subject to reasonable rules and regulations and non-discriminatory charges that may be imposed for use of the Airport facilities by City, the FAA, or any other Governmental Authorities. To assure the health and safety of Airport users, access may be restricted during City approved events or activities.
- 2.05 Covenant of Title and Authority. City represents and warrants that City has full right and lawful authority to enter into and perform the City's obligations under this Lease for the full Term as stated above, and all extensions hereafter provided, and has title to the Leased Premises.
- 2.06 Covenant of Quiet Enjoyment. City further covenants that if Lessee shall discharge the obligations herein set forth to be performed by Lessee, Lessee shall have and enjoy, during the Term hereof, and all extensions hereinafter provided, quiet and undisturbed possession of the Leased Premises and all appurtenances appertaining thereto, together with the right to use the runways and taxiways of the Airport facility as contemplated herein.
- 2.07 Superior Right of Federal and Municipal Government. The City's covenants, promises, representations and warranties are expressly limited by this Section 2.07; and, in the event of a conflict between any provision of this Lease and this Section 2.07, this Section shall prevail. This Lease is subject to the right of the United States of America to have exclusive or non-exclusive use, control and possession without charge, of the Airport or any portion thereof, during periods of national emergency; and further, subject to the right of the FAA, and United States Government under such agreement including the right to take a portion of the Airport for air traffic control activities, weather reporting activities or communication activities related to air traffic control. The City shall have superior right to temporarily use and close the Airport for purposes deemed in the public interest by the City. When possible, the City shall provide notice of dates and times the Airport will be closed to use. City reserves the right to close the Airport for emergencies, as determined by the City without notice. And, finally, the City reserves the right to permanently close the Airport as provided in Section 7.10.

 Lessee

 City

ARTICLE III. CONSIDERATION

- 3.01 Consideration. In consideration for the lease of the Premises, Lessee hereby agrees to pay annually the sum of \$7,621.26 as Rent; and perform the Mandatory Construction requirements of Article VIII as Additional Consideration. Lessee agrees that the Rent listed herein shall be subject to review and adjustment by City throughout the Term of the Lease and prior to any extensions granted. The adjusted Rent shall be calculated on the fifth year anniversary of this Lease and recalculated at subsequent five year intervals. The adjusted Rent shall be equivalent to the percent change in the CPI during the preceding five year interval period. The increase in Rent shall begin immediately upon request from City and continue at that rate until the next five-year anniversary. Upon review, if the CPI shall have decreased as compared to the previous review date, the Rent for the Leased Premises shall not be decreased, but shall remain at the same level as was charged during the preceding five year period.

- 3.02 Security Deposit. Intentionally deleted.


- 3.03 Payment. All payments made hereunder by Lessee shall be made to City at the offices of the City of Burnet; P.O. Box 1369, Burnet, TX 78611-1369, unless notified in writing to the contrary by City.

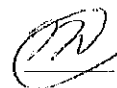
- 3.04 Annual Payment. Lessee agrees that all Lease payments are due and payable and shall be paid by Lessee without demand or notice in writing from City. The first year's Lease payment shall be paid within ten days of the Effective Date of this Lease. All subsequent Lease payments shall be paid by Lessee to the City annually within ten days of the anniversary of the Effective Date of this Lease.

- 3.05 Delinquent Payment. In addition to any other remedies provided in this Lease, if any rental, fee, charge, or other item set forth in this Lease is not paid to the City within fifteen days of the date due, Lessee agrees to pay a late charge of 10% per annum for each such late payment, and default interest shall accrue on such payment from thirty days after the date the payment was due, at a rate of 12% per annum.

- 3.06 Additional Space. Lessee may request the option to lease additional space at the Airport at the square footage rate in effect at the time the additional space is leased. The lease of additional space is contingent on approval by the City. The additional space must be contiguous to the existing Premises and used only for parking, green space, or apron unless otherwise agreed upon by the City.

- 3.07 Default. Default. The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Lease by Lessee: (1) the failure by Lessee to pay Rent or the monetary penalty on delinquent Rent within ten (10) of the payment due date; (2) a petition in bankruptcy is filed by the Lessee, or if the Lessee is adjudicated as bankrupt or insolvent, or if the Lessee makes any general assignment for the benefit of creditors; and (3) the failure of Lessee to comply with the covenants and provisions of this Lease to be observed or performed by Lessee, other than a monetary failure, where such failure shall continue for a period of ten (10) days (or such longer period as may be reasonably required to effect such cure, provided Lessee promptly commences such cure and diligently proceeds with such efforts until completion thereof) following


 Lessee

 City

receipt of written notice from the City to Lessee specifying such default with reasonable particularity. Notwithstanding the forgoing, Lessee's failure to comply with the covenants and provisions of this Lease, to be observed or performed by Lessee, that risks imminent harm to public health or safety shall be an Event of Default should such failure to comply not be cured within twenty-four (24) hours following receipt of written notice from the City to Lessee specifying such default with reasonable particularity. The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Lease by the City: (1) a petition in bankruptcy is filed by the City, or if the City is adjudicated as bankrupt or insolvent, or if the City makes any general assignment for the benefit of creditors; or (2) the City fails to abide by the terms of this Lease, where such failure shall continue for a period of thirty (30) days (or such longer period as may be reasonably required to effect such cure, provided the City promptly commences such cure and diligently proceeds with such efforts until completion thereof) following receipt of written notice from the Lessee to the City specifying such default with reasonable particularity.

ARTICLE IV. COMMENCEMENT AND TERM OF LEASE

- 4.01 Commencement Date. The Commencement Date of this Lease shall be June 1, 2024.
- 4.02 Term of Lease. The Term of this Lease for the Leased Premises shall begin on the Commencement Date and shall continue for a term of forty years until the Expiration Date of May 31, 2064. Notwithstanding anything to the contrary contained in this Lease, at any time during the Term following the tenth (10th) anniversary of the Commencement Date, Lessee shall have the right to terminate this Lease with or without cause by giving ninety (90) days prior written notice to the City. Upon termination of this Lease, neither party shall have any further rights or obligations under this Lease except with respect to those rights and obligations which expressly survive termination. In the event Lessee exercises Lessee's right of earlier termination, Lessee shall surrender the Leased Premises in accordance with Section 7.04.
- 4.03. Vacating Premises. Lessee agrees that upon the expiration of the Lease, or due to termination of the Lease by either party for any reason; and, except as provided in Section 4.06, all permanent Improvements located on the Leased Premises shall, at the City's election, become the property of City and that Lessee shall timely and peaceably vacate the Leased Premises with any holding over to be as a Lessee at will. As soon as practical, either before or after Lessee's vacation of the premises, City shall advise Lessee whether the Improvements are to remain on the Leased Premises or removed. In the event City elects for the Improvements to be removed, Lessee shall remove the Improvements, at Lessee's sole costs, within one-hundred and twenty days from the date of City's notice to do so. The City may require Lessee to post a bond or other fiscal security to assure Lessee fulfills this obligation. Lessee shall surrender the Leased Premises in accordance with Section 7.04.
- 4.04 Holding Over. Any holding over by Lessee after the expiration or termination of this Lease, in whatever manner its 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 Lessee at will of City and shall pay to City a sum equal to one hundred fifty percent of the Lease payment in effect on the last day of the Lease Term for each day Lessee occupies the Leased Premises after the termination of this Lease. City retains all rights allowable by law and equity to remove a holding over Lessee from the Leased Premises and recover damages therefrom.


 Lessee

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- 4.05 Abandon or Vacated Leased Premises. Unless Lessee notifies City in advance, if Lessee has Abandoned or Vacated the Lease Premises, as defined in Article I, City shall be entitled to terminate the Lease as provided for in Article VII. Therefore, prior to taking any restorative actions, Lessee shall notify the City Representative any time during which the Leased Premises is to be unoccupied for repair or renovation. This temporary closure shall not exceed thirty days without City's consent.
- 4.06 Cancellation. It is understood and agreed, by and between the Parties hereto, that the continuing use of the Airport as an airport for general aviation is essential to the operation of Lessee, and that except for temporary closure pursuant to Section 2.07, or temporary or permanent closure due to non-appropriations pursuant to Section 7.10, failure to continue the use of the Airport for airport and aviation purposes shall constitute a default of the Lease by City; and upon giving notice to City by Lessee of such default and failure to cure such default within thirty days after the giving of such notice, the Lease shall terminate and end as of the date ninety days after such notice shall have been given. Lessee's sole remedy shall be limited to such cancellation and removal or relocation of Improvements installed by Lessee. City shall not be responsible or liable for any actual or Special Damages that may arise from such cancellation. Notwithstanding any closure of the Airport or discontinued use of the Airport for general aviation, Lessee shall have the option to continue to use the Premises for the use set forth herein unless prohibited by TxDOT.

ARTICLE V. COVENANTS AND CONDITIONS

- 5.01 Grant Compliance. The Lessee agrees to comply with such enforcement procedures as the United States or State of Texas might demand that the City take in order to comply with the City's assurances required to obtain FAA or TxDOT grant funding or other action necessitated for Airport improvements.
- 5.02 Non-Discrimination. The Lessee, for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:
- (A) No person on the grounds of race, color, sex, religion, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving federal financial assistance from the Department of Transportation; and,
 - (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, sex, religion or nation origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and,
 - (C) That the Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Code of Federal Regulations, Title 49, Transportation Subtitle A, Office of the Secretary of Transportation, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation -- Effectuation of Title VI of the Civil Rights Act of 1964, Section 21.5 Discrimination prohibited; and,

 Lessee

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- (D) That the Lessee shall at all times use the Premises in compliance with all Non-Discrimination laws, either in effect at the present time or those promulgated in the future, of the United States of America, the State of Texas, the City of Burnet, and the FAA, or their successors.
- (E) In this connection, the City reserves the right to take whatever action they might be entitled by law to take in order to enforce this provision following thirty days written notice to Lessee of any alleged violation. This provision is to be considered as a covenant on the part of Lessee, a breach of which, continuing after notice by the City to cease and desist and after a determination that a violation exists made in accordance with the procedures and appeals provided by law, will constitute a material breach of this Lease and will entitle the City, at its option, to exercise its right of termination as provided for herein, or take any action that it deems necessary to enforce compliance herewith.
- (F) Lessee shall include the foregoing provisions in every agreement or concession pursuant to which any person or persons, other than Lessee, operates any facility at the Leased Premises providing service to the public and shall include thereon a provision granting the City a right to take such action as the United States may direct to enforce such covenant.

5.03 Abide by All Laws. Lessee and the City agree to abide by all Laws of all duly constituted Governmental Authorities. No provision in this Lease shall be construed as being in conflict with FAA Rules or other Laws; and, to the greatest extent possible, this Lease shall be construed as being in harmony with such Laws in the case of any conflict. Lessee agrees to conduct all activities on the Leased Premises in accordance with the standards now established or that may be reasonably established later by all duly constituted Governmental Authorities.

5.04 Storage of Hazardous Materials. Lessee shall not store any Hazardous Materials on the Leased Premises except as authorized herein.

5.05 Non-exclusive. Notwithstanding provision contained herein that may be, or appear to, the contrary, it is expressly understood and agreed that the rights granted under this Lease are non-exclusive, and the City herein reserves the right to grant similar privileges to another lessee or lessees on other parts of the Airport.

5.06 Improvements. Lessee agrees to comply with the Mandatory Construction requirements of Article VIII; and, not make any other Improvements, or New Construction, to the Leased Premises without City's consent, which shall not be unreasonably withheld, conditioned or delayed.

5.07 Assignment/Subletting. Lessee may not assign this Lease or sublet any part of Leased Premises, except as provided below:

- (A) Mandatory Construction Prerequisite. Under no condition may the Lease be assigned or sublet until after the completion of the Mandatory Construction.

- (B) Subletting. The City Representative may grant permission to sublet the Aircraft Hangar Facility for Authorized Aeronautical Activities purposes. To request permission to sublet Aircraft Hangar Facility Lessee shall submit a written request to the City Representative. The request shall include a copy of the proposed sublet agreement, the name of the aircraft owner, and the aircraft's make/model/year manufactured/N-Number. The City Representative shall not unreasonably withhold, condition or delay its consent or permission. Notwithstanding anything to the contrary in this Lease, the entry by Lessee into occupancy and use agreements for aircraft owners/operators to store aircraft(s) in the Aircraft Hangar Facility shall only require notice to the City. No notice or restriction is required and the City hereby approves of charges to customers by Lessee for transient use of Aircraft Hangar Facility.
- (C) Appeal. Provided Lessee has complied with the Mandatory Construction requirements herein, the City Representative's denial of the subletting of aircraft storage space may be appealed as provided in Section 12.03.
- (D) Assignment of the Lease. Any assignment of the Lease must receive approval of City Council, which shall not be unreasonably withheld, conditioned or delayed.
- (1) Should Lessee desires to assign the Lease, City shall have the right of first refusal to purchase the Improvements.
 - (2) Should Lessee and City not be able to agree on purchase price for the Improvements, the City Council may grant permission to Lessee to assign the Lease to a qualified applicant. To request permission to assign the Lease, Lessee shall submit a written request to the City Representative. The request shall include a copy of the proposed assignment agreement. The proposed assignee shall be required to submit to the City's Airport Ground Lease Application process, including allowing the City to conduct a due diligence financial examination to ascertain the proposed assignee's ability to perform under the assignment agreement.
- (E) Subletting and assignment without City's approval void. Any attempt to assign the Lease or sublet without City's consent shall be null and void. Neither the acceptance of Rent from any assignee or sub-lessee, nor the passage of time after any such assignment or sublease, shall constitute a waiver of this prohibition.
- (F) Subsequent assignment or subletting. City's consent to any particular assignment or sublease shall not constitute City's approval of any subsequent assignment or sublease.
- (G) Continuing obligation of Lessee. City's consent to an assignment or sublease shall not relieve Lessee from the performance of its obligations hereunder, including, but not limited to, the payment of Rent.

5.08 Acceptance of Leased Premises. Lessee acknowledges that it has inspected the Leased Premises, and has had the opportunity to conduct such studies and tests thereof (including environmental tests) as it deems necessary, and accepts possession of the Leased Premises "as is" in its present condition, and, subject to all limitations imposed upon the use thereof by the rules and regulations

of the FAA, the rules and regulations of the Airport, and by ordinances of the City, and admits the Leased Premises' suitability and sufficiency; further, City hereby disclaims, and Lessee accepts such disclaimer, as to warranty, either express or implied, of the condition, use, or fitness for purpose of the Leased Premises. Lessee assumes full responsibility to make any repairs, at Lessee's own expense, as may be necessary for the safe and/or efficient use of the premises and to furnish any equipment necessary to properly secure Lessee's aircraft.

- 5.09 Utilities. Lessee agrees to pay all charges for gas, water, electricity, telephone service and other utilities used on or furnished to the Leased Premises. At the City's choice, Lessee shall either extend or pay the costs for the City to extend water, wastewater, drainage, and electric power lines connected to a weather head connection (furnished by Lessee) located below ground, or as required by City, from the present service system of the City's utilities in this area.
- 5.10 Maintenance of Leased Premises by Lessee.


- (A) Leased Premises Maintenance. Lessee agrees to be responsible for all maintenance and repair of all items on the Leased Premises including buildings, structures, aprons, parking lots, light fixtures, electric bi-fold door, grounds, pavements, utilities, grass cutting, landscaping, trash collection and removal and all other maintenance requirements that may arise. Lessee agrees that the Leased Premises, together with all Improvements, shall be maintained in a safe, clean and orderly condition at all times; and, that the grounds of the Leased Premises shall be kept in a neat and orderly condition at all times. Lessee shall provide a complete and proper arrangement for the adequate sanitary handling and disposal, away from the Airport, of all trash, garbage and other refuse caused as a result of Lessee's activities. Lessee shall provide and use approved receptacles for all such garbage, trash, and other refuse. Piling of boxes, cartons, barrels or other similar items in an unorderly or unsafe manner, on or about the demised premises, shall not be permitted.
- (B) Prohibited storage. Lessee herein agrees not to utilize or permit others to utilize areas on the Leased Premises which are located on the outside of the Airport Hangar Facility to be used for the storage of wrecked or permanently disabled aircraft, aircraft parts, automobiles, vehicles of any type, or any other nonaviation equipment of any kind or items which would distract from the appearance of the Leased Premises. Storage of nonaviation equipment such as automobiles, boats, or farm equipment in any structures is prohibited. Notwithstanding the foregoing, storage or operation of a tractor or similar vehicle used to tow an aircraft is permitted.
- (C) Nuisance. Lessee shall commit no nuisance, waste, injury, Dangerous Act or Omission on the Leased Premises or Airport, and shall not do, or permit to be done, anything that may result in the creation, commission or maintenance of such nuisance, waste or injury on the Leased Premises or Airport. Notwithstanding anything to the contrary, the City agrees that night operations by Lessee shall not be deemed a nuisance under this Lease.
- (D) Any violation of this subsection shall constitute a maintenance defect. A maintenance defect shall also include any defect on the Leased Premises which is the responsibility of the Lessee under Lease.


 Lessee

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(E) City's curative rights. The City shall provide notice to the Lessee of any realized maintenance defect on the Leased Premises. Lessee shall have thirty (30) days from the postmark date of any City notice to correct the maintenance defect, save and except in the case of Exigent Circumstances, in which case the maintenance defect must be addressed immediately. Failure to correct the maintenance defect shall constitute authorization for the City to take corrective action, including but not limited to the removal or towing of unauthorized equipment or vehicles. The Lessee shall be required to reimburse the City for reasonable costs incurred not later than 30 days from written notification to Lessee that such costs have occurred along with a copy of invoice(s) reasonably substantiating such costs. Failure to pay the City in full, within ten (10) business days from the City's written notification, shall constitute a default under this Lease and the City shall have a lien upon the personal property upon the Leased Premises for the costs incurred. If Exigent Circumstances exists, requiring immediate action to correct, the City shall have the right to take steps to correct the defect and charge the Lessee the costs for correcting emergency condition, provided the emergency was created by the actions or negligence of Lessee, Lessee's agents, employees, or other invitees of Lessee.

- 5.11 Maintenance of Airport by City. Maintenance of the runways, taxiways and unoccupied property of the Airport, except for the Leased Premises, shall remain the obligation of the City. Provided, however, that City shall only be obligated to use Airport revenue funds for such purpose and it shall never have the obligation to use general, operating or bond funds for this purpose.
- 5.12 Taxes. Lessee agrees to pay, in addition to the Lease payment provided for herein, all taxes which Lessee may be required by law to pay. In addition, Lessee agrees to pay any ad valorem taxes assessed against the City associated with any Improvements on the Leased Premises and/or for the real property, if such is not tax-exempt.
- 5.13 Securing Aircraft. Lessee accepts and recognizes that it or its agents are responsible for setting parking brakes, placing chocks and tying down and checking of all aircraft on the Leased Premises. Lessee agrees to not park vehicles or aircraft in locations that inhibit the flow of traffic or other authorized users access.
- 5.14 Lien Granted. City retains a lien upon all Improvements as provided in Article X.
- 5.15 Inspection. City officers, employees, agents, representatives and contractors, provided same comply with all safety and security rules applicable to the Leased Premises, shall have the right to enter said Premises, at reasonable times during normal business hours, for inspection and to make written request that repairs be made to the facilities as may be necessary for the safe and efficient use of the facilities; or, at City's option, City shall have the right to make repairs, additions or alterations as may be necessary for the safety or preservation of the Leased Premises at Lessee's expense.
- 5.16 Utility Access. City officers, employees, agents, representatives, contractors and furnishers of utilities and other services, shall have the right, at its own expense, to maintain existing and future Airport mechanical, electrical and other utility systems and to enter upon the easements in the Leased Premises to make such repairs, replacements or alterations as may be necessary or advisable, in the reasonable opinion of the City, and from time to time to construct or install over, in or under existing easements within the Leased Premises such systems or parts thereof and in

 Lessee

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connection with such maintenance use the Leased Premises existing easements for access to other parts of the Airport otherwise not conveniently accessible; provided, however, that in the exercise of such rights of access, repair, alteration or new construction, the City shall not install a utility under or through any building on the Leased Premises or unreasonably interfere with the actual use and occupancy of the Leased Premises by Lessee, all such utilities to be placed within existing easements. Upon reasonable notice by the City Representative, Lessee shall move such personal property that may obstruct City's utility access; and Lessee's failure to so move such property after direction from the City Representative to do so, shall be caused for the City or the utility company to move such , and Lessee waives any claim against the City for damages as a result there from, except for claims for damages arising from the City' negligence.

5.17 Proof of Ability to Perform. Prior to executing the Lease, Lessee provided City with financial documents and authorized City to perform a due diligence financial examination of Lessee. Upon completion of such due diligence City concluded Lessee is financially able to perform the Mandatory Construction obligations and service the Lease during the Term. Consequently, City offered this Lease to Lessee in reliance on the documentation and findings of the financial examination. Lessee promises and agrees to immediately notify City in writing of any material adverse change in Lessee's financial situation, which may cause Lessee to be unable to perform its obligations hereunder. Failure to provide such notification within thirty (30) days of such change shall constitute a breach of this Lease.

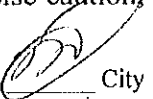
5.18 Compliance with Lease Terms and Conditions. Lessee covenants to comply with all terms and conditions of the Lease, including but not limited to compliance with the Rent and Additional Consideration terms and conditions.

5.19 Compliance with Airport rules. Lessee acknowledges that the City has adopted rules and regulations with respect to the occupancy and use of the Airport, and such rules may be amended, supplemented or re-enacted from time to time by the City provided that such rules apply generally to all similar occupants and users on the Airport, in addition to Lessee's covenant to obey all Laws, Lessee agrees to observe and obey any and all such rules and to require its officers, agents, employees, subtenants, contractors, and suppliers, to observe and obey the same.

5.20 Vibration and noise.

(A) Lessee's obligations. Lessee shall reduce to a practicable minimum vibrations tending to damage any equipment, structure, buildings or portions of buildings; and, not to produce or allow to be produced on the Airport, through the operation of machinery or equipment, any electrical, electronic or other disturbances that interfere with the operation by the City or the Federal Aviation Administration of air navigational, communication or flight equipment on the Airport or on aircraft using the Airport, or with ground transportation communications. Lessee will conduct its operations in such a manner as to keep the noise produced by aircraft engines and component parts thereof, and any other noise, to a minimum, by such methods as are practicable, considering the extent and type of the operations of Lessee and the limitations of federal law. In addition, Lessee will employ the maximum amount of noise arresting and noise reducing devices that are available and economically practicable, considering the extent of their operations, but in no event less than those devices required by federal, state or local law. In its use of the Leased Premises, Lessee shall take all possible care, exercise caution)

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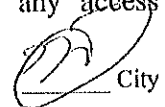
and use commercially reasonable efforts to minimize prop or jet blast interference and prevent jet blast damage to aircraft operating on taxiways and to buildings, structures and roadways, now located on or which in the future may be located on areas adjacent to the Leased Premises. If the City determines that Lessee has not curbed the Prop Wash or Jet Blast interference or damage, Lessee covenants to erect and maintain at its own expense such structure or structures as may be necessary to prevent Prop Wash or Jet Blast interference, subject, however, to the prior written approval of the City as to type, manner and method of construction.

- (B) Existing Conditions. Lessee acknowledges the Leased Premises are located in close proximity to the Run-up Area; and, the Leased Premises are subject to noise and wind blast generated by Prop Wash or Jet Blasts produced by aircraft preparing for takeoff. Accordingly, in the operations of the Leased Premises Lessee shall take precautions to minimize any potential disruption of Lessee's operations by such Prop Wash or Jet Blasts. Moreover, Lessee agrees it shall defend, indemnify, and hold harmless the City from liability and claim for damages because of bodily injury, death, property damage, sickness, or disease arising from said Prop Wash or Jet Blasts; and, further agrees the protection provided to City hereby shall be in addition to, and shall not limit, Lessee's covenants to defend, indemnify, and hold harmless the City expressed elsewhere in this Lease.

5.21 General obligations. General obligations of Lessee arising from the requirements of the City for use of the Airport and Leased Premises are as follows:

- (A) Lessee shall neither do, nor permit, anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located on the Leased Premises.
- (B) Except as provided herein, Lessee shall not install, maintain, operate or permit the installation, maintenance or operation of any restaurant, kitchen, stand or other establishment of any type for the sale of food or of any vending machines or device designed to dispense or sell merchandise or services of any kind to the general public, without City Consent. Notwithstanding the forgoing, Lessee may install kitchen equipment and vending machines for use by its employees and subtenants.
- (C) On forms and at the frequency prescribed by the City Representative, and with respect to each aircraft stored or primarily based on the Leased Premises, Lessee shall provide the City with the (a) make and model, (b) N-number, and (c) identity and address of the registered owner. This requirement shall apply to aircraft whether owned by Lessee or another party, and regardless of whether its storage is subject to the Minimum Standards or Rules of the Airport.
- (D) Lessee shall keep the doors to buildings closed and locked in the absence of the Lessee or authorized invitees.
- (E) Lessee shall not utilize the Leased Premises for any illegal or unauthorized uses.
- (F) Lessee shall comply with all security measures that City, the United States Transportation Security Administration, or any other Governmental Authority, including any access

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credential requirements, any decision to remove Lessee's access credentials, and any civil penalty obligations and other costs arising from a breach of security requirements caused or permitted by Lessee or Lessee's Associates. Lessee agrees that Airport access credentials are the property of City and may be suspended or revoked by City in its sole discretion at any time. Lessee shall pay all fees associated with such credentials, and Lessee shall immediately report to the City Representative any lost credentials or credentials that Lessee removes from any employee or any of Lessee's Associates. Lessee shall protect and preserve security at the Airport as legally required.

ARTICLE VI. INSURANCE AND INDEMNIFICATION

6.01 Insurance Coverage. As a condition precedent to Lessee's right to operate at said Airport, Lessee shall continuously maintain in effect during the Term of this Lease and any extension thereof, at Lessee's expense, the following insurance coverage:

- (A) Insurance of Improvements. During the period of construction of any building or other improvement on the Leased Premises and at all times thereafter during the Term, Lessee shall keep the Improvements insured against loss or damage by fire, with extended coverage endorsement or its equivalent, and in amounts not less than one-hundred percent of the fair insurable value of the Improvements, exclusive of footing, foundations and excavations.
- (B) Liability Insurance during Construction. At all times when demolition, excavation, or construction work is in progress on the Leased Premises, construction liability insurance with limits of not less than one-million dollars per occurrence and two-million dollars per aggregate for damages to persons, and not less than one-million dollars per occurrence and two-million dollars per aggregate property damage, protecting CITY and LESSEE as well as such other person, or persons as LESSEE may designate, against any and all liability for injury or damage to any person or property in any way arising out of such demolition, excavation, or construction work.
- (C) General Liability Insurance. Liability and property damage insurance covering City as well as Lessee, to be in the amount of not less than One-million dollars per occurrence and two-million dollars per aggregate, and liability insurance to be in the amount of not less than one-million dollars per occurrence and two-million dollars per aggregate for bodily injury or death, against liability to any employees or servants of Lessee and to any other person or persons whomsoever arising out of or in connection with the occupation, use, or condition of the Leased Premises.
- (D) Pollution Insurance. Environmental Pollution Insurance not less than five-million dollars per occurrence/aggregate to protect against any Environmental Liabilities including, but not limited to, liability or property damage associated with the storage and handling of hazardous materials and/or anything categorized as a pollution exposure on the Leased Premises.

6.02 Insurance policy requirements.

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- (A) All policies shall list the City as an additional named insured, to protect against losses the City may suffer, and provide for a minimum of thirty days written notice to the City prior to the effective date of any cancellation, material change, or lapse of such policies.
- (B) In the event there is an Encumbrance on the Leased Premises, complying with the provisions of Article X hereof, the first lien holder shall be entitled to a proportionate share of the insurance proceeds for its loss and subject thereto. Should the City also have sustained damages; and there are not sufficient insurance proceeds to pay claims of the City and 1st lien holder, the City and first lien holder shall share the proceeds in proportion to the loss. The City shall be paid first for its loss against all other claimants.
- (C) Lessee shall provide Certificates of Insurance to the City for approval before work commences.
- (D) Notwithstanding other provisions herein contained, City may cancel this Lease with or without notice to Lessee should Lessee's insurance lapse for a period of thirty (30) days or more. City may elect to reinstate and revive this Lease after such insurance obligation is cured by Lessee. City shall be listed as a Certificate Holder on Lessee's insurance and shall receive notification of any lapse.
- (E) The insurance required by this Lease shall be written by non-assessable insurance company licensed to do business in the State of Texas and currently rated "B+" or better by the A.M. Best Companies.
- (F) All policies shall be written on a "per occurrence basis" and not a "claims made" form.
- (G) The insurance required by this Lease shall contain an express waiver of any right or subrogation by the insurance company against the City.
- (H) The insurance required by this Lease shall be reviewed every five years from the Commencement Date; and the City shall have the right during such intervals to require insurance coverage limits to be increased if reasonably warranted due to inflationary factors, which would cause the effective policy limits insufficient to adequately protect against exposure to potential risks.

6.03 Destruction of Leased Premises Improvements. If the Improvements shall be partially damaged by any casualty insurable under Lessee's insurance policy, Lessee shall, upon receipt of the insurance proceeds, repair the same.

6.04 Reconstruction. If the Leased Premises shall be damaged, as a result of a risk which is not fully covered by Lessee's insurance, Lessee shall make repairs necessary to fully restore the Improvements. If Lessee fails to repair or rebuild the damaged Improvements fully, the City shall have the right to terminate this Lease and recover damages from the Lessee. Termination of this Lease due to destruction shall not relieve Lessee of the obligation to make Lease payments as provided in 3.01.

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6.05 Indemnity Provision. LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY AND ITS AGENTS, EMPLOYEES, OFFICIALS AND REPRESENTATIVES FROM AND AGAINST ALL LIABILITY FOR ANY AND ALL CLAIMS, SUITS, DEMANDS, AND/OR ACTIONS ARISING FROM OR BASED UPON INTENTIONAL OR NEGLIGENT ACTS OR OMISSIONS WHICH MAY ARISE OUT OF OR RESULT FROM LESSEE'S OCCUPANCY OR USE OF THE AIRPORT AND/OR ACTIVITIES CONDUCTED IN CONNECTION WITH OR INCIDENTAL TO THIS LEASE. SUCH INDEMNIFICATION SHALL INCLUDE, BUT IS NOT LIMITED TO, ACTS OR OMISSIONS ON THE PART OF LESSEE'S CONTRACTORS, SUBCONTRACTORS, AND SUB-LESSEES. LESSEE SHALL ALSO INDEMNIFY CITY AGAINST ANY AND ALL MECHANIC'S AND MATERIALMEN'S LIENS OR ANY OTHER TYPES OF LIENS IMPOSED UPON THE PREMISES DEMISED HEREUNDER ARISING AS A RESULT OF LESSEE'S CONDUCT OR ACTIVITY.

THIS INDEMNITY PROVISION EXTENDS 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, AND 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. THIS INDEMNITY PROVISION SHALL APPLY WHETHER THE BASIS FOR THE CLAIM, SUIT, DEMAND, AND/OR ACTION MAY BE ATTRIBUTABLE IN WHOLE OR IN PART TO THE LESSEE, OR TO ANY OF ITS AGENTS, REPRESENTATIVES, EMPLOYEES, MEMBERS, PATRONS, VISITORS, CONTRACTORS, AND SUBCONTRACTORS (IF ANY), AND/OR SUB-LESSEES, OR TO ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM. THIS INDEMNITY PROVISION SHALL APPLY WHETHER OR NOT ANY OF THE NEGLIGENCE MAY BE ATTRIBUTED TO THE CITY.

FURTHER, CITY ASSUMES NO RESPONSIBILITY OR LIABILITY FOR HARM, INJURY, OR ANY DAMAGING EVENTS WHICH ARE DIRECTLY OR INDIRECTLY ATTRIBUTABLE TO PREMISE DEFECTS OR CONDITIONS WHICH MAY NOW EXIST OR WHICH MAY HEREAFTER ARISE UPON THE PREMISES, ANY AND ALL SUCH DEFECTS BEING EXPRESSLY WAIVED BY LESSEE. LESSEE UNDERSTANDS AND AGREES THAT THIS INDEMNITY PROVISION SHALL APPLY TO ANY AND ALL CLAIMS, SUITS, DEMANDS, AND/OR ACTIONS BASED UPON OR ARISING FROM ANY SUCH CLAIM ASSERTED BY OR ON BEHALF OF LESSEE OR ANY OF ITS MEMBERS, PATRONS, VISITORS, AGENTS, EMPLOYEES, CONTRACTORS AND SUBCONTRACTORS (IF ANY), AND/OR SUB-LESSEES.

IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT THE CITY SHALL NOT BE LIABLE OR RESPONSIBLE FOR THE NEGLIGENCE OF LESSEE, ITS AGENTS, SERVANTS, EMPLOYEES AND CONTRACTORS AND SUBCONTRACTORS (IF ANY), AND/OR SUB-LESSEES.

 Lessee  City

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 AGENTS, REPRESENTATIVES, EMPLOYEES, MEMBERS, PATRONS, VISITORS, CONTRACTORS AND SUBCONTRACTORS (IF ANY), AND/OR SUB-LESSEES, AND OTHER PERSONS, AS WELL AS FOR THE PROTECTION OF SUPPLIES AND EQUIPMENT AND THE PROPERTY OF LESSEE OR OTHER PERSONS. LESSEE FURTHER AGREES TO COMPLY WITH ALL APPLICABLE PROVISIONS OF FEDERAL, STATE, AND MUNICIPAL SAFETY LAWS, REGULATIONS, AND ORDINANCES.

PROVIDED FURTHER, THAT THE LESSEE AND THE CITY EACH AGREE TO GIVE THE OTHER PARTY PROMPT AND TIMELY NOTICE OF ANY SUCH CLAIM MADE OR SUIT INSTITUTED WHICH IN ANY WAY, DIRECTLY OR INDIRECTLY, CONTINGENTLY OR OTHERWISE, AFFECTS OR MIGHT AFFECT THE LESSEE OR THE CITY. LESSEE FURTHER AGREES THAT THIS INDEMNITY PROVISION SHALL BE CONSIDERED AS AN ADDITIONAL REMEDY TO CITY AND NOT AN EXCLUSIVE REMEDY.

- 6.06 Risk of loss. Lessee expressly agrees that the aircraft and their contents are to be stored, whether on the field or in the hanger, at Lessee's risk.

ARTICLE VII. TERMINATION

- 7.01 Early Termination. If Lessee commits an Event of Default under Section 3.07 which remains uncured for the applicable grace periods set forth in Section 3.07, City may either pursue remedies under Section 7.03; or, immediately, or any time thereafter that the Event of Default remains uncured, terminate this Lease. Upon such cancellation the Improvements may be disposed of as provided in Section 7.03.
- 7.02 Dangerous Acts and Omissions. Notwithstanding any provision of this Lease to the contrary, in the event the FAA, TxDOT or the City determines that Dangerous Acts or Omissions are occurring, or occurred in the past, during the Term, and are uncured, City may take any and all actions authorized by law and equity to resolve the Dangerous Acts or Omissions including, but not limited to the immediate cancellation of this Lease.
- 7.03 Remedies. In case of any Event of Default by Lessee which continues beyond the applicable grace periods set forth in Section 3.07, the City may, at its option, instead of canceling this Lease, take possession of the Leased Premises and re-let the same for the account of Lessee, and Lessee shall be liable to City for the amount of Lease payment payable hereunder for the remainder of the Term, less the net amount received by City on account of such re-letting, such net amount to be the total amount received by such re-letting, less necessary costs and expenses, including, without limitation, the expense of repairing and advertising incurred in connection with the re-letting of the Leased Premises. Lessee hereby grants, and at all times City shall have a contractual lien on Lessee's property in the Leased Premises to secure the performance of all of Lessee's obligations hereunder which contractual lien shall be in addition to all liens provided as a matter of law. Lessee may remove its personal property, therein, within thirty (30) days of the notice by City of Default and City's consent, or request, to remove same. After such time, City, in addition to the other


rights or remedies it may have, shall have the right to remove all persons and property from the Leased Premises. Such property shall become the property of the City. Lessee hereby waives all claims for damages which may be caused by the re-entry of City and the taking of possession of the Leased Premises or removal or storage of the furniture and property as herein provided, and will save City harmless from any loss, costs or damages occasioned by City thereby, and no such re-entry shall be considered or construed to be a forcible entry. No such re-entry or taking possession of said Premises by City shall be construed as an election on its part to terminate this Lease unless a written notice of such intention is given Lessee or unless the termination thereof is decreed by a court of competent jurisdiction.

- 7.04 Waiver of Statutory Notice to Quit. In the event City exercises its option to cancel this Lease upon the happening of any or all of the events set forth herein, a notice of cancellation given pursuant to this Lease and sent to the address specified in Section 12.18, or subsequent address provided shall be sufficient to cancel this Lease.
- 7.05 Surrender of Premises. Lessee covenants and agrees that it will, at the expiration or termination of this Lease, in whatever manner such termination may be brought about, promptly surrender and deliver the Leased Premises with all Improvements thereto, or with all Improvements removed if ordered to do so by the City pursuant to Section 4.03, to City in the same condition as existed at the beginning of this Lease, ordinary wear and tear and damage by any casualty excepted. Lessee, having paid all Lease payments and not in default thereof, shall be given a reasonable time, not to exceed thirty (30) days after the termination of this Lease, to remove all of Lessee's personal property.
- 7.06 Rights of Mortgagee. A lending institution may retain a first lien on any hangar, structure, building or improvement constructed pursuant to an Encumbrance, approved by the City, between Lessee and any lending institution as prescribed in Article X.
- 7.07 Effect of Condemnation. If the whole or any part of the Leased Premises shall be condemned or taken by eminent domain proceedings by any city, county, state, federal or other authority for any purpose, then the Term of this Lease shall cease on the part so taken from the day the possession of that part shall be required for any purpose and the Lease payment shall be paid up to that day, and from that day, Lessee shall have the right to continue in the possession of the remainder of the Leased Premises under the terms herein provided, except that the Lease payment shall be adjusted to such amount as the Parties hereto shall negotiate. All damages awarded for such taking of land by the city, county, state or federal government, excluding the improvements for any public purpose shall belong to and be the property of City; provided, however, Lessee shall be entitled to seek compensation from the condemning authority to the extent funds are available for the costs of removing and relocating the Improvements.
- (A) TOTAL: If the whole of the Leased Premises shall be acquired or taken by eminent domain for any public or quasi-public use or purpose, then this Lease and the terms herein shall cease and terminate as of the date of title vesting in such proceeding,
- (B) PARTIAL: If any part of the Leased Premises, or all or part of the Airport shall be taken as aforesaid, and such partial taking shall render that portion of the Leased Premises not so

taken unsuitable for the activities of Lessee, then this Lease and the terms herein shall cease and terminate as aforesaid.

- (C) **AWARD:** Lessee shall not be entitled to and expressly waives all claims to any condemnation award made to City for any taking, whether whole or partial, and whether for diminution in value of the leasehold or to the fee, although Lessee shall have the right, to the extent that the same shall not reduce City's award, to claim from the condemner, but not from the City, such compensation as may be recoverable by Lessee in its own right for damage to Lessee's fixtures and improvements.
- (D) If this Lease is terminated as provided in this Section, Rent shall be paid up to the date the possession is so taken by the public authority, and City shall make an equitable refund of any Rent paid by Lessee in advance.
- 7.08 Non-Waiver for Breach. No acceptance of Rent by City after it is due, and no delay on the part of City in enforcing any obligation of the Lessee, shall be construed as a waiver or any default then, theretofore, or thereafter existing in the performance of any other obligation undertaken by Lessee. No lawful termination of this Lease shall release Lessee from responsibility or liability to the City for Rent theretofore due and unpaid nor from the performance of any of the covenants, agreements, or stipulations by the Lessee herein undertaken to be kept and performed.
- 7.09 Attorney Fees. If it becomes necessary for City to secure the services of an attorney in order to collect any amount due hereunder, or to enforce any of the provisions hereof, Lessee agrees and binds itself to pay to City a reasonable attorney's fee and court costs, which shall bear interest from the date of its accrual at the legal rate for judgments.
- 7.10 Non-Appropriation. Notwithstanding anything contained in this Lease to the contrary, each and every financial obligation of the City pursuant to this Lease is subject to appropriations. In the event no funds or insufficient funds are appropriated or budgeted by City for the operation of an airport by the City during the Term of this Lease, City will immediately notify the Lessee its assignee of such occurrence and this Lease shall terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to City of any kind whatsoever. In the event of such termination, Lessee agrees to peaceably surrender possession of the Leased Premises to City or its assignee on the date of such termination, except that Lessee shall have the option of removing Improvements within ninety days of such notice.
- 7.11 Airport Expansion. Lessee agrees and understands that City reserves the right to further expand, develop or improve the Airport, including the termination of this Lease, in such instance that the continued leasing of the Leased Premises would have a material negative impact on any proposed development or improvements at the Airport. This Lease may be terminated regardless of the desires, wishes or views of Lessee and without interference or hindrance from Lessee, but only so long as such expansion, development or improvements are shown on a TxDOT and/or FAA approved Airport Layout Plan or Master Plan. In the event that City terminates this Lease as herein provided, then City shall be obligated either (i) to pay Lessee for all Improvements placed by Lessee upon the ground, based upon the fair market value of Improvements as of the date of termination, pro-rated by the Term of this Lease as such Improvements would have been dedicated

 Lessee

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to the City at the end of such lease pursuant to Section 4.03 or (ii) to permit Lessee to relocate the improvements and other facilities to another location on the airport acceptable to the Parties under a lease agreement whose provisions are acceptable to the Parties or substantially the same as the terms and provisions of this Lease.

- 7.12 Depreciation. Improvements shall be determined to have depreciated to a zero value at the end of the Term of this Lease.

ARTICLE VIII. CONSTRUCTION

8.01 Construction of Improvements.

- (A) City Consent required. All new improvements made by Lessee on the Leased Premises are subject to City Consent, prior to construction. City Consent may be given by the City Representative upon making the findings that the proposed new improvements: (i) are in accordance with the overall plan of the Airport, various building ordinances, electrical codes and the uses and purposes contemplated by this Lease; (ii) will not constitute a fire or safety hazard; and (iii) will not interference in the use of the remainder of the Airport by the general aviation public. The Lessee shall tender a Site and Design Plan to the City prior to submitting requests for permits.
- (B) Preliminary Hangar Drawings. The City approves of the Preliminary Hangar Drawings attached hereto as Exhibit C.
- (C) Approval process. Lessee may request City Consent for the Site and Design Plan as follows:
- (1) Lessee shall submit an application on such form as provided by City and three sets of plan.
 - (2) The City Representative shall direct the appropriate City departments and disciplines review the Site and Design Plan. In the event the City Representative determines the need for third party consultation with an engineer, architect or other professional, Lessee shall pay costs for such consultation by City with its third-party consultant.
 - (3) Lessee may appeal the denial of a Site and Design Plan.
 - (4) Upon receiving City Consent, Lessee shall make application for all appropriate building permits for the construction of any improvements requiring a permit. Lessee shall be responsible for all city, state or county fees associated with the review, approval or construction of improvements and alterations. Plans and permit applications may be subject to approval by other Governmental Authorities.
 - (5) Upon receipt of a building permit Lessee may commence construction in accordance with the terms and conditions of the building permit, the City Code, and other applicable Laws.

- 8.02 Alterations/Improvements to Premises. Lessee covenants and agrees that it will make no structural alterations, material changes or additions in or to the Leased Premises or any part of the Airport without the prior written consent of City. Such alterations or changes, as are approved by City, shall be made at Lessee's expense. Except as herein provided, all permanent improvements and fixtures installed by Lessee shall become the property of the City in accordance with the terms and provisions of Section 4.03, unless otherwise agreed in writing. All fixtures, counters and equipment installed by Lessee and removable without structural injury to the Premises, may be removed by Lessee at the expiration of this Lease, provided Lessee is not then in default with respect to any of its obligations hereunder, and provided further that Lessee shall repair any damage done to the Leased Premises in removing said fixtures, counters and equipment and shall remain responsible for any such damage.
- 8.03 Unauthorized Structures. Equipment, portable buildings, house trailers, poles, or towers of any kind are prohibited and shall not be erected, moved in or installed on the Leased Premises; except as specifically approved by an authorized representative of the City.
- 8.04 Signs. Pylon and other freestanding signs are prohibited without City Consent. Lessee may install and maintain one or more wall signs on the Leased Premises identifying it and its operations. The copy, type, design, number, location, elevation and illumination of such signs shall require City Consent, which shall not be unreasonably withheld, conditioned or delayed.
- 8.05 Mandatory Construction. As Additional Consideration for the granting of this Lease, Lessee agrees to construct, at the Leased Premises, an Aircraft Hangar Facility with all necessary appurtenances and improvements reasonably necessary for that operation, including the construction of a fence as described in subsection below..
- (A) The Hangar. The Aircraft Hangar Facility to be constructed shall contain a minimum of 6,000 square feet of usable space; and, which shall be a complete, self-sufficient, and independent Aircraft Hangar structure, or structures, of such design as approved by the City, erected wholly within the boundary lines of the Land, and surrounded by the Ramp, and which shall have a concrete or asphalt floor, with each hangar to have at least one aircraft access door sized to accommodate an average private aircraft. Construction of the Aircraft Hangar Facility shall be conducted pursuant to this Article and City's ordinances applicable to the construction of Improvements, including the requirement to apply for permits, pay permit fees, receive permits, and construct the Improvements in compliance with the City's building codes and ordinances, and Minimum Standards.
- (B) The Fence. Lessee shall erect a fence around the perimeter of the Protected Area sufficient to keep wildlife from being able to enter the taxiway from the Leased Premises. The fence securing the Protected Area must be a minimum of eight feet in height and constructed of chain link, game fence, or other materials approved by the City. Lessee shall provide signage on the Leased Premises identifying the Protected Area. Lessee shall provide a fence, building or other protective structure, as approved by City, between the Protected Area and the area used by Lessee for parked vehicles. Construction of the Fence shall be completed before a Certificate of Occupancy may be issued for any improvement on the Leased Property.

- 8.06 Mandatory Construction Timeline. Submission of a Site and Design Plan to the City shall occur no later than 120 days from the Commencement Date. Commencement of Construction shall begin no later than 21 days from the date a permit for construction is issued; and Completion of Construction shall occur no later than 240 days from the Commencement of Construction Date. Subject to Section 12.11, Lessee's failure to substantially comply with this timeline shall be a Default; provided however, Lessee shall not be responsible for any construction delays due or caused by delay by the City to issue permits, inspect work, or issue approvals of completed work.
- 8.07 Consequences of Default. In the event Lessee does not comply with the deadlines set out in Section 8.06, and no extension has been approved by City, and subject to an authorized Mortgagee's right to cure under Section 10.3(D), and further subject to Section 12.11, this Lease shall immediately terminate. In such an instance Lessee shall be responsible for the removal of any incomplete improvements upon the Land at Lessee's expense. In the alternative, and upon City's consent, Lessee may pay to the City either the cost of removing any incomplete improvements or the cost to complete construction in lieu of removal; and Lessee shall thereafter be released from any further liability under this Lease.
- 8.08 Performance Guaranty. For all buildings and improvements constructed by Lessee on the Leased Premises, Lessee shall require of its contractors full performance and payment bonds from reputable surety companies, guaranteeing the performance by such contractors of their construction contracts and payment of all laborers, suppliers and subcontractors. Notwithstanding the forgoing, Lessee may be excused from requiring its contractor to provide a performance bond if Lessee, or its contractor, provides a cash bond, or letter of credit payable to the city, equal to the costs of removal of an incomplete improvement, as determined by the City's Representative. The proceeds from such cash bond or letter of credit shall be available to City should Lessee fail to Complete Construction within the prescribed time frame.

ARTICLE IX. STORMWATER COMPLIANCE

- 9.01 Acknowledgments. Notwithstanding any other provisions or terms of this Lease to the contrary, including the Lessee's right to quiet enjoyment, Lessee and City acknowledge the following:
- (A) The Airport is subject to federal storm water regulations, 40 C.F.R. Part 122, for "vehicle maintenance shops" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing operations that occur at the Airport, as defined in these regulations, and state law concerning the prohibition against water pollution, as provided for in TEX. WATER CODE ANN. 26.121, as amended. Lessee further acknowledges that it is familiar with these storm water regulations, that it conducts or operates "vehicle maintenance" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing activities as defined in the federal storm water regulations; and that it is aware that there are significant penalties for submitting false information, including fines and imprisonment for knowing violations; and
- (B) Close cooperation is necessary to ensure compliance with any storm water discharge permit terms and conditions, as well as to ensure safety and to minimize costs. Lessee

acknowledges that, as discussed more fully below, it may be required to undertake to minimize the exposure of storm water (and snow melt) to Significant Materials generated, stored, handled or otherwise used by the Lessee, as defined in the federal storm water regulations, by implementing and maintaining "Best Management Practices;" and

- (C) The Airport's storm water discharge permit is incorporated by reference into this Lease and any subsequent renewals.

9.02 Permit Compliance.

- (A) City will provide Lessee with written notice of the requirements contained in the Airport's storm water discharge permit which Lessee will be obligated to perform from time to time, including, but not limited to, certification of non-storm water discharges; collection of storm water samples; preparation of storm water pollution prevention or similar plans; implementation of "good housekeeping" measures of Best Management Practices; and maintenance of necessary records. Such written notice shall include applicable deadlines. Lessee, within seven days of receipt of such written notice, shall notify City in writing if it disputes any of the storm water discharge permit requirements it is being directed to undertake. If Lessee does not provide such timely notice, it is deemed to assent to undertake steps necessary to comply with such requirements.
- (B) Lessee agrees to undertake, at its sole expense, unless otherwise agreed to in writing between City and Lessee, those storm water discharge permit requirements for which it has received written notice from the City. Lessee warrants that it shall meet any and all deadlines that may be imposed on or agreed to by City and Lessee.
- (C) City agrees to provide Lessee, at its request, with any non-privileged information collected and submitted to any Governmental Authorities pursuant to applicable storm water regulations.
- (D) Lessee agrees that the terms and conditions of the Airport's storm water discharge permit may change from time to time and hereby appoints City as its agent to negotiate with the appropriate Governmental Authorities any such permit modifications.
- (E) City will give Lessee written notice of any breach by Lessee of the Airport's storm water discharge permit or the provisions of this Section. Such a breach is material, and, if of a continuing nature, City may terminate the Lease pursuant to the terms of this Lease, if the breach is not promptly cured by Lessee. Lessee agrees to cure any such breach requiring time to comply within ten days' of receipt of written notice by City of such breach (or such longer period as may be reasonably required to effect such cure provided Lessee promptly commences such cure and diligently proceeds with such efforts until completion thereof). For circumstances requiring immediate action for safety purposes, the Lessee agrees to immediately comply upon verbal or written notice.
- (F) Lessee agrees to participate in any Airport-organized task force or other work group established to coordinate storm water activities at the Airport.

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9.03 Indemnification. NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS LEASE, LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS CITY AND OTHER LESSEES FOR ANY AND ALL CLAIMS, DEMANDS, COSTS (INCLUDING ATTORNEYS FEES), FEES, FINES, PENALTIES, CHARGES AND DEMANDS BY AND LIABILITY DIRECTLY OR INDIRECTLY ARISING FROM LESSEE'S ACTIONS OR OMISSIONS, INCLUDING FAILURE TO COMPLY WITH LESSEE'S OBLIGATIONS UNDER THIS ARTICLE, THE APPLICABLE STORM WATER REGULATIONS, AND STORM WATER DISCHARGE PERMIT, UNLESS THE RESULT OF CITY SOLE NEGLIGENCE. THIS INDEMNIFICATION SHALL SURVIVE ANY TERMINATION OR NON-RENEWAL OF THIS LEASE.

ARTICLE X: LEASEHOLD LIENS AND ENCUMBRANCES

10.01 Encumbrances. Encumbrances are only allowed under this Lease to finance construction of Improvements. Encumbrances allowed under this Lease are subject to the terms and conditions of this Article. Any proposed Encumbrance by Lessee must first receive City's consent. Any Encumbrance not approved by the City is void. Any document used to encumber the Leased Premises must incorporate the provisions of this Lease.

10.02 Encumbrances requirements. The City may withhold consent to an Encumbrance for any of the following reasons:

- (A) Lessee is in default of this Lease, whether notice of default has been given by the City.
- (B) The entity requiring the prospective Encumbrance has not agreed in writing to be bound by this Lease.
- (C) The Encumbrance documents have not been provided to the City.
- (D) Improvements previously undertaken by Lessee have not been completed to the City's satisfaction.
- (E) Lessee has not paid the processing fee for approval of an Encumbrance.

10.03 Encumbrance requirements. An Encumbrance to finance construction of Improvements are subject to the following requirements and covenants:

- (A) Any deed of trust must require that any notice of default and any notice of sale be given in writing to the City concurrently with the filing of a notice of default and sale. Lessee must furnish the City a complete copy of the deed of trust and note secured thereby prior to recording.
- (B) Lessee shall provide City with a true copy of the instrument of Encumbrance and the name and address of the Mortgagee.

 Lessee

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- (C) The City upon providing Lessee any notice of default under this Lease or termination of this Lease, shall at the same time provide a copy of such notice to the Leasehold Mortgagee by first class U.S. mail at the address provided by Lessee.
- (D) The City may not terminate this Lease because of Lessee's breach if, within sixty days after the City gives written notice of the breach, the Mortgagee:
- (1) Cures the breach if it can be cured by the payment or expenditure of money required to be paid under the terms of this Lease; and
 - (2) Agrees in writing to keep and perform all of the covenants and conditions of this Lease requiring the payment of expenditure of money by Lessee until the time as the leasehold is sold upon foreclosure pursuant to the deed of trust or released or reconveyed under the deed of trust.
- (E) If the default is not curable, the Mortgagee will cause the trustee to exercise the power of sale under the deed of trust as provided by law. Before exercising the power of sale, the trustee will first offer to the City the right to purchase all right, title, and interest in the leasehold encumbered under the deed of trust directly from trustee and without public sale for the then outstanding balance due on the note or notes secured by the deed of trust, plus trustee's fees and costs of sale. The trustee's offer to the City must be made no later than ten days following the filing of Notice of Default, and the City may exercise the option to purchase within 90 days following the filing.
- (F) If the City does not purchase the Mortgagee's interest, the Mortgagee may upon prior City Consent, cause Lessee's interest in this Lease:
- (1) To be transferred at foreclosure sale pursuant to a deed of trust, by judicial foreclosure, or by an assignment in lieu of foreclosure; or
 - (2) To be transferred or assigned to an established bank, savings and loan association, or insurance company.
- (G) The Mortgagee must give the City written notice of any such transfer, setting forth the name and address of the transferee, the effective date of such transfer and the express agreement of the transferee assuming and agreeing to perform all of the obligations under this Lease, and submits to the City a copy of the document by which such transfer was made.
- (H) The City may terminate this Lease if the Mortgagee fails or refuses to comply with any condition of this Section 10.03.

Processing Fee. The Lessee must pay a five-hundred dollar non-refundable fee to the City for processing each of Lessee's requests for the City's consent to an Encumbrance.

10.04 Landlord Liens. LESSEE HEREBY GIVES AND GRANTS TO CITY A LIEN UPON, AND PLEDGES AS COLLATERAL TO CITY IN CASE OF DEFAULT, ALL, CHATTELS AND

PERSONAL PROPERTY OF EVERY KIND AND DESCRIPTION NOW OR HEREAFTER TO BE PLACED, INSTALLED OR STORED BY LESSEE AT THE AIRPORT. LESSEE AGREES THAT IN THE EVENT OF ANY FAILURE ON THE PART OF LESSEE TO COMPLY WITH EACH AND EVERY ONE OF THE COVENANTS AND OBLIGATIONS HEREOF, OR IN THE EVENT OF ANY DEFAULT CONTINUING FOR TWENTY DAYS OF ANY SPECIFIED NATURE, AFTER NOTIFICATION TO LESSEE BY CITY IN WRITING, CITY MAY TAKE POSSESSION OF AND SELL THE SAME IN ANY MANNER PROVIDED BY LAW AND MAY CREDIT THE NET PROCEEDS UPON ANY INDEBTEDNESS DUE OR DAMAGE SUSTAINED BY CITY, WITHOUT PREJUDICE TO FURTHER CLAIMS THEREAFTER TO ARISE UNDER THE TERMS HEREOF. ANY LEASEHOLD MORTGAGE SHALL BE SUBORDINATE TO THIS CONTRACTUAL LANDLORD LIEN AND ANY STATUTORY LIEN ARISING UNDER THE TEXAS PROPERTY CODE; BUT SHALL BE SUPERIOR TO THE EXTENT OF SUCH LIENS OF ANY STRUCTURES AND FIXTURES ON THE LEASED PREMISES.

- 10.05 Liens on City Property Prohibited. Lessee shall not suffer or permit any tax, judgment, mechanics or materialmen's lien or other liens to be filed against the fee of the Premises nor, except as provided in Section 10.01, against Lessee's leasehold interest in the land nor any Improvements by reason of any work, labor, services, or materials supplied or claimed to have been supplied to Lessee or to anyone holding the Premises or any part thereof through or under Lessee. If any such liens shall be recorded against the Premises or any Improvements thereof, Lessee shall cause the same to be immediately removed or, in the alternative, if Lessee, in good faith desires to contest same, Lessee shall be privileged to do so, but in such case Lessee hereby agrees to INDEMNIFY AND SAVE CITY HARMLESS from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on said mechanics' lien, cause the same to be discharged and removed prior to the execution of such judgment.

ARTICLE XI. HAZARDOUS MATERIAL HANDLING, SPILLS, AND CLEANUP.

- 11.01 Hazardous Material Storage. Lessee shall not store hazardous materials on the Premises except such materials as are normal and reasonably necessary for aircraft operation and maintenance; and for Lessee's air-ambulance and aero-medical services. Lessee shall not store Hazardous Materials if such storage is either a violation of any Hazardous Material Law; or, determined by the Fire Marshal, or Chief of the City's Fire Department, to constitute a danger to the Airport.
- 11.02 Storage/Disposal of Hazardous Materials. Lessee must materially comply with any Hazardous Materials Law in the storage, distribution, processing, handling or disposal of any Hazardous Materials. If any Hazardous Material spills, leaks, or is discharged on or from the Premises, Lessee must, at Lessee's cost, immediately make all repairs necessary to prevent further spills, leaks or discharges and immediately clean up the spill, remove any contaminated soil and promptly dispose of the spilled Hazardous Material and soil as required by Hazardous Materials Laws. If Lessee fails to immediately clean up the spill or properly dispose of any contaminated soil the City may, upon twenty-four hours written notice to Lessee, clean up the spill and dispose of any contaminated soil. Lessee must reimburse the City for the cost of all such work by the City within thirty days from receipt of a bill from the City. The Lessee must pay, or indemnify the City for the City's



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payment of, any fines or penalties levied by any federal or state agency as a result of Lessee's release or discharge of any Hazardous Materials from the Premises.

- 11.03 Termination. Upon termination of this Lease, Lessee must at Lessee's cost, remove any equipment utilized in connection with any Hazardous Materials and clean up, detoxify, repair and restore the Premises to a condition free of Hazardous Materials, to the extent the Lessee or Lessee's sublessee or their respective agents, contractors, employees, licensee or invitees caused the condition.
- 11.04 Default. Lessee is in default of this Lease if Lessee or Lessee's sublessee releases or discharges any Hazardous Materials or violates any Hazardous Materials Law. In addition to or in lieu of the remedies available under the Lease as a result of the default, the City may, without terminating the Lease, require Lessee to suspend its operations and activities on the Premises until the City is satisfied that appropriate remedial work has been or is being adequately performed. The City's election to suspend Lessee's operations is not a waiver of the City's right to later declare a default and pursue other remedies set forth in the Lease.
- 11.05 Hazardous Materials. Notwithstanding anything contained in this Lease to the contrary, Lessee shall not have any liability to City resulting from any Hazardous Materials existing or generated at, in, on, under or in connection with the Premises or Airport (i) prior to the Commencement Date, or (ii) found to be existing after the Commencement Date which were not caused or introduced by Lessee or its invitees, assignees, agents, employees or contractors.

ARTICLE XII. MISCELLANEOUS

- 12.01 Additional Instruments and Mutual Assistance. City and Lessee will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Lease and to aid and assist each other in carrying out such terms and provisions
- 12.02 Amendments. This Lease constitutes the entire understanding and agreement of the Parties as to the matters set forth in this Lease. No alteration of or amendment to this Lease shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- 12.03 Appeals. An appeal to Council may be had only when expressly authorized in this Lease. An appeal must be made in writing and delivered to the City Secretary within five business days of the City Representative's denial.
- 12.04 Binding Obligation. This Lease and all covenants, agreements, provisions and conditions hereto, shall be binding upon and inure to the benefit of the respective Parties hereto, their legal representatives, successors or assigns upon execution by all signatories hereto. The City warrants and represents that the individual executing this Lease on behalf of the City has full authority to execute this Lease and bind the City to the same. Lessee warrants and represents that the individual executing this Lease on its behalf has full authority to execute this Lease and bind it to the same, as provided below:

(A) City Council has authorized the City Manager to execute this Lease on behalf of the CITY, as evidenced by Resolution, attached hereto as Exhibit "D."

 Lessee

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(B) Lessee has authorized its Chief Executive Officer to execute this Lease on its behalf, as evidenced by Resolution, attached hereto as Exhibit "E."

(C) Lessee has provided the following to the City: Certificate of Formation certified by the Secretary of State of the State of Texas (the "Secretary of State"); and Certificate of Existence issued by the Secretary of State; and Certificate of Franchise Tax Account Status issued by the Comptroller of Public Accounts of the State of Texas (the "Comptroller").

12.05 Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document. To facilitate the execution hereof, an executed copy of this Lease which is signed electronically via DocuSign and/or which is delivered by electronic mail or other electronic transmittal shall have the effect of an original, executed instrument.

12.06 Construction. The Parties acknowledge that the Parties and their counsel have reviewed and revised the Lease and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Lease.

12.07 Employment of Undocumented Workers. During the Term of this Lease, Lessee agrees to not knowingly employ any undocumented workers, and, if convicted of a violation under 8 U.S.C. Section 1324a(1), Lessee shall be in Default.

12.08 Enforcement. The City Representative may enforce all legal rights and obligations under this Lease without further authorization; and, may engage legal counsel to represent the City in such enforcement. Lessee shall provide to the City Representative all documents and records that the City Representative reasonably requests to assist in determining Lessee's compliance with this Lease.

12.09 Entire Agreement. This Lease constitutes the entire agreement between the Parties with respect to the subject matter covered in this Lease. There is no other collateral oral or written agreement between the Parties that, in any manner, relates to the subject matter of this Lease, except as provided for in any Exhibits attached hereto or duly approved amendments to this Lease, as approved by the City Council of the City of Burnet, Texas.

12.10 Exhibits and Attachments. All Exhibits and Attachments referenced in this Lease are attached hereto and incorporated herein for all purposes. Exhibits to this Lease are as follows:

- Exhibit "A": Description of the Land.
- Exhibit "B": Authorized Aeronautical Activities.
- Exhibit "C": Preliminary Hangar Drawings.
- Exhibit "D": Resolution of City Council.
- Exhibit "E": Resolution of Lessee.

12.11 Force Majeure. It is expressly understood and agreed by the Parties to this Lease that if the performance of any obligations hereunder is delayed by reason of war, civil commotion, acts of God, pandemic, fire or other casualty, or court injunction, inability to obtain labor or materials or

reasonable substitutes therefore, governmental restrictions, governmental regulations, governmental controls, governmental action, delay in issuance of permits or approvals (including, without limitation, fire marshal approvals), enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the obligated party and delays caused by the other party, the party so obligated or permitted shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such obligation or requirement shall be extended for a period of time equal to the period such party was delayed.

- 12.12 Gender. The gender of the wording throughout this Lease shall always be interpreted to mean either sex, and where the context requires, the plural of any word shall include the singular.
- 12.13 Governing Law. This Lease shall be governed by the laws of the State of Texas, without regard to choose-of-law rules of any jurisdiction, and the venue for any action concerning this Lease shall be in Burnet County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of a court of competent jurisdiction in said County.
- 12.14 Governmental Records. All invoices, records and other documents required for submission to the City pursuant to the terms of this Lease are Governmental Records for the purposes of Texas Penal Code Section 37.10.
- 12.15 Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Lease.
- 12.16 Independent Contractor. During all times that this Lease is in effect, the Parties agree that Lessee is and shall be deemed to be an independent contractor and operator and not an agent or employee of the City with respect to their acts or omissions hereunder. It is mutually agreed that nothing contained herein shall be deemed or construed to constitute a partnership or joint venture between the Parties hereto.
- 12.17 Individuals Not Liable. No director, officer, agent or employee of the City shall be charged personally or held contractually liable by or to the other party under any term or provision of this Lease or of any supplement, modification or amendment to this Lease because of any breach thereof, or because of his or their execution or attempted execution thereof
- 12.18 Notice. Any notice given to either party under the terms of this Lease shall be hand-delivered or sent by registered or certified mail, return receipt requested, postage prepaid, addressed to:

CITY:

City of Burnet
Attn: City Manager
P. O. Box 1369
Burnet, TX 78611

LESSEE:

CareFlite
311- S Great Southwest Parkway
Grand Prarie, TX 75052

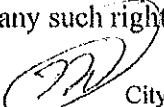
or to such other place as each party may hereafter designate in writing forwarded in like manner for any other notice.

Notice to Mortgagee with Rights under Section 10.03. In the Event of Default by Lessee, notice of default and opportunity for Mortgagee to cure shall be hand delivered or sent by registered or certified mail, return receipt requested, postage prepaid, to Mortgagee.

The City shall only be responsible for providing notice to Mortgagee subject to the accuracy of the information provided to the City by the Lessee. Lessee shall provide name, address and mortgage amount for each holder thereof that has a mortgage on any permanently attached property to the Leased Premises, including information as such changes.

- 12.19 Ordinance Applicability. The signatories hereto shall be subject to all ordinances of the City, whether now existing or in the future arising; provided, however, no ordinance shall reduce or diminish the contractual obligations contained herein.
- 12.20 Protection of Airport. The City reserves its right to take any action the City considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of City, would limit the usefulness of the Airport or constitute a hazard to aircraft. Lessee shall comply with height restrictions and safety requirements of applicable Governmental Authorities when making any Improvement to the Leased Premises.
- 12.21 Recording of Lease. A memorandum of Lease, may be recorded by the City, and the costs of such recordation, and any closing costs associated with this Lease, its execution and recordation, shall be billed to and paid by Lessee as additional rent.
- 12.22 Severability. In the event any provision of this Lease is illegal, invalid, or unenforceable under the present or future laws, then, and in that event, it is the intention of the Parties hereto that the remainder of this Lease shall not be affected thereby, and it is also the intention of the Parties to this Lease that in lieu of each clause or provision that is found to be illegal, invalid, or unenforceable a provision be added to this Lease which is legal, valid and enforceability and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.
- 12.23 Sovereign Immunity. The Parties agree that nothing in this Lease shall be determined to waive the City's sovereign or governmental immunity to the extent sovereign or governmental immunity is applicable.
- 12.24 Subordination. This Lease shall be subordinate to provisions of any existing or future agreements entered into by and between the City and the Federal or State Government for the improvement, operation and maintenance of the Airport; provided, that if such agreements restrict the operation of the Leased Premises, appropriate Rent reductions shall be negotiated, if appropriate.
- 12.25 Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Lease shall survive termination.
- 12.26 Waivers. No failure or delay of a party in the exercise of any right given to such party hereunder or by law shall constitute a waiver thereof, nor shall any single or partial exercise of any such right

 Lessee

 City

preclude other further exercise thereof or of any other right. The waiver by a party of any breach of any provision hereof shall not be deemed to be a waiver of any subsequent breach thereof or of any breach of any other provision hereof.

12.27 This Lease is for the sole benefit of Landlord and Tenant, and no third party shall be deemed a third party beneficiary hereof.

Signature page to follow.

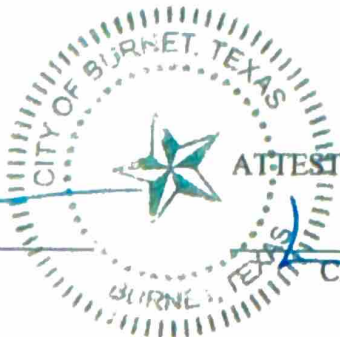
 Lessee

 City

EXECUTED in two counterparts, each of which shall have the force and effect of an original, this 23rd day of MAY, 2024.

CITY:
CITY OF BURNET, TEXAS

By: [Signature]
City Manager



ATTEST:

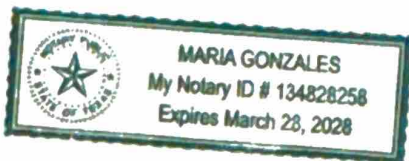
[Signature]
City Secretary

STATE OF TEXAS)

) ACKNOWLEDGMENT

COUNTY OF BURNET)

This instrument was acknowledged before me on this 23 day of May, 2024, by David Vaughn, in his capacity as City Manager of the City of Burnet.



[Signature]

Notary Public in and for the
State of Texas

LESSEE:

CAREFREE

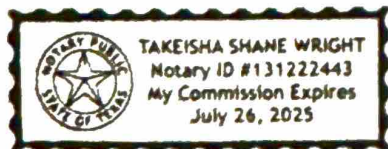
By: [Signature]

STATE OF TEXAS)

) CORPORATE ACKNOWLEDGMENT

COUNTY OF Tarrant)

This instrument was acknowledged before me on the 29th day of May, 2024, by Jason Schwabach, a person known to me or proved to me on oath, individually.



[Signature]

Notary Public in and for the
State of Texas

[Signature] Lessee [Signature] City

EXHIBIT "A"
Description of the Land

Being approximately 0.972 acres legally described as Lot No. Two (2A), Replat of a portion of Lot Two (2) and Three (3), Flight Line Boulevard Subdivision, a subdivision in the City of Burnet, Burnet County, Texas, as shown on plat recorded under Clerk's File No. 201810840, Official Public Records of Burnet County, Texas.

 Lessee

 City

NOTICE TO CONTRACTORS

THE CITY OF BARNET, MINNESOTA, HAS THE HONOR OF OFFERING TO CONTRACT FOR THE CONSTRUCTION OF THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA. THE CITY OF BARNET HAS A CONTRACT WITH THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA, FOR THE CONSTRUCTION OF THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA. THE CITY OF BARNET HAS A CONTRACT WITH THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA, FOR THE CONSTRUCTION OF THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA. THE CITY OF BARNET HAS A CONTRACT WITH THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA, FOR THE CONSTRUCTION OF THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA.

DATE OF BIDDING: _____

TIME OF BIDDING: _____

PLACE OF BIDDING: _____

THE CITY OF BARNET HAS A CONTRACT WITH THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA, FOR THE CONSTRUCTION OF THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA. THE CITY OF BARNET HAS A CONTRACT WITH THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA, FOR THE CONSTRUCTION OF THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA.

Shirley K. Bland

DATE OF BIDDING: _____

TIME OF BIDDING: _____

PLACE OF BIDDING: _____

THE CITY OF BARNET HAS A CONTRACT WITH THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA, FOR THE CONSTRUCTION OF THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA. THE CITY OF BARNET HAS A CONTRACT WITH THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA, FOR THE CONSTRUCTION OF THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA.

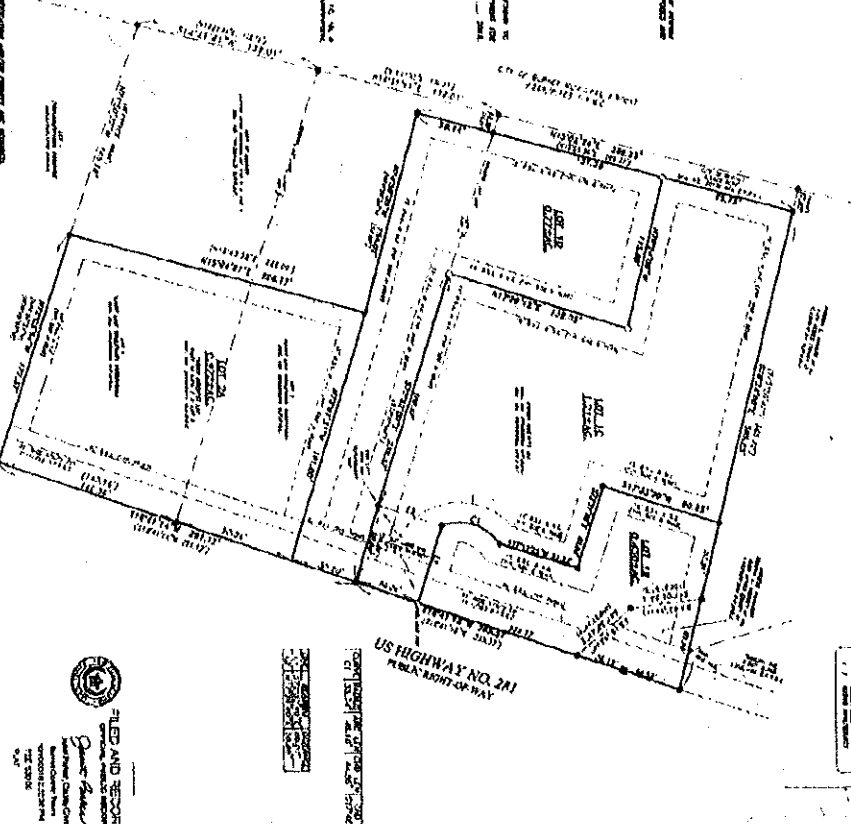
[Signature]

DATE OF BIDDING: _____

TIME OF BIDDING: _____

PLACE OF BIDDING: _____

THE CITY OF BARNET HAS A CONTRACT WITH THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA, FOR THE CONSTRUCTION OF THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA. THE CITY OF BARNET HAS A CONTRACT WITH THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA, FOR THE CONSTRUCTION OF THE AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA.



LEGEND

1. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

2. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

3. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

4. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

5. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

6. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

7. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

8. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

9. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

10. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

11. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

12. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

13. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

14. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

15. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

16. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

17. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

18. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

19. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

20. AIRPORT GROUND LEASE SUBDIVISION, CITY OF BARNET, MINNESOTA

LOT NO. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24. FLIGHT LINE BOULEVARD SUBDIVISION, CITY OF BARNET, MINNESOTA.

BEING A PORTION OF A TRACT OF LAND CONTAINED IN DOCUMENT NO. 201200086, OFFICIAL PUBLIC RECORDS OF BARNET COUNTY, MINNESOTA, AND LOT 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, BEING A PORTION OF A TRACT OF LAND CONTAINED IN DOCUMENT NO. 201200086, OFFICIAL PUBLIC RECORDS OF BARNET COUNTY, MINNESOTA, AND LOT 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, BEING A PORTION OF A TRACT OF LAND CONTAINED IN DOCUMENT NO. 201200086, OFFICIAL PUBLIC RECORDS OF BARNET COUNTY, MINNESOTA.

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

[Signature]

RECORDED

20180828

[Signature] Lessee

[Signature] City

EXHIBIT "B"


Authorized Aeronautical Activities

- (1) Air charter, air ambulance and aero-medical services.
- (2) Aircraft maintenance, cleaning and storage.
- (3) Training.
- (4) Rental or use of hangar space.
- (5) Ancillary activities that are ordinarily necessary and incident to carrying out the activities set forth in this Exhibit B.

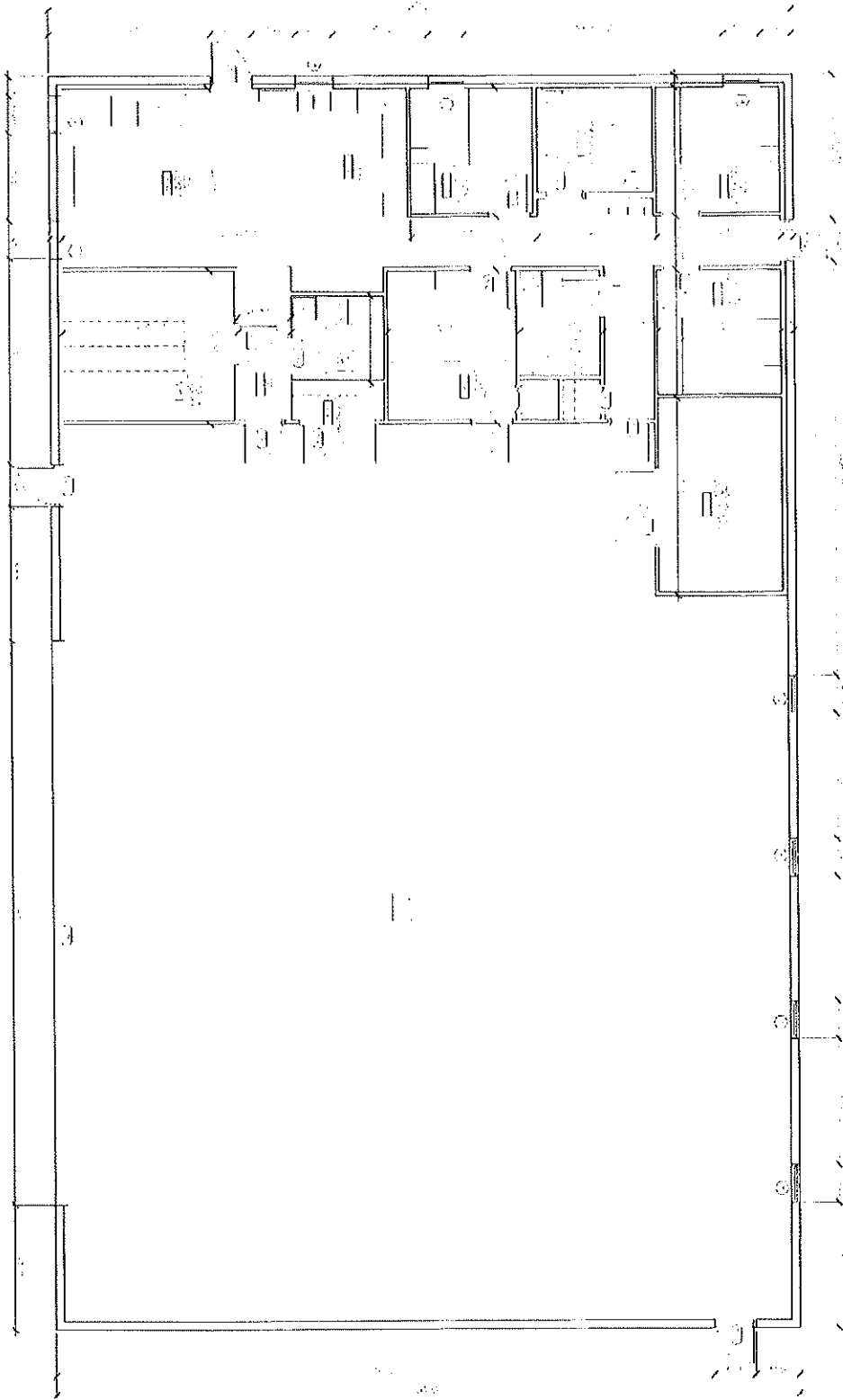
 Lessee

 City

EXHIBIT "C"
Preliminary Hangar Drawings

 Lessee

 City



00136679-3

Airport Ground Lease Agreement _____

[Signature] Lessee

[Signature] City

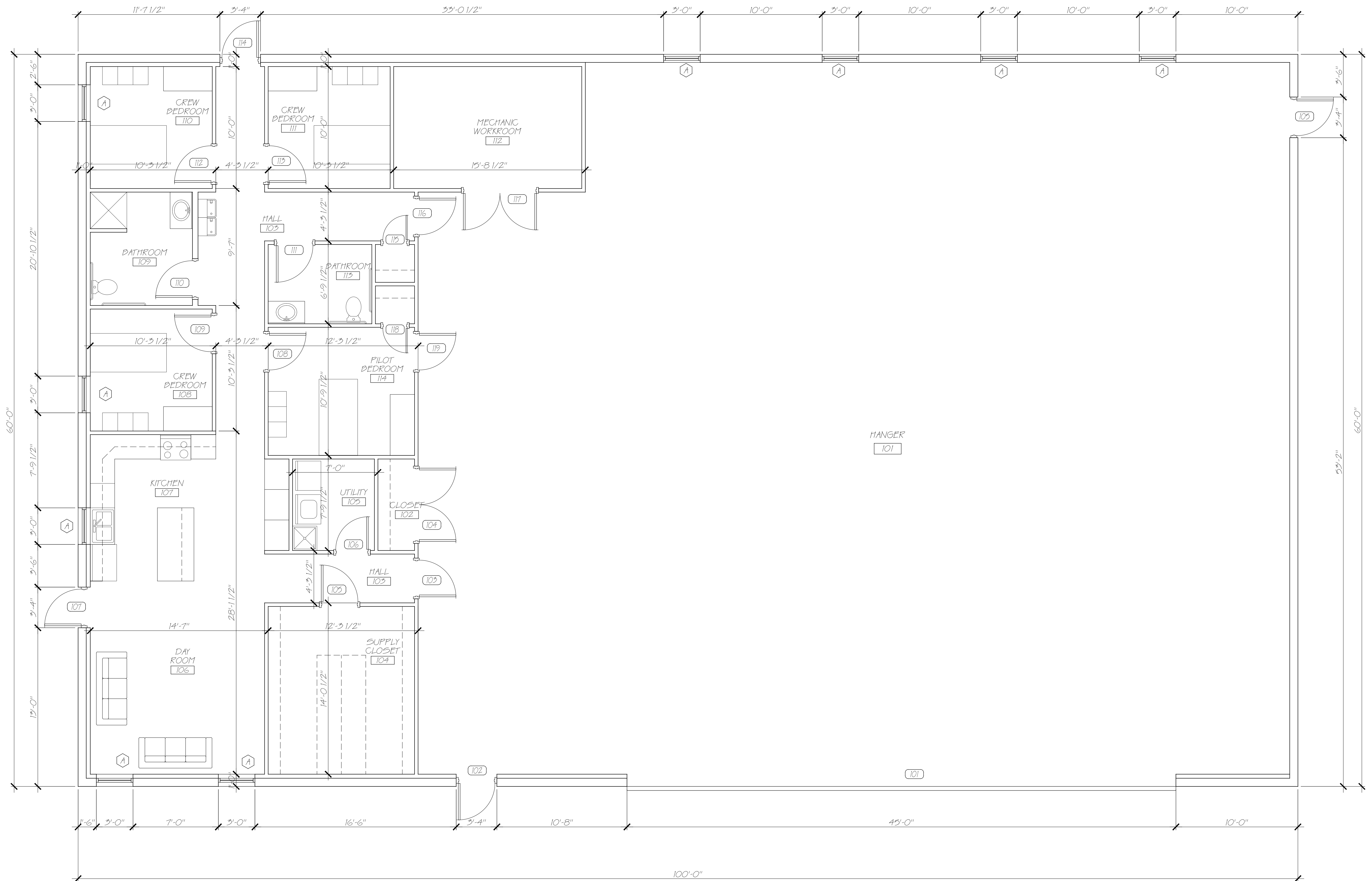



EXHIBIT "D"
Resolution of City Council

00136679-3

Airport Ground Lease Agreement _____

 Lessee

 City

RESOLUTION NO. R2024-30

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS APPROVING A FORTY-YEAR AIRPORT GROUND LEASE AGREEMENT WITH CAREFLITE FOR APPROXIMATELY 0.972 +/- ACRES LOCATED AT THE SOUTH END OF THE AIRPORT.

Whereas, the City currently owns and operates an airport known as the Burnet Municipal Airport (hereinafter called the "Airport"), located in Burnet County Texas, and;

Whereas, Careflite is a Texas non-profit corporation, and;

Whereas, pursuant to this Agreement the City desires to enter into a forty-year ground lease agreement with Careflite for approximately 0.972 +/- acres of Airport property located at the south end of the Airport for construction and operation of Careflite facilities, and;

Whereas, pursuant to this Agreement the City desires to grant Careflite certain rights, privileges and uses therein as necessary to conduct the agreed Authorized Aeronautical Activities, and;

Whereas, Careflite desires to enter into a forty-year Ground Lease Agreement with the City for 0.972 +/- acres located at the Airport, and;

Whereas, the Parties agree that the obligation to perform the terms, covenants and conditions of this Agreement is sufficient consideration to make this Agreement a legally enforceable contract.

NOW, THEREFORE, BE IT RESOLVED BY CITY COUNCIL OF THE CITY OF BURNET, TEXAS, THAT:

Section one. Findings. That the recitals to this Resolution are incorporated herein for all purposes.

Section two. Approval. The Careflite Ground Lease Agreement attached is hereby approved.

Section three. Delegation of Authority. The City Manager is hereby authorized and directed to execute an agreement in substantial form as the attachment hereto and take such further action, and execute such ancillary documents, as may be reasonably necessary to facilitate the purpose of this resolution.


Section four. Open Meetings. It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act.

Section five. Effective Date. That this resolution shall take effect immediately upon its passage, and approval as prescribed by law.

PASSED AND APPROVED this the 23rd day of April 2024.

CITY OF BURNET, TEXAS

ATTEST:



Gary Wideman, Mayor



Kelly Dix, City Secretary



EXHIBIT "E"
Resolution of Lessee

00136679-3

Airport Ground Lease Agreement _____

 Lessee

 City

**UNANIMOUS WRITTEN CONSENT OF
THE BOARD OF DIRECTORS OF
CAREFLITE
IN LIEU OF AN ORGANIZATIONAL MEETING**

May 16, 2024

In accordance with section 6.201(b) of the Texas Business Organizations Code (the “BOC”), the undersigned, constituting all of the directors of CareFlite, a Texas nonprofit corporation (the “Corporation” and/or “CareFlite”), hereby adopt the following recitals and resolutions to have the same force and effect as if adopted at a special meeting of the Board of Directors of the Corporation (the “Board”), duly called and held under Section 22.217 of the BOC:

WHEREAS, the Board has reviewed the Airport Hangar Ground Lease between The City of Burnet, Texas and CareFlite, attached hereto as Exhibit A (the “Airport Hangar Ground Lease”), for the lease of approximately 0.972 acres legally described as Lot No. Two (2A), Replat of a portion of Lot Two (2) and Three (3), Flight Line Boulevard Subdivision, a subdivision in the City of Burnet, Burnet County, Texas, as shown on plat recorded under Clerk’s File No. 201810840, Official Public Records of Burnet County, Texas, as further described in the Airport Hangar Ground Lease.

WHEREAS, CareFlite’s officers recommend the execution of the Airport Hangar Ground Lease and the Board has reviewed and determined the execution of the Airport Hangar Ground Lease is in the best interests of the Corporation;

NOW, THEREFORE, BE IT RESOLVED, the Airport Hangar Ground Lease is approved as negotiated and CareFlite’s officers are authorized to execute the Airport Hangar Ground Lease on behalf of CareFlite; and

FURTHER RESOLVED, that all actions heretofore taken by any officer of the Corporation with respect to the Airport Hangar Ground Lease and all other matters contemplated by the foregoing resolutions are hereby in all respects, approved, adopted, ratified, and confirmed.

[Signature Page Follows]

This consent may be signed in one or more counterparts and by electronic means, each of which is an original, and all of which shall be deemed one instrument. This action is effective as of the date first set forth above.

DocuSigned by:
Martin Koonsman, M.D.
2631645F26454A4...
Martin Koonsman, M.D.

DocuSigned by:
Jay Whitfield
4CCEB86EAF3D4A0...
Jay Whitfield

Amy Bodwell

DocuSigned by:
[Signature]
93332D42B9AC446...
Brian Craft

Phillip Boettcher

DocuSigned by:
Andrew Masica, M.D.
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Andrew Masica, M.D.

DocuSigned by:
Courtney Edwards
859930C43CE24DE...
Courtney Edwards

DocuSigned by:
Joseph DeLeon
6B53B9D92E74435...
Joseph DeLeon

Rebecca Tucker

DocuSigned by:
Danielle Sherar
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Danielle Sherar