

LEASE AGREEMENT

This **LEASE AGREEMENT** ("Lease") is entered into this ___ day of _____ 2013, by and between the **COUNTY OF ARANSAS** ("LESSOR"), acting through its duly authorized agent, **C.H. "BURT" MILLS, JR.**, County Judge, and _____ ("LESSEE"), on the following terms:

1. DESCRIPTION OF PROPERTY: LESSOR, for the consideration, covenants and agreements hereinafter set forth, has LEASED and by these presents does LEASE unto LESSEE the following property (premises) located in Aransas County, Texas:

Approximately _____ square feet of land, situated at the Aransas County Airport, further described on the attached and incorporated Exhibit "A".

All improvements are owned by LESSEE and shall remain in ownership of the LESSEE.

LESSOR provides no warranty whatsoever on the condition of the land or improvements for any purpose. LESSEE accepts the property "As is Where is" with all faults, known or unknown. LESSEE hereby waives any and all claims against LESSOR, existing now or arising in the future concerning the leased land.

LESSEE agrees not to make any additions or modifications to the Land/Building exterior unless agreed upon by both parties in writing. In the event LESSOR discontinues operation of the Airport prior to the termination of this Lease Agreement the parties agree to negotiate in good faith for the purchase by LESSOR of Building and improvements. LESSEE also understands that LESSOR is not obligated by this Lease Agreement to continue operating the Airport as an Airport and may close the Airport at any time at its own discretion.

2. TERM: The term of this Lease shall be for a period of 360 months (30 years), commencing on the _____ day of _____, **2013**, and terminating on the _____ day of _____, **2043**.

3. RENT/LATE FEE/LIEN: Total consideration for this Lease (rent) is the sum of _____ per month beginning the ___ day of _____, **2013** and continuing on the same day of each month thereafter until the total amount of rent is paid. Any rent payment made after the due date shall be subject to a five percent (5%) late fee payable at the same time the rent is paid.

Rent may be increased on March 1st of every year of this Lease, beginning after the Lease is in effect for one full year. The amount of rent increase shall be determined by LESSOR, but shall not exceed the consumer price index increase for the prior calendar year.

LESSEE hereby grants to LESSOR a lien on all improvements located on the premises during the term of this lease for the purpose of securing payment of rent and other amounts due by LESSEE to LESSOR under this Lease Agreement. Such lien shall be enforceable in accordance with terms set forth in Paragraph 11. **DEFAULT AND TERMINATION** herein below Landlord shall not unreasonably refuse to subordinate its lien to lenders for improvement loans.

Any person, corporation or institution that lends money to LESSEE for construction of any hangar, structure, building or improvement and retains a security interest in the hangar, structure, building or improvement shall, upon default of LESSEE'S obligations to said Lender, have the right to enter upon the Premises and operate or manage the hangar, structure, building or improvement according to the terms of this Lease, for a period not to exceed the term of Lender's loan with LESSEE, or until the loan is paid in full, whichever comes first, but in no event longer than allowed under the terms and provisions of this Lease. It is expressly understood and agreed that the right of the Lender referred to herein is limited and restricted to

those improvements constructed with funds borrowed from Lender and Lender shall have no rights under this Lease greater than those granted to LESSEE.

4. **USAGE:** LESSEE shall use the premises for storage and maintenance of LESSEE'S aircraft, for use by LESSEE only. Any activity conducted on the premises shall comply with all applicable Airport Rules & Regulations. No other use shall be made of the premises without the specific written permission of Airport Manager.

LESSEE covenants that no commercial use shall be made of the premises, nor shall LESSEE tolerate any unlawful use of the premises.

5. **PEACEABLE POSSESSION:** LESSOR covenants that LESSEE, shall forthwith have and be placed in possession of said leased premises, and that during such term, LESSEE, paying the payments described in Paragraph 3 hereof and performing the covenants herein contained, shall peaceably hold and enjoy the premises without hindrance or interruption by LESSOR or any other person.

6. **ACCESS:** LESSEE'S access to the leased premises is and shall be in common with the public.

LESSOR covenants and agrees that it will maintain roads and streets furnishing access to premises within the Airport in good, usable and passable state of repair.

LESSOR shall have access at all reasonable times to all improvements located on the premises for the purpose of determining compliance with the terms of this Lease Agreement, including Airport Rules & Regulations.

7. **RIGHTS-OF-WAY AND EASEMENTS:** LESSOR reserves the right to have rights-of-way and easements on, over and across the premises for underground water lines, pipe lines, power lines, telephone and telegraph lines, necessary or proper, for the purpose of developing and serving airport property; said right-of-way and easements, however, are to be so located and lines so constructed and maintained as not to impair or interfere with the improvements on the premises or the use thereof.

8. **MAINTENANCE AND OPERATION:** LESSEE covenants that it will maintain the above described premises and all improvements thereof and appearance thereof equivalent to the level maintained by County owned buildings on Airport property. Such maintenance shall include all grass, trees, shrubs and other horticulture. Further, LESSEE covenants that it will keep the premises in a neat, clean and sanitary condition, allowing no garbage, rubbish, debris, or flammable material to accumulate or remain on the premises to create a nuisance, unsanitary condition, unsightly appearance or to endanger persons or property by fire or other hazard.

LESSEE covenants that it will provide any and all necessary material and labor to maintain the premises.

LESSEE will provide for establishment and maintenance of utilities needed by LESSEE, including but not limited to water, septic, electric and telephone.

LESSEE covenants that it will operate the facilities on the premises in such a manner as not to conflict with the regulations of any Federal, State or Municipal authority having jurisdiction thereof.

LESSEE shall abide by all applicable rules and recommendations of the Environmental Protection Agency, the Texas Commission on Environmental Quality, the Texas Department of Agriculture, the Texas Department of Transportation and any other public agency concerning the use, storage, and disposal of hazardous chemicals, fuel and/or oil. LESSEE further agrees to abide by the manufacturer's directions in regards to the use, storage, and disposal of all pesticides, herbicides, and other chemicals plus their containers used at the Airport. Should LESSEE fail to keep the leased land clean and free of hazards, LESSOR may, after thirty (30) days written notice, arrange for the clean-up of the littered or hazardous area.

Such clean-up shall be charged to LESSEE and will be payable upon demand. Failure to render proper payment for such clean-up and/or general disregard of the considerations and restrictions listed in this Lease Agreement are grounds for LESSOR to terminate this lease.

LESSEE covenants that it will pay for an environmental assessment or environmental study of the leased premises if requested by the LESSOR prior to termination of the lease, if any fuels or hazardous chemicals are stored on or dispensed from premises.

9. SUBLEASE OR ASSIGNMENT: LESSEE shall not assign this Lease or sublet the improvements thereon, without the prior written agreement of LESSOR, which consent shall not be unreasonably withheld. As a condition of consent, LESSOR may increase the rent to reflect fair market value.

LESSOR agrees to negotiate in good faith with a potential purchaser of LESSEE'S property for a new, full term lease which shall replace this Lease.

10. BANKRUPTCY: In the event LESSEE shall be declared bankrupt according to law, or if any assignment shall be attempted to be made of this Lease for the benefit of creditors, then LESSOR may lawfully declare the Lease to be terminated, and may enter into and upon the land covered by this lease, or any part thereof, and repossess the same and expel the LESSEE and those claiming under him and remove his property, forcibly if necessary, without being deemed guilty of any manner of trespass and without prejudice to any remedies available to LESSOR to gain possession of the premises or collect overdue rent.

11. DEFAULT AND TERMINATION: In the event of default in the payment of any installments due and payable under this Lease Agreement or in the performance of any other covenants and conditions of this Lease, other than as herein provided, and in the event such default shall be continued for thirty (30) days after the LESSOR has by written notice to LESSEE advised it fully of the kind, nature and extent of such default, this lease shall be subject to termination at the option of LESSOR. It shall then be lawful for LESSOR, its successors or assigns, without further formality than ten (10) days written notice by LESSOR to LESSEE of the termination of this agreement, to re-enter said premises and remove all persons there from, and without prejudice to any legal remedy which LESSOR may have, or which may be used for the collection of payments then due; all and every claim for damages for or by reason of said re-entry by LESSOR being hereby expressly waived by LESSEE.

The failure of LESSEE or of LESSOR to insist upon the strict performance of any of the covenants and conditions of this Lease, or the consent, either express or implied, of either party hereto to any act or omission by the other party in breach or default hereof, shall not be deemed or construed to be a waiver of any such covenant or term except for the particular instance only and shall not constitute or be construed as a waiver of such covenant or term or of any further or future breach or default thereof.

LESSOR may enforce its lien on LESSEE'S property by all actions, including foreclosure, provided by law.

Unless prevented by landlord's lien, LESSEE must remove all of LESSEE'S property, including improvements, from the premises by the end of the Lease, whether Lease is terminated by default or expiration of the Lease term. With LESSOR'S prior written agreement, LESSEE may assign some or all of LESSEE'S improvements to LESSOR. If LESSEE fails to remove its property from the premises or, after receiving LESSOR'S approval, assign the property to LESSEE, then LESSOR may proceed to remove or have removed LESSEE'S property and the expense of such removal shall be immediately due and payable by LESSEE as additional rent. LESSOR shall agree to accept assignment of all of LESSEE'S property that is structurally sound and in good, usable condition.

12. LESSEE TO CARRY LIABILITY INSURANCE: LESSEE agrees to procure and maintain in force during the term of this Lease and any extension thereof, at LESSEE'S expense, liability insurance with companies approved by LESSOR, adequate to protect against liability for damage claims through public use of or arising out of accidents occurring in or around the leased premises, in a minimum amount of ONE

MILLION AND NO/100 DOLLARS (\$1,000,000.00) per occurrence for each person injured, and FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) per occurrence for property damage. Such insurance policies shall provide coverage to LESSOR to the extent of LESSEE'S indemnity obligations assumed under this Lease. A **Certificate of Insurance** shall be provided to LESSOR evidencing such coverage within thirty days after the execution of this lease. Upon request, LESSOR may review a true and complete copy of such insurance policy at LESSEE'S principal place of business and copies of the policies shall be delivered to LESSOR for keeping. LESSEE agrees to notify LESSOR in writing at least thirty (30) days prior to cancellation or upon refusal to renew any such policies. LESSEE agrees that, if such insurance policies are not kept in force during the entire term of this Lease and any extension thereof, LESSOR may procure the necessary insurance, pay the premium therefore, and that such premium shall be repaid to LESSOR as an additional rent installment for the month following the date on which such premiums are paid.

13. HOLD HARMLESS/INDEMNITY: LESSEE agrees to indemnify, release, defend and save harmless LESSOR from and against any and all liabilities, or claims for loss or damage to property of LESSEE or any other person, for personal injury to LESSEE or other person, arising from LESSEE'S use or possession of the premises.

14. TAXES AND ASSESMENTS: LESSEE shall pay before delinquency all ad valorem taxes assessed against LESSEE'S improvements and personal property on the leased premises, provided that if LESSEE is in good faith contesting any of said taxes, he will timely pay such taxes, penalty and interest as the same are finally determined.

Non-payment of taxes or assessments for more than thirty (30) days after final determination of the amount owed shall constitute default under this Lease Agreement.

15. NOTICES: All notices to LESSOR shall be sent by certified or registered mail addressed to the County Judge, 301 N. Live Oak, Rockport, Texas, 78382, or at such address as LESSOR may in writing from time to time designate. All notices to LESSEE shall be sent by certified or registered mail to LESSEE at _____ or at such other address as LESSEE may in writing from time to time designate.

16. REFERENCES: All references to parties of this Lease and all covenants and terms of this Lease shall apply to and be binding upon LESSOR and LESSEE, and their respective legal representatives, successors and assigns (when assignment is made in accord with the provisions hereof).

17. OPTIONS: Provided LESSEE is not in default of any of the terms of this Lease, LESSEE is hereby granted an option to extend this Lease for a period of ten (10) years beyond the primary term hereof. All terms of this Lease Agreement, including the annual consumer price index rent adjustments, shall be applicable in the option term. LESSOR may increase the rent at the beginning of the option term to reflect fair market value. This option must be exercised by LESSEE by written notice to LESSOR, not less than ninety (90) days prior to the end of initial term.

EXECUTED On this the ____ day of _____ 2013.

LESSEE: _____

LESSOR: **Aransas County**

Sign: _____

By: _____

Name: _____

Name: **C.H. "Burt" Mills, Jr.**

Date: _____, _____, 2013

Title: County Judge

Date: _____, _____, 2013

Sign: _____

Name: _____

Date: January _____, 2013

STATE OF TEXAS

COUNTY OF ARNASAS

Before me, the undersigned authority, on this day personally appeared **C.H. "Burt" Mills, Jr.**, County Judge, Aransas County, Texas, personally known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and considerations therein expressed and in the capacity therein stated.

Given under my hand and seal of office on this the ____ day of _____, 2013.

Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF ARNASAS

Before me, the undersigned authority, on this day personally appeared **John McDavid**, personally known to me, or proved to me by satisfactory identification, to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and considerations therein expressed and in the capacity therein stated.

Given under my hand and seal of office on this the ____ day of _____, 2013.

Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF ARNASAS

Before me, the undersigned authority, on this day personally appeared **Travis McDavid**, personally known to me, or proved to me by satisfactory identification, to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and considerations therein expressed and in the capacity therein stated.

Given under my hand and seal of office on this the ____ day of _____, 2013.

Notary Public, State of Texas