

STATE OF TEXAS

COUNTY OF BELL

LEASE AGREEMENT

This lease is made and entered into by and between the City of Killeen, a municipal corporation of Bell County, Texas, hereinafter referred to as "Airport"; and Jacob Paxton d/b/a Paxton Aviation, hereinafter referred to as "Tenant".

ARTICLE I

Description of Leased Premises

The Airport, in consideration of the rents and covenants herein to be performed by the Tenant, does hereby lease and let unto Tenant the following described property, hereinafter referred to as "Leased Premises", located at the Skylark Field, Killeen, Texas: T-hangar end unit number T-1AS, a 402 sq. ft. office, in a building located at 2600 Stonetree Drive. (Exhibit "A")

ARTICLE II

Description of Concession Granted

1. The Airport grants Tenant the right to engage in the activities of a Fixed Base Operator, providing Flight Training and Aircraft Rental, and Sale of Aviation Related Books, Charts, Pilot Handbooks and Cockpit Supplies. These activities are defined by the *Minimum Standards for Commercial Aeronautical Activities at Killeen Municipal Airport (Resolution #91-37)*. (Exhibit "B")
2. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right forbidden by Section 308 (A) of the Federal Aviation Act of 1958 for aeronautical activities.

ARTICLE III

Obligations of the Airport

1. The Airport shall maintain and repair the non-leased portion of the areas surrounding the Leased Premises depicted on Exhibit "A".

2. The Airport shall provide adequate access to the Leased Premises so long as Airport, Transportation Security Administration, and pertinent Federal Aviation Regulation security practices are not violated.
3. Parking will be provided for Tenant's employees and customers in a parking lot immediately south of the Leased Premises. Tenant understands and agrees that such parking is provided for the direct support of the business authorized herein and will not be utilized for the long term storages of vehicles owned by employees or customers of the Tenant.
4. If the Leased Premises are destroyed or damaged by any means which are not fully the fault of the Tenant, to the extent that the Tenant will be unable to conduct any substantial portion/s of the business contemplated by this lease, either party may cancel this lease in writing and the Tenant will stand charged only with the rent specified in ARTICLE VI up to the time of such damage or destruction.
5. The Airport shall furnish keys, at no initial cost to Tenant, to the Tenant's designated Manager who shall be responsible for safekeeping of such keys. These include:
 - a. Key to building door.
 - b. Gate key.

Lost key replacement will be charged to Tenant in accordance with the Rents and Fees Schedule depicted on Exhibit "C".
6. The Airport shall maintain and keep in repair the landing area of the airport. The Airport retains the right to reasonably direct and reasonably control all activities of the Tenant in this regard. The Airport shall make all reasonable efforts not to hinder the Tenant's efforts in the performance of Tenant's business functions or services.
7. After reasonable notice to Tenant (when practical), the Airport reserves the right to temporarily close the airport or any other facilities thereon for maintenance, improvements, or for the safety of the public. The Airport will abate rent for affected tenant areas for periods in which closure for these reasons prevents the tenant from operating its facilities, if reasonable temporary facilities and/or arrangements cannot be made by the airport.
8. Airport is responsible for the maintenance and repair of the exterior of the leased premises, the steel frame structure of the building, and all plumbing located underground or under the floor of the building, except that Tenant is responsible for sewer clean outs that are not the result of a damaged sewer line.

9. The Airport will provide electric and water service to Leased Premises for a fixed monthly charge as indicated in Exhibit C.

ARTICLE IV **Obligations of the Tenant**

1. The Tenant accepts the Leased Premises identified in Article I of this agreement in "as is" condition, and assumes all responsibility and expense of maintaining it in a safe, neat, attractive, and good physical condition. Tenant will promptly repair all damages at the Tenant's expense. Any damage caused by the Tenant's failure to repair the leased premises in a timely manner is the sole responsibility of the Tenant. Appropriate representatives of the Airport and the Tenant will perform and document a joint facility inventory and inspection before Tenant occupies the Leased Premises. A record of this inspection will be maintained by both parties for the duration of the Tenant's occupancy of the facility.
2. Tenant agrees that it will not assign this lease or sublet the Leased Premises or any part thereof, without the prior written consent of the Airport. It is further agreed consent will not be unreasonably withheld.
3. Tenant agrees to keep the Leased Premises clean, shall provide its own janitorial services, and will be responsible for the removal of any litter or unsafe materials that may accumulate in or about the Leased Premises. Tenant is also responsible for litter removal and for landscape and grounds keeping of all areas within 50 feet of the access door to the Leased Premises that are outside of the Airport Operating Area fence.
4. Tenant shall be responsible for disposal of its own trash accumulations by depositing it in the nearest exterior trash dumpster on a daily basis. Tenant also agrees to participate in the City of Killeen's recycling program by depositing all recyclable products in the appropriate outside recycling containers in lieu of the trash dumpster, when such containers are provided.
5. Tenant agrees that it shall not engage in any business or activity within the confines of Skylark Field other than those expressly authorized by this agreement (Article II, paragraph 1).
6. Tenant shall operate the Leased Premises without cost to the Airport, and will maintain all equipment, appliances and furnishings therein.
7. Tenant agrees that its employees, while performing the duties associated with the concession granted in ARTICLE II, will be neatly groomed and attired and conduct themselves in a courteous, professional, and businesslike manner.

8. Tenant shall provide and maintain an adequate staff of employees with skills, licenses, and certificates appropriate to the activities conducted.
9. Upon vacating, Tenant shall leave the Leased Premises in as good condition and substantially as they were before removal, ordinary wear and tear excepted. It is understood and agreed that the leased premises may be modified by the Tenant to suit the requirements of the Tenant at the expense of the Tenant, however Tenant shall make no structural changes, additions or improvements to the Leased Premises without prior written consent of the Executive Director of Aviation, and appropriate building permits obtained from the City of Killeen Building and Developments Services Department. Any such structural changes, additions or improvements must be performed in a professional manner and become property of the Airport, unless otherwise agreed upon in writing before such work begins.
10. Tenant agrees to employ energy conservation practices to minimize the amount of electric and water usage.
11. Tenant agrees that it will not store any equipment or supplies on the ramp area or any other area outside of the Leased Premises. Properly escorted vehicles and equipment may access the ramp area when necessary for maintenance support or passenger or cargo transfer to and from aircraft.
12. Tenant will provide appropriate signage on the outside of the Leased Premises that clearly identifies the nature and availability of its commercial business. Such signage must be approved by the Executive Director of Aviation before installation. Normal business hours and appropriate phone numbers to contact the Tenant when no employees are physically present in the leased premises must be prominently displayed.
13. Tenant must, under a separate agreement with the Airport, rent an appropriate number of aircraft tie-down spaces or T-hangar units for any aircraft owned, leased, operated, maintained, or otherwise consigned to the Tenant as part of this business.
14. Tenant shall, no later than ten (10) days after the beginning of the term of this lease agreement, provide the Airport with a report listing all aircraft operated by the tenant by aircraft model and FAA registration number that are based at Skylark Field. Tenant shall provide subsequent reports updating this information within thirty (30) days of any change of based aircraft.
15. Excepting holidays and a reasonable lunch period, as a minimum, Tenant shall provide the service described in Article II and continuously remain open to the public from at least 10:00 AM until 4:00 PM each week day (Monday through Friday) during the term of this lease agreement. The Executive Director of Aviation, or his designated representative, may approve exceptions to these minimum operation

hours for appropriately justified, reasonable occasions upon written request. Normal hours of operation and information concerning after hours points of contact will be posted near the entrance door of the leased premises.

ARTICLE V

Terms of Agreement

1. The Airport hereby grants unto the said Tenant, for a period of one year beginning January 1, 2016 and ending December 31, 2016, the right to operate a Fixed Base Operation, as previously described, at Skylark Field.
2. Any holding over by the Tenant on the expiration of the term of this lease shall not constitute a renewal thereof but shall constitute only a tenancy on a month-to-month basis. Any such holding over may be allowed by the Executive Director of Aviation, if such holding over is in the best interest of the Airport and if the Tenant is otherwise in good standing with the Airport. The Tenant must request holding over in writing and must have received written authorization to hold over from the Executive Director of Aviation, prior to the expiration of the term of this lease. All other terms of this lease shall continue to be binding upon the Tenant.
3. As consideration for this lease, Tenant promises to pay to the Airport, at the Office of the Executive Director of Aviation in Killeen, Bell County, Texas, the sum/s prescribed in ARTICLE VI, said sum/s payable without demand in monthly installments in advance on or before the first day of each month and every month during the term of this lease. Payments may also be made at the Department's Skylark Field office located at 1523 Stonetree Drive.

ARTICLE VI

Rentals, Fees, and Accounting Records

1. Tenant shall pay to the Airport, \$340.00 per month for the Leased Premises in accordance with the fee schedule described in Exhibit "C". Sundry charges of the previous month will be in accordance with the fee schedule described in Exhibit "C".
2. Tenant shall pay to the Airport a late payment penalty of five percent (5%) of total monthly rentals and sundry charges due, in addition to monthly payments, for any month where the monthly payment is received by the Airport after the first day of that month. This penalty shall increase to ten percent (10%) if the monthly payment is received by the Airport after the twentieth (20th) day of the month in which the monthly rental payment is due.

3. If Tenant defaults in the payment of rent, fees, or any part thereof, and such default shall continue for thirty (30) days after written notice by the Airport to the Tenant to pay, the Airport shall, without further notice, have the right to re-enter the Leased Premises to remove the Tenant and all persons holding over it and to terminate this lease and repossess the premises. Such repossession shall not constitute a waiver by the Airport for any other rights it may have to enforce collection of rents for the balance of the term or to recover damages from the Tenant for default in payment of rents.
4. If the Tenant holds over beyond the term of the lease on a month-to-month basis, all basic rents, as listed in Exhibit "C", increase by 15%. Beginning with the fourth month in a hold over status, basic rents will increase by 20%. Beginning with the seventh month in a hold over status, basic rents will increase by 25%. Sundry charges will be at the current rates in effect for that month.
5. Tenant shall maintain a performance bond, deposit, or other financial assurance acceptable to the Airport in the amount of \$680.00 for the term of this lease agreement. Tenant shall forfeit said assurance if it is determined to be in default as described in Article X of this agreement.

ARTICLE VII **Rights of Inspection**

The Airport reserves the right to inspect the Leased Premises, equipment, and services at any reasonable time for the purpose of assuring compliance with this lease, public safety or welfare, or the Airport's general rights and duties as lessor.

ARTICLE VIII **Non-Discrimination Covenants**

1. The Tenant for itself, its personal and legal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agrees as a covenant running with the land that:
 - a. No persons on the grounds of race, color, religion, sex, age, disability, or national origin shall be unlawfully excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities and the privileges provided herein.
 - 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, religion, sex, age, disability, or national origin shall be unlawfully

excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination.

- c. That the Tenant shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Department of Transportation, Subtitle A, Office of the Secretary, Nondiscrimination in Federally Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.
2. Tenant assures that if applicable by the provisions of the regulation, it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, disability, or sex be unlawfully excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Tenant assures that no person shall be unlawfully excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by the subpart. The Tenant assures that if applicable by the provisions of the regulation, it will require that its covered sub organizations provide assurances to the Airport that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, as required, by 14 CFR Part 152, Subpart E, to the same effect.
3. In the event of breach of any of the preceding nondiscrimination covenants, the Airport shall have the right to terminate this lease and the privileges herein, and hold the same as if said lease had never been made or issued.

ARTICLE IX

Indemnification and Insurance

1. Without limiting Tenant's obligation to indemnify the Airport, Tenant shall provide, pay for, and maintain in full force at all times during the term of the agreement insurance coverage from an insurance carrier admitted to do business in the State of Texas that has at least an "A" rating with AM Best Company in the types and amounts as listed below.

TYPE	MINIMUM LIMITS
Workers Compensation	Statutory
Premises Liability	
Bodily Injury	\$ 500,000 per occurrence \$1,000,000 aggregate

Property Damage	\$ 500,000 per occurrence \$1,000,000 aggregate
Products & Completed Operations Liability	
Bodily Injury	\$ 500,000 per occurrence \$1,000,000 aggregate
Property Damage	\$ 500,000 per occurrence \$1,000,000 aggregate
Aircraft Liability	
Bodily Injury	\$ 500,000 per occurrence

The "City of Killeen" shall be named as additional insured and shall be furnished with Certificate of Insurance coverage in the above minimum amounts with the signed lease and at any time during the lease period that the Tenant may change or extend coverage. The City of Killeen shall have waiver of subrogation issued favoring the City on the General Liability and Workers Compensation policies. Tenant shall obtain the waiver of subrogation coverage effective no later than January 1, 2016 and maintain it for the duration of the lease term. Current period proof of coverage for all other types of insurance must be on file with the Airport at all times.

The Airport reserves the right to increase the minimum required insurance in an amount and type not to exceed coverage required at comparable airports to be effective thirty (30) days after notice is sent to the address provided herein.

2. The Airport and the Tenant shall be liable for their own acts of negligence, and each agrees to indemnify the other to the extent allowed by law for any losses, damages, costs or expenses, including attorney fees and litigation expenses, paid or sustained by reason of the sole negligence of the indemnifying party.
3. The Tenant shall hold the Executive Director of Aviation and all other Department of Aviation personnel, and the officers, elected officials and employees of the City of Killeen harmless from and against all suits, claims, demands, damages, actions, and/or causes of action of any kind or nature in any way arising out of, or resulting from its negligence during its tenancy and activities, and shall pay all reasonable expenses in defending any claims against the city. Similarly, Airport shall hold Tenant harmless from and against all suits, claims, demands, damages, actions, and/or causes of action of any kind or nature in any way arising out of Airport's negligence related to the Airport's activities under this lease, and shall pay all expenses in defending any such claims against the Tenant. The indemnification provided for in this agreement shall not apply to the extent of the indemnified party's gross negligence or willful misconduct.
4. The Tenant shall be solely liable and responsible for civil penalties imposed upon the Airport as a result of the Tenant's negligent acts and/or violations of Federal,

State, or Local Regulations or laws by the Tenant, especially when the Airport has made good faith efforts to establish rules and procedures for compliance with such regulations. Similarly, the Airport shall be solely liable and responsible for civil penalties imposed upon the Tenant as a result of negligent acts and/or violations of Federal, State or Local Regulations or laws by Airport which do not result from any violation of said regulations by the Tenant.

5. Special Environmental Indemnity:

- a. **Definitions.** The term "Environmental Laws" means any one or all the following as the same are amended from time to time: (i) the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C., Section 9601, et seq.; (ii) the Toxic Substance Control Act, 15 U.S.C., Section 2601, et seq.; (iii) the Safe Drinking Water Act, 42 U.S.C., Section 300h, et seq.; (iv) the Clean Water Act, 33 U.S.C., Section 1251, et seq.; (v) the Clean Air Act, 42 U.S.C., Section 7401, et seq.; and (vi) the regulations promulgated thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereinafter enacted in connection with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land.

The term "Hazardous Material" includes: (i) those substances included within the definitions of hazardous substance, hazardous material, toxic substance, or solid waste in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C., Section 9601, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C., Section 6901, et seq.; and the Hazardous Materials Transportation Act, 49 U.S.C., Section 1801, et seq. And the regulations promulgated thereto: (ii) these substances listed in the United States Department of Transportation Table (49 C.F.R., Section 172.101 and amendments thereto) or by the Environmental Agency as hazardous substances (40 C.F.R., part 302, and amendments thereto; and, (iii) all substances, materials and wastes that are, or that become, regulated under, or that are classified as hazardous or toxic under any local, state or federal environmental law.

The term "release" shall mean any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

b. **Compliance.**

- (1) Tenant shall not cause or permit any Hazardous Material to be used, generated, manufactured, produced, stored, brought upon, or released on, under or about the Leased Premises, or transported to and from the Leased Premises, by Tenant, its agents, employees,

contractors or invitees that enters the Leased Premises in violation of any Environmental Laws.

- (2) Tenant shall indemnify, defend and hold harmless Airport, its successors and assigns, its employees, agents and attorneys from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs (collectively, "Liability"), arising from or related to any claim or action for injury, liability, breach of warranty of representation, or damage to persons or property and any and all claims or actions brought by any person, entity or government body alleging or arising on connection with contamination of, or rule, regulation, judgment or order of any government or judicial entity, to the extent incurred or assessed as a result of any activity or operation on or discharge by, through or under Tenant from the Leased Premises during the term of this lease agreement. Notwithstanding the foregoing, Tenant shall not be responsible for, or indemnify Airport or any other person or entity for, any liability arising from (i) the presence, generation, use, manufacture or release of Hazardous Materials, or (ii) violation of any Environmental Laws, occurring or existing prior to the Effective Date or after this lease agreement has terminated, provided Tenant's activities and operations were not the cause or source of the release of any Hazardous Materials or any contamination or violation of Environmental Laws. Airport shall indemnify, defend and hold harmless Tenant, its successors and assigns, its employees, agents and attorneys from and against any and all Liability arising from or related to any claim or action for injury, liability, breach of warranty of representation, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of, or adverse affects on, the environment or violation of any Environmental Laws or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity, to the extent incurred or assessed as a result of any activity or operation on or discharge from the Leased Premises occurring or existing prior to the Effective Date or after this lease agreement has terminated, provided Tenant's activities and operations were not the cause or source of the release of any Hazardous Material or any contamination or violation of Environmental Laws.

ARTICLE X

Events of Default and Remedies Upon Default

1. "Event of Default" means the occurrence of any one or more of the following events as they may relate to such lease: (a) Tenant fails to make any Rent payment (or any other payment) as it becomes due in accordance with the terms

of this agreement, and any such failure continues for thirty (30) days after written notice by the Airport to the Tenant to pay; (b) Tenant or Airport fails to perform or observe any of its obligations under this agreement, and such failure is not cured within thirty (30) days after receipt of written notice by Tenant or Airport; (c) any statement, representation or warranty made by Tenant in the agreement or in any writing delivered by Tenant pursuant thereto or in connection therewith proves at any time to be false, misleading or erroneous in any material respect as of the time when made; (d) Tenant applies for or consents to the appointment of a receiver, trustee, conservator or liquidator of Tenant or of all or a substantial part of its assets, or a petition for relief is filed by Tenant under any federal or state bankruptcy, insolvency or similar law, or a petition in a proceeding under any federal or state bankruptcy, insolvency or similar law is filed against Lessee and is not dismissed within sixty (60) days thereafter

2. If any Event of Default occurs, then Airport or Tenant may, at its option, exercise any one or more of the following remedies:

- (a) Terminate, cancel or rescind this agreement;**
- (b) Exercise any other right, remedy or privilege which may be available to Airport under applicable law or, by appropriate court action at law or in equity, Airport or Tenant may enforce any of Tenant's obligations under this agreement;**
- (c) Airport may require Tenant to pay (and Tenant agrees that it shall pay) all out-of-pocket costs and expenses incurred by Airport as a result (directly or indirectly) of the Event of Default and/or of Tenant's actions under this section, including, without limitation, any attorney fees and expenses and any costs related to the repossession, repair, reconditioning or disposition of the leased premises and any equipment associated with such agreement;**
- (d) Airport may re-enter the Leased Premises to remove the Tenant and all persons holding over it and to terminate this lease and repossess the premises. Such repossession shall not constitute a waiver by the Airport for any other rights it may have to enforce collection of rents for the balance of the term or to recover damages from the Tenant for default in payment of rents. If Airport re-enters the Leased Premises, Airport shall allow Tenant to recover any and all perishable or time-sensitive items (including log books) within a reasonable time period as to not allow any item to perish, expire or hinder Tenant's ability to perform necessary functions related to its aircraft of business.**

None of the above remedies is exclusive, but each is cumulative and in addition to any other remedy available to Airport. Airport's exercise of one or more remedies shall not preclude its exercise of any other remedy. No delay or failure on the part of Airport to exercise any remedy under any agreement shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise of any remedy preclude any other exercise thereof or the exercise of any other remedy.

ARTICLE XI
General Provisions

1. Neither the failure of the Airport to strictly enforce all of the terms of this lease nor the acceptance of rent by the Airport after any breach by the Tenant nor any delay on the part of the Airport to strictly enforce the provisions hereof shall operate or be deemed a waiver of any rights or remedies accruing to the Airport by reasons of any subsequent breach. In any legal proceedings under this lease, the successful party shall be reimbursed by the other party for costs, expenses and reasonable attorney's fees which shall be incurred in such proceedings.
2. Notices to the Airport shall be sufficient if sent by registered mail, postage paid, addressed to the Executive Director of Aviation, Killeen-Fort Hood Regional Airport, Box C, 8101 South Clear Creek Dr, Killeen, Texas 76549, and notices to the Tenant shall be sufficient if sent by registered mail, postage paid, addressed to Jacob Paxton, Paxton Aviation, 3402 S WS Young Dr, Suite C, Killeen, Texas 76542. The parties may designate other addresses from time to time in writing.
3. This lease is made upon the express condition that if Tenant fails to keep and perform any of the covenants or agreements contained in this indenture, then this lease shall become void at the option of the Airport, provided the Airport shall first give the Tenant at least thirty (30) days written notice of intention to forfeit this lease, and shall set forth therein the specific breach of lease and of Airport's intention to re-enter the Leased Premises and declare this lease forfeited, if such breach be continued. Such notice shall be served in the manner heretofore provided and after the expiration of said thirty (30) days notice this lease shall be void, provided the Tenant is then in default and the Airport shall then be entitled to the possession of the Leased Premises. Such repossession shall not constitute a waiver of the Airport for any other rights it may have to enforce collection of rents for the balance of the term or to recover damages from the Tenant for default in payment of rents. If Tenant fails to remove any or all of its own possessions from the Leased Premises within the prescribed thirty (30) days, the Airport may remove those possessions without incurring any liability for damages of any type, and all obligations and requirements, including payment of rent payments shall continue to apply.
4. In the event of the appointment of a Trustee due to a voluntary or involuntary bankruptcy on the part of Tenant, or the appointment of a receiver for the Tenant, or a voluntary assignment for creditors by the Tenant, or if this lease shall, by operation of law or otherwise, devolve upon or pass to a person or corporation other than the Tenant, then in no case shall the Leased Premises be used for any purpose other than those contained in ARTICLE II, herein.

5. The Airport reserves the right to further develop or improve the Airport as it sees fit, regardless of the desires or views of Tenant and without interference or hindrance by Tenant; however, all developments and improvements affecting the Tenant will be coordinated with Tenant.
6. Airport reserves the right to take action it considers necessary to protect the aerial approaches of the airport against obstructions, together with the right to prevent Tenant from erecting or permitting to be erected any building or other structure, or the conduct of any activity, on the airport which, in the opinion of the Airport, would interfere with the operations of the airport or constitute a hazard to aircraft.
7. This lease agreement shall be subordinate to the current or future Airport rules, regulations and standards, and City Ordinances, as well as all applicable State and Federal regulations and laws. It is herein agreed between the Airport and the Tenant that the Airport Rules and Regulations now in effect and hereafter adopted or amended by the City shall not be altered or impaired in any respect by this lease agreement, but said rules and regulations shall remain in effect and be applicable to the Tenant during the term of this lease.

It is expressly understood and agreed that this lease is subject to and subordinate to and controlled by provisions, stipulations, covenants, and agreements contained in those certain contracts, agreements, resolutions, and actions of the City of Killeen, Texas, constituting agreements between the City and the United States of America and its agents including, but not limited to, the Federal Aviation Administration (FAA), the Transportation Security Administration (TSA) and all regulations now and hereafter imposed upon the City and that the Airport shall not be liable to Tenant on account of any of the foregoing matters and all of such contracts, agreements, resolutions, laws, and regulations are incorporated herein by reference, and if any provision of this lease is determined to be at variance with same, such provision is unilaterally reformable at the Airport's option.

8. The Tenant, its successors, and assigns will not make or permit any use of the property which would interfere with landing or taking off of aircraft at the airport, or otherwise constitute an airport hazard. This includes such items as electrical or electronic equipment, creation of smoke or dust, or glaring or misleading lights.
9. The costs and expenses of any additional equipment, installation or modification to the Leased Premises, as required by an order of an agency of the U.S. Government (including 49 CFR Part 27.71 and 14 CFR Part 382), or an agency of the State of Texas, in order to accommodate Tenant's handicapped customers or employees, shall be shared equally by the Tenant and the Airport. The Tenant's share of said expenses may be amortized over a reasonable period of time, which time shall be determined by good faith negotiations between Tenant and Airport, and be charged to Tenant as additional rental. In the event that the Leased Premises or a portion

thereof are joint-use areas for Tenant and others, then Tenant shall only be charged with its pro-rata share of said costs and expenses; said share to be determined in accordance with the number of tenants required to participate. Said additional rentals are due and payable on or before the 1st day of the month following the completion of such modification or the installation of such equipment. Airport shall give Tenant prompt notice of the receipt of all government orders to undertake such modifications or installations. Nothing herein shall prevent Tenant from undertaking such modifications or installation at its own expense, upon prior written approval of the Airport.

10. Tenant shall have the right and privilege of engaging in and conducting a business on the Leased Premises of Skylark Field. This agreement shall not be construed in any manner to grant to Tenant or those claiming under it the exclusive right to the use of any premises or facilities of said airport other than those leased to the Tenant hereunder.

IN WITNESS WHEREOF, the parties have executed this lease on this ____ day of _____, 2015.

ATTEST:

CITY OF KILLEEN:

Dianna Barker
City Secretary

Glenn Morrison
City Manager

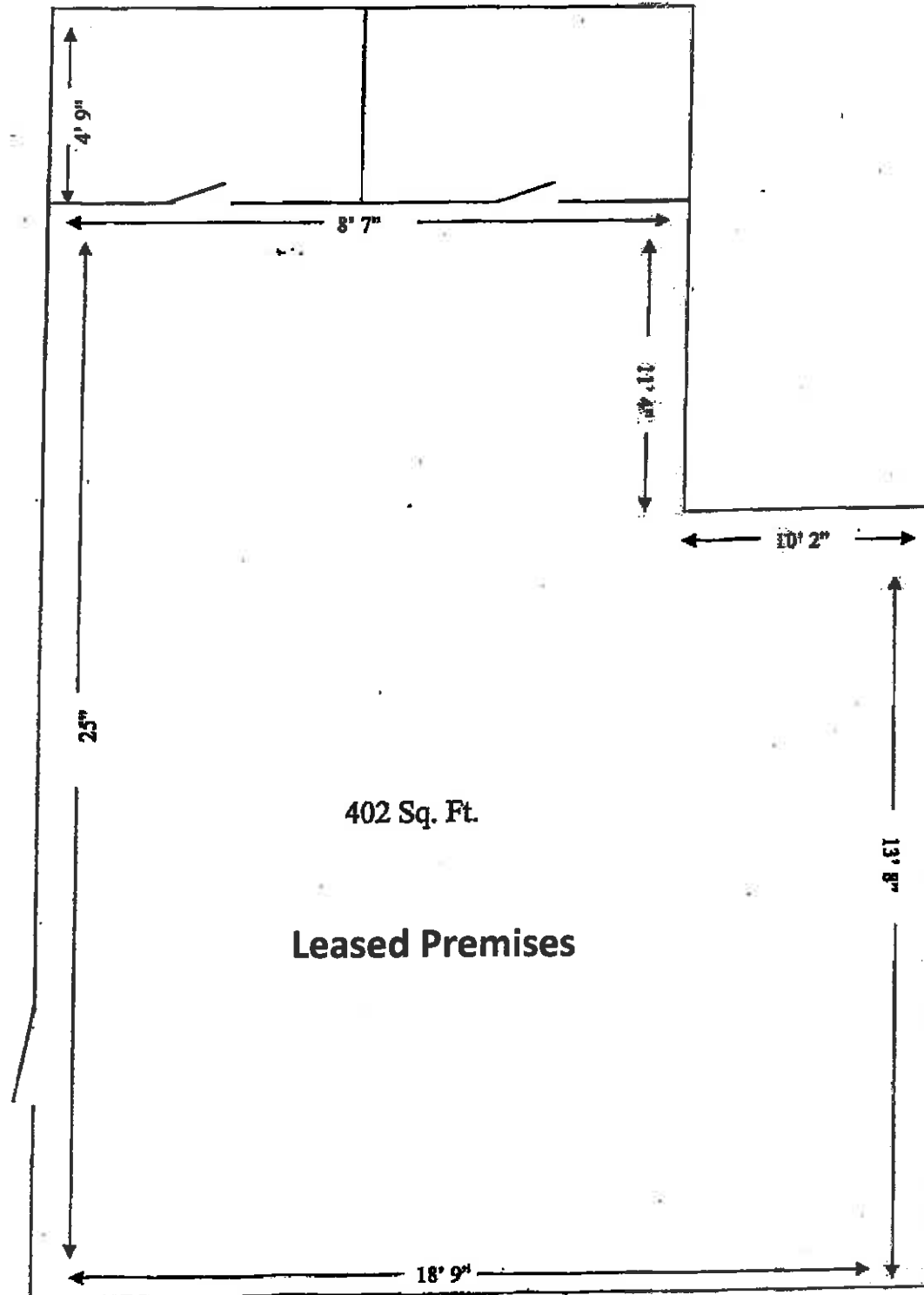
ATTEST:

JACOB PAXTON
d/b/a PAXTON AVIATION

Jacob Paxton
Owner

PaxtonAviationC

Site Plan



Skylark Field

2600 Stonetree Drive, Unit T-IAS

Exhibit A

MINIMUM STANDARDS
FOR
COMMERCIAL AERONAUTICAL ACTIVITIES
AT
KILLEEN MUNICIPAL AIRPORT
KILLEEN, TEXAS

MINIMUM STANDARDS FOR COMMERCIAL AERONAUTICAL ACTIVITIES

ON

KILLEEN MUNICIPAL AIRPORT

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MINIMUM STANDARDS
FOR
COMMERCIAL AERONAUTICAL ACTIVITIES
AT
KILLEEN MUNICIPAL AIRPORT
KILLEEN, TEXAS

SECTION I. INTRODUCTION.

The City of Killeen, Texas is responsible for the operation and administration of the Killeen Municipal Airport. In order to foster, encourage, and promote the economic growth and orderly development of aviation and related aeronautical activities at the Airport by insuring adequate and responsible services and facilities to the users, the City has established certain standards and requirements for commercial aviation operators at the Airport, as herein provided.

These Minimum Standards have been prepared along the guidelines of Federal Aviation Administration (FAA) Advisory Circular AC 150/5190-1 (Minimum Standards for Commercial Aeronautical Activities on Public Airports), FAA Order 5190.6A (Airports Compliance Requirements), and the Texas Department of Aviation (TDA).

The following Sections set forth the Minimum Standards, as established by the City of Killeen, and must be met by any person or persons, partnership, firm, company or corporation desiring to conduct a Commercial Aeronautical Activity on the Airport. These standards are intended to be reasonable, relevant to the proposed activity, and applied objectively, uniformly, and in the public interest. In addition, these standards are not considered to be all-inclusive. The operator of a commercial venture based on the Airport will be subject additionally to applicable federal, state and local laws, codes and ordinances, and other similar regulatory measures, including the Airport Rules and Regulations (City Ordinance 88-124) pertaining to all such activities, now or hereafter in effect.

SECTION II. BACKGROUND.

The Killeen Municipal Airport is designated as a Primary Commercial Service Airport and is a part of the National Airports System Plan. It is owned and operated by the City of Killeen, and receives federal and state funds for development and improvement of the

Airport. As a recipient of such funding, the City assumes certain responsibilities, among them the obligation to make the Airport's facilities and services available on fair and reasonable terms. The City also has a continuing obligation to meet increasing demands for improvement and expansion.

SECTION III. STATEMENT OF POLICY.

A fair and reasonable opportunity, without unjust discrimination, shall be afforded to all applicants who qualify and compete in a public bid process, or qualify as a sole applicant, for available Airport facilities and the furnishing of selected Commercial or Non-Commercial Aeronautical Activities.

No operator will be allowed to provide a level of services less than that prescribed by the Minimum Standards prescribed herein. These standards are established as a means of insuring quality service in connection with the conduct of a particular aeronautical activity, or combination thereof, on the Airport. They also insure, in the public interest, the safe conduct of aviation related activities, and are designed to protect Airport patrons from irresponsible, unsafe or inadequate services.

The standards, requirements, guidelines and procedures set out herein are not intended to restrict growth in the aviation community; rather, they provide a minimum level of service in order to protect everyone concerned. The Killeen Department of Aviation, in concert with the City, shall make every effort to foster aviation activities as economically as possible, commensurate with sound aviation management practices and operating procedures.

These Minimum Standards are applicable to currently established Fixed Base Operators which have a valid written contract/agreement with the City, and shall be applicable to prospective operators wishing to conduct commercial and/or non-commercial aeronautical activities at the Airport.

Contingent upon its qualifications, its meeting the established Minimum Standards, the execution of a written agreement with the City, and the payment of the prescribed rentals, fees and charges, the operator shall have the right and privilege of engaging in and conducting the activity or activities on the Airport, as specified by the written agreement. The granting of such right and privilege, however, shall not be construed in any manner as affording the operator any exclusive right of the use of the premises and facilities at the Airport, other than those premises which may be leased exclusively to it, and then only to the extent provided in the written agreement.

Although these standards are adopted primarily for Commercial Aeronautical Activities, certain of the provisions contained herein

shall apply to Non-Commercial and Non-Aeronautical Activities as well.

The City reserves the right to designate the specific airport areas in which aeronautical services may be conducted. Such designation shall give consideration as to the nature and extent of the operation and the lands and improvements available for such purpose, consistent with the orderly and safe operation of the Airport, and in accordance with the Airport Layout Plan.

SECTION IV. DEFINITIONS.

- A. Minimum Standards - the qualifications which are established as the minimum requirements to be met as a condition for the right to conduct a Commercial or Non-Commercial Aeronautical Activity on the Airport.
- B. Commercial Aeronautical Activity - any activity which involves, makes possible, or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations.

The following activities, commonly conducted on airports, are Commercial Aeronautical Activities within this definition, and are usually performed by a Fixed Base Operator:

1. The sale, storage and delivery of aircraft fuels, lubricants and propellants.
2. Major maintenance, repair, overhaul, inspection, rebuilding, manufacturing and licensing of aircraft, engines, air frames, aircraft accessories, electronic accessories, and the purchase and sale of parts and equipment therefor.
3. Minor maintenance and servicing of aircraft which includes general and preventive maintenance, annual inspection, and the purchase and sale of parts, equipment and accessories therefor.
4. Buying, selling, trading, demonstrating and storage of new and used aircraft, parts and accessories.
5. Carrying passengers and/or freight for hire on a scheduled, non-scheduled or charter basis; and providing aircraft and/or pilots for the operation of aircraft involved in these services.
6. Air carrier, air taxi, commuter and charter operations.
7. The operation of a FAA-approved flight or aircraft maintenance school so as to provide instruction from

primary flight training through and including qualification for an Air Transport Rating; and/or to provide for the acquisition of an airframe or powerplant aircraft mechanic's license.

8. The operation of a FAA-approved aircraft avionics facility, including maintenance, repair, installation and testing of avionics and instrument equipment of aircraft.
9. Aircraft leasing and rental services.
10. Propeller repair service, including installation and testing.
11. Aircraft parking and tie-down service, protective storage (whether singular or multiple storage, interior or exterior) of any aircraft using the Airport.
12. The operation of an air freight/air cargo facility, including loading and unloading of aircraft, packaging and distribution.
13. Sale of aviation-related books, charts, pilot handbooks and cockpit supplies.
14. Specialized flying services such as sightseeing flights, crop dusting and aerial applications of agricultural chemicals, seeding, spraying, bird chasing, banner towing and aerial advertising, aerial photography and survey, news media reporting, fire fighting, and power line/pipeline or forest fire patrol.
15. Specialized aircraft repair/refurbishing services such as painting, washing, waxing, polishing, and upholstery and interior rehabilitation. Such activities are normally conducted by established FBOs.
16. Any other activities which, because of their direct relationship to the operation of aircraft, can appropriately be regarded as an aeronautical activity.
17. Exclusions. The following activities may not be carried on by a FBO:
 - a. Wholesale or retail sale of non-aviation products except food and beverage sales through vending machines placed in the leased space for use by customers and employees, and then only with specific permission of the Director of Aviation.

- b. The sale of automotive gasoline, unless dispensed only for aircraft which are approved for use of such gasoline.
- c. Maintenance and repair of vehicular equipment for the general public or other tenants of the Airport, unless such maintenance and repair are for support equipment used on the Airport by lessees.
- C. Non-Commercial Aeronautical Activities. Non-Commercial Aeronautical Activities are those aviation-oriented entities such as Flying Clubs, Civil Air Patrol, and College/University aviation programs conducted on the Airport as non-profit organizations.
- D. Non-Aeronautical Activities. Non-Aeronautical Activities are those entities located on the Airport such as ground transportation (taxicabs, buses, car rentals, limousines and courtesy cars), restaurants, barber shops, gift shops, game rooms, book/news stands, travel agencies, beauty salons, shine parlors, business offices, hotels/motels, cocktail lounges, automobile parking lots, vehicle valet services, service stations, car washes and vehicle repair facilities.
- E. Fixed Base Operator - any person, firm, company or corporation performing any of the functions or furnishing one or more than one of the services as herein set out for Fixed Base Operators at the Airport. No person, firm, company or corporation shall engage in any commercial or non-commercial activity as a Fixed Base Operator as herein defined unless the same is done in full compliance with the standards, rules and regulations herein set forth, and is covered by a valid lease agreement with the City.
- F. Airport Layout Plan - a graphic presentation to scale of existing and ultimate facilities, their location on the Airport and the pertinent clearance and dimensional information required to show relationships with applicable standards. The City and the FAA have on file a copy of the most recent FAA-approved Airport Layout Plan, which provides for orderly development and maximization of return from the Airport. All development activities and proposed leases of portions of the Airport must be in conformity with this document.
- G. Free-Lance Operator - any person who acts independently without regard to authority and without contractual commitments to any one employer, and without a valid contract with the City.

H. Tenant - any person, firm, company or corporation which pays rent to use, occupy, or lease land, hangars, buildings, space or other property on the Airport owned by the City, and covered by a lease agreement.

I. Acronyms and Single Words - used frequently in these standards are:

- | | |
|------------|-----------------------------------|
| 1. Airport | - Killeen Municipal Airport |
| 2. City | - City of Killeen |
| 3. EPA | - Environmental Protection Agency |
| 4. FAA | - Federal Aviation Administration |
| 5. FAR | - Federal Aviation Regulation |
| 6. FBO | - Fixed Base Operator |
| 7. TDA | - Texas Department of Aviation |

SECTION V. RULES AND REGULATIONS.

FBOs, lessees and tenants of the Airport must abide by and compel their officers, employees and invitees to abide by the Airport Rules and Regulations now in effect, or hereafter adopted or amended, as promulgated by the Department of Aviation under the authority of City Ordinance. FBOs, lessees and tenants shall, at their own expense, comply with all federal, state and local laws, ordinances, and rules and regulations that are in effect at any time during the term of their lease agreements or contracts.

SECTION VI. LEASE REQUIRED.

No person, firm, company, corporation, or free-lance operator, unless authorized in writing to do so under valid lease agreement approved by the City, may use the Airport for the conduct of any Commercial or Non-Commercial Aeronautical Activity. Prior to the commencement of operations, the prospective operator shall be required to enter into a written lease agreement with the City, which agreement will recite the terms and conditions under which that operator will operate its business on the Airport. It should be understood, therefore, that neither the conditions therein contained nor those set forth in these Minimum Standards represents a complete recitation of the provisions to be included in the written agreement. Such contract provisions will neither change nor modify these Minimum Standards, nor be inconsistent therewith.

A. Sublease. FBOs, lessees and tenants, operating under a valid lease agreement may, under special conditions, have the right, with the prior written consent of the City Council, to enter into sublease agreements for the conduct of Commercial Aeronautical Activities specified in their lease agreements. Any such sublease shall be subject to the provisions of these Minimum Standards and the terms of the lease agreements.

- B. Agreements Granting Access to Landing Area from Adjacent Property. The requirements for a lease agreement shall also apply to off-airport operators who have, or desire to have, ground access to the Airport, frequently referred to as "through-the-fence" operations even though the perimeter fence may be an imaginary or constructive one. The obligation to make the Airport available for the use and benefit of the public does not impose any requirements to permit access to the Airport by aircraft or other operations from adjacent property.

The FAA does not approve of airport owners entering into agreements with aircraft operators who wish to gain access to a public use airport from adjacent property, unless an exception is allowed when there are no adequate facilities on the Airport to accommodate the desired activity and the airport owner receives compensation equal to that received from similar activities located on the Airport. This policy is also stipulated in the Texas Department of Aviation Rules of Practice and Procedure.

Since enactment of the Airport and Airway Development Act of 1970, the owners of airports receiving federal funds have been required to establish a fee and rental structure designed to make the airport as self-sustaining as possible. For this reason, the City must obtain from any off-base enterprise or "through-the-fence" operation a fair return for its use of the landing area.

Such agreements shall be coordinated with and approved by the FAA and the TDA prior to consideration by the City Council of the City of Killeen.

- C. Lease Proposal Requirements. The City will not accept an original request to lease space or land for the conduct of Commercial Aeronautical Activities unless the proposed lessee puts forth in writing a proposal which outlines the scope of the operation proposed, including the following:

1. Name of corporation, company, firm or individual, and name of principal agent.
2. Statement verifying whether or not the corporation, company, firm or individual will operate as a qualified Disadvantaged Business Enterprise.
3. Services to be offered.
4. Amount of land needed to lease.
5. Building space needed to construct or lease.

6. Number of aircraft to be provided or used.
 7. Number of persons to be employed.
 8. Hours of proposed operation.
 9. Amounts and types of insurance coverage to be maintained.
 10. Evidence of financial capability to perform and provide the above services and facilities.
 11. Dollar amount of initial investment.
 12. The prospective operator shall furnish the City with a statement of past experience in the specified aviation service/s to be provided, together with a statement that the operator has the ability to perform the service/s and is technically qualified to do so.
 13. Free-lance operators, as defined in SECTION IV, engaging in such activities as aircraft sales, flight instruction, aircraft maintenance, etc., but who do not lease space from the City for a Commercial Aeronautical Activity, shall be required to enter into an agreement with the City, pay the required fees, and provide the necessary liability insurance. They will also be governed by applicable sections of these standards.
- D. Lease Approval. All proposed leases for space and services at the Airport shall be brought to the City Council, through the Director of Aviation, for approval prior to the beginning of any operations or construction by the prospective operator. Approved leases shall contain, as EXHIBITS, a copy of these Minimum Standards and a copy of the City Ordinance on Airport Rules and Regulations. Such approval by the City Council shall also apply to lease/contract renewals and addenda thereto.

SECTION VII. GENERAL LEASE CLAUSES.

All lease agreements shall recite the terms and conditions under which the lessee will operate a business on the Airport, including, but not limited to, certain standard clauses as follows:

A. Non-Discrimination Covenants.

1. The tenant for itself, its personal and legal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agrees as a covenant running with the land that:

- a. No persons on the grounds of race, color, religion, sex or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities and the privileges provided herein.
 - 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, religion, sex, or national origin shall be excluded from participation in, denied the benefit of, or otherwise be subjected to discrimination.
 - c. That the tenant shall use the premises in compliance with all other requirements imposed by or pursuant to 49, CFR, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.
2. Tenant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by the subpart. The tenant assures that it will require that its covered suborganizations provide assurances to the Airport that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required, by 14 CFR Part 152, Subpart E, to the same effect.
3. That in the event of breach of any of the preceding nondiscrimination covenants, the Airport shall have the right to terminate this lease and the privileges herein, and hold the same as if said lease had never been made or issued.
4. Tenant, in the conduct of its authorized business activities on said premises and on said Airport, shall furnish good, prompt, and efficient service adequate to meet the demands for its services at the Airport and shall furnish such services on a fair, equal, and not unjustly discriminatory price for each service. Tenant shall be allowed to make reasonable and nondiscriminatory

discounts, rebates, or other similar types of price reductions for volume purchasers.

5. Tenant shall have the right and privilege of engaging in and conducting commercial operations on the premises of the Airport. This agreement shall not be construed in any manner to grant to tenant or those claiming under it the exclusive right to the use of any premises or facilities of said Airport other than those leased to the tenant hereunder.
6. It is clearly understood by the tenant that no right or privilege has been granted which would operate to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own regular employees (including, but not limited to, maintenance, repair, and fueling) that it may choose to perform.

B. Standard Lease Provisions.

1. The lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstructions, together with the right to prevent tenant from erecting or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of the lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft.
2. The lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or views of the tenant, and without interference or hindrance on the part of the tenant.
3. This lease shall be subordinate to the provisions of any existing or future agreements entered into between the lessor and the United States and/or State of Texas to obtain federal/state aid for the improvement or operation and maintenance of the Airport.
4. Lessor reserves the right, but shall not be obligated to tenant, to maintain and keep in repair the landing area of the Airport, together with the right to direct and control all activities of tenant in this regard.
5. The lessor may enter upon the premises leased to the operator at any reasonable time, and for any purpose necessary, incidental to, or connected with, the performance of the operator's obligations under the agreement or in the exercise of its function as a lessor.

The lessor reserves the right to enter upon the leased premises at any reasonable time for the purpose of making any enforcement of any of the covenants or conditions of this lease agreement.

6. The lessee shall hold the Director of Aviation and all other Department of Aviation personnel, and the officers, elected officials and employees of the City harmless from and against all suits, claims, demands, actions, and/or causes of action of any kind or nature in any way arising out of, or resulting from his/her tenancy and activities, and shall pay all expenses in defending any claims against the City.
7. All terms and conditions with respect to this lease are expressly contained herein, and the tenant agrees that no representative or agent of the City has made any representation or promise with respect to this lease not expressly contained herein.
8. Upon the expiration or other termination of any agreement, the tenant's rights to the premises, facilities, other rights, licensed services and privileges granted in the agreement shall cease, and the tenant shall, upon such expiration or termination, immediately and peacefully surrender such.
9. All covenants, stipulations and provisions in the agreement to be entered into shall extend to and bind the legal representatives, successors and assigns of the tenant.
10. This lease shall be subordinate to the current or future Airport rules, regulations and standards, and City Ordinances. It is herein agreed between the Lessor and the tenant that the Airport Rules and Regulations now in effect and hereafter adopted or amended by the City shall not be altered or impaired in any respect by this lease agreement, but said rules and regulations shall remain in effect and be applicable to the tenant during the term of this lease or any renewal thereof.

SECTION VIII. INSURANCE AND BONDING.

- A. The lessee shall assume all risks to or in connection with the conduct of its business and shall be solely responsible for all accidents or injuries of whatever nature or kind to persons or property caused by its operations at the Airport. The lessee shall indemnify, defend and hold harmless the City of Killeen, the Department of Aviation and its employees, staff and officers and their assigns and heirs, from any

penalties for violation of any law, ordinance or regulation now in effect or hereafter amended, and from any and all claims, suits, losses, costs and attorney's fees resulting from the carelessness, negligence, or improper conduct of the lessee or any of its agents, patrons, employees or invitees.

- B. The lessee shall promptly, upon the execution of the lease, at its cost and expense, provide public liability insurance, including products liability, for personal injuries or death growing out of any one accident or disaster in a minimum amount of \$300,000.00 each occurrence, \$1,000,000.00 aggregate, with no exclusion; and shall provide property damage liability insurance for property damage growing out of any one accident or disaster in a minimum amount of \$300,000.00 each occurrence, \$1,000,000.00 aggregate, with no exclusion.

These amounts may be increased, as determined by the City Attorney, in cases where the magnitude of operations by the lessee dictate.

- C. When required, the lessee shall provide and keep in force during the term of the lease, property damage liability, commonly known as Hangar-Keepers Liability Insurance, which shall cover damages because of destruction to or damage to aircraft and equipment, including the loss of use of such aircraft and equipment, which are the property of others and are in the custody of the lessee for storage, repair or safekeeping.
- D. When the lessee constructs any type facility, structure, building, hangar or an appurtenance to an existing facility, structure, building or hangar, lessee shall, at its cost and expense, cause all such improvements on the leased premises to be insured for the full replacement value of such improvements against the perils of fire, extended coverage, vandalism, malicious mischief, sonic boom, explosion, aircraft accident (on leased premises), weather and civil disobedience.

Such insurance shall remain in effect for as long as the lessee has a vested financial interest in such improvements, and during the time prior to the City assuming ownership of the improvements.

- E. Lease provisions will require the lessee to maintain a performance bond or other financial assurance, acceptable to the City, that guarantees the City an amount equal to the rent for the remaining term of the lease agreement should lessee fail to perform all of the terms, covenants and conditions of the lease. Such bonding or assurance shall be renewable annually and shall be kept in full force and effect for the complete term of the lease, including lease renewals.

- F. Prior to the commencement of any construction, the lessee shall provide and deliver to the City a performance bond in the sum of \$50,000.00, or in the amount of the estimate for construction costs, whichever is greater, with such surety as the City shall require. The bond shall be conditioned upon the full and faithful performance by the lessee of all duties, responsibilities and obligations to design and construct a hangar, office or associated facilities herein required. In the event the City agrees to undertake any related construction, or participate in the funding of such construction, lessee shall be required to secure performance bonding acceptable to the City Attorney that guarantees the City return of any funds expended, should lessee default and not take possession of the premises or otherwise fail to meet its obligation as outlined in the written agreement.
- G. The lessee shall maintain all insurance and bonds with insurance underwriters authorized to do business in the State of Texas and satisfactory to the City. The policies and bonds shall name the City, its officers, servants, agents and employees as additional insureds. The lessee shall furnish the City with a duplicate policy from the insurance carrier showing such insurance and bonds to be in full force and effect. All policies shall contain a provision that written notice or cancellation or any material change in the policy by the insurer will be given to the City at least thirty (30) days before such cancellation or change.
- H. Airport tenants and lessees shall be solely liable and responsible for civil penalties imposed upon the City as a result of negligent acts and/or violations of Federal Aviation Regulations by the tenant/lessee, especially when the City and the Department of Aviation have made good faith efforts to establish rules and procedures for compliance with such regulations.

SECTION IX. GENERAL REQUIREMENTS.

A FBO or lessee desiring to conduct a Commercial Aeronautical Activity on the Airport shall comply with the following requirements and conditions.

- A. Professionalism and Personal Conduct. All operators, lessees and employees providing services to the public will be properly attired in appropriate habit commensurate with the service being provided. While these standards do not dictate specific dress codes, Items 1 and 2 below are offered from a professional and safety standpoint:
1. Blue-collar personnel providing line service, maintenance or other such duties should be as clean and professional-looking as possible, taking into consideration the type

of work being performed. Also, they shall wear the necessary protective clothing and safety devices peculiar to the activity. Uniforms for line personnel should be an asset to the operator and readily identify them to the public.

2. White-collar personnel providing administrative and professional services should be as neat, clean and professionally attired as possible.
 3. Company nameplates and/or personal identification should be easily seen, not only from a professional standpoint, but for security purposes as well.
 4. All operators, lessees and employees should conduct themselves in a courteous, business-like and professional manner while dealing with the public.
- B. Airport Security. All operators, lessees and employees shall abide by security practices established by the Department of Aviation and the FAA, now in effect or hereafter implemented or revised.
1. Airport access gates shall be kept closed and locked at all times when not in use. Security keys issued to authorized personnel shall be safeguarded and not loaned to any unauthorized person.
 2. Unauthorized persons and/or vehicles shall not be permitted on the Airport, and the observation of such unauthorized activities should be reported immediately. Vehicles required to enter the Airport, such as fuel trucks, private sector maintenance, and those vehicles required for transporting baggage, goods and equipment to and from privately owned aircraft shall be escorted, unless aircraft owners' vehicles have approval to transit the designated general aviation areas.
- C. Construction, Erection and Maintenance of Facilities.
1. Lessee shall lease an amount of land sufficient in size to meet the needs and volume of the activity planned or expected for an existing or proposed Commercial Aeronautical Activity.

NOTE: Due to the limited space available on the Airport, minimum square footage requirements for sizes of offices, shops, hangars and amounts of land are not specifically set out in these standards. It would not seem prudent or wise to require, for example, a minimum hangar size of 8,000 sq. ft. when only 6,000 sq. ft. of land might be available for a particular operation. The City, however,

will encourage present and future operators to make full use of available land and space compatible with planned development in accordance with the Airport Layout Plan.

2. Any hangars built by lessees on the leased premises shall conform to the requirements of the Standard Building Code Congress International (SBCCI), or such codes as adopted by the City, and be sufficient in size to meet the needs and volume of the activity planned or expected for the aeronautical activity to be conducted, as well as to accommodate the sizes of aircraft to be serviced. Regardless of size, such hangar/s must meet City Ordinance requirements for toilets, rest rooms, washrooms, shops and customer parking facilities, and the necessary provisions for handicap access.

Since many aircraft hangars are pre-manufactured and engineered, plans and drawings of proposed hangars must be submitted to the City Building and Development Official, officially stamped or imprinted by a registered architect/engineer, for approval.

3. Although certain areas, as specified in the Airport Layout Plan, may be designated for hangars, aprons or other buildings, the location must meet with the approval and recommendation of the Director of Aviation and City Engineer.
4. A paved ramp area at least equal in size to the combined area of the hangar floor, shop and offices shall be constructed on the leased premises. Hard-surface tie-down facilities in the leased area must be provided at least equal to the number, size and type of aircraft for which hangar space is made available.
5. A hard-surfaced automobile parking area convenient to the main hangar/office building shall be constructed, in accordance with parking requirements specified by City Ordinance. Appropriate fire lanes in the ingress/egress routes of the proposed buildings shall be specified by the City Fire Marshal.
6. All drainage for the area leased must be self-contained or drain into mains designated by the City. Drainage of industrial waste into the sewer/water treatment system shall be in accordance with rules and regulations of City Ordinances, Environmental Protection Agency, Texas Health Department, and Texas Water Commission.
7. The FBO or lessee shall provide the City with an approved plan for collection and disposal of toxic waste, degreasers, de-icing fluids, greases, oils, contaminated

fuels, solvents, cleaning solutions, and any other such materials used in the conduct of its business, such plan to comply with the federal and state laws, rules and regulations promulgated by the EPA and the Texas Water Commission.

8. All utilities must be underground, including natural gas, water, electricity, sewer and communications cables/lines. Any utilities at the Airport may be used. No overhead drops, such as electricity and communications cables/lines will be permitted. All costs relating to these requirements shall be at the sole cost of the proposed operator.
9. All construction must meet local, state or federal building safety and health codes in force at that time and must be upgraded at the cost of the lessee when such codes are changed or amended.
10. All proposed construction, renovation and repair shall be subject to the approval of the City.
11. Existing buildings or hangars on the Airport may be remodeled, reconstructed, repaired or renovated to accommodate a FBO if all of the provisions of these Minimum Standards are met and the project meets with the approval of the City. Such repairs or conversions shall be at the expense of the lessee.
12. FBOs are encouraged to provide and maintain a heated and air conditioned pilot's lounge for their customers. Such a facility should contain adequate space for a flight planning and weather briefing desk, complete with displayed maps and charts, local telephone and/or pay telephone, weather display screen with access to National Weather Service reports and Automated Weather (AWOS) displays, and aviation radio frequency monitor/scanner. The lounge should also be equipped with radio and/or television receivers. The facility should be readily accessible to the ramp area and, if at all possible, provide for easy viewing of the ramp, tie-down, and/or service area.

If a separate facility cannot be provided, the pilot's lounge could be combined with the FBO's administrative offices.
13. Prior to any construction on the Airport premises, lessee shall prepare and submit to the Director of Aviation, one executed set of FAA Form 7460-1 (or superseded form) Notice of Proposed Construction or Alteration, as required by FAR Part 77. The Director will forward the

completed form to the FAA with a copy to the TDA, and receive a favorable determination from the FAA prior to any construction on the project.

14. Buildings, hangars, offices, shops, or additions to these, constructed on City property at the Airport, shall revert to the sole ownership of the City at the expiration of the lease agreement. Lease agreements shall specify the period over which the lessee will amortize the improvements, agreed upon by both the City and the lessee, and the date on which such property will revert to City ownership and all title to the property be vested with the City.
15. The FBO's lease shall specify that in the event the FBO should declare bankruptcy and title of the FBO's operation, buildings, or hangars revert to a mortgagor, lending institution, or bank, the mortgagor, lending institution, or bank shall not use the repossessed FBO facilities, buildings, or hangars for non-aviation purposes. Any loan between an FBO and a lending institution for the construction of buildings, hangars, or other facilities associated with an FBO operation at the airport shall contain the above provisions and a copy of the finalized loan agreement between the FBO and the lending institution shall be provided the City.
16. The City and Department of Aviation will assist the FBO/lessee in planning its facilities and operations to the extent possible; however, they shall not act in lieu of appropriate consulting firms.

SECTION X. CATEGORIES OF COMMERCIAL AERONAUTICAL ACTIVITIES.

FBOs usually consist of those major services rendered directly to aircraft and patrons at a public airport. These standards shall be applicable to all operators on the Airport engaging in one or more of the services/activities listed in the categories below. An operator engaging in two or more of these services shall be considered as a multiple service operator, with all requirements for the specific activities being applied.

A. Aviation Fuel Service.

This category of activity includes the sale, storage and dispensation of aviation fuels, lubricants and propellants; and may include related services such as tie-down and aircraft parking. Lessees desiring to engage in this activity shall provide as a minimum, the following services and facilities:

1. The leasehold shall contain enough land to provide for adequate buildings, aircraft parking areas and dispensing equipment. Increased land area may be provided for line shack, customer automobile parking, additional tie-downs, etc.
2. Construct or lease a building that is properly lighted, heated and air conditioned, and with provisions for public lounge, rest rooms and public use telephone.
3. A sufficient number of properly trained personnel shall be available to serve the public for a minimum of fifteen (15) hours per day between the hours of 0600C and 2100C including Saturdays, Sundays and Holidays. Times may be adjusted to meet local traffic demands. Arrangements should be made for emergency fuel service during times other than those specified above.

All employees of an operator who provide fuel service must attend periodic aircraft fueling schools or courses sponsored by the FAA, the TDA, or company approved training course for fueling service.

4. Equipment should include emergency starting unit, adequate fire extinguishers, aircraft engine heaters, portable pressure tanks, towing equipment, etc.
5. Storage facilities for aviation fuels must be provided by the FBO in capacities sufficient to meet local demand and located at areas designated by the City. All fuel storage and dispensing equipment must have an inspection system that is approved by the Texas Water Commission, the FAA, the supplier, and the City. All such storage and dispensing equipment shall be plainly and properly marked with caution signs and type of fuel contained, and shall conform to the requirements of the National Fire Protection Association, Texas Water Commission and City regulations. The FBO shall be responsible for the registration of all fuel tanks.
6. All fuel storage tanks currently in use, and/or planned for installation, whether underground or above ground, must conform to the rules, regulations and specifications of the Texas Water Commission now in effect, or as amended.

Above-ground fuel storage tanks shall be bermed or diked around the tank/s with an impervious membrane or approved concrete surface to contain any fuel spill without ground contamination, in accordance with the rules and regulations of the Environmental Protection Agency and the Texas Water Commission.

The fuel service concessionaire shall be responsible for the prevention of soil and pavement area fuel, oil and chemical contamination, and be responsible for the testing, clean-up, removal and disposal of contaminated soils/pavements caused as a result of the concessionaire's operations.

7. The vendor may provide pumps for dispensing fuel at a central location, but must also have sufficient mobile vehicles available to permit the safe dispensation of the grades of fuel which meet the needs of users and other lessees/tenants of the Airport.
8. All fueling and defueling of aircraft shall be conducted in accordance with "NFPA 407, Aircraft Fuel Servicing, 1990", or any changes and revisions thereto, or as directed by the Fire Marshal. NFPA 407 is available from the National Fire Protection Association, 1 Batterymarch Park, P. O. Box 9101, Quincy, Massachusetts 02269-9101, telephone 1-800-735-0100.
9. Fire extinguishers shall be readily available during all fueling or defueling operations.
10. Prior to making any fueling connections to an aircraft, the fueling equipment shall be bonded to the aircraft by means of a cable, thus providing a conductive path to equalize potential between the fueling equipment and the aircraft. The bond shall be maintained until fueling is completed and fueling connections have been removed, thus permitting the reuniting of separated charges that could be generated during the fueling operation.
11. Adequate fuel filters and water traps will be installed on all fuel handling equipment and a suitable program for periodically conducting water contamination checks shall be established and followed.
12. The City reserves the right to grant fueling concession rights and privileges on the Airport to other vendors. These concessions may be wholly or partially identical to those already granted. No vendor will be granted the right or privilege of operating under rates, terms or conditions which are more favorable than those granted under these Minimum Standards.

B. Aircraft Maintenance and Manufacturing.

This category of activity includes major and minor airframe and/or powerplant repair, overhauling, rebuilding, manufacturing and licensing of engines, airframes and aircraft, and the purchase and sale of accessories, parts and

equipment therefor. Lessees desiring to engage in this activity shall provide as a minimum, the following services and facilities:

1. The leasehold shall contain enough land to accommodate buildings, hangars, aircraft parking areas and maintenance shops necessary to conduct these services.
2. Construct or lease adequate office space that is properly lighted, heated and air conditioned, and provide for public lounge, rest rooms, customer parking and public use telephone.
3. Construct or lease an aircraft maintenance hangar sufficient in size to accommodate the type and number of aircraft to be handled.
4. As a minimum, support equipment shall include emergency starting unit/s, towing equipment, wheel dolly/s and portable fire extinguishers.
5. The FBO shall furnish personnel and equipment necessary to provide the services to be conducted. At least one person on the workforce, at any time during business hours, shall be properly certificated and/or licensed by the FAA for airplane and powerplant, and inspection authorization. Service shall be provided for a minimum of seven (7) days each week Mondays through Saturdays. Times may be adjusted to meet business demands.

Arrangements should be made for emergency maintenance during times other than those noted above.

6. FBOs performing services under this category are encouraged to obtain a FAA license to operate as a Certificated Repair Station, and/or other certifications that may be required by the FAA, commensurate with the services to be provided.

C. Flight Training and Aircraft Rental.

This category of activity includes flight training and pilot instruction from primary training through and including qualification for an air transport rating, instrument check rides, re-certification, training for the acquisition of an airframe and/or powerplane aircraft mechanic's license, aircraft rental/leasing, or any combination of these. Lessees desiring to engage in this activity shall provide as a minimum the following services and facilities:

1. Lease, build or provide adequate space, properly lighted, heated and air conditioned, for classroom, briefing room,

study room, office space, pilot's lounge and flight planning/weather briefing area; including customer parking facilities, and rest rooms.

2. Employ a sufficient number of FAA Certified Flight Instructors with appropriate ratings for the type of instruction offered, including properly qualified and certified ground school instructors.
3. The operator must provide or have available a sufficient number of airworthy single engine and multi-engine aircraft for flight instruction purposes, as well as for rental/leasing. At least one such aircraft shall be equipped for flight under instrument conditions.
4. The operator shall make flight instruction available at least eight (8) hours per day, six (6) days each week, Mondays through Saturdays. Time frames may vary, depending upon student schedules.
5. Flight school operators are encouraged to obtain proper FAA certification as a Certificated Flight School.

D. Aircraft Sales.

This category of activity includes the buying, selling and demonstration of new and used aircraft, parts and accessories, or any combination of these. Lessees desiring to engage in this activity shall provide as a minimum the following services and facilities:

1. Lease or construct a hangar sufficient in size to provide for the storage and display of aircraft for sale, or lease or construct adequate space for aircraft parking and tie-downs.
2. A dealer of new aircraft shall have available or on call at least one airworthy current model demonstrator aircraft in its authorized product line, and shall provide for demonstrations of additional models of the manufacturer for which a dealership is held.
3. Provide sufficient personnel to be available to ensure that the hangar and/or office is attended during operating hours.
4. Provide an adequate supply of parts for the types of new aircraft sold and provide for the repair and servicing of aircraft during the warranty period by its own facilities or through written agreement with repair shops/stations specializing in the make and model of aircraft sold.

5. Operating hours shall be a minimum of eight (8) hours per day, five (5) days each week, or by appointment as needs/business volume dictate.

E. Radio, Instrument or Propeller Repair Service.

This category of activity includes the repair, maintenance, testing, sale, installation and servicing of aircraft radios, instruments, avionics and propellers; or any combination of these. Lessee desiring to engage in this activity shall provide as a minimum the following services and facilities:

1. Construct or lease a building or hangar sufficient in size to accommodate an avionics and/or propeller repair shop, and to house at least one aircraft of the type, model and size such service is being performed on.
2. Lessee is required to obtain FAA certification for a Certificated Repair Station for the type of service offered.
3. At least one FAA certificated repairman, qualified in accordance with the terms of the lessee's repair station certificate, should be available during hours of operation.
4. Operating hours shall be a minimum of eight (8) hours per day, five (5) days each week. Arrangement should be made for provision of these services during hours other than those posted, and for emergency repair service.
5. Testing equipment shall be so designed as to prevent radio and electronic interference or unauthorized frequency emissions from interfering with other electronic equipment on the Airport or in the vicinity of the repair station.

F. Air Taxi, Charter and Air Freight Services.

This category of activity includes air taxi, charter and air freight services, or any combination of these. Lessees desiring to engage in this activity shall provide as a minimum the following services and facilities:

1. Lease or construct an office, operations building and/or hangar sufficient in size to accommodate the proposed activity. The office should provide a customer/passenger loading and unloading area; heated, lighted and air conditioned space for passenger lounge, telephone and rest rooms. Provisions for accommodating handicapped persons shall also be provided.

Customer parking and freight pick-up areas should be convenient and sufficient in size to accommodate the volume of business planned.

2. Air freight services shall provide for adequate loading/unloading facilities, storage, packaging and receiving, as well as for delivery truck loading/unloading.
3. Provide the necessary number of FAA certified commercial pilots appropriately rated to conduct the service offered, and additional personnel as necessary to insure office is attended during normal business hours.
4. At least one aircraft meeting all of the requirements of the Air Taxi/Commercial Operator Certificate held. Such aircraft must be certified for instrument operations in accordance with FAR Part 135.
5. Operating hours shall be a minimum of eight (8) hours per day, five (5) days each week. Service shall be available at other times through an "on call" or prior notice arrangement.

G. Aerial Applications.

This category includes crop dusting and spraying of agricultural chemicals and seeding. Lessees desiring to engage in this activity shall be required to provide as a minimum, the following services and facilities:

1. Lease a sufficient amount of space for buildings, aircraft tie-downs and parking, parking space for loading vehicles and equipment, and a segregated chemical storage area which is protected from public access.
2. Operator must hold an Agricultural Aircraft Operator Certificate issued by the FAA, and provide at least one person who holds a current FAA commercial certificate, properly rated for the aircraft to be used.
3. Own or lease at least one aircraft which is airworthy, and meets all of the requirements of appropriate FAA Regulations and applicable regulations of the State.
4. Provide a paved apron for loading, cleaning and servicing of aircraft. Wash down of agricultural spraying aircraft and flushing of aircraft spray tanks shall be accomplished only in areas so designated and in accordance with applicable EPA, Texas Water Commission, State Department of Agriculture, and State Department of Health rules and regulations.

5. Empty chemical containers shall be disposed of in accordance with applicable Federal and State laws.
6. Operator shall be responsible for proper clean-up and disposal of contaminated soil and areas where chemical spills, leakage, or residue may occur; and must be accomplished in accordance with applicable local, state and federal regulations.

H. Specialized Flying Services.

This category of activity includes sightseeing flight, bird chasing, fish spotting, banner towing and aerial advertising, aerial photography, aerial geiger counting and geological survey, news media reporting, fire fighting, and power line/pipeline/forest fire patrol.

These services may be conducted by an established FBO, or by an individual performing any of the specific activities. Itinerant operators desiring to utilize the Airport for a period less than thirty (30) days, or on a "one time" basis, shall operate in accordance with approval from the Director of Aviation, and show proof of required liability insurance. Lessees and itinerant operators desiring to engage in any of these specialized flying services shall as a minimum, provide the following:

1. Airworthy aircraft which are suitably equipped for the type of activity to be conducted, and which meet all of the requirements of the FAA for such activity and type of flying necessary to perform a specific function.
2. Provide properly certificated, qualified and experienced pilots and crews.
3. Obtain any necessary approval and/or waiver from the FAA prior to commencing such operations.
4. The operator must provide, by means of an office or a telephone, a point of contact for the public desiring to utilize the operator's services; and for coordination with the airport management, as well as for emergencies.

I. Sale of Aviation Related Books, Charts, Pilot Handbooks and Cockpit Supplies.

This category of service is normally provided by FBOs performing any of the commercial aeronautical activities listed in this SECTION, but may be provided as a separate entity by an operator. Lessees desiring to provide these services shall be required to offer the following:

1. Construct or lease space sufficient in size to accommodate the volume of sales anticipated.
2. Provide properly lighted and readily accessible counters, showcases and display racks containing the items for sale.
3. Aviation periodicals should be kept up to date and contain current information relating to flight activities.
4. Non-aviation related books, periodicals and news items are permitted, but shall be in good taste suitable for viewing by all ages.

SECTION XI. NON-COMMERCIAL AERONAUTICAL ACTIVITIES.

In an effort to foster and promote flying for pleasure, developing skills in aeronautics including pilotage, navigation, aircraft maintenance, search and rescue as a public service, and an awareness and appreciation of aviation requirements and techniques, the categories of Flying Clubs, Civil Air Patrol and College/University Aviation Programs have been added to these Minimum Standards. Many of the standards will apply to these activities, even though they are considered as non-commercial.

- A. Flying Clubs. All flying clubs desiring to base their aircraft and operate on the Airport must comply with the applicable provisions of these Minimum Standards; however, they shall be exempt from regular FBO requirements upon satisfactory fulfillment of the conditions contained herein.
1. The club shall be a non-profit entity (corporation, association or partnership) organized for the express purpose of providing its members with an aircraft, or aircraft, for their personal use and enjoyment only. The ownership of the aircraft or aircraft must be vested in the name of the flying club (or owned ratably by all of its members). The property rights of the members of the club shall be equal and no part of the net earnings of the club will inure to the benefit of any member in any form (salaries, bonuses, etc.). The club may not derive greater revenue from the use of its aircraft than the amount necessary for the operations, maintenance and replacement of its aircraft.
 2. Flying clubs may not offer or conduct charter, air taxi, or rental of aircraft operations. They may not conduct aircraft flight instruction except for regular members, and only members of the flying club may operate the aircraft; except to be ferried or flight tested by a non-

member hired to perform maintenance for the club. No flying club shall permit its aircraft to be utilized for the giving of flight instruction to any person, including members of the club owning the aircraft, when such person pays or becomes obligated to pay for such instruction, except when instruction is given by a lessee based on the Airport and who provides flight training. Any qualified mechanic who is a registered member and part owner of the aircraft owned and operated by a flying club shall not be restricted from doing maintenance work on aircraft owned by the club and the club does not become obligated to pay for such maintenance work; except that such mechanics and instructors may be compensated only by credit against payment of dues or flight time.

3. All flying clubs and their members are prohibited from leasing or selling any goods or services whatsoever to any person or firm, other than a member of such club at the Airport; except that said flying club may sell or exchange its capital equipment.
4. The flying club shall furnish the Airport management with a copy of its charter and by-laws, articles of association, partnership agreement or other documentation supporting its existence; a roster or list of members, including names of officers and directors, to be revised as necessary; and evidence of liability insurance in accordance with SECTION VIII of these Minimum Standards, or as deemed appropriate by the City Attorney.
5. A flying club shall abide by and comply with all Federal, State and local laws and regulations including the City Ordinance on Airport Rules and Regulations. Any violation of the foregoing by the club, or individual members, will result in revocation by the Director of Aviation of permission for the Flying Club to use the Airport.

B. Civil Air Patrol. The Civil Air Patrol is an aviation-oriented organization for men and women, boys and girls, and is a non-profit benevolent organization dedicated to humanitarian activities. It is also the volunteer, civilian auxiliary of the United States Air Force. Programs include search and rescue missions, aerospace education, motivation of young men and women toward careers in aviation, space science fields and leadership.

1. Civil Air Patrol units (Flights, Wings, Squadrons, etc.) desiring to base their aircraft on and operate from the Airport must comply with the applicable provisions of these Minimum Standards, pay the required aircraft tie-down fees and hangar rent (if hangar is used).

2. The Civil Air Patrol shall furnish the airport management with a copy of its charter or mission, a roster or list of members including names of officers and sponsors, to be revised as necessary; and evidence of liability insurance in accordance with SECTION VIII of these Minimum Standards, or in an amount deemed appropriate by the City Attorney.
3. Civil Air Patrol units and members shall abide by all of the airport rules and regulations, as well as any state and federal regulations.
4. If space is leased or constructed on the Airport, other than hangar storage and tie-down space, a standard lease agreement shall be consummated.

C. College/University Aviation Programs. College/University Aviation Programs shall be non-commercial and shall not compete with established Commercial Aeronautical Activities on the Airport; however, they shall be governed by the applicable requirements of these Minimum Standards as covered in an appropriate lease agreement. Colleges and universities desiring to operate on the Airport shall comply with the following:

1. Lease a sufficient space on the Airport to accommodate aircraft for storage and maintenance, complete with office space, training rooms, and rest rooms.
2. All students in the flight training or aircraft mechanics program must be registered with the college/university for the courses being pursued.
3. Aircraft belonging to the college/university will be used only for students and faculty, and will not be engaged in any commercial operation.
4. The college/university shall at all times comply with the Airport rules and regulations and acquire the necessary FAA approval for their programs.
5. Fuel storage and dispensing shall be in accordance with SECTION X.A. of these Minimum Standards.
6. A standard lease agreement shall be required for all college/university aviation programs at the Airport. The college/university will be considered as a FBO.

City of Killeen and Jacob Paxton d/b/a Paxton Aviation

**Rents and Fees Schedule
January 1, 2016 – December 31, 2016**

BASIC RENT

T-Hangar unit T-1AS	
Minimum business lease rate	\$250.00 per month
Utility charge	\$90.00 per month
Total Basic Rent	\$340.00 per month

SUNDRY CHARGES

Key replacement	\$10.00 each
Aircraft Tie-downs	\$25.00 per month

LATE PAYMENT PENALTY

Late payment penalties shall be assessed on the total monthly payment:

5% of total monthly fees if paid after the first day of the month.

10% of total monthly fees if paid after the twentieth day of the month in which due.