

LEASE AGREEMENT

THE STATE OF TEXAS

COUNTY OF WOOD

This Lease Agreement [the "Agreement"] entered into as of the 1st day of October, 2011, by and between the Wood County Airport, of the County of Wood, State of Texas, ["Lessor"] and of County, Texas ["Lessee"].

ARTICLE 1

Demise and Description of Property

All that certain lot, tract or parcel of land being that portion of

Lessee shall be entitled, in common with others so authorized, to the use of all facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the Airport, including the use of landing areas, runways, taxi-ways, navigational aids, terminal facilities and aircraft parking areas designated by Lessor.

ARTICLE 2

Term

The term of this Agreement shall be for a period of ten [10] years, commencing on the 1st day of October, 2011 And continuing through the 30th day of September, 2021, [the termination date], unless earlier terminated by the provisions of this Agreement. Lessee shall have the options, exercisable upon at least ninety [90] days notice to Lessor prior to the termination date hereof or the termination date of any option exercised hereunder, to extend the term of the Agreement for the following additional periods:
First: Ten [10] years from and after the termination date hereof,

upon the same terms and conditions as are contained in this Agreement; and

Second: Ten [10] years from and after the termination date of the first renewal hereof, upon the same terms and conditions as are contained in this Agreement, with the exception of the rent provided for hereunder, which said rent shall be renegotiated by the parties hereto, but said rent shall not exceed such rent as charged by like airports in Eastern Texas.

ARTICLE 3

Rent

Lessee agrees to and shall pay Lessor at such place as Lessor shall designate in writing, as rent for the leased premises, a rental of \$0.15 per square foot per annum based on the total square feet under roof, ramp, and ground space designated for use of lessee in connection with the hangar, in advance on the first [1] day of July of each year beginning on the commencement of this agreement. Any time between the beginning date of this agreement and the first [1] day of July shall be prorated.

ARTICLE 4

Sublease of Hangar or Change of Ownership of Hangar

This Agreement, or any part thereof, may not be assigned, transferred or subleased by Lessee, by process or operation of law or in any other manner whatsoever, without the prior written consent of Lessor, which consent shall not be withheld unreasonably.

Any change of hangar ownership must have prior written agreement from the Lessor. In the event of ownership change, the new hangar owner, as Lessee, must enter into a new agreement with Lessor at the current rate and current terms and conditions as established for new leases by the Airport Board.

ARTICLE 5

Use of Premises Generally

The premises herein leased are to be used as an airplane hanger and Lessee shall restrict his use to such purposes and not use or permit the use of the premises for any other purpose without first obtaining the consent in writing of Lessor or of Lessor's authorized agent.

Article 6

No Waste or Nuisance or Unlawful Purpose

Lessee shall not commit, or allow to be committed, any waste on the premises, create or allow any nuisance to exist on the premises, use or allow the premises to be used for any unlawful purpose, or parking of any vehicles unrelated to the general use of the hangar as outlined in this agreement.

ARTICLE 7

Taxes

Lessor shall pay all ad valorem taxes, if any on the assessed property and Lessee shall pay all taxes on the personal property assessed

ARTICLE 8

Utilities

Lessee shall pay for all utilities. Said utilities are to be prorated among occupants of Hangar Unit No. 1 for hangars without meters.

ARTICLE 9

Insurance

The occupants of Hangar Unit No. 1 shall obtain and maintain continuously fire and extended coverage insurance on their leased unit in Hangar Unit No. 1 to the full insurable value thereof. Lessee with unit in Hangar Unit No. 1 shall obtain and maintain continuously in effect at all times during the terms of the lease, at Lessee's expense, general liability insurance protecting Lessor against any and all liability by reason of Lessee's conduct incident to the use of the premises, or resulting from any accident occurring on or about the roads, driveways or other public places, including runways and taxiways, used by Lessee at the Airport, caused by or arising out of any wrongful or negligent act or omission of Lessee. Lessees of all hangars, not a part of Unit No. 1 located on the Wood County Airport are required to maintain the same insurance as Lessees of Hangar Unit No. 1 except fire and extended coverage. A copy of Lessee's insurance documents shall be provided to the Airport Board each insurance renewal period.

ARTICLE 10

Indemnification

To the extent not covered by insurance carried in favor of Lessor, Lessee shall keep and hold harmless Lessor from and against any and all claims, demands, suits, judgement, cost and expenses asserted by any person or persons, including agents or employees of Lessor or Lessee, by reason of death or injury to persons or loss or damage to property, resulting from Lessee's operations, or anything done or omitted by Lessee, under this Lease except to the extent that such claims, demands, suits, judgements, costs and expenses may be attributed to the acts or omissions of Lessor or its agents or employees.

ARTICLE 11

Default and Termination

- A. Termination by Lessee. This lease shall be subject to termination by Lessee in the event of any one or more of the following events:
1. The abandonment of the Airport as an airport or airfield for any type, class or category of aircraft.
 2. Damage to or destruction of all or a material part of the Airport facilities necessary to the operation of Lessee's business
 3. The lawful assumption by the United States, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as to restrict substantially Lessee from conducting

business operations for a period in excess of ninety [90] days.

B. Termination by Lessor. This lease shall be subject to termination by Lessor in the event of any one or more of the following events:

1. The default by Lessee in the performance of any of the terms, covenants or conditions of this lease, and the failure of Lessee to remedy, or undertake to remedy, to the Lessor's satisfaction, such default for a period of thirty [30] days after receipt of the notice from Lessor to remedy the same.
2. Lessee files a voluntary petition in bankruptcy including a reorganization plan, makes a general or other assignment for the benefit of creditors, is adjudicated as bankrupt or if a receiver is appointed for the property or affairs of Lessee and such receivership is not vacated within thirty [30] days after the appointment of such receiver.

C. Exercise of the rights of termination set forth in Paragraphs A and B above, shall be by notice to the other party within thirty [30] days following the event giving rise to the termination.

D. Causes of Breach – Waiver

1. Neither party shall be held to be in breach of this lease because of any failure to perform any of its obligations hereunder if said failure is due to any cause for which it is not responsible and over which it has no control, provided however, that the foregoing provision shall not apply to

failures by Lessee to pay fees, rents or other charges to Lessor.

2. The Waiver of any breach, violation or default in or with respect to the performance or observance of the covenants and conditions contained herein shall not be taken to constitute a waiver of any subsequent breach, violation or default in or with respect to the same or any other covenant or condition hereof.

ARTICLE 12

Miscellaneous Provisions

- A. Entire Agreement. This Agreement constitutes the entire understanding between the parties, and as of its effective date supersedes all prior or independent agreements Between the parties covering the subject matter hereof. Any change or modification hereof must be in writing and signed by both parties.
- B. Severability. If a provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction, the entire Agreement shall not be void, but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the parties.
- C. Notice. Any notice given by one party to the other in connection with the Agreement shall be in writing and shall

be sent by registered mail, return receipt requested, with postage and registration fees prepaid

If to Lessor, addressed to:

Wood County Airport Board
311 CR 2355
Mineola, TX 75773

1. If to Lessee, addressed to:

Notice shall be deemed to have been received on the date of receipt as shown on the return receipt.

- D. Headings. The headings used in this Agreement are intended for convenience of reference only and do not define or limit the scope or meaning of any provision of this Agreement.
- E. Governing Law. This Agreement is to be construed in accordance with the laws of the State of Texas, and venue or any suit arising hereunder shall be in Wood County, Texas.
- F. Time is of the essence hereunder.
- G. Attorneys Fees. If either party to this Agreement files an action to enforce any covenant of this lease, or for breach of any covenant herein, then the prevailing party in such action shall be entitled to its reasonable attorney's fees, such fees to be fixed by the court.