



BURNET MUNICIPAL AIRPORT (BMQ)
KATE CRADDOCK FIELD

**AIRCRAFT MAINTENANCE PROVIDER MASTER, AIRCRAFT
MAINTENANCE FACILITY LEASE AGREEMENT, AIRCRAFT
MAINTENANCE SERVICES AGREEMENT**

THE STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF BURNET §

NON-EXCLUSIVE AIRCRAFT MAINTENANCE PROVIDER MASTER AGREEMENT

This **NON-EXCLUSIVE AIRCRAFT MAINTENANCE PROVIDER MASTER AGREEMENT** (“Master Agreement”) is entered by and between the **CITY OF BURNET, TEXAS** and **C3 AIR WORKS, LLC**, to be effective as of the 1st day of January 2026 (the “Effective Date”).

Recitals

WHEREAS, the City is the owner of land and certain improvements known as the Burnet Municipal Airport, located in the City of Burnet, Burnet County, Texas, which is operated as a public airport; and

WHEREAS, C3 Air Works is in the process of purchasing the General Aviation Piston Engine Maintenance and Repair business formerly owned by the City’s FBO, Crosby Flying Services (“Crosby”), making it is necessary to subdivide the facility known as the FBO Hangar into two separate leaseholds, with Crosby leasing a portion of the FBO Facility and C3 Air Works leasing the maintenance hangar and a portion of the adjacent office space, further defined herein as the Leased Premises; and

WHEREAS, the City Council formerly approved C3 Air Works to sublet said maintenance hangar and adjacent office space from Crosby; and

WHEREAS, C3 Air Works has indicated the willingness and ability to properly occupy, keep, maintain and improve said leased premises in accordance with standards established by the City; and

WHEREAS, the City is willing to grant to C3 Air Works such rights and privileges upon the terms and conditions and for the consideration hereinafter stated; and

WHEREAS, the City and C3 Air Works deem it desirable to enter into a written agreement setting forth the respective rights, privileges, obligations and duties of the parties hereto and defining the rights and privileges granted and the terms, conditions and consideration on which they are granted.

NOW, THEREFORE, for and in consideration of the mutual promises, benefits, covenants and agreements contained herein and in consideration of the rental to be paid to the City, the City and C3 Air Works do hereby agree as follows:

Article I. Included Agreements

The Aircraft Maintenance Facility Lease Agreement is made part of this Master Agreement in Article IV, herein. The Aircraft Maintenance Services Agreement is made part of this Master Agreement as Article V, herein. Collectively the Aircraft Maintenance Facility Lease Agreement and Aircraft Maintenance Services Agreement are referred to as the “*Component Agreements*”. Unless expressly stated otherwise the term Master Agreement shall include the Component Agreements. In the event of conflict between the Master Agreement and the Aircraft Maintenance Services Agreement, the Master Agreement shall prevail. In the event of a conflict between the Aircraft Maintenance Services Agreement and the Aircraft Maintenance Facility Lease Agreement, the Aircraft Maintenance Services Agreement shall prevail.

Article II. Definitions

In this Agreement, unless the context clearly indicates otherwise, terms italicized in quotes (“*italicized in quotes*”) below shall mean as follows:

“*Agreement*” or “*Master Agreement*” shall mean the Master Agreement and the Component Agreements unless expressly stated otherwise.

“*Aircraft Maintenance*” shall mean general aviation piston engine aircraft maintenance, repair and service, with inspection authority.

“*Airport*” shall mean Burnet Municipal Airport.

“*Airport Standards*” shall mean City Code Chapter 18 as same may be amended from time to time.

“*Aircraft Maintenance Facility*” shall mean the approximately 6,400 square foot Hangar, adjacent aircraft maintenance apron area, and approximately 810 square feet of air-conditioned and lighted administrative office space, shower and bathroom, as further shown on **Exhibit “A”**.

“*Aircraft Maintenance Services Agreement*” shall mean that certain agreement made part of this Master Agreement as Article V.

“*Airport Standards*” shall mean the Burnet Municipal Airport Standards for Commercial Aeronautical Activities adopted by the City and applicable to the Airport and to C3 Air Works, as amended from time-to-time.

“*ASOS*” shall mean the Automated Surface Observing System (ASOS) located within the Leased Premises.

“*City*” shall mean the City of Burnet a Texas home rule home rule municipality.

“*City Council*” shall mean the City’s governing body.

“*City Manager*” shall mean the City Manager of the City of Burnet.

“*City Representative*” shall mean the City Manager, or his/her designee.

“*Component Agreements*” shall mean the Aircraft Maintenance Facility Lease Agreement, and Aircraft Maintenance Services Agreement collectively.

“*C3 Air Works*” shall mean C3 Air Works, LLC, a subsidiary of C3 Air, a limited liability company established pursuant to Texas law.

“*FAA*” shall mean the Federal Aviation Administration, as presently constituted as a division of the United States Department of Transportation or its successor agency or agencies.

“*Fee Schedule*” shall mean the schedule of rents and fees made part of this Agreement as **Exhibit “B”**.

“*Fiscal Year*” means the City’s Fiscal Year beginning each October 1 and ending September 30 of the subsequent year.

“*Lease Agreement*” or “*Aircraft Maintenance Facility Lease Agreement*” shall mean that certain agreement made part of this Master Agreement as Article IV.

“*Leased Premises*” shall mean the Aircraft Maintenance Facility, as depicted in **Exhibit “A”**. For the sake of clarity, the Parties agree that the Leased Premises are limited to the Aircraft Maintenance Facility, as described in **Exhibit “A”**, and to no other lands, buildings, or other improvements.

“*Public Facilities*” or “*Public Areas*” shall mean those areas and facilities of the Airport, which are provided free of charge by the City for the common use of the public.

“*Trade Fixtures*” shall mean that furniture, furnishings, non-load bearing removable partitions, special lighting fixtures, draperies, decorations, appliances, and other personal property furnished, installed, or used by C3 Air Works.

Article III.

General

The general provisions set out under this Article are applicable to each of the Component Agreements and are incorporated therein by reference. Said general provisions are as follows:

- (1) *Additional Instruments/Mutual Assistance.* City and C3 Air Works agree and covenant to cooperate, negotiate in good faith, and to execute such other and further instruments and documents as may be reasonably required to fulfill the public purposes provided for and included within this Agreement.

- (2) *Amendments.* No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the Party or Parties sought to be charged or bound by the alteration or amendment.
- (3) *Applicable Law and Venue.* This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Burnet County, Texas. Therefore, venue for any action arising under this Agreement shall lie in a court of competent jurisdiction located in Burnet County, Texas.
- (4) *Assignment and subletting.* Assignment of any of the Component Agreements separately from this Agreement or any of the other Component Agreements is prohibited. The assignment of this Agreement, or sublease of part of the Leased Premises, shall be controlled by this subsection as follows:
 - (a) Lessee covenants and agrees that it will not transfer or assign this Agreement or any part thereof or any rights created thereby without the consent of the City Council as evidence by the adoption of a resolution. City Council may as a condition of authorization of Lessee's assignment require Lessee and its assignee being jointly and severally liable for the full faithful and complete performance of this Lease both pre-assignment and post assignment. Any assignee shall be provided a copy of this Lease and its attachments by Lessee.
 - (b) Lessee covenants and agrees that it will not sublet the Leased Premises covered by this Lease or any part thereof without the prior written consent of the City Manager. Upon approval of the City Manager, Lessee may sublet the Leased Premises subject to Lessee and Sub-Lessee remaining liable for the full faithful and complete performance of this Lease. Any Sub-Lessee shall be provided a copy of this Lease and its attachments by Lessee.
 - (c) Notwithstanding subsections (a) and (b) of this Section, Lessee shall have the right to assign its interest hereunder or to sublet the Leased Premises to any subsidiary, affiliate or successor company thereof upon the condition that the Lessee hereunder shall remain liable for the full, faithful and complete performance of this Lease.
 - (d) If, without the prior written consent of the City Council or City Manager, as the case may be, the Lessee assigns, transfers or sublets in violation of subsection (a) or (b) of this Section or if the Leased Premises are occupied by anybody other than the Lessee, as provided in this Agreement, the City may terminate this Agreement or collect rent from any assigns, sub-lessee or anyone who claims a right to this Agreement or who occupies the Leased Premises and the City shall apply the net amount collected to the rental herein reserved but no such collection shall be deemed a waiver by the City

of the covenants contained in subsection (a) of this Section or an acceptance by the City of any such assignee or sub-lessee.

- (e) Any assignment or transfer of this Agreement or any rights of Lessee hereunder (except as otherwise permitted herein) whether it be a voluntary assignment without the consent of the City Council or an assignment or transfer by operation of law, shall be null and void and shall constitute a default on the part of the Lessee.

The City does hereby authorize subletting a portion of the Leased Premises to Daniel's Avionics, owned and operated by Daniel Smith, for avionics repair, maintenance, testing and other similar avionics services.

- (5) *Binding Obligation.* This Agreement shall become a binding obligation on the signatories upon execution by all signatories hereto. City warrants and represents that the individual executing this Agreement on behalf of City has full authority to execute this Agreement and bind City to the same. C3 Air Works warrants and represents that the individual executing this Agreement on its behalf has full authority to execute the agreements and bind it to the same.
- (6) *City's Representative.* The City's Representative in regards to the administration and management of this agreement shall be the City Manager who shall act in accordance with City policies and procedures in carrying out his, or her, duties. Unless expressly stated in this Agreement that City Council action is required, all acts or decisions required by the City herein may be undertaken by the City Manager. The City Manager, at his, or her, sole discretion may refer a required action or decision to the City Council. The City Manager may designate an individual to perform all or part of the duties of the City Manager hereunder from time-to-time.
- (7) *Compliance With Laws, Regulations, Ordinances and Rules.* C3 Air Works shall at all times comply with applicable Federal, State and local laws and regulations, Airport rules and regulations, all applicable health rules and regulations and other mandates, whether existing or as promulgated from time to time by the Federal, State or any local government, or airport management, including, but not limited to, permitted and restricted activities, security matters, parking, ingress and egress, environmental and storm water regulations and any other operational matters relating to the operation of the Airport. This shall include, but not be limited to, C3 Air Works precluding its employees, agents, customers, or invitees from entering upon any restricted area at the Airport as applicable and as noted in Federal Aviation Regulations. Without limitation to the requirement to comply with Laws, Regulations, Ordinances and Rules, C3 Air Works shall comply with the Airport Standards. However, the Parties acknowledge and agree should there be a conflict between this Master Agreement, or any component hereof, and the Airport Standards, this Master Agreement, or any component hereof, shall prevail unless this Master Agreement, or any component hereof, expressly states the Airport

Standards shall prevail.

- (8) *Consents and Approvals.* With respect to the approvals required of C3 Air Works, under this Agreement, C3 Air Works shall from time-to-time furnish to the City appropriate certifications setting forth the officers or representatives of C3 Air Works who are authorized to grant such approvals and to bind C3 Air Works thereto. The City Representative may give any consent or approval required of the City, under this Agreement, unless otherwise provided. All consents and approvals required or permitted herein by either Party shall be given in writing.
- (9) *Construction.* The Parties acknowledge that the Parties and their counsel have reviewed and revised this Agreement; and, that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.
- (10) *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.
- (11) *Default and remedies.* Acts or omissions constituting a default under this Agreement and the remedies available to the non-defaulting party, are prescribed in the respective Component Agreements.
- (12) *Enforcement.* The City Representative may enforce all legal rights and obligations under this Agreement without further authorization; and, may engage legal counsel to represent the City in such enforcement. C3 Air Works shall provide to the City Representative all documents and records that the City Representative reasonably requests to assist in determining C3 Air Works's compliance with this Agreement.
- (13) *Entire Agreement.* This Agreement, including all Component Agreements, constitutes the entire agreement between the Parties. There is no other collateral oral or written agreement between the Parties that, in any manner, relates to the subject matter of this Agreement, except as provided for in any Exhibits attached hereto or duly approved amendments to this Agreement, as approved by C3 Air Works and by the City Council of the City of Burnet, Texas.
- (14) *Exhibits and Attachments.* All Exhibits and Attachments referenced in this Agreement are incorporated within this Agreement for all purposes, as if set forth in full in the body of this Agreement. Exhibits and Attachments to this Agreement include the following:

Exhibit "A" – Leased Premises.
Exhibit "B" - Fee Schedule.
- (15) *Federal Requirements.*

- (a) C3 Air Works, its successors in interest and assigns, does hereby covenant and agree that:
 - (i) No person on the grounds of race, color, national origin, or disability shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.
 - (ii) 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, national origin or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination.
 - (iii) C3 Air Works shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Sub-title A, Part 21, Non-discrimination 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.
- (b) C3 Air Works acknowledges and agrees that the provisions of all FAA, Federal-Aid Airport Program Grant Agreements or TxDOT Aviation Grant Agreements with the City that are applicable to the Airport are by reference made a part hereof to the same extent as though copied herein at length.
- (16) *Force Majeure.* Neither the City nor C3 Air Works shall be deemed in default of this Agreement if either Party is prevented from performing any of its obligations, other than the payment of rentals, fees and charges, by reasons of strikes, boycotts, labor disputes, embargoes, shortages of energy or material, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, pandemics, riots, rebellion, acts of sabotage or any other circumstances for which it is not responsible or which are not within its control; provided, however, that the Party so affected shall use reasonable commercial efforts to avoid or remove such causes of nonperformance, and shall continue performance hereunder with reasonable dispatch whenever such causes are removed. Either Party shall provide the other Party with prompt written notice of any delay or failure to perform that occurs by reason of force majeure.
- (17) *Gender.* The gender of the wording throughout this Agreement shall always be interpreted to mean either sex, or where the context requires, the plural of any word shall include the singular.
- (18) *Indemnification.*

C3 AIR WORKS AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND CITY, ITS OFFICERS, AGENTS AND EMPLOYEES, FROM

AND AGAINST ALL LIABILITY FOR ANY AND ALL CLAIMS, LIENS, SUITS, DEMANDS, AND/OR ACTIONS FOR DAMAGES, INJURIES TO PERSONS (INCLUDING DEATH), PROPERTY DAMAGE (INCLUDING LOSS OF USE), FINES, AND EXPENSES, INCLUDING COURT COSTS AND ATTORNEYS' FEES AND OTHER REASONABLE COSTS OCCASIONED BY C3 AIR WORKS AIRCRAFT MAINTENANCE OPERATIONS , OCCUPANCY OR USE OF THE LEASED PREMISES AND/OR ACTIVITIES CONDUCTED IN CONNECTION WITH OR INCIDENTAL TO THIS AGREEMENT AND ARISING OUT OF OR RESULTING FROM THE INTENTIONAL, KNOWING, RECKLESS OR GROSSLY NEGLIGENT ACTS OR NEGLIGENCE OF C3 AIR WORKS, ITS OFFICERS, AGENTS OR EMPLOYEES, INCLUDING ALL SUCH CAUSES OF ACTION BASED ON COMMON, CONSTITUTIONAL, OR STATUTORY LAW; OR BASED UPON THE NEGLIGENT ACTS OR OMISSIONS OF C3 AIR WORKS, IS OFFICERS, AGENTS AND EMPLOYEES.

IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO, BOTH CITY AND C3 AIR WORKS, THAT THE INDEMNITY PROVIDED FOR IN THIS AGREEMENT IS INDEMNITY BY C3 AIR WORKS TO INDEMNIFY AND PROTECT THE CITY FROM THE CONSEQUENCES OF THE CITY'S OWN NEGLIGENCE WHILE THE CITY IS PARTICIPATING IN THIS AGREEMENT WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE OF THE INJURY, DEATH, OR DAMAGE. FURTHERMORE, THE INDEMNITY PROVIDED FOR IN THIS AGREEMENT SHALL HAVE NO APPLICATION TO ANY CLAIM, LOSS, DAMAGE OR CAUSE OF ACTION, SUIT, AND LIABILITY WHERE THE INJURY, DEATH, OR DAMAGE RESULTS FROM THE SOLE NEGLIGENCE OF THE CITY, ITS OFFICERS, AGENTS, AND EMPLOYEES, UNMIXED WITH THE FAULT OF ANY PERSON OR ENTITY.

THIS INDEMNITY PROVISION DOES NOT WAIVE ANY GOVERNMENTAL IMMUNITY AVAILABLE TO CITY UNDER TEXAS LAW NOR DOES IT WAIVE ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.

THE PROVISION OF THIS INDEMNITY ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. C3 AIR WORKS SHALL ADVISE CITY IN WRITING WITHIN 24 HOURS OF ANY CLAIM OR DEMAND AGAINST C3 AIR WORKS OR CITY KNOWN TO C3 AIR WORKS RELATED TO OR ARISING OUT OF C3 AIR WORKS AIRCRAFT MAINTENANCE SERVICES OPERATIONS, OCCUPANCY OR USE OF THE LEASED PREMISES AND/OR ACTIVITIES CONDUCTED IN

CONNECTION WITH OR INCIDENTAL TO THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT C3 AIR WORKS COSTS. CITY SHALL HAVE THE RIGHT, AT ITS OPTION AND AT ITS OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING C3 AIR WORKS OF ANY OF ITS OBLIGATIONS UNDER THIS SECTION.

C3 AIR WORKS RECOGNIZES THE BROAD NATURE OF THIS INDEMNIFICATION AND HOLD HARMLESS CLAUSE, AND VOLUNTARILY MAKES THIS COVENANT AND EXPRESSLY ACKNOWLEDGES THAT IT IS AN EXPRESS CONDITION OF THIS AGREEMENT.

- (19) *Insurance.* In order to protect itself and City, as well as City's elected and appointed officers, employees and agents under the Indemnity Provisions of this Agreement, C3 Air Works shall at all times during the terms of this Agreement keep in full force and effect insurance policies issued by one or more companies authorized to do business in the State of Texas with liability limits as provided for below:

<u>TYPE</u>	<u>AMOUNT</u>
Comprehensive General Liability	\$5,000,000 combined single limit
Airport Premises Liability Insurance: including hangar keepers, products and completed operations coverage	\$1,000,000 per occurrence
Aircraft Liability Insurance	\$1,000,000 per occurrence
Fire and Extended Coverage Insurance	\$1,000,000 per occurrence
Current insurance upon any stored items	Value of the items

The preceding amounts notwithstanding, the City reserves the right to increase the Airport amount required insurance to be effective ninety (90) days after notice is sent to the address provided pursuant to the Notice Section of this Article.

- (a) The procurement of said insurance shall not be construed to be a limitation upon C3 Air Works liability or as a full performance on its part of the indemnification provisions herein. C3 Air Works obligations are, notwithstanding said policy of insurance, for the full and total amount of any damage, injury or loss caused by or attributable to its activities related to C3 Air Works role under this Agreement, or at or upon the Leased Premises.

- (b) Before commencement of activities under this Agreement, C3 Air Works shall furnish to the City, certificates of insurance, plainly and clearly evidencing the required insurance, and thereafter, new certificates prior to the expiration date of any prior certificate. C3 Air Works understands that it is solely responsible to provide this necessary information. If City notifies C3 Air Works, in writing, that a violation of this article has occurred, C3 Air Works will have thirty (30) days to comply. If after thirty (30) days such violation has not been cured, this shall be considered a cause for cancellation of this Agreement, as provided for herein.
 - (b) Insurance required by this Agreement shall be written on a “per occurrence basis” and not a “claims made” form by non-assessable insurance company licensed to do business in the State of Texas and currently rated "B+" or better by the A.M. Best Companies. All policies shall be subject to examination and approval by the City Representative for their adequacy as to form, content, form of protection, and providing company.
 - (c) Insurance required by this Agreement for the City, as additional insured, shall be primary insurance and not contributing with any other insurance available to the City, including any third-party liability policy. The inclusion of the City as an additional insured is not intended to, nor shall it cause City to be a partner or joint venturer with C3 Air Works.
 - (d) C3 Air Works further agrees that with respect to the above-required insurance, the City shall:
 - (i) Be named as additional insured/or an insured, as its interest may appear;
 - (ii) Be provided with a waiver of subrogation; and
 - (iii) Be provided within thirty (30) days advance notice, in writing, of cancellation or material change.
 - (e) Said policies of insurance shall be performable in Burnet County, Texas, and shall be construed in accordance with the laws of the State of Texas.
 - (f) Protection against loss by fire or other casualty to the equipment or property of C3 Air Works shall not be an obligation of the City.
- (20) *Immunities/Personal Liability.*
- (a) By entering into this Agreement, the Parties do not waive, and shall not be deemed to have waived, any rights, immunities, or defenses either may have, including the defense of parties, and nothing contained herein shall ever be construed as a waiver of sovereign/government or official immunity by the City with such rights being expressly reserved to the fullest extent authorized by law and to the same extent which existed prior to the

execution hereof.

- (b) No employee of City, nor any councilmember or agent of City, shall be personally responsible for any liability arising under or growing out of this Agreement.
- (21) *Legal Fees.* In the event there should be a default under any of the provisions of this Agreement and the City should determine that the services of an attorney are required or the City incurs other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of C3 Air Works, C3 Air Works agrees that it will on demand therefor pay to the City the reasonable, just and necessary fees of such legal and other reasonable incurred expenses.
- (22) *No Joint Venture.* Nothing contained in this Agreement is intended by the Parties to create a partnership or joint venture between the Parties and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint either Party as an agent of the other for any purpose whatsoever. Except as otherwise specifically provided herein, neither Party shall in any way assume any of the liability of the other for acts of the other or obligations of the other.
- (23) *Non-Appropriation.* Notwithstanding anything contained in this Agreement to the contrary, each and every financial obligation of the City pursuant to this Agreement is subject to appropriations. In the event no funds or insufficient funds are appropriated or budgeted by City for the operation of an airport by the City during the Term of this Agreement, City will immediately notify C3 Air Works of such occurrence and this Agreement shall terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to City of any kind whatsoever. In the event of such termination, C3 Air Works agrees to peaceably surrender possession of the Leased Premises to City or its assignee on the date of such termination.
- (24) *Notices.* Any notice, statement and/or communication required and/or permitted to be delivered hereunder shall be in writing and shall be mailed by first-class mail, postage prepaid, or delivered by hand, by messenger, by facsimile, or by reputable overnight carrier, and shall be deemed delivered when received at the addresses of the Parties set forth below, or at such other address furnished in writing to the other Parties thereto:

City:

City of Burnet
Att: City Manager
P.O. Box 1369
Burnet, Texas 78611

C3 Air Works:

C3 Air Works
Att: Tres Clinton
3202 S Water St
Burnet, Texas 78611

- (25) *Ordinance Applicability.* The signatories hereto shall be subject to all ordinances of City, whether now existing or in the future arising provided however no ordinance shall reduce or diminish the contractual obligations contained herein.
- (26) *Right of Flight.* City reserves unto itself, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Airport premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing at, taking off from, or operating on the airport.
- (27) *Right of Entry.* City, through its City Representative, shall have the right at any time to request from C3 Air Works the right to be provided entry to the Leased Premises for the purposes and to the extent necessary to protect City's rights and interest and to confirm C3 Air Works compliance with the terms of this Agreement.
- (28) *Severability.* In the event any provision of this Agreement is illegal, invalid, or unenforceable under the present or future laws, then, and in that event, it is the intention of the Parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the Parties to this Agreement that in lieu of each clause or provision that is found to be illegal, invalid, or unenforceable a provision be added to this Agreement which is legal, valid and enforceability and is a similar in terms as possible to the provision found to be illegal, invalid or unenforceable.
- (29) *Superior Right of Federal and Municipal Government.* Rights, and privileges provided to C3 Air Works under this Agreement shall be subject to the following:
- (a) **Times of War.** During time of war or national emergency, the City shall have the right to lease the landing area or any part thereof the Leased Premises to the United States Government for military use and if any such lease is executed, the provisions of this Agreement insofar as they are inconsistent with the provisions of the lease to the Government, shall be suspended but such suspension shall not extend the Term of this Agreement, without written approval by the City.
- (b) **National Emergency.** This Agreement is subject to the right of the United States of America to have exclusive or non-exclusive use, control and possession without charge, of the Airport or any portion thereof, during periods of national emergency; and further, subject to the right of the FAA, and United States Government under such rights, including the right to take a portion of the Airport for air traffic control activities, weather reporting activities or communication activities related to air traffic control.
- (c) **Agreements with Federal or State governments.** This Agreement shall

be subject to and subordinate to the provision of any existing or future Agreements between City and the United States of America, the State of Texas, or any of their agencies, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal or State funds for the development of the Airport, and to any terms and conditions imposed upon City by any other governmental entity.

- (d) **Temporary closure.** The City shall have superior right to temporarily use and close the Airport for purposes deemed in the public interest by the City. When possible, the City shall provide notice of dates and times the Airport will be closed to use. The City reserves the right to close the Airport for emergencies, as determined by the City without notice. And, finally, the City reserves the right to permanently close the Airport.
- (30) *Survival.* C3 Air Works indemnification obligation hereunder, shall survive the termination of this Agreement and shall remain in full force and effect with respect to any and all claims, liabilities, expenses, losses, costs, fines and damages (including reasonable attorneys' fees) and causes of action of every kind and character set forth in the Section of this Article entitled "Indemnification" for a period of four years from the date this Agreement terminates or such longer period as the City may be entitled under the Texas "Discovery Rule".
- (31) *Term.*
 - (e) **Term.** This Agreement shall be effective on the "Effective Date" and shall continue, unless sooner terminated in accordance with this Agreement, until December 31, 2026.
 - (f) **Renewal.** This Agreement may be renewed by the mutual consent of the Parties. To renew this Agreement C3 Air Works shall provide the City Representative with written notice of intent no later than ninety (90) days before the expiration of the current Term. If City is amenable the Parties shall negotiate the length of the renewal period , rental rate and related terms and conditions and memorialize same in writing as an amendment to this Agreement and the Component Agreements.
 - (g) **Termination.** In addition to any other rights to terminate held by City and set forth in this Agreement, this Agreement will terminate automatically upon the termination of that certain Aircraft Maintenance Services Agreement with C3 Air Works, LLC. Any rent that has been prepaid will be refunded to Lessee provided Lessee is in good standing and the Leased Premises passes final inspection upon vacation of the premises.

(The remainder of this page intentionally blank and component agreements follow.)

Article IV.

Aircraft Maintenance Hangar Lease Agreement

Division One. Representations.

Section 1.01: Representations by City. City makes the following representations as the basis for its undertakings in this Lease Agreement:

- (a) City, as the owner of the Airport, has the power and authority to lease the Leased Premises to C3 Air Works pursuant to the terms and conditions contained herein and to enter into the transactions contemplated herein and to carry out its obligations hereunder, and by proper action of the City Council, City has been authorized to execute and deliver this Lease Agreement;
- (b) City has good title for the real property of the Leased Premises;
- (c) City, and to the extent applicable hereunder, the City Representative, shall each, as to any discretionary authority granted hereunder, act in conformity with good business practices and, if resulting therefrom, a reasonable interpretation of those laws, rules and regulations applicable to the Airport and the Aircraft Maintenance operations of C3 Air Works; and
- (d) All representations relating to City contained in the recitals to this Agreement are true and correct.

Section 2.02: Representations by C3 Air Works. C3 Air Works makes the following representations as the basis for its undertakings in this Agreement:

- (a) C3 Air Works has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and C3 Air Works warrants and represents that the individual executing this Agreement on its behalf has full authority to execute this Agreement and bind it to the same.
- (b) C3 Air Works will cause the Leased Premises to be occupied and possessed for the purposes set forth herein and will operate or cause to be operated the Leased Premises in accordance with the terms and provisions of this Agreement.
- (c) C3 Air Works has inspected the Leased Premises and has determined said Leased Premises to be suitable for C3 Air Works intended purposes.
- (d) All representations relating to C3 Air Works contained in the recitals to this Agreement are true and correct.

Division two. Lease and Term.

Section 2.01: Demise of Leased Premises. Subject to the terms and conditions of this Agreement, the City hereby leases, lets and demises exclusively unto C3 Air Works and C3 Air Works hereby leases and rents from the City the Leased Premises as defined herein. Notwithstanding the foregoing, the City does hereby reserve from the Leased Premises, the ASOS system located in the northernmost maintenance office. Furthermore, the City shall have the absolute right to access the ASOS system at all times during the term of this Agreement.

Section 2.02: Term.

- (a) *Term and Renewal.* Shall be subject to the provisions of Article II of the Master Agreement entitled “*Term*”.
- (b) *Termination.* In addition to any other rights to terminate held by City, as provided in Article II of the Master Agreement, this Agreement will terminate automatically upon the termination of the Master Agreement or any of the Component Agreement. Any rent that has been prepaid will be refunded to C3 Air Works provided C3 Air Works is in good standing and the Leased Premises passes final inspection upon vacation of the premises.

Section 2.03: Condition of Premises. C3 Air Works has full and exclusive responsibility for ascertaining the suitability of the Leased Premises for C3 Air Works intended use. By taking possession of the Leased Premises, C3 Air Works acknowledges and agrees that: (a) it has had an opportunity to inspect the Leased Premises; (b) it accepts the premises “AS IS” and “WITH ALL FAULTS;” and (c) except as provided in this Agreement, City does not make and C3 Air Works does not rely upon any representation or warranty of any kind, expressed or implied, with respect to the condition of the Leased Premises (including habitability or fitness for particular purpose of the Leased Premises). TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, CITY HEREBY DISCLAIMS, AND C3 AIR WORKS WAIVES THE BENEFIT OF, ANY AND ALL IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF HABITABILITY AND FITNESS OR SUITABILITY FOR A PARTICULAR PURPOSE. FURTHER, CITY ASSUMES NO RESPONSIBILITY OR LIABILITY FOR HARM, INJURY, OR ANY DAMAGING EVENTS WHICH ARE DIRECTLY OR INDIRECTLY ATTRIBUTABLE TO PREMISE DEFECTS, WHICH MAY NOW EXIST, OR WHICH MAY HEREAFTER ARISE UPON THE LEASED PREMISES, RESPONSIBILITY FOR ANY AND ALL SUCH DEFECTS BEING EXPRESSLY ASSUMED BY C3 AIR WORKS. FURTHER C3 AIR WORKS UNDERSTANDS AND AGREES THAT THIS INDEMNITY PROVISION SHALL APPLY TO ANY AND ALL CLAIMS, SUITS, DEMANDS, AND/OR ACTIONS BASED UPON OR ARISING FROM ANY SUCH PREMISE DEFECTS OR CONDITIONS, INCLUDING BUT NOT LIMITED TO, ANY SUCH CLAIM ASSERTED BY OR ON BEHALF OF C3 AIR WORKS OR ANY OF ITS MEMBERS, AGENTS, AND EMPLOYEES.

Division three. Rental, fees, and charges.

Section 3.01: Rentals.

- (a) *Rental.* Upon the execution of this Agreement, C3 Air Works agrees and binds itself to pay rent for the Leased Premises, as provided for in the Fee Schedule.
- (b) *Escalation of Rent.* Intentionally Deleted.
- (c) *Commencement of Rental.* The obligation for C3 Air Works to pay the aforementioned rental amount to City shall commence on the Effective Date of this Agreement.
- (d) *Time of Payment.* As stated in the Fee Schedule.
- (e) *Place of Payment.* As stated in the Fee Schedule.
- (f) *Unpaid Rent, Fees and Charges.* As stated in the Fee Schedule.

Section 3.02: Use Charges. The standards and regulations enacted by the governmental agency responsible for the operation of the Airport, now or in the future, may provide for use charges to be paid by those using, occupying, or conducting operations at the Airport. Such charges may be based upon square footage, receipts, or other reasonable basis, to be established by such standards and regulations, and consistently applied. C3 Air Works agrees to pay such charges as same are due and owing under any such standards or regulations now or hereafter in effect. Any such use charges shall be lawful, reasonable, and nondiscriminatory.

Section 3.03: Other Charges:

- (a) *General Fees.* C3 Air Works understands and acknowledges that other fees, including, which pertain to commercial activities rather than the lease of property, if and when applicable, may be assessed in accordance with airport rates and charges schedules that are not part of this Agreement.
- (b) *Fines, Penalties.* C3 Air Works shall be responsible for any fines or penalties, which may be assessed by the FAA or any other government authority against the City, to the extent any such fine or penalty is directly attributable to C3 Air Works, its invitees, licensees or sublessees' activities on the premises.
- (c) *Environmental Penalties.* C3 Air Works shall reimburse the City for any fines or penalties assessed against the City by the Texas Commission on Environmental Quality or the U.S. Environmental Protection Agency to the extent any such fine or penalty is directly attributable to C3 Air Works non-compliance with any rule, regulation, statute or order of those agencies.

Division four. Use of Leased Premises.

Section 4.01: Permitted and Prohibited Uses. During the Term of this Agreement and subject to C3 Air Works performance of its obligations hereunder, C3 Air Works use of the Leased

Premises shall be governed as follows:

- (a) *Permitted Uses.* Permitted uses on the Leased Premises are limited to those uses authorized in the Aircraft Maintenance Services Agreement as stated in Article V.
- (b) *Prohibited Uses.* During the Term of this Agreement, C3 Air Works shall not conduct any business on the Leased Premises that is not expressly provided for herein. No portion of the Leased Premises shall be used in any manner that is in violation of the Airport Standards or any other applicable governmental laws, regulations, orders, licenses, permits, or other requirements. Specifically, C3 Air Works shall not conduct the following on the Leased Premises:
 - (i) Commercial activities and other revenue producing activities not directly related to the permitted uses provided for herein.
 - (ii) Use of any portion of the Leased Premises for residential purposes.
 - (iii) Maintenance of non-aviation related vehicles or equipment.
 - (iv) Parking or storage of personal property such as boats, motor homes, recreational vehicles, and other non-aeronautical items.
 - (v) Any other use not allowed, either expressly or by implication, by Section 4.01 (a).

Section 4.02: Right of Quiet Enjoyment. Subject to the other terms and conditions hereof, C3 Air Works shall be entitled to and shall have possession and quiet enjoyment of the Leased Premises.

Section 4.03: Right of Ingress and Egress. Subject to the rules and regulations of City and the federal government governing operation and use of the Airport and its facilities and the activities thereon (including, but not limited to, the provisions regarding security at the Airport), C3 Air Works shall have the right to use such facilities of the Airport as are provided for common use by the public.

Subject to any restrictions otherwise stated in the Master Agreement, the privileges of ingress and egress with respect to the Airport are hereby granted for C3 Air Works, its agents, employees, invitees, and suppliers of services and furnishers of materials, contractors, and sub-contractors to the public areas of the Airport and to those areas and facilities designated herein for exclusive use by C3 Air Works.

The ingress and egress provided for above shall not be used, enjoyed, or extended to any person or vehicle engaging in any activity or performing any act or furnishing any service for or on behalf of C3 Air Works that C3 Air Works is not authorized to engage in or perform under the provisions of this Agreement unless expressly authorized in writing by the City Representative.

Section 4.04: Right to Make Improvements. C3 Air Works may make improvements to the existing buildings subject to the limitations of this Section. The scope of this authorization is limited improvements, alterations and/or modifications to buildings in existence on the premises as of the date of Execution of this Agreement; and, C3 Air Works shall have no right to expand the footprint of an existing building or construct a new building or structure on the premises. The

scope of this authorization is additionally limited to only those improvements, alterations and/or modifications approved by City, at its sole discretion; and C3 Air Works shall not initiate such work until the City Representative provides written approval of the plans and specifications for such proposed construction. Provided the required approval is given, the proposed work may commence in a manner that is in compliance with the provisions of the City's Building Code and Fire Code, applicable TXDOT and FAA requirements, and this Agreement. C3 Air Works shall undertake all work at its own cost, including City and other regulatory agencies permitting costs. At all times during the construction or installation thereof, the City Representative may inspect same in order to ensure that all construction work, workmanship, materials and installations involved therein or incidental thereto are performed with strict compliance with the approved plans and specifications. Such additions, modifications and improvements so made by C3 Air Works on the Leased Premises shall be and become a part of the Leased Premises.

Section 4.05: Improvements.

- (a) All improvements hereafter constructed or placed on the Leased Premises and all alterations, modifications thereof and improvements therein, shall not be deemed Trade Fixtures, but shall become part of the Leased Premises with title vesting to City at the expiration or earlier termination of this Agreement subject, however, to C3 Air Works obligation to operate, repair, maintain and replace and right of possession, use and occupancy during the Term of this Agreement in accordance with the terms and conditions hereof.
- (b) Construction contract or contracts shall require that the Contractor furnish a performance bond (contracts exceeding \$100,000.00) and a payment bond (contracts exceeding \$25,000.00). The bonds must be executed by a corporate surety company authorized to do business in the state of Texas and City must approve such bonds before any work is commenced. The contract(s) shall contain a provision where Contractor agrees to indemnify, hold harmless and defend City, its officers, agents and employees, from and against liability for any claims, liens, suits, demands, and/or actions for damages, injuries to persons (including death), property damage and expenses arising out of the Contractor's work and activities conducted in connection with said contract. C3 Air Works shall provide original signed copies of payment and performance bonds and construction contract(s) prior to actual construction.
- (c) C3 Air Works shall require the construction contractor(s) to carry insurance in the same amounts required of contractors doing business with City; and, City shall be an additional insured on each of the policies. Moreover, the City Representative shall receive at least thirty (30) days' notice of cancellation of any of the contractor's insurance policies.

Section 4.06: Rights to Remove Certain Property. C3 Air Works shall be entitled during the Term of this Lease to remove from the Leased Premises any furnishings, equipment, Trade Fixtures and other personal property installed or placed on the Leased Premises by C3 Air Works which are being replaced or which are not required in the operation of its business or in order to

comply with any provision of this Agreement and which can be removed without structural damage to the Leased Premises and which, by law, have not become a part of the realty subject, however, to any valid lien the City may have for unpaid rentals or amounts payable by C3 Air Works to the City and provided that C3 Air Works shall have repaired all damage resulting from such removal to the reasonable satisfaction of City.

Section 4.07: Compliance Standards. All Parties hereto agree to comply with any and all applicable laws, rules, and regulations, including the Airport Standards and Airport Standards adopted by the City, and those of the FAA, Texas Commission on Environmental Quality, United States Environmental Protection Administration, and TxDOT. During the Term of this Agreement, C3 Air Works shall not permit the Leased Premises to be used for any unlawful or improper purpose.

Division five. Obligations of C3 Air Works.

Section 5.01: Maintenance of Leased Premises at C3 Air Works Expense.

- (a) C3 Air Works agrees that it will, at its sole expense, to maintain in a first-class condition and in a good state of repair, normal wear and tear excepted, at all times, the Leased Premises and make all necessary repairs to or replacements of the Improvements and otherwise maintain the entire Leased Premises in good condition and repair. The City shall be the sole judge of the quality and sufficiency of C3 Air Works maintenance and repairs. For purposes of this Agreement C3 Air Works responsibility to maintain the entire Leased Premises shall include, but shall not be limited to, the duty to each and every of the following:
 - (i) Keep at all times in a clean and orderly condition and appearance the Leased Premises, and all of C3 Air Works fixtures, equipment and personal property which are located on any part of the Leased Premises which is open to or visible by the general public.
 - (ii) Maintain and keep in good repair (and make any necessary replacements of) all plumbing, electrical, heating, ventilating, air conditioning, and other equipment located upon or serving all or any part of the Leased Premises.
 - (iii) Maintain and keep in good repair (and make any necessary replacements of) the interior and exterior of the Leased Premises, including all walls, ceilings, roofs, building doors, siding, gutters and downspouts, exterior portions (including apron surfaces) and all other structural elements of the Leased Premises,
 - (iv) Provide and maintain heat in the Leased Premises reasonably sufficient to protect the Leased Premises against freezing.
 - (v) Provide and maintain all obstruction lights and similar devices, fire protection and safety equipment and all other equipment required by laws

rule, order, ordinance, resolution, or regulation of any competent authority, including the City and City Representative.

- (iii) Observe all regulations and requirements of insurance on the Leased Premises concerning the use and condition thereof for the purpose of reducing fire hazards and insurance rates on the Airport.
 - (iv) Repair any damage caused by C3 Air Works to paving or other surfaces of the Leased Premises caused by any oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect thereon.
 - (v) Be responsible for the maintenance and repair of all utility service lines placed on the Leased Premises and used by C3 Air Works exclusively, including but not limited to, water lines, gas lines, electrical power and telephone conduits and lines, sanitary sewers and storm sewers.
 - (vi) Cause all vehicles and equipment operated by C3 Air Works on the Airport to be kept and maintained in a safe condition and in good repair in accordance with the uniform standards applicable to all Airport tenants, as established from time to time by the City Representative.
 - (vii) Return the Leased Premises at the expiration or termination of this lease in good and broom clean condition and repair, reasonable wear and tear excepted.
 - (viii) **C3 Air Works further agrees that it shall at all times take reasonable precautions on behalf of, and be solely responsible for, the safety of its officers, agents, employees, customers, visitors, and other persons, as well as their property, while in or on the Leased Premises. It is expressly understood and agreed that the City shall not be liable or responsible for the negligence of C3 Air Works, its agents, servants, employees, customers, and visitors.**
- (b) If either: (i) C3 Air Works does not make the repairs it is obligated to make to the Leased Premises as required under this Section within twenty (20) days after receipt of written notice from City, or (ii) City, in its discretion, determines that emergency repairs to the Leased Premises are necessary, then in either such event, City may itself make such repairs without liability to C3 Air Works for any loss or damage that may occur to C3 Air Works merchandise, fixtures or equipment or to C3 Air Works business by reason thereof; and upon completion of such repairs C3 Air Works shall pay as additional rent hereunder, the costs incurred by City in making such repairs within fifteen (15) days after demand for payment.
- (c) Without diminishing C3 Air Works maintenance and repair obligations under this Section, the Parties agree that should grant funding (such as TxDOT Ramp Grants),

or other funds, become available to City for the maintenance of the Leased Premises, City, may, but shall not be obligated to, use such funding to perform maintenance on the Leased Premises.

Section 5.02: Shared Space. Notwithstanding any other provision herein to the contrary, the Leased Premises shall include the restroom and shower facilities shown on Exhibit “A” as “Shower and Bathroom Shared Use”. Lessee shall have the obligation to maintain said restroom and shower facilities and allow reasonable access to said facilities to the City’s Fixed Base Operator, currently Crosby Flying Services, LLC.

Section 5.03: C3 Air Works Activities. C3 Air Works shall conduct its Aircraft Maintenance activities on the Leased Premises in an orderly and proper manner so as not to unreasonably annoy, disturb, endanger or be offensive to others at the Airport. Additionally, C3 Air Works covenants and agrees it shall:

- (a) Install, operate, maintain, repair, and store all equipment necessary for the conduct of the Aircraft Maintenance business subject to the approval of the City.
- (b) Use, with others so authorized, any common areas or equipment on the airport including, but no limited to, the runways, taxiways, public aircraft and auto parking aprons, roadways, and navigational aids.
- (c) Upon termination of this Agreement, return any leased property to the City in the same condition as it was at the start of this Agreement, normal wear excluded. Any improvements or additions made to real property during the Term of the lease will become property of the City at the termination of this Agreement.
- (d) Submit to and abide by periodic safety inspections by the City, the FAA and/or the Texas Department of Transportation.
- (e) Maintain the Leased Premises and the interior and exterior of any leased or constructed buildings to an acceptable standard.
- (f) Monitor and communicate all known maintenance needs to the City on the runway, taxiway, ramp and any associated lighting/navigation aids owned by the City; parking lots and perimeter roads; on-site stormwater facilities.
- (g) Remove and properly dispose of any trash from the Leased Premises.
- (h) Notify and gain approval of the City of any intended reduction of services which are included in the Aircraft Maintenance Services Agreement.
- (i) Furnish all applicable services in a fair, equal, and nondiscriminatory manner to all airport users.
- (j) Abide by any and all rules, grant assurances, requirements, or mandates placed

upon the City by the FAA or State of Texas.

- (k) Take all reasonable measures to ensure C3 Air Works activities or C3 Air Works installation, maintenance and operation of machinery, antennas or any other equipment does not produce interference with: (i) the operation of the Airport by the City, the Federal Aviation Administration, or other users; or (ii) the air navigational, communication or flight equipment on the Airport, or on aircraft using the Airport; (iii) or with ground transportation communication.
- (l) Exercise reasonable control over the conduct, demeanor and appearance of its officers, members, agents, employees, invitees and of those doing business on the Airport, as applicable.
- (m) Not do, nor permit to be done, anything which may interfere with the effectiveness or accessibility of the drainage system, sewage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located on the Leased Premises.
- (n) Prevent the presence, use, generation, release, discharge, storage, disposal, or transportation of any hazardous materials on, under, in, above, to or from the Leased Premises other than in strict compliance with all applicable federal, state and local laws, regulations, ordinances and orders. For purposes of this paragraph, "Hazardous Materials" shall refer to any substances, materials and wastes that are or become regulated as hazardous or toxic substances under any applicable federal, state, and local laws, regulations, ordinances, and orders.

Further, C3 Air Works shall defend, indemnify, and hold harmless the City and its officers, agents, and employees from and against any loss, cost, expense, claim, or liability arising out of any investigation, monitoring, clean-up, containment, removal, storage or restoration work required by or incurred by the City or any other entity or person in a reasonable belief that such work is required by any applicable federal, state or local law.

Section 5.04. Taxes, Charges, Utilities, Liens.

- (a) C3 Air Works shall pay all taxes that may be levied, assessed, or charged upon C3 Air Works leasehold estate or C3 Air Works leasehold improvements and personal property present in the Leased Premises by the State of Texas or any of its political subdivisions or municipal corporations and shall obtain and pay for all licenses and permits required by law.
- (b) City shall pay for all water, gas, electricity, garbage, and sewer charges and Lessee shall pay for all other utilities furnished to the Leased Premises, if applicable.
- (c) C3 Air Works shall neither cause or permit any laborers, mechanics, builders, carpenters, materialmen, contractors or other liens or encumbrances (including judgment and tax liens) against the Leased Premises provided, however, that C3 Air Works may, at its own expense, in good faith contest the validity of any alleged or asserted lien and may permit any contested lien to remain unsatisfied and

undischarged during the period of such contest and only appeal therefrom unless by such action any part of the Leased Premises may be subject to loss or forfeiture, in any of which events such lien shall be promptly satisfied and released in full.

Section 5.05: Restoration of Airport Property. In the event it shall be necessary for C3 Air Works to disturb any paved area or any other property on the Leased Premises or at any other place on the Airport by excavation or otherwise for the purpose of construction, making repairs, replacements or alterations to the Leased Premises, C3 Air Works shall obtain from City all required permits and shall restore all such properties and paved areas excavated or otherwise disturbed to a condition at least as good as that in which they were prior to such work.

Section 5.06: Surrender and Holding Over.

- (a) Upon the expiration or termination of this Agreement pursuant to any terms hereof, C3 Air Works shall surrender the Leased Premises to the City in a good state of repair and preservation, excepting ordinary wear and tear. All equipment, Trade Fixtures and other personal property installed or placed by C3 Air Works on the Leased Premises which have not been removed by C3 Air Works prior to the expiration or termination of this Agreement shall be deemed to be abandoned by C3 Air Works and title thereto shall vest in the City provided, however, C3 Air Works shall not abandon any of its property on the Leased Premises without the written consent of the City Representative. All Leased Premises damaged by or as a result of the removal of C3 Air Works property shall be restored at C3 Air Works expense to the same or better condition than existed prior to such damage.
- (b) Any holding over of the Leased Premises or any part thereof by C3 Air Works after the expiration or termination of this Agreement shall be on a month-to-month basis. C3 Air Works monthly rental obligation during such period of holding over shall be calculated to equal two (2) times the monthly rental in the last month of the Term.

Section 5.07: Acknowledgments. Notwithstanding any other provisions or terms of this Agreement to the contrary, including C3 Air Works' right to quiet enjoyment, C3 Air Works and City acknowledge the following:

- (a) The Airport is subject to federal storm water regulations, 40 C.F.R. Part 122, for "vehicle maintenance shops" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing operations that occur at the Airport, as defined in these regulations, and state law concerning the prohibition against water pollution, as provided for in Tex. Water Code Ann. 26.121, as amended. C3 Air Works further acknowledges that it is familiar with these storm water regulations, that it conducts or operates "vehicle maintenance" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing activities as defined in the federal storm water regulations; and that it is aware that there are significant penalties for submitting false information, including fines and

imprisonment for knowing violations; and

- (b) Close cooperation is necessary to ensure compliance with any storm water discharge permit terms and conditions, as well as to ensure safety and to minimize costs. C3 Air Works acknowledges that, as discussed more fully below, it may be required to undertake to minimize the exposure of storm water (and snow melt) to Significant Materials generated, stored, handled or otherwise used by C3 Air Works, as defined in the federal storm water regulations, by implementing and maintaining "Best Management Practices;" and
- (c) The Airport's storm water discharge permit, and any subsequent renewals, is incorporated by reference into this Agreement for all purposes as if transcribed word for word herein.

Section 5.08: Permit Compliance.

- (a) City will provide C3 Air Works with written notice of the requirements contained in the Airport's storm water discharge permit which C3 Air Works will be obligated to perform from time-to-time, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water pollution prevention or similar plans; implementation of "good housekeeping" measures of Best Management Practices; and maintenance of necessary records. Such written notice shall include applicable deadlines. C3 Air Works, within seven (7) days of receipt of such written notice, shall notify City in writing if it disputes any of the storm water discharge permit requirements it is being directed to undertake. If C3 Air Works does not provide such timely notice, it is deemed to assent to undertake steps necessary to comply with such requirements.
- (b) C3 Air Works agrees to undertake, at its sole expense, unless otherwise agreed to in writing between City and C3 Air Works, those storm water discharge permit requirements for which it has received written notice from the City. C3 Air Works warrants that it shall meet any and all deadlines that may be imposed on or agreed to by City and C3 Air Works.
- (c) City agrees to provide C3 Air Works, at its request, with any non-privileged information collected and submitted to any governmental authorities pursuant to applicable storm water regulations.
- (d) C3 Air Works agrees that the terms and conditions of the Airport's storm water discharge permit may change from time-to-time and hereby appoints the City as its agent to negotiate with the appropriate Governmental Authorities any such permit modifications.
- (e) City will give C3 Air Works written notice of any breach by C3 Air Works of the Airport's storm water discharge permit or the provisions of this Section. Such a

breach is material, and, if of a continuing nature, City may terminate the Lease pursuant to the terms of this Agreement, if the breach is not promptly cured by C3 Air Works. C3 Air Works agrees to cure any such breach requiring time to comply within ten (10) days' of receipt of written notice by the City of such breach. For circumstances requiring immediate action for safety purposes, C3 Air Works agrees to immediately comply upon verbal or written notice.

- (f) C3 Air Works agrees to participate in any Airport-organized task force or other work group established to coordinate storm water activities at the Airport.

Division six. Rights and Obligations of City.

Section 6.01: City's Rights of Entry to Leased Premises. The City shall have the right to enter upon the Leased Premises as stated in the provisions of Article III of the Master Agreement entitled "*Right of Entry*". Without limitation to the foregoing, the City, by its officers, employees, agents, representatives, contractors and furnisher of utilities and other services, shall have the right, at its own cost and expense, whether for its own benefit or for the benefit of others than C3 Air Works at the Airport, to maintain existing and future utility, mechanical, electrical or other systems and to enter upon the Leased Premises at all reasonable times to make such repairs, replacements or alterations thereto as may, in the opinion of the City, be deemed necessary or advisable and from time-to-time, to construct or install over, in or under the Leased Premises, such systems or parts thereof and in connection with such maintenance, use the Leased Premises for access to other parts of the Airport otherwise not conveniently accessible provided, however, that in the exercise of such right of access, repair, alteration or new construction, the City shall not unreasonably interfere with the actual use and occupancy of the Leased Premises by C3 Air Works and shall return the Leased Premises to their prior condition without expense to C3 Air Works.

It is specifically understood and agreed that the reservation of the aforesaid right by the City shall not impose, or be construed to impose, upon the City any obligation to repair, replace or alter any utility service lines now or hereafter located on the Leased Premises.

Section 6.02: Operation, Maintenance and Expansion of Airport by the City.

- (a) The City agrees to operate, maintain, and keep in good repair the areas and facilities at the Airport for the public and C3 Air Works in accordance with the practices of a reasonably prudent airport operator. The City agrees to use reasonable efforts to keep the Airport free from obstructions and to do all things reasonably necessary for the safe, convenient and proper use of the Airport by those who are authorized to use the same. The City agrees to maintain and operate the Airport in accordance with all applicable standards, rules, and regulations.
- (b) The City may expand and improve the Airport as it, in its sole judgment, may deem necessary to provide required facilities in the interest of the public and the City.
- (c) The City shall have the right, but not the obligation, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport,

together with the right to direct and control all activities of C3 Air Works in this regard.

Division seven. Liability, Indemnification, Insurance and Condemnation.

Section 7.01: Liability. The City shall not be liable for its failure to perform any of the obligations under this Agreement or for any delay in the performance thereof, nor shall any delay or failure be deemed a default by the City when such failure or delay is the result of any cause beyond its reasonable control or jurisdiction. In any such case, a promptly written notice will be given by the City to C3 Air Works of the existence of such cause and of readiness to resume performance upon the removal or termination thereof provided, however, that in every instance where the operation of the Airport and its facilities shall be wholly or partially suspended because of fires, storms, riots or acts of God, the City will proceed with due diligence and insofar as it has funds available to do so, to repair and restore the Airport and its facilities to such conditions as will permit its use and enjoyment as a commercial airport.

Section 7.02: Insurance of the Leased Premises. In addition to the general insurance requirements stated in the Master Agreement, insurance requirements specific to the Leased Premises are as follows:

- (a) *Improvements.* Any improvements upon the Leased Premises shall be insured at all times during the Term of this Agreement by C3 Air Works under a “Fire and Extended Coverage” policy issued by a insurance company meeting the requirement of the Master Agreement. All such insurance policies on the Leased Premises shall name as insured thereunder the City and C3 Air Works.
- (b) *Reconstruct/Repair.* In the event the Leased Premises or a substantial part thereof is damaged or destroyed by an insured casualty, C3 Air Works shall, at its sole cost, reconstruct or repair the improvements and the insurance proceeds shall be applied to the reconstruction or repair of the improvement, C3 Air Works shall pay any deficiency between the cost of reconstructing or repairing the improvements to its state prior to such loss and the proceeds. The facilities shall be reconstructed or repaired, either in accordance with the original plans and specifications or in accordance with the new or modified plans and specifications jointly approved by the City and C3 Air Works. Before any repair or reconstruction under this paragraph, C3 Air Works shall submit plans and specifications to the City for approval as provided for herein and in accordance with all City Codes.

Section 7.03: Condemnation/Substantial or Partial Taking.

- (a) If the Premises cannot be used for the purposes contemplated by this Agreement because of condemnation or purchase in lieu of condemnation, this Agreement will terminate.
- (b) If there is a condemnation or purchase in lieu of condemnation and this Agreement is not terminated, the City will, at the City's expense, restore the Leased Premises,

and the Rent payable during the unexpired portion of the Term will be adjusted as may be fair and reasonable.

- (c) C3 Air Works will have no claim to the condemnation award or proceeds in lieu of condemnation.

Division eight. Events of Default and Remedies.

Section 8.01: Default by C3 Air Works. Events of default by C3 Air Works shall include any of the following:

- (a) C3 Air Works failure to pay any rent within ten (10) days of the date it receives written notice from the City that such rent is past due;
- (b) C3 Air Works failure to observe and perform any covenant, condition or agreements under the Master Agreement, or any Component Agreement thereto, on its part to be performed, other than as referred to in subsection (a) for a period of ten (10) days after receipt of written notice from the City specifying such failure and requesting that it be remedied;
- (c) C3 Air Works Abandonment or desertion of the Leased Premises for any period of time exceeding thirty (30) consecutive calendar days;
- (d) The filing of any lien against the Leased Premises or C3 Air Works interest therein in violation of this Agreement that shall remain unreleased for a period of sixty (60) days from the date of such filing unless, within said period, C3 Air Works makes a good faith contest of the validity of such lien and while appropriately bonding the City's interest against the effect of the lien;
- (e) A receiver is appointed without Lessee's application or consent, in any action or proceeding by or against Lessee and such action or proceeding is not stayed or discharged within sixty (60) days after its commencement, or Lessee is involuntarily made a party to any insolvency proceeding conducted pursuant to the laws of any state or of a political subdivision of any state and such proceeding is not stayed or discharged within sixty (60) days after its commencement, or Lessee involuntarily becomes a debtor in any case commenced under the provisions of the United States Bankruptcy Code, as amended and such case is not stayed or discharged within sixty (60) days after its commencement; or
- (e) The dissolution or liquidation of Lessee or the filing by Lessee of a voluntary petition in bankruptcy or failure by the Lessee promptly to remove any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises.

Section 8.02: Remedies on Default. Whenever any event of default referred shall have occurred, the City may take any one or more of the following remedial steps:

- (a) The City may re-enter and take possession of the Leased Premises of C3 Air Works without terminating this Agreement and sub-lease the interest of C3 Air Works to any party or operate the same on behalf of C3 Air Works. In either case, holding C3 Air Works liable for the difference, if any, between the rents and other amounts payable by C3 Air Works hereunder and the rents and other amounts payable by such sub-leasing. In retaking possession, the City shall have the right to remove and store anything on the premises.
- (b) After thirty (30) days' written notice to C3 Air Works, the City may terminate this Agreement, exclude C3 Air Works from possession of the Leased Premises and shall use its best effort to lease C3 Air Works interest therein to another party for the account of City holding C3 Air Works liable for all rents and other amounts due under this Agreement and not paid by such other party.
- (c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due from C3 Air Works or to enforce performance and observance of any obligation, agreement or covenant of C3 Air Works under this Agreement.
- (d) If the City and C3 Air Works disagree with respect to C3 Air Works obligations to pay money under this Agreement, C3 Air Works may pay the amount under protest and such payment shall not prejudice C3 Air Works right to recover the disputed amount if it is determined that such payment was not due.

Section 8.03: Non-Exclusive Remedy. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement.

Division nine. Assignment and Subletting.

Section 9.01, In addition to the requirements of the section found in Article III of the Master Agreement entitled "*Assignment and subletting*", if the Leased Premises are occupied by anybody other than C3 Air Works, as provided in the Master Agreement the City may terminate this Agreement. Alternatively, the City may collect rent from any assigns, sub-lessee or anyone who claims a right to the Aircraft Maintenance Services Agreement or who occupies the Leased Premises and the City shall apply the net amount collected to the rental herein reserved but no such collection shall be deemed a waiver by the City of any of the covenants contained in the Agreement, or any component thereof, nor an acceptance by the City of any such assignee or sub-lessee.

Division ten. Brokers.

Section 10.01: Brokerage. C3 Air Works represents and warrants that no brokers have been concerned on their behalf in the negotiation of this Agreement and that there are no such brokers

who are or may be entitled to be paid commissions in connection herewith. C3 Air Works shall hereby indemnify and save harmless the City of and from any claim for commission or brokerage made by any such brokers when such claims are based in whole or in part upon any acts or omissions by C3 Air Works.

(The remainder of this page intentionally blank and the Aircraft Maintenance Services Agreement follows.)

**Article V.
Aircraft Maintenance Services Agreement**

Division one. Use of Airport.

Section. 1.01 Leased Premises. City and C3 Air Works understands and agrees that C3 Air Works Operations, as described in Division four herein, are to be conducted from the Leased Premises.

Section 1.02 Public Areas. C3 Air Works 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 constructed on or appurtenant to the Airport, including the use of landing areas, runways, taxi ways, navigational aids and aircraft parking areas as designated by City. C3 Air Works permitted use of any of these areas shall be at the discretion of City and subject to change to facilitate the general development and operations, or both, of the Airport and to comply with FAA or other regulatory agency directives.

Section 1.03 Reservation of Rights. City reserves the right to take any action it considers necessary to protect the airspace and approaches of the Airport against obstruction, together with the right to prevent C3 Air Works from erecting, or permitting to be erected or located, any light fixture, building, object or structure on the Leased Premises, the Public Area or adjacent to the Airport which, in the opinion of City, would limit the usefulness of the Airport or constitute a hazard to aircraft

Division two. Term.

Section. 2.01 Term and Renewal. Shall be subject to the provisions of Article III of the Master Agreement entitled “*Term*”.

Division three. Payments.

Section 3.01 Payments by C3 Air Works to City. In addition to the Rental fees and charges stated in the Lease Agreement C3 Air Works agrees to make payment to City of all fees stated in Fee Schedule.

Section 3.02 Method of Payment.

- (a) *Time of Payment.* The payments specified herein shall be paid to City as provided in the Fee Schedule.
- (b) *Failure to Pay Charges.* In the event C3 Air Works fails to make timely payment of any fee or payment due and payable in accordance with the terms of this Agreement C3 Air Works agrees to pay Late Fees as provided in the Fee Schedule. Notwithstanding the foregoing, City shall be permitted to terminate this Agreement for default in the payment of any of the any fee or payment due and payable to City in accordance with the terms of this Agreement, or from enforcing any other

provisions contained herein or implied by law.

- (e) *Independent Covenant.* C3 Air Works shall not, for any reason, withhold or reduce C3 Air Works required payments provided in this Agreement, it being expressly understood and agreed by the parties that the payments described herein are a covenant by C3 Air Works that is independent from the other covenants of the parties hereunder.

Division four. Operations.

The Parties acknowledge and agree that a primary purpose for the City to offer C3 Air Works this Agreement is to insure that the Airport's aviation public's service needs (as described in Section 4.01) are adequately met. C3 Air Works failure to adequately address such service needs shall be cause for non-renewal or early termination of this Agreement. Such services shall be provided in accordance with Sections 4.01, 4.02, and 4.03 below:

Section 4.01 Services. In accordance with the Airport Standards, C3 Air Works agrees to provide, and City hereby grants C3 Air Works, the right to engage in and, as specified below, shall furnish all aeronautical activities and services that follow:

- (a) Monitoring and communicating maintenance needs on the airfield; and
- (b) Upon request by the City, emergency service to disabled general aviation aircraft within normal business hours (i.e. towing/transporting disabled aircraft); and
- (c) Avionics repair; and
- (d) General aviation piston engine airplane maintenance, repair and service, with inspection authority.

In its performance of the above-mentioned aeronautical activities and services C3 Air Works shall employ the appropriate number of properly trained and/or certified personnel to provide satisfactory Aircraft Maintenance service. Moreover, C3 Air Works shall maintain on-call staff available after normal operating hours to provide said aeronautical activities and services. If, at any time during the Term of this Agreement, C3 Air Works is unable to provide the above-mentioned aeronautical activities and services, in the manner prescribed herein, C3 Air Works shall immediately provide written notice to the City, explaining the circumstances, including C3 Air Works plan to remedy the deficiency. If C3 Air Works fails to remedy the deficiency within a period of three (3) continuous months following the provision of such notice to the City, C3 Air Works shall be considered to be in default of the terms and conditions of this Agreement.

Section 4.02 Hours/Days of Operation. C3 Air Works shall provide aircraft maintenance services at the Airport five (5) days per week (Monday – Friday), excluding federal holidays, during reasonable and consistent business hours. Any proposed changes to the standard operating schedule, including temporary closures beyond normal non-business days, must receive prior written approval from the City. Operating hours may not be reduced or modified without the City's written consent, except during periods when Airport access is restricted or operations are prohibited by lawful authority.

Section 4.03 Operating Standards. The Airport Standards shall constitute the Airport operating standards to be met by C3 Air Works in order to conduct any aeronautical activity or endeavor at the Airport. C3 Air Works agrees that all aeronautical activities authorized under this Agreement and engaged in by C3 Air Works shall be performed in accordance with the said Airport Standards, including such amendments thereto as may be adopted by City from time to time. In addition to the Airport Standards, C3 Air Works shall comply with the following:

- (a) *Standard Requirements for All Services.* In providing any of the required services or activities specified herein, C3 Air Works shall operate for the use and benefit of the public, and shall meet or exceed the following standards:
 - (1) C3 Air Works shall furnish service on a fair, reasonable and not unjustly discriminatory basis to all users of the Airport. C3 Air Works shall furnish good, prompt and efficient service adequate to meet all reasonable demands for the services at the Airport.
 - (2) C3 Air Works shall charge fair, reasonable, and nondiscriminatory prices for each unit of sale or service; provided, however, that C3 Air Works may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers or based aircraft.
- (b) *Manager.* C3 Air Works shall select and appoint a full-time manager for its operations at the Airport.
 - (1) The manager shall be qualified in experience and vested with full power and authority to act in the name of C3 Air Works with respect to the method, manner and conduct of the operation of the Aircraft Maintenance operation services to be provided by C3 Air Works. The manager shall be available at the Airport during regular business hours. In the manager's absence, a duly authorized and experienced subordinate shall be in charge and available at the airport.
- (c) *Supervision.* C3 Air Works shall control the conduct, demeanor and appearance of its employees, agents, vendors and contractors, who shall be trained by C3 Air Works and shall possess such technical qualifications and hold such certificates or qualifications, or both, as may be required in carrying out assigned duties. It shall be C3 Air Works responsibility to maintain close supervision over its employees and contractors to assure a high standard of service to C3 Air Works customers.
- (d) *Compliance.* C3 Air Works shall comply with all Federal, State, and local laws, as well as any standards set forth in any adopted Airport Master Plan or standards and regulations which may apply to the conduct of C3 Air Works business, and as may be amended from time to time, including rules and regulations promulgated by City. C3 Air Works shall keep in effect and post in a prominent place all necessary and/or required licenses, certificates and permits.

- (e) *Vendors*. It is expressly understood and agreed that, in providing the services required under this Agreement, C3 Air Works shall have the right to choose, at its sole discretion, its vendors and suppliers.
- (f) *Signs*. C3 Air Works shall have the right, at its expense, to place in or on the Leased Premises, one or more signs identifying C3 Air Works. Such signs shall conform to City's Sign Ordinance, and shall be of a size, shape and design and at one or more locations approved by City. City's approval shall not be unreasonably withheld. Additionally, C3 Air Works may install two sign panels (one of each side of the sign) on the main Airport sign located along Hwy 281 South. The City shall waive the rental fee for the said signage. At the termination of this Agreement, C3 Air Works shall remove, at its expense, all lettering, signs and placards erected on the Airport.
- (g) *Non-exclusivity*. It is not the intent of this Agreement to grant C3 Air Works the exclusive right to provide any or all of the services described herein at any time during the Term of this Agreement. Nothing herein shall preclude City from granting to others certain rights and privileges at the Airport which are similar in part or in whole to those granted to C3 Air Works. However, City does covenant and agree that it shall enforce, without discrimination or partiality, all Airport Standards or requirements for all aeronautical endeavors and activities conducted at the Airport, and will not allow the conduct of any commercial aeronautical endeavor or activity at the Airport by any person or firm except under an Agreement approved by City.
- (h) *Third parties*. C3 Air Works shall not contract out to a third party the performance of any of the aeronautical activities or services required under the Agreement or engage in any business or activity at the Airport other than those specifically authorized under this Agreement, unless otherwise approved, in writing, by City.

Division five. Property Standards.

Section 5.01 Maintenance and Repair. C3 Air Works agrees to maintain in a first-class condition and in a good state of repair, normal wear and tear excepted, at all times, the Leased Premises as required by the Lease Agreement.

Section 5.02. Custodial Responsibilities. C3 Air Works shall be responsible for the cleaning and custodial maintenance of the Leased Premises.

Section 5.03. Open Area Maintenance. City shall be responsible for maintenance of the portion of the Airport outside the limits of the Leased Premises. C3 Air Works understands that City's primary maintenance action for the open areas shall be annual controlled burning and/or mowing of the area. City shall notify C3 Air Works prior to any scheduled maintenance of the open area.

Section 5.04. Personal Property. Any personal property of C3 Air Works or others placed at the

Leased Premises shall be at the sole risk of C3 Air Works or the owner's thereof, and City shall not be liable for any loss or damage thereto, irrespective of the cause of such loss or damage. C3 Air Works hereby releases City, for itself and any of its insurers, and waives all rights of subrogation or recovery for such damage, destruction, or loss.

Division six. Rights of the Parties under this Aircraft Maintenance Services Agreement.

Section 6.01 Rights Reserved to City. The rights and privileges granted to C3 Air Works under this Agreement are subject to the following reservations and conditions:

- (a) *Adverse Use.* City expressly reserves the right to prevent any use of the property which would interfere with or adversely affect the operation and maintenance of the Airport, or otherwise constitute an airport hazard.
- (b) *Improvements.* City reserves the right to further develop or improve the Airport and all publicly owned air navigation facilities of the Airport as it sees fit, regardless of the views or desires of C3 Air Works, and without interference or hindrance. City may approve the C3 Air Works placement of buildings, parking areas, or equipment to assure such development is accomplished in an orderly fashion and does not impede the future development or expansion of the airport as shown on an FAA or Texas Department of Transportation approved Airport Layout Plan or Master Plan.
- (c) *Utilities.* City shall have the right, without cost to C3 Air Works, to install and maintain in, on or across the Leased Premises, including but not limited to: sewer, water, gas, electric, telephone lines, other utilities and streets or other installations necessary to the operations of the Airport, or to service other users of the Airport; provided, however, that City shall carry out all such work and locate any above-ground structures in a manner so as not to unreasonably interfere with C3 Air Works activities.
- (d) *Aircraft Maintenance Services.* City may enter into contracts with other Aircraft Maintenance service providers to operate similar or competitive businesses at the airport without regard to the wishes or desires of existing Aircraft Maintenance services provider's.

Section 6.02 C3 Air Works Rights. C3 Air Works shall have the following rights:

- (a) In common with others so authorized, to use common areas of the Airport, including runways, taxi ways, aprons, roadways, flood lights, landing lights, signals and other conveniences for the take-off, flying and landing of aircraft.
- (b) In common with others, the non-exclusive use of the Airport parking areas, appurtenances and improvements thereon, but this shall not restrict the right of City to charge visitors a fee for the use of such areas.
- (c) To install, operate, maintain, repair and store, subject to approval of City, in the

interests of safety and convenience of all concerned, all equipment necessary for the conduct of C3 Air Works business.

- (d) To have access to and from the Leased Premises, limited to streets, driveways or sidewalks designed for such purposes by City, and which right shall extend to C3 Air Works employees, passengers, guests, invitees and patrons.
- (e) To sell, oil and other lubricants in and on the premises, to maintain and operate full aircraft servicing facilities, sell aircraft, engines, accessories and parts, a repair shop for the repairing and servicing of aircraft engines, instruments, propellers and accessories in connection with C3 Air Works business. The right to conduct these activities shall apply to aircraft owned by other persons as well as aircraft belonging to C3 Air Works.

Section 6.03 Non-Exclusive Rights. C3 Air Works shall have the right and privilege of engaging in and conducting the businesses previously described on the Airport premises under the terms and conditions set forth in this Agreement; provided, however, that this Agreement shall not be construed in any manner to grant C3 Air Works or those claiming under C3 Air Works the exclusive right to the use of the airport premises and facilities of the Airport other than those premises under C3 Air Works exclusive control.

Section 6.04 Rights of Other Aircraft Owners or Operators. It is clearly understood by C3 Air Works 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 employees (including, but not limited to, maintenance and repair) that it may choose to perform.

Division seven. Financial Disclosure.

Section 7.01. Financial Capability. C3 Air Works shall furnish such evidence as may be reasonably requested by City to show that C3 Air Works is financially capable of providing the services set forth in this Aircraft Maintenance Services Agreement.

Section 7.02. Books and Records. Intentionally deleted.

Section 7.03 Annual Statement. For the purposes of demonstrating compliance with Division four, herein, within sixty (60) days after the end of each Fiscal Year, C3 Air Works shall furnish to City a statement of gross sales generated during the preceding Fiscal Year, specified as follows: (i) total gross sales; (ii) sales to C3 Air and other partially or wholly owned subsidiaries; (iii) and gross sales to the general public. Said Annual Statement shall contain a statement of compliance with this Agreement and shall be certified by an officer of C3 Air Works as to its correctness.

Section 7.04 City Audit. City reserves the right to audit said statements and Crosby's books and records, including examination of the general ledger and all other supporting material, at any reasonable time during business hours, for the purpose of verifying the reported sales and gross receipts. If an audit establishes that C3 Air Works has not met their requirements under

specifically Division four herein, or generally any other provision of this Agreement, and C3 Air Works fails to cure such infirmity within 30 days of receipt of written notice from the City, the City may terminate this Agreement.

Section 7.05 Disputes. Intentionally deleted.

Division eight. Environmental warranties.

Section 8.01 Environmental Regulations. C3 Air Works hereby expressly warrants, guarantees and represents to City that:

- (a) C3 Air Works shall, acting in good faith and to the best of its ability, familiarize itself with all Federal, State, regional and local governmental laws, ordinances, regulations, orders and rules, without limitation, which govern or which in any way apply to the direct or indirect results and impacts to the environment and natural resources due to, or in any way resulting from, the conduct of C3 Air Works of its operations. C3 Air Works agrees to keep informed of and comply with future changes in environmental laws, regulations and ordinances.
- (b) With respect to its operations and activities, C3 Air Works shall assume and accept full responsibility and liability for compliance with all applicable Federal, State and local laws, regulations and ordinances protecting the environment and natural resources and all rules and regulations promulgated or adopted in accordance with these rules from time to time.
- (c) Prior to commencement of any operations under this Agreement, C3 Air Works shall secure any and all permits and properly make all necessary notifications as may be required by and to all governmental agencies having jurisdiction over any portion of the subject matter hereof.
- (d) C3 Air Works, as well as its employees, agents, contractors and all persons working for or on behalf of C3 Air Works, shall be fully and properly trained in the handling and storage of all hazardous and toxic waste materials and other pollutants and contaminants involved in its operations.
- (e) C3 Air Works shall supply City with satisfactory evidence of all such required permits and notifications.
- (f) C3 Air Works shall cooperate with any investigation, audit or inquiry by City or any governmental agency regarding possible violation of any environmental law or regulation. If City conducts an investigation, audit or inquiry, and the results of such action show that C3 Air Works is in compliance with applicable Federal, State and local laws, regulations, ordinances, rulings, orders and standards, the cost of such investigation, audit, or inquiry shall be reimbursed to C3 Air Works.
- (g) If C3 Air Works is deemed to be a generator of hazardous waste, as defined by

Federal or State law, C3 Air Works shall obtain an EPA identification number and the appropriate generator permit and shall comply with all Federal, State and local requirements imposed upon a generator of hazardous waste, including, but not limited to, insuring that the appropriate transportation and disposal of such materials are conducted in full compliance with the law.

- (h) C3 Air Works shall provide an accurate inventory list (including quantities) of any hazardous, toxic or other contaminated or polluted material in its possession, whether stored, disposed of or recycled, available at all times for inspection by City inspectors or Fire Department officials having jurisdiction for implementation of proper storage, handling or disposal procedures.
- (i) Any notice of violation or similar enforcement action or notice of noncompliance received by C3 Air Works shall be provided to City within 24 hours of receipt by C3 Air Works or its agent.

(The remainder of the page intentionally blank and signature page to follow.)

IN WITNESS WHEREOF, each of the parties has caused this instrument to be executed in its name and behalf by its duly authorized representative as of the date shown opposite their respective signatures below.

CITY OF BURNET, a Texas home rule municipality.

By: _____ Date: _____
David Vaughn, City Manager

Attest:

Maria Gonzales, City Secretary

C3 AIR WORKS, LLC, a subsidiary of C3 Air, a limited liability company formed in the State of Texas.

By: _____ Date: _____
Tres Clinton, Manager

Exhibit “A”
LEASED PREMISES

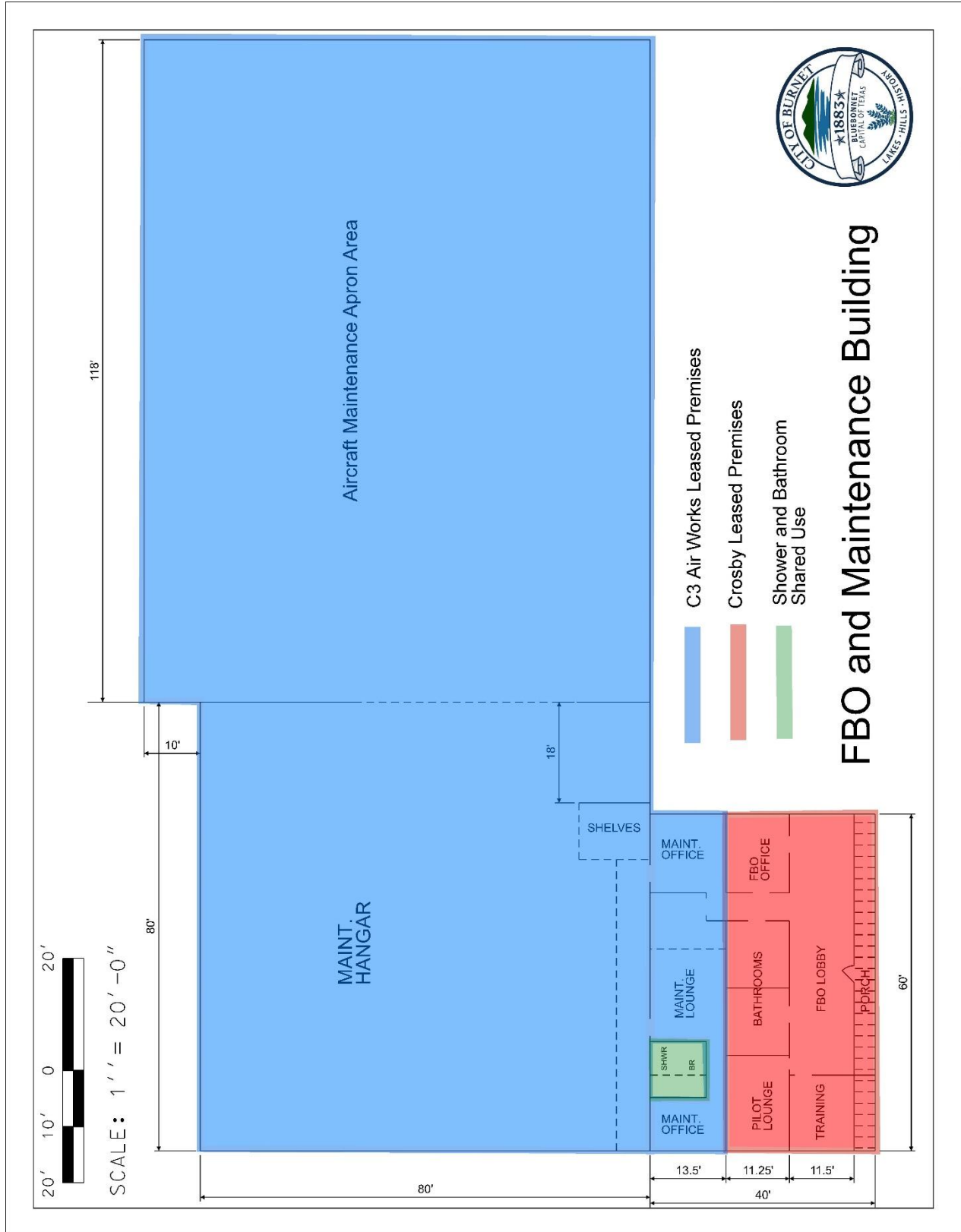


Exhibit “B”
FEE SCHEDULE

Exhibit “B”
Fee Schedule

This exhibit states the rents and fees C3 Air Works shall pay City to rent Airport Property and to provide Aircraft Maintenance services. Such rents and fees are as follows:

(1) Rents

Facility	Rent Amount	Frequency of payment
Leased Premises	\$2,410.00	monthly

Rent escalation: Beginning on the first twelve (12) month anniversary of The Commencement Date of the Lease and on each succeeding anniversary date hereafter for the term of the Lease and any renewals or extensions thereof, the rental rate for the Leased Premises shall increase 4% per annum over the rate charged for the immediately preceding twelve (12) months.

(2) Fees. Intentionally Deleted.

(3) Time of Payment and Report Submissions. All rental amounts as stated herein shall be paid monthly in advance on the first day of each month without demand in a sum equal to the monthly rental amount due hereunder. The rental amount is due on the first of the month and late on the tenth of the month.

(4) Place of Payment. All payments required of C3 Air Works by this Agreement shall be made in the form of an ACH transfer or check made payable to the City of Burnet and mailed to the following address:

City of Burnet
Att: Accounts Receivable
P.O. Box 1369
Burnet, Texas 78611

(5) Late Fee Charges.

- (a) **Late Fees.** In the event C3 Air Works fails to make timely payment of rent, that is due and payable in accordance with the terms of the Agreement within ten (10) days after such payment shall become due and payable, such unpaid monies shall bear interest at the rate provided for herein.
- (b) **Interest Rate.** Interest at the rate of one and one-half percent (1 1/2%) per month or a fraction thereof on the unpaid balance of rents or fees shall accrue against the delinquent payment from the date due until the date payment is received by City.