

AN ORDINANCE 2014-11-13-0926

AUTHORIZING A 25-YEAR LEASE WITH SAN ANTONIO SKY PLACE REAL ESTATE VENTURES, LLC AT THE SAN ANTONIO INTERNATIONAL AIRPORT FOR CONSTRUCTION OF A GENERAL AVIATION FEDERAL INSPECTION STATION FOR USE BY CUSTOMS AND BORDER PROTECTION AGENCY.

* * * * *

WHEREAS, San Antonio Sky Place Real Estate Ventures, LLC (Sky Place) has committed to expend approximately \$2,000,000.00 to construct a General Aviation Federal Inspection Station (GA FIS) for use by the United States Customs and Border Protection Agency (CBP); and

WHEREAS, the City and Sky Place have agreed to enter into a lease for a term of 25 years for 0.46 acres for the site of the GA FIS to be operated by the CBP, and for construction by the City of apron and taxiway improvements for access to the GA FIS; and

WHEREAS, the City has committed to pay up to \$427,127.00 for furniture, fixtures, and equipment for the GA FIS if the construction costs for the GA FIS exceed \$2,000,000.00, and to pay the costs of installation of lighting for the apron and taxiway improvements in the amount of approximately \$50,000.00; **NOW THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager or her designee is hereby authorized to execute the Lease with San Antonio Sky Place Real Estate Ventures, LLC, which Lease calls for Sky Place to invest approximately \$2,000,000.00 to construct the GA FIS facility for use by the CBP, a copy of which Lease is set out in **Exhibit 1**.

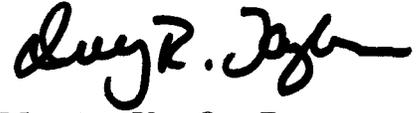
SECTION 2: The amount up to \$477,120.00 in SAP Fund 51099000, Aviation Capital Projects, SAP Project Definition 33-00050, General Aviation FIS Facility, SAT, is authorized to be encumbered and made payable to San Antonio Sky Place Real Estate Ventures, LLC, the estimated cost \$427,120.00 for furniture, fixtures and equipment, along with an estimate of \$50,000.00 for exterior ramp/taxiway lighting.

SECTION 3: The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 4. This Ordinance shall take effect immediately upon receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

NHR
11/13/14
Item No. 37B

PASSED and APPROVED this 13th day of November, 2014.



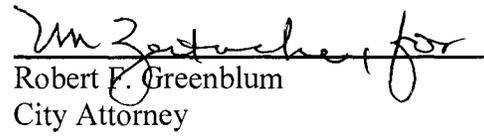
M A Y O R
Ivy R. Taylor

ATTEST:



Leticia M. Vacek
City Clerk

APPROVED AS TO FORM:



Robert F. Greenblum
City Attorney

Agenda Item:	37B (in consent vote: 5, 6, 8, 9, 10, 11, 13, 15A, 15B, 16, 17, 18, 19A, 19B, 22, 23, 24, 25, 26, 27, 28, 30, 31, 33, 37A, 37B, 37C, 37D, 37E)						
Date:	11/13/2014						
Time:	09:45:37 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance authorizing a 25-year lease agreement with San Antonio Sky Place Real Estate Ventures, LLC, a subsidiary of STI, for 0.46 acres of land for a GA FIS facility.						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Diego Bernal	District 1		x				x
Keith Toney	District 2		x				
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4	x					
Shirley Gonzales	District 5	x					
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x			x	
Michael Gallagher	District 10		x				

Exhibit 1

**LEASE AGREEMENT WITH SKY PLACE
REAL ESTATE VENTURES, LLC AT SAN
ANTONIO INTERNATIONAL AIRPORT**

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SAN ANTONIO INTERNATIONAL AIRPORT LEASE

This San Antonio International Airport Lease (hereinafter "**Lease**" or "**Lease Agreement**") is entered into by and between the **City of San Antonio** ("**Lessor**" or "**City**"), a Texas home-rule municipal corporation, acting by and through its City Manager pursuant to Ordinance No. _____, and San Antonio Sky Place Real Estate Ventures, LLC, a Texas limited liability company ("**Lessee**"), acting by and through its duly authorized officer.

WHEREAS, there is a need at San Antonio International Airport (the "**Airport**") for a United States Customs and Border Protection ("**CBP**") FIS (as hereinafter defined) to service international general aviation ("**GA**") traffic; and

WHEREAS, Lessee hereby agrees to construct such FIS on the Leased Premises defined herein in accordance with the terms of this Lease at Lessee's sole cost; and

WHEREAS, Lessor hereby agrees to construct the taxiway, taxilane and ramp areas required to facilitate the use of the FIS at its sole cost; and

WHEREAS, Lessor and Lessee have agreed to enter into this Lease for the purpose of allowing Lessee to construct the FIS and for the other purposes set forth herein; and

WHEREAS, Lessor and Lessee are parties to a separate lease agreement of ground space and building hangar which ground space includes a portion of the Leased Premises herein, requiring the parties to enter into a separate lease amendment in part to revise the description of the leased premises to remove said ground space;

WHEREAS, Lessee and Lessor, upon commencement of this Lease, will enter into a sublease/leaseback agreement whereby the Leased Premises are sublease, and the Improvements (as hereinafter defined) are leased back by Lessee to Lessor (the "**City Sublease**") the term of which will coincide with the construction period for the FIS Facility and subsequent thereto, CBP's use and operation of the FIS Facility; **NOW THEREFORE:**

Lessor and Lessee for and in consideration of the mutual covenants and promises herein expressed do hereby agree as follows:

ARTICLE 1. DEFINITIONS

As used herein, the following words and phrases shall have the meanings set forth below:

1.1 **Affiliate.** "Affiliate" means any corporation or other entity which directly or indirectly controls or is directly or indirectly controlled by or is under common control with Lessee; "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities or by contract or otherwise.

1.2 "Airport" means San Antonio International Airport.

1.3 "Appraisal Process" means the process followed by the parties to arrive at a fair market value of the FIS Facility that will be utilized to set rental rates during a holding over period in the event this Lease Agreement expires and Lessee continues to occupy the Leased Premises on the basis of a month-to-month tenancy in accordance with the **Article 23 - HOLDING OVER**. Said process consists of the following: Lessor shall, at Lessor's cost, cause an appraisal to be conducted of the Leased Premises ("**Lessor's Appraisal**"). The appraisal shall be undertaken by a recognized, qualified and impartial Member of the Appraisal Institute (MAI) or equivalent appraiser, experienced in airport appraisals, selected by the Aviation Director. The Lessor's Appraisal shall be performed within the twelve (12) month period preceding the date upon which a change in rental rates is due to be implemented. In the event that Lessee states, in writing, to the Aviation Director that it does not agree with the Lessor's Appraisal, then and in such event Lessee shall retain a recognized, qualified and impartial MAI or equivalent appraiser, experienced in airport appraisals (hereinafter, "**Lessee Appraiser**") to conduct an appraisal of the Leased Premises at Lessee's cost (hereinafter "**Lessee's Appraisal**"). Such retention shall be signed and noticed in writing from Lessee to Lessor. Lessor's Appraiser, along with Lessee's Appraiser, shall, in turn, appoint a third appraiser, qualified as stated above, to render an opinion of value of the Leased Premises and the cost of such third appraiser shall be shared and paid equally by Lessee and Lessor. If Lessee fails to retain an appraiser for a period of twenty (20) days after receipt of Lessor's Appraisal, then Lessor's Appraisal shall stand as if uncontested. No two appraisers may be employed by, or office within, the same company, firm or organization, or family of organizations or companies.

1.4 "Apron and Taxilane Improvements" is defined in **Article 11.2** and the Apron and Taxilane Improvements are depicted on **Exhibit 3**.

1.5 "Aviation Director" means the Aviation Director of the City of San Antonio or his designee.

1.6 "CBP" means the United States Customs and Border Protection or such other agency that shall replace or assume such responsibilities in the future.

1.7 "City Sublease" means the agreement attached hereto as **Exhibit 2**, by which Lessee shall sublease back the Leased Premises and lease the Project Improvements to Lessor under the terms and conditions therein provided.

1.8 "City Sublease Term" means the period of time beginning on the Commencement Date and continuing during the period in which Lessee is constructing the FIS Facility and, subsequent thereto, during the period of CBP's possession, use and operation of the FIS Facility, as set forth in the City Sublease.

1.9 "Commencement Date" is defined in **Article 5 – Term**.

1.10 "DOT" means the United States Department of Transportation, and any federal agency succeeding to its jurisdiction.

1.11 "FAA" means the Federal Aviation Administration of the United States government, and any federal agency succeeding to its jurisdiction.

1.12 "FIS" or "FIS Facility" means Federal Inspection Station of the United States Customs and Border Protection.

- 1.13 "GA" means general aviation traffic.
- 1.14 "Improvements" is defined in **Article 14.2**. Improvements includes "Project Improvements" as well as all additional improvements constructed by Lessee at any time during the Primary Term.
- 1.15 "Initial Construction Period" is defined in **Section 3.1**.
- 1.16 "Lease Year" means the twelve (12) month period commencing on the conclusion of the Initial Construction Period and each successive twelve (12) month period thereafter.
- 1.17 "Leased Premises" means those certain premises at Airport more particularly described in **Article 2 – Description of Leased Premises**.
- 1.18 "Lessor Improvements" is defined in **Article 11.2**.
- 1.19 "Permit" means the Marshalling Services Permit to be issued by the City to Lessee substantially in the form as attached hereto as **Exhibit 6**.
- 1.20 "Primary Term" is defined in **Article 5 – Term**.
- 1.21 "Project" means the construction by Lessee of the Project Improvements (defined in **Article 11.1.1**) in accordance with the terms of this Lease.
- 1.22 "Project Improvements" is defined in **Article 11.1.1**.
- 1.23 "Roadway" means the Airport common area roadway situated upon and depicted on Parcel 3 on **Exhibit 1**.
- 1.24 "Sign" means any advertising sign, billboard, identification sign or symbol, or other similar device, regardless of content.
- 1.25 "Subsidiary" means any corporation or other entity not less than fifty percent (50%) of whose outstanding stock (or other form of equity ownership) shall, at the time, be owned directly or indirectly by Lessee or the entity owning directly or indirectly 50% or more of Lessee, as applicable.
- 1.26 "Taxiway Connector Improvements" is defined in **Article 11.2** and the Taxiway Connector Improvements are depicted on **Exhibit 3**.
- 1.27 "Total Construction Costs" is defined in **Article 11.1.13**.

ARTICLE 2. DESCRIPTION OF LEASED PREMISES

2.1 Lessor, for and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed by Lessee, does hereby lease unto Lessee, and Lessee does hereby accept from Lessor, the following described property (collectively referred to as "**Leased Premises**"):

The real property described as Parcels 4-A and 4-B on **Exhibit 1-A, 1-B, and 1-C** attached hereto and incorporated herein by reference, containing approximately 20,270 square feet of land (0.4654 acres) (Parcel 4-A) and 6 square feet of land (0.0001 acres) (Parcel 4-B) for a total of 20,276 square feet at the San Antonio International Airport, San Antonio, Bexar County, Texas ("**Ground Space**").

A survey drawing of the Leased Premises accompanies the metes and bounds description and is included in **Exhibit 1**.

2.2 In the event the City Sublease terminates and Lessee elects to take possession of the FIS Facility, as of the date Lessee takes such possession, the Leased Premises shall also include (i) the Apron and Taxiway Improvements of the Lessor Improvements depicted in **Exhibit 3** on a preferential use by Lessee (but not the Taxiway Connector Improvements) (**Exhibit 1**, Parcels 5A and 5B), and (ii) Parcel 3 on **Exhibit 1**, which includes the Roadway, which shall cease to be Airport common area and shall be for Lessee's sole use.

2.3 This Lease shall not be effective unless and until City Council authorizes the amendment to the parties' separate lease of adjacent ground space and hangar, the City Sublease, and the Permit.

ARTICLE 3. RENT

3.1 Lessee agrees to pay Lessor rental as indicated on the table below, in advance (without notice or demand, both of which are expressly waived) at the times and in the manner hereinafter provided. After the Initial Construction Period, all rentals shall be calculated on an annual basis and shall be paid by Lessee to Lessor in advance without invoicing, notice or demand, in annual installments on or before the first day of each Lease Year during the Term. Payment of rentals shall commence on the Commencement Date and continue throughout the remainder of the term of this Lease Agreement and any extension(s) hereof. Lessee shall pay the sum set forth in the table below for the Initial Construction Period, which shall commence on the Commencement Date and continue until the first day of the month following the date CBP takes possession and occupancy of the FIS Facility ("**Initial Construction Period**"). Thereafter, rental payments shall be in the full annual amount and shall not be prorated during any Lease Year. The rental amount for Ground Space shall increase fifteen percent (15%) at the beginning of the sixth Lease Year and every five (5) years thereafter during the term. Rental for the FIS Facility will be paid by Lessee only in the event of a holdover under **Article 23**.

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**GA FIS LEASE
RENTAL SCHEDULE**

Lease Period *	Square Feet	Rental Rate **	Annual Rent	Monthly Rent ***
Initial Construction Period	20,276	\$ 1,500.00	n.a.	n.a.
Lease Year until 2015	20,276	\$ 0.3090	\$ 6,265.28	\$ 522.11
2016 - 2020	20,276	\$ 0.3180	\$ 6,447.77	\$ 537.31
2021 - 2025	20,276	\$ 0.3657	\$ 7,414.93	\$ 617.91
2026 - 2030	20,276	\$ 0.4206	\$ 8,527.17	\$ 710.60
2031 - 2035	20,276	\$ 0.4836	\$ 9,806.25	\$ 817.19
2036 - 2040	20,276	\$ 0.5562	\$ 11,277.19	\$ 939.77

* The Lease Period will become effective at the completion of the Initial Construction Period.

** The Rental Rate will adjust at the beginning of the Lease Year for each 5-year period.

*** Monthly Rental not applicable as long as the Sublease to the City is in effect.

In the event Lessee elects to take possession of the FIS Facility if the City Sublease terminates pursuant to **Article 5**, (i) Lessee shall pay ground rent for the Apron and Taxilane Improvements and the Roadway at the then-applicable Ground Space rental rates; and (ii) Lessee will pay improvement rent for the Apron and Taxilane Improvements on a cost-recovery basis calculated on a 25 year amortization at the rate of 3.0159 percent (%), based on the Wall Street Journal published interest rate for Tax-Exempt Merrill Lynch 22-plus years bonds as of October 8, 2014; and (iii) Lessee shall reimburse Lessor on a pro rata basis for the Sub-Lease ground rental paid by Lessor (as Sub-Lessee) in advance during the Lease Year in which the Sub-Lease terminates. Also in the event Lessee elects to take possession of the FIS Facility if the City Sublease terminates, Lessee may, at its election, pay the ground rent and improvement rent for items (i) and (ii) above on a monthly, rather than annual, basis; however, monthly rents shall be in the full monthly amount and shall not be prorated.

3.2 Fees and charges for miscellaneous items and services, including, but not limited to, employee badges, parking charges, airfield driver's and security classes, personal property storage, shall be agreed to, in writing, by the parties hereto or be assessed by City Ordinance, in connection with the ordinary usage of Airport facilities.

3.3 All rentals and payments that become due and payable by the Lessee shall be made to:

City of San Antonio
Aviation Department, Attn: Finance Division
457 Sandau Road
San Antonio, Texas, 78216

unless otherwise notified in writing. All rentals and payments unpaid for thirty (30) days after the date due shall bear interest at the rate of eighteen percent (18%) or the maximum allowed per law, whichever is lower, per annum from the due date.

3.4 All rentals, fees and charges payable by Lessee to Lessor under the terms hereof, whether or not expressly denominated as rent, shall constitute rent for all purposes, including, but not limited to, purposes of the United States Bankruptcy Code.

ARTICLE 4. USE OF LEASED PREMISES

Lessee shall use the Leased Premises solely for (i) during the Initial Construction Period, construction of the Project, and (ii) in the event the City Sublease terminates and Lessee does not terminate this Lease pursuant to **Article 5** hereof, for such lawful aeronautical purposes, including construction, as may be approved by the Aviation Director.

ARTICLE 5. LEASE TERM

The term of this Lease Agreement shall be the Initial Construction Period plus twenty-five (25) years ("**Primary Term**"), and shall commence on the tenth (10th) day following the passage of an Ordinance by the City Council of San Antonio approving this Lease Agreement ("**Commencement Date**") and shall terminate (unless earlier terminated in accordance with this Agreement) at midnight of the last day of said twenty-five (25) years. If the City Sublease terminates, Lessor shall provide Lessee with written notice of such termination no later than fifteen (15) days following such notice, and Lessee may, at its option, (i) elect to terminate this Lease Agreement, or (ii) elect not to terminate this Lease Agreement and retake possession of the Leased Premises, in either case effective upon written notice to Lessor, which notice shall be given not later than one hundred eighty (180) days following receipt of Lessor's notice of termination of the City Sublease. In the event Lessee does not provide either notice in a timely manner, Lessor shall be deemed to have elected to terminate this Lease Agreement, such termination to be effective upon the expiration of such one hundred eighty (180) day period. Lessor's notice to Lessee of the termination of the City Sublease shall state the amount of ground rental and improvement rental Lessor shall be required to pay pursuant to **Article 3** hereof.

ARTICLE 6. INDEMNIFICATION

6.1 **LESSEE covenants and agrees to FULLY INDEMNIFY, DEFEND, and HOLD HARMLESS, the CITY and its elected and appointed officials, employees, officers, directors, volunteers and representatives of the CITY, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to LESSEE's activities under this LEASE, including any acts or omissions of LESSEE, any agent, officer, director, representative, employee, consultant or subcontractor of LESSEE, and their respective officers, agents, employees, directors and representatives while in the exercise of performance of the rights or duties under this LEASE. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT LESSEE AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.**

6.2 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. LESSEE shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or LESSEE known to LESSEE related to or arising out of LESSEE's activities under this LEASE and shall see to the investigation and defense of such claim or demand at LESSEE's costs. The CITY shall have the right, at its option and at its own expense, to participate in such defense without relieving LESSEE of any of its obligations under this paragraph.

6.3 All personal property placed in the Leased Premises shall be at the sole risk of Lessee. City shall not be liable, and Lessee waives all claims for any damage either to the person or property of Lessee or to other persons: (i) due to the Leased Premises, or any part of appurtenances thereof, becoming out of repair; (ii) arising from bursting or leaking of water, gas, waste pipes, or defective wiring or excessive or deficient electrical current (unless caused by the sole negligence or willful misconduct of City or its elected officials, employees, officers, directors, volunteers and/or representatives); (iii) from any act or omission of employees, or other occupants of the Leased Premises, or any other persons; or (iv) due to the happening of any accident in or about the Leased Premises. Lessee shall save and hold harmless City from any claims arising out of damage to Lessee's property or damage to Lessee's business, including subrogation claims by Lessee's insurers.

6.4 Lessee's obligations set forth in this **Article 6 – Indemnification** shall not apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 7. INSURANCE

7.1 Prior to occupancy of the Leased Premises and the conduct of any business thereupon, Lessee shall furnish copies of all required endorsements and completed Certificate(s) of Insurance to the City's Aviation Department, which shall be clearly labeled "San Antonio International Airport Lease" in the Description of Operations block of the Certificate. The Certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. The City will not accept a Memorandum of Insurance or Binder as proof of insurance. The certificate(s) must have the agent's signature and phone number, and be mailed, with copies of all applicable endorsements, directly from the insurer's authorized representative to the City. The City shall have no duty to pay or perform under this Agreement until such certificate and endorsements have been received and approved by the City's Aviation Department. No officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement.

7.2 The City reserves the right to review the insurance requirements of this Article during the effective period of this Agreement and any extension or renewal hereof and to modify insurance coverages and their limits when reasonably deemed necessary and prudent by City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. In no instance will City allow modification whereby City may incur increased risk.

7.3 A Lessee's financial integrity is of interest to the City; therefore, subject to Lessee's right to maintain reasonable deductibles in such amounts as are approved by the City, Lessee shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at Lessee's sole expense, insurance coverage written on an occurrence basis, unless

otherwise indicated, by companies authorized to do business in the State of Texas and with an A.M Best's rating of no less than A- (VII), in the following types and for an amount not less than the amount listed below:

TABLE 1 – INSURANCE REQUIRED DURING INITIAL CONSTRUCTION PERIOD

TYPE	AMOUNTS
1. Workers' Compensation	Statutory Limits
2. Employers' Liability	\$1,000,000/\$1,000,000/\$1,000,000
3. Broad form Commercial General Liability Insurance to include coverage for the following: a. Premises/Operations b. Independent Contractors c. Products/Completed Operations d. Personal Injury e. Contractual Liability f. Broad Form Property Damage to include Fire and Legal Liability g. Damage to property rented by you	For <u>Bodily Injury</u> and <u>Property Damage</u> of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage g. \$100,000
4. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired Vehicles	<u>Combined Single Limit</u> for <u>Bodily Injury</u> and <u>Property Damage</u> of \$5,000,000 per occurrence
5.a Builder's Risk Insurance for the construction of the Project Improvements and all materials, equipment and supplies that will become a part of the Project Improvements	Contract Sum in the Construction Contract between Lessee and the Contractor for the construction of the Project Improvements

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TABLE 2 – INSURANCE REQUIRED AFTER THE TERMINATION OF CITY SUBLEASE

TYPE	AMOUNTS
1. Workers' Compensation 2. Employers' Liability	Statutory Limits \$1,000,000/\$1,000,000/\$1,000,000
3. Broad form Commercial General Liability Aviation Insurance to include coverage for the following: ** a. Premises/Operations b. Independent Contractors c. Products/Completed Operations d. Personal Injury e. Contractual Liability f. Broad Form Property Damage to include Fire and Legal Liability g. Damage to property rented by you	For <u>Bodily Injury</u> and <u>Property Damage</u> of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage g. \$100,000
4. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired Vehicles	<u>Combined Single Limit</u> for <u>Bodily Injury</u> and <u>Property Damage</u> of \$5,000,000 per occurrence
5. Property Insurance For physical damage to the property of LESSEE, including improvements and betterment to the Leased Premises	Coverage for replacement value with a minimum co-insurance factor of eighty percent (80%) of the cost of Lessee's property
6. Plate Glass Coverage for leased premises*	Replacement Cost Insurance Coverage
7. Above Ground and/or Underground Storage Tank Storage Tank Liability*	\$10,000,000.00 per claim
8. Aircraft Liability*	\$10,000,000.00 per occurrence, combined single limit, written on an occurrence form
* if applicable	
** In the event third party aircraft are stored/maintained on the Leased Premises, a Hangar Keeper's Liability Endorsement will be required	

7.4 Lessee agrees to require, by written contract, that the Lessee's Contractor obtain the same insurance coverages required of Lessee herein, and provide a certificate of insurance and endorsement that names the Lessee and the CITY as additional insureds. Respondent shall provide the CITY with said certificate and endorsement prior to the commencement of any work by the Contractor. This provision may be modified by City's Risk Manager, without subsequent City Council approval, when reasonably deemed necessary and prudent, based upon changes in statutory law, court decisions, or circumstances surrounding this agreement. Such modification may be enacted by letter signed by City's Risk Manager, which shall become a part of the contract for all purposes.

7.5 Lessee shall maintain, at its sole cost and expense, (when required under **Section 7.3**) commercial property insurance covering the building, fixtures, equipment (excluding non-fixture equipment), tenant improvements and betterments. Lessee shall maintain, at its sole cost and expense, (when required under **Section 7.3**) builder's risk insurance covering the construction of the Project Improvements and all materials, equipment and supplies that will become a part of the Project Improvements. Commercial property insurance shall, at minimum, cover the perils insured under the ISO broad causes of loss form (CP 10 20). Builder's risk insurance shall be "special form" (also known as "all-risk") insurance. Commercial property insurance and builder's risk insurance shall cover the replacement cost of the property insured. The amount insured shall equal the full estimated cost of the property insured. Any coinsurance requirement in the policy shall be eliminated through the attachment of an agreed amount endorsement, the activation of an agreed value option, or as is otherwise appropriate under the particular policy form. The City shall be included as an insured and loss payee under the commercial property or builder's risk insurance. Lessee may, at its option, purchase business income, business interruption, extra expense or similar coverage as part of this commercial property insurance, and in no event shall the City be liable for any business interruption or other consequential loss sustained by Lessee, whether or not it is insured, even if such loss is caused by the negligence of the City, its employees, officers, directors, or agents.

7.6 As they apply to the limits required by the City, the City shall be entitled, upon request and without expense, to receive copies of the policies, declaration page, and all endorsements thereto and may require the deletion, revision, or modification of particular policy terms, conditions, limitations, or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Lessee shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to City at the address provided below within 10 days of the requested change. Lessee shall pay any costs incurred resulting from said changes.

City of San Antonio
Aviation Department
Attn: Aviation Director
9800 Airport Boulevard
San Antonio, Texas 78216-9990

7.7 Lessee agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following provisions:

- Name the City, its officers, officials, employees, volunteers, and elected representatives as additional insureds by endorsement, as respects operations and activities of, or on behalf of, the named insured performed under contract with the City, with the exception of the workers' compensation and professional liability policies;
- Provide for an endorsement that the "other insurance" clause shall not apply to the City of San Antonio where the City is an additional insured shown on the policy;
- Workers' compensation, employers' liability, general liability and automobile liability policies will provide a waiver of subrogation in favor of the City.

- Provide advance written notice directly to City of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance notice for nonpayment of premium.

7.8 Within five (5) calendar days of a suspension, cancellation or non-renewal of coverage, Lessee shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend Lessee's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.

7.9 In addition to any other remedies the City may have upon Lessee's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Lessee to stop work hereunder, and/or withhold any payment(s) which become due to Lessee hereunder until Lessee demonstrates compliance with the requirements hereof.

7.10 Nothing herein contained shall be construed as limiting in any way the extent to which Lessee may be held responsible for payments of damages to persons or property resulting from Lessee's or its subcontractors' performance of the work covered under this Agreement.

7.11 It is agreed that Lessee's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of San Antonio for liability arising out of operations under this Agreement.

7.12 It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement and that no claim or action by or on behalf of the City shall be limited to insurance coverage provided..

7.13 Lessee and any Subcontractors are responsible for all damage to their own equipment and/or property.

7.14 Except for the insurance requirements described in Table 1 set out in **Section 7.3**, (which shall be applicable only during the Initial Construction Period), Lessee's obligations set forth in this **Article 7 – Insurance** shall not apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 8. PERFORMANCE GUARANTEE & LANDLORD'S LIEN

8.1 Lessee shall deliver to the Aviation Director, on or before the execution of this Lease, and shall keep in force throughout the term hereof, an irrevocable standby letter of credit in favor of Lessor, drawn upon a bank satisfactory to Lessor and payable to City of San Antonio, Aviation Department. The foregoing shall be in a form and content satisfactory to Lessor, shall be conditioned upon satisfactory performance of all terms, conditions and covenants contained herein during the term hereof and shall stand as security for payment by Lessee of all valid claims by Lessor hereunder. The amount of the irrevocable standby letter of credit shall be at least one-half (1/2) of the total annual rental payable by Lessee to Lessor hereunder, with said amount to be adjusted, as necessary, so that it shall at all times equal at least one-half (1/2) of the total annual rental payable by Lessee to Lessor hereunder.

8.2 Lessee hereby gives to Lessor a lien upon all of its property now, or at any time hereafter, in or upon the Leased Premises, to secure the prompt payment of charges herein stipulated to be paid for the use of said Premises; all exemptions of such property, or any of it, being hereby waived.

8.3 Should Lessee provide an amount for the Performance Guarantee required by this Lease Agreement equal to the greater of the rentals, fees and charges payable by Lessee to Lessor for the current calendar year, or double the amount of the Performance Guarantee set forth in **Section 8.1** above, then the provisions set forth in **Section 8.2** above, shall not apply hereto.

8.4 Lessee's obligations set forth in this **Article 8 – Performance Guarantee and Landlord's Lien** shall apply only in the event of termination of the City Sublease.

ARTICLE 9. PRIVILEGES AND CONDITIONS

9.1 Lessor hereby grants to Lessee the following general, non-exclusive privileges, uses and rights, subject to the terms, conditions and covenants herein set forth:

9.1.1 The general use by Lessee of all common aircraft facilities and improvements, which are now, or may hereafter be, connected with or appurtenant to said Airport, except as hereinafter provided. "Common airport facilities" shall include all necessary landing area appurtenances, including, but not limited to, approach areas, runways, taxiways, taxilanes, aprons, roadways, sidewalks, navigational and aviation aids, lighting facilities, terminal facilities or other common or public facilities appurtenant to said Airport.

9.1.2 The right of ingress to and egress from the Leased Premises, over and across common or public roadways serving the Airport for Lessee, its agents, servants, patrons, invitees, suppliers of service and furnishers of material. Said right shall be subject to such ordinances, rules and regulations as now, or may hereafter, apply at the Airport.

9.2 The granting and acceptance of this Lease Agreement is conditioned upon compliance with the covenant that the right to use said common Airport facilities, in common with others so authorized, shall be exercised subject to and in accordance with the laws of the United States, State of Texas and City of San Antonio, the rules and regulations promulgated by their authority with reference to aviation and navigation, and all reasonable and applicable rules, regulations and ordinances of Lessor, now in force or hereafter prescribed or promulgated by charter authority or by law.

9.3 Lessor reserves the right to enter the Leased Premises at any reasonable time upon notice to Lessee for the purpose of inspecting same or verifying that fire, safety, sanitation regulations and other provisions contained in this Lease Agreement are being adhered to by Lessee; however, notice to Lessee shall not be required for Lessor to enter the Leased Premises in the event of an emergency.

9.4 The rights granted by Lessor to Lessee in this **Article 9 – Privileges and Conditions** shall not be granted during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 10. AS IS ACCEPTANCE AND CONDITION OF PREMISES

10.1 Lessee has had full opportunity to examine the Leased Premises. Except for environmental matters not caused by or reasonably discoverable by Lessee prior to the commencement of this Lease Agreement, Lessee's taking possession of the Leased Premises shall be conclusive evidence of Lessee's acceptance thereof in an "AS IS" condition, and Lessee hereby accepts same in its present condition as suitable for the purpose for which leased.

10.2 Lessee agrees that no representations respecting the condition of the Leased Premises and no promises to improve same, either before or after the execution hereof, have been made by Lessor or its agents to Lessee, unless contained herein or made a part hereof by specific reference.

ARTICLE 11. CONSTRUCTION BY LESSEE AND LESSOR

11.1 Construction by Lessee.

The provisions of this **Section 11.1** shall apply with respect to the Project.

11.1.1 Construction of the Project Improvements. Lessee shall construct or cause to be constructed, at Lessee's sole expense, (i) the building to be utilized by CBP as the FIS Facility (the "**Building**") and (ii) the Lessee Site Work (together with the Building, the "**Project Improvements**"), as generally shown on the conceptual drawing shown on **Exhibit 5** attached hereto, and substantially in accordance with the plans and specifications to be prepared by Lessee (the "**Construction Documents**"). In addition, Lessee shall at its sole expense obtain and install within the Building the furniture, fixtures, and equipment, security, utilities, cabling and other items listed on **Exhibit 4** attached hereto and incorporated herein by reference (the "**FFE**"). To the extent those items of the FFE, upon installation within the Building, constitute fixtures under applicable law, such items shall be included within the terms "Building" and "Project Improvements" for purposes of this Lease. Construction of the FIS Facility shall be completed and a certificate of occupancy obtained no later than September 1, 2016, subject to (i) any delay caused by force majeure events, (ii) any delay resulting from the inability of Lessee to obtain all necessary governmental permits required for such construction (provided that Lessee has used reasonable, good faith attempts to obtain such permits), and (iii) any delay in the completion of the construction to the extent such delay is caused by Lessor, CBP, DOT, FAA or other governmental agency having regulatory jurisdiction over operations at the Airport or use of the FIS Facility. The parties acknowledge that Lessee will utilize a general contractor (the "**Contractor**") for the construction of the Project Improvements.

11.1.2 Approval of Construction Documents. The Construction Documents are subject to the approval of the CBP and the Aviation Director. Lessee (i) shall submit the Construction Documents to the Aviation Director and CBP as soon as reasonably practicable following the Commencement Date. In the event the Construction Documents are not approved by both the Aviation Director and CBP on or before sixty (60) days following the date Lessee submits the Construction Documents for approval, then either party may terminate this Lease by providing notice thereof to the other party, and this Lease shall terminate upon such notice. Notwithstanding the foregoing, approval by the Aviation Director of the Construction Documents shall in no way alleviate

Lessee's responsibility for the integrity of such documents. The approval by the Aviation Director and CBP of the Construction Documents refers only to the conformity of same to the general architectural plan for the Leased Premises, as opposed to their architectural or engineering design. Lessor and CBP, by giving their approval, assume no liability or responsibility therefor or for any defect in any work performed according to such plans and specifications.

11.1.3 Prior to the commencement of construction, Lessee shall procure any and all additional approvals of the Construction Documents required by any federal, state or municipal authorities (including other departments of the City), agencies, officers and departments having jurisdiction thereof, and shall obtain any and all requisite building or construction licenses, permits or approvals. Construction shall comply with applicable building code requirements and with applicable regulations promulgated by any federal, state or municipal agency or department having jurisdiction thereof. Lessee will obtain at its expense all required permits from City of San Antonio; however, Lessor will assist Lessee in all reasonable respects with City of San Antonio permitting processes. Lessee specifically agrees that it shall hold Lessor completely harmless from and against any and all claims, causes of action or liabilities, whether actual or potential, associated with any construction undertaken by Lessee hereunder.

11.1.4 Infrastructure Site Work. Lessee will perform certain infrastructure and other site work (collectively, the "**Site Work**") at the Leased Premises in connection with the construction of the Project Improvements in accordance with the Construction Documents. The Site Work shall include site preparation, utilities, telecommunication, fencing, landscape, parking areas, accessibility requirements, driveways, and lighting, including lighting for the Apron Improvements. Lessor shall reimburse Lessee for construction of lighting for the Apron Improvements on an actual cost basis, in an amount estimated to be \$50,000.00. Lessee shall pay for the design costs of the lighting for the Apron Improvements. The water and sewage lines to the FIS Facility may be provided by lines from Lessee's adjacent premises, with one San Antonio Water System meter for water supplied to both Lessee's adjacent premises and the FIS Facility, in which case Lessee agrees to pay all costs of water and sewage to both the adjacent premises and the FIS Facility.

11.1.5 Delivery of Payment and Performance Bonds. Prior to the commencement of any work on the Project, Lessee shall deliver a fully executed Lease to Lessor, along with such bonds as Lessee may be required to furnish, including, but not limited to, a required payment bond in the form and amount specified in this Lease and a required performance bond in the form and amount specified in this Lease.

11.1.5 (i) Payment & Performance Bonds. Lessee shall, with the execution and delivery of the Lease, furnish and file with Lessor, in the amounts required in this **Article 11**, the surety bonds described herein. Each surety bond shall be signed by Lessee, as the Principal, as well as by an established corporate surety bonding company as surety. The surety bonds shall be accompanied by an appropriate Power-of-Attorney clearly establishing the extent and limitations of the authority of each signer to so sign and shall include:

11.1.5 (i)(a) Performance Bond. A good and sufficient bond in an amount equal to one hundred percent (100%) of the total cost of the construction contract amount, guaranteeing the full and faithful execution of the work

and performance of the Project in accordance with the Construction Documents and all other contract documents, including any extensions thereof, for the protection of Lessor. A performance bond obtained by the Contractor is acceptable so long as it names both Lessee and Lessor as beneficiaries. This bond shall also provide for the repair and maintenance of all defects due to faulty materials and workmanship that appear within a period of one (1) year from the date of Final Completion or acceptance of the Project by Lessor.

11.1.5 (i)(b) Payment Bond. A good and sufficient bond in an amount equal to 100% of the total construction contract amount, guaranteeing the full and prompt payment of all claimants supplying labor or materials in the prosecution of the Project work, and for the use and protection of each claimant.

11.1.6 Delivery of Evidence of Insurance. Upon execution of the Lease and prior to the commencement of any work on the Project, Lessee shall deliver evidence of insurance to Lessor. Lessee shall furnish an original completed Certificate of Insurance and a copy of all insurance policies, together with all required endorsements thereto, required by the Lease to the Aviation Department, Properties Division, clearly labeled with the name of the Project and which shall contain all information required by the Lease. Lessee shall be prohibited from taking possession or commencing work on the Project until such evidence of insurance is delivered to Lessor.

11.1.7 Supervision. Lessee shall be responsible for the acts and omissions of Contractor's agents and employees, Subcontractors and their agents and employees and other persons or entities performing portions of the work for or on behalf of Contractor or any of its Subcontractors.

11.1.8 Warranty. Lessee warrants to Lessor that materials and equipment furnished and installed in the Project shall be of good quality and new, unless otherwise required or permitted by the Lease, the Project Improvements work shall be free from material defects as determined by Lessor not inherent in the quality required or permitted and shall conform to the requirements of the Construction Documents. Work not conforming to this warranty and these requirements may be considered defective. Lessee's warranty excludes remedies for damage or defect caused by abuse, modifications not executed by the Lessee, improper or insufficient maintenance, improper operation, normal wear and tear and normal usage, and additional damage or defects caused by Lessor's failure to promptly notify Lessee.

11.1.8 (i) A right of action by Lessor for any breach of Lessee's express warranty herein shall be Lessee's sole and exclusive remedy for any defective work. Such warranty shall be interpreted to require Lessee, upon written timely demand by Lessor, to replace defective materials and equipment and re-execute any defective work disclosed to the Lessee by the Lessor within a period of one (1) year after Substantial Completion of the Project (as defined herein) or, in the event of a latent defect, within one (1) year after the earlier to occur of (i) actual discovery thereof by Lessor or CBP, (ii) the date that either Lessor or CBP should have discovered such defect in the exercise of reasonable diligence, or (iii) two years following Substantial Completion. "Substantial Completion" is the date certified by Lessee, when the Project Improvements (including the

installation of the FFE), or a Lessee-designated portion thereof that is approved by the Aviation Director, is sufficiently complete in accordance with the Construction Documents so as to be operational and fit for the intended use by CBP; provided that such certification shall exclude the FFE except as to the installation thereof. Notwithstanding the foregoing, Lessee's warranty does not include the FFE, which is provided to Lessor AS-IS, with no warranty express or implied, including without limitation warranty of merchantability or fitness for a particular purpose. However, Lessee shall assign to Lessor all assignable manufacturer's warranties with respect to the FFE or other equipment, and shall cooperate with Lessor in all reasonable respects with respect to claims made by Lessor thereunder.

11.1.8 (ii) Except when a longer warranty time is specifically called for in the Lease or is otherwise provided by law or by manufacturer, all warranties shall be at minimum for twelve (12) months and shall be in form and content otherwise reasonably satisfactory to Lessor.

11.1.8 (iii) Warranties shall become effective on the date of Substantial Completion of the entire Project, unless otherwise provided in any certificate of partial Substantial Completion approved by the parties, except for work to be completed or corrected after the date of Substantial Completion. Warranties for work to be completed or corrected after the date of Substantial Completion and prior to final completion shall become effective on the later of the date the work is completed or corrected or the date of final completion of the work. Upon the expiration of Lessee's warranty period, Lessee shall assign to Lessor any assignable third-party warranties applicable to the FIS Facility that extend beyond Lessee's warranty period. In the event the City Sublease terminates and Lessee retakes possession of the Leased Premises pursuant to **Article 5**, Lessor shall re-assign all such warranties that are then still effective to Lessee.

11.1.8 (iv) When Lessee is constructing the Building, the Building shall be watertight and leak proof at every point and in every area, except where leaks can be attributed to damage to the building by external forces beyond Lessee's control. Lessee, in a reasonably prompt manner upon notification by CBP or Lessor of water penetration, shall determine the source of water penetration and perform any work necessary to make the Building watertight. Lessee also shall repair or replace any damaged material, finishes and/or fixtures damaged as a result of any water penetration, returning the building to original condition. The costs of such determination and repair shall be borne by Lessee only to the extent that the leak(s) is/are attributable to faulty workmanship or unauthorized or defective materials.

11.1.9 (v) other than the express warranties set out in this Article 11, Lessee makes no warranties, express or implied, either under this Lease or the City Sublease, with respect to the FFE, and during CBP's use and occupancy of the Leased Premises (and thereafter as long as the City Sublease is in effect) Lessee shall have no obligation, either under this Lease or the City Sublease, for the maintenance or repair of the Leased Premises, the Project Improvements, the Lessor Improvements, or the FFE except as is expressly provided in this Lease.

11.1.10 Project Schedule. Lessee shall meet with Lessor each month at a scheduled project schedule update meeting, for the duration of the Initial Construction Period to coordinate the work being performed by each of the Parties and review progress made. At each monthly meeting, each party shall submit to the other an updated critical path method Project Schedule to aid in the coordination and scheduling of work each party is required to perform hereunder. The project schedules shall show the sequence and interdependence of activities required for complete performance of the work to be performed. Lessee shall submit Construction Documents to the Aviation Director and CBP for review at the 30%, 60% and 90% completion phases.

11.1.11 Use of Site During Construction. Lessee shall confine construction equipment, the storage of materials and equipment and the operations of workers to the Leased Premises (or Lessee's or Lessee's Affiliate's adjacent leased premises), and shall not unreasonably encumber the Leased Premises with construction equipment or other materials or equipment that are not related to the Project or to Lessor Improvements.

11.1.12 Cleaning Up. Prior to Substantial Completion of the Project, Lessee shall remove all waste materials, rubbish and debris from and about the Leased Premises, as well as all tools, appliances, construction equipment and machinery and surplus materials, and shall leave the Leased Premises clean and ready for occupancy by CBP. As applicable, Lessee shall clean, sweep, mop, brush and polish the interior of the Project Improvements, including, but not limited to, any floors, carpeting, ducts, fixtures, furniture, equipment, and ventilation units operated during construction, and shall clean exterior gutters, drainage, walkways, driveways and roofs of debris.

11.1.13 Project Costs. The Lessor or CBP may, during the Initial Construction Period, submit requested modifications or changes to Lessee regarding (i) the design of the Project Improvements, or (ii) the FFE ("**Change Orders**"). All Change Orders will be submitted in writing to Lessee and shall contain a commercially reasonable level of detail describing the modification(s) sought. Lessee agrees to accept and implement a Change Order provided that the Architect and Contractor confirm that the modification sought is feasible from an architectural and construction standpoint. The Total Project Costs are estimated to be \$2,335,015.00, which Total Project Costs (as defined below) shall be allocated among the parties as follows: (i) Total Project Costs in the amount of \$2,000,000.00 shall be borne by Lessee; (ii) all additional Project Costs that cause the Total Project Costs to increase by an amount of up to \$427,120.00 over and above \$2,000,000.00 shall be borne by Lessor; however, Lessor's costs are limited to the actual costs of the FF&E, not to exceed \$427,120.00; and (iii) all other Project Costs, including Change Order costs, which increase the Total Project Costs above the cumulative sum of \$2,427,120.00 shall be borne by Lessee. Lessee shall present an itemized invoice to Lessor for any Change Order costs for which Lessor is responsible, which shall include the Architect's verification of the amount invoiced, and with such back-up information as City requires. Payment shall be due on or before thirty (30) days following Lessor's receipt of invoice. "**Total Project Costs**" means all hard and soft costs incurred by Lessee directly or indirectly in connection with the construction of the Project Improvements. Notwithstanding the foregoing, Lessor agrees to reimburse Lessee for the construction costs of installing lighting for the Apron Improvements on an actual cost basis in an amount estimated to be \$50,000.00, as set forth in **Subsection 11.1.4** above, which amount is in addition to the Project Costs of \$427,120.00 agreed to be borne by Lessor.

11.1.14 As-Built Plans. Upon completion of construction a conformed set of "as built" plans and a Certificate of Occupancy shall be provided by Lessee to the Aviation Director.

11.1.15 Physical Street Address. Lessee shall obtain a street address for the FIS at completion of construction.

11.2 Construction by Lessor.

11.2.1 Lessor shall construct at Lessor's sole expense the following Lessor Improvements: (i) Apron and Taxiway Improvements to meet Group 3 aircraft requirements, and (ii) Taxiway Connector Improvements, which Lessor Improvements are set out and described in **Exhibit 3 ("Lessor Improvements")**, to enable aircraft to access the FIS. Lessor shall complete construction of the Lessor Improvements no later than September 1, 2016, subject to (i) any delay caused by force majeure events, and (ii) any delay in the completion of the construction to the extent such delay is caused by Lessee, CBP, DOT, FAA or other governmental agency having regulatory jurisdiction over operations at the Airport. Lessor and Lessee agree to coordinate schedules and construction of the Project Improvements and construction of the Lessor Improvements to the best of their ability, and to work to complete both projects simultaneously.

11.2.2 In undertaking construction, it is expressly understood that, where applicable, unless otherwise agreed to in writing by the parties, Lessor shall be responsible, at its sole expense, for any and all construction and maintenance of taxiways and connections to the Airport's runway and taxiway system, along an alignment and in accordance with designs and plans approved in advance, in writing, by the Aviation Director.

11.3 It is further expressly understood and agreed that any improvements and access thereto constructed by either Lessee or Lessor pursuant to this Lease shall be performed in such a manner that shall not cause flowage of surface drainage onto adjacent tracts or interrupt flow to the storm drainage system.

11.4 The provisions of this **Section 11.4** shall apply only with respect to any construction, repair or renovation by Lessee from and after the date that the City Sublease terminates for any reason.

11.4.1 Lessee shall have the right to erect, alter, remodel and renovate buildings and other Improvements on the Leased Premises, provided that it shall submit to the Aviation Director plans and specifications prepared by registered architects and engineers setting forth the renovations, construction, alterations or improvements that Lessee desires to perform, in such detail as may be required by the Aviation Director, and provided that approval of such plans and specifications by said Director is obtained as set forth below. Notwithstanding the foregoing, Lessee may not demolish or make substantial alterations to the Improvements without the prior written approval of the Aviation Director.

11.4.2 Lessor agrees to examine and approve or disapprove plans and specifications submitted in accordance with the provisions above, within sixty (60) business days after receipt thereof, and to give Lessee written notification of same. The approval by Lessor of such plans and specifications refers only to the conformity of same to the general architectural plan for the Leased Premises, as opposed to their architectural or

engineering design. Lessor, by giving its approval, assumes no liability or responsibility therefor or for any defect in any work performed according to such plans and specifications. Lessee agrees not to commence any renovations, construction, alterations or improvements until Lessor, through the Aviation Director, has given written approval regarding Lessee's plans and specifications.

11.4.3 Further, prior to the commencement of construction, Lessee shall procure any and all additional approvals of the plans and specifications for its buildings and improvements required by any federal, state or municipal authorities, agencies, officers and departments having jurisdiction thereof and shall obtain any and all requisite building or construction licenses, permits or approvals. Construction shall comply with applicable building code requirements and with applicable regulations promulgated by any federal, state or municipal agency or department having jurisdiction thereof. Lessee specifically agrees that it shall hold Lessor completely harmless from and against any and all claims, causes of action or liabilities, whether actual or potential, associated with any construction undertaken by Lessee hereunder.

11.4.4 The cost of any renovations, construction, alterations or improvements upon the Leased Premises shall be borne and paid for solely by Lessee. Except as may be otherwise set forth herein, Lessor has no financial or other obligation of any kind under this Lease Agreement, other than the renting to Lessee of the premises which are the subject hereof for the term and consideration hereinbefore set forth.

11.4.5 Upon completion of all renovations, construction, alterations or improvements, a conformed set of "as built" plans and a Certificate of Occupancy shall be provided by Lessee to the Aviation Director.

11.4.6 In undertaking any such renovations, construction, alterations or improvements, it is expressly understood that, where applicable, unless otherwise agreed to in writing by the parties, Lessee shall be responsible, at its sole expense, for any and all construction and maintenance of taxiways and connections to the Airport's runway and taxiway system, along an alignment and in accordance with designs and plans approved in advance, in writing, by the Aviation Director. It is further expressly understood and agreed that any improvements and access thereto constructed by Lessee on the Leased Premises shall be performed in such a manner that shall not cause flowage of surface drainage onto adjacent tracts or interrupt flow to the storm drainage system.

11.5 Except as may be otherwise set forth herein, Lessor has no financial or other obligation of any kind under this Lease Agreement, other than the renting to Lessee of the premises which are the subject hereof for the term and consideration hereinbefore set forth.

ARTICLE 12. LIENS PROHIBITED

12.1 Lessee shall not suffer or permit any mechanics' or other liens to be filed against the fee of the Leased Premises, or against Lessee's leasehold interest in the land, buildings or improvements thereon, by reason of any work, labor, services or materials supplied, or claimed to have been supplied, to Lessee or to anyone holding the Leased Premises, or any part thereof, through or under Lessee.

12.2 If any such mechanics' lien or materialmen's lien described in **Section 12.1** above shall be recorded against the Leased Premises, or any improvements thereon, Lessee shall cause the same to be removed or, bonded around pursuant to the terms of the Texas Property Code. In the alternative, if Lessee, in good faith, desires to contest the same, it shall be privileged to do so; however, in such case, Lessee hereby agrees to indemnify and save Lessor harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on said mechanics' lien, cause the same to be discharged and removed prior to sale of the property or execution of such judgment.

ARTICLE 13. MAINTENANCE AND REPAIR

13.1 Lessee shall pay or cause to be paid, any and all charges for water, heat, gas, electricity, sewer and any and all other utilities used on the Leased Premises, throughout the term of, or any extension of, this Lease Agreement, including, but not limited to, any connection fees and any and all additional costs related to utility connection, metering, maintenance, repair and usage.

13.2 Except as may be otherwise provided herein, Lessee shall, throughout the term of this Lease Agreement and any extension hereof, assume the entire responsibility, cost and expense, for all repair and maintenance of the Leased Premises and all buildings and improvements thereon, whether such repair or maintenance be ordinary, extraordinary, structural or otherwise. Additionally, without limiting the foregoing, Lessee shall:

13.2.1 at all times maintain the buildings and improvements in a good state of repair and preservation, excepting ordinary wear and tear and obsolescence in spite of repair; and

13.2.2 replace or substitute any fixtures and equipment which have become inadequate, obsolete, worn out, unsuitable or undesirable, with replacement or substitute fixtures and equipment, free of all liens and encumbrances, which shall automatically become a part of the buildings and improvements; provided that Lessee shall not be obligated to replace or substitute any such fixtures or equipment which Lessee reasonably determines to not be necessary for the operations of Lessee conducted on the Leased Premises; and

13.2.3 at all times keep the Leased Premises, its buildings, improvements, fixtures, equipment and personal property, in a clean and orderly condition and appearance; and

13.2.4 provide, and maintain in good working order, all obstruction lights and similar devices, fire protection and safety equipment, and all other equipment of every kind and nature required by applicable laws, rules, orders, ordinances, resolutions or regulations of any competent authority, including Lessor and Aviation Director; and

13.2.5 observe all insurance regulations and requirements concerning the use and condition of the Leased Premises, for the purpose of reducing fire hazards and insurance rates on the Airport; and

13.2.6 repair any damage caused by Lessee to paving or other surfaces of the Leased Premises or the Airport, in connection with the scope of the Lease Agreement,

caused by any oil, gasoline, grease, lubricants, flammable liquids and/or substances having a corrosive or detrimental effect thereon, or by any other reason whatsoever; and

13.2.7 take reasonable measures to prevent erosion, including, but not limited to, the planting and replanting of grass on all unpaved or undeveloped portions of the Leased Premises; the planting, maintaining and replanting of any landscaped areas; the designing and constructing of improvements on the Leased Premises; and the preservation of trees as may be required by City ordinance, consistent with Lessee's construction and operations; and

13.2.8 if damage is caused by Lessee, be responsible for the maintenance and repair of all utility services lines upon the Leased Premises, including, but not limited to, water and gas lines, electrical power and telephone conduits and lines, sanitary sewers and storm sewers; and

13.2.9 keep and maintain all vehicles and equipment operated by Lessee on the Airport in safe condition, good repair and insured, as required by this Lease Agreement; and

13.2.10 replace broken or cracked plate glass, paint/repaint structures upon the Leased Premises and, where applicable, mow the grass; and

13.2.11 provide and use suitable covered metal receptacles for all garbage, trash and other refuse; assure that boxes, cartons, barrels or similar items are not piled in an unsightly, unsafe manner, on or about the Leased Premises; provide a complete and proper arrangement, satisfactory to the Aviation Director, for the adequate sanitary handling and disposal away from the Airport, of all trash, garbage and refuse caused as a result of the operation of Lessee's business.

13.3.1 The adequacy of the performance of the foregoing maintenance and repair by Lessee shall be determined by the Aviation Director, whose reasonably exercised judgment shall be conclusive. Should Lessee refuse or neglect to undertake any such maintenance or repair, or if Lessor is required to perform any maintenance or repair necessitated by the negligent acts or omissions of Lessee, its employees, agents, assignees, subtenants or licensees, then Lessor shall have the right, but not the obligation, to perform such maintenance or repair on behalf of and for Lessee. The costs of such maintenance or repair, plus any associated overhead reasonably determined by Lessor, shall be reimbursed by Lessee to Lessor no later than ten (10) days following receipt by Lessee of written demand from Lessor for same. In cases not involving maintenance or repair requiring exigent action, Lessor shall provide Lessee a written request that Lessee perform such maintenance or repair (which request shall describe the required maintenance or repair in reasonable detail), at least thirty (30) days before Lessor effects such maintenance or repair on behalf of Lessee.

13.4 Lessee's obligations set forth in this **Article 13 – Maintenance and Repair** shall not apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 14. TITLE

14.1 It is expressly understood and agreed that, upon commencement of the City Sublease Term, title to any and all items of personal property, including furniture, removeable trade fixtures and equipment, owned, purchased, placed or maintained by Lessee on the Leased Premises during the term hereof shall permanently vest in Lessor.

14.2 All foundations, buildings, alterations, additions or improvements (hereinafter "**Improvements**") made upon the Leased Premises by Lessee are and shall be the property of Lessee during the Lease Term hereof. During the term, such Improvements may be conveyed, transferred or assigned, without the Aviation Director's written approval, only to a person or entity to whom this Lease Agreement simultaneously is being transferred or assigned, whereupon the subsequent holder of the leasehold interest hereunder shall own the Improvements. Absent written approval of the Aviation Director, any other attempted conveyance, transfer or assignment of the Improvements, to any person or entity, whether voluntary, by operation of law or otherwise, shall be void and of no effect.

14.3 At Lessor's sole option, title to the Improvements made upon the Leased Premises by Lessee, and fixtures annexed thereto, shall vest in and become the property of Lessor, at no cost to Lessor and without any instrument of conveyance, upon the expiration of the earlier of (i) the end of the twenty-fifth (25th) Lease Year or (ii) early termination of the Primary Term in accordance with the terms of this Lease. Notwithstanding the foregoing, Lessee covenants and agrees, upon Lessor's demand, on or after termination of the Lease Agreement, to execute any instruments reasonably requested by Lessor in connection with the conveyance of such Improvements. Lessor shall notify Lessee if Lessor intends take title to the Improvements, or any portion thereof, as herein provided, at least sixty (60) days prior to the expiration of the term of this Lease Agreement or earlier termination thereof. Lessor's failure to provide such notice, however, shall not act as a waiver of its rights hereunder, provided that Lessor, within a reasonable time after receipt of Lessee's written request, advises Lessee of its election hereunder.

14.4 Should Lessor elect not to take title to the Improvements, or any portion thereof, as provided in **Section 14.3** above, the same shall be removed by Lessee, at its sole cost and risk, in compliance with all applicable laws and regulations and, to the degree reasonably possible, the Leased Premises shall be restored to the condition that existed prior to the construction of same. Should Lessee fail to undertake such removal upon the later to occur of (i) the expiration of ninety (90) days following the expiration or termination of this Lease Agreement, or (ii) 90 days after Lessee receives written notice from Lessor that Lessor will not elect to take title to the Improvements in accordance with **Section 14.3** above, Lessor may undertake such removal at Lessee's expense. The Performance Guarantee required under this Lease Agreement, if any, may, at Lessor's option, be applied towards any costs incurred by Lessor for such removal.

ARTICLE 15. ENVIRONMENTAL COMPLIANCE

15.1 Lessee agrees that it shall, at its sole expense, comply with all applicable federal, state and local environmental statutes, laws, ordinances, rules and regulations, including without limitation (i) those promulgated by the Environmental Protection Agency, and (ii) those governing inspection, financial liability and inventory control recording. Lessee further agrees that, if applicable, it shall provide Lessor with copies of certificates of registration from the Texas Commission on Environmental Quality (hereinafter "**TCEQ**"), together with copies of any

required proof of financial responsibility and other documentation reasonably required by the Aviation Director or applicable regulatory agency.

15.2 Lessee shall, in conducting any activity or business on the Leased Premises, including environmental response or remedial activities, comply with all environmental laws, including, but not limited to, those regarding the generation, storage, use, transportation and disposal of solid wastes, hazardous materials, toxic chemicals, special wastes or other contaminants, and all laws, regulations and notice requirements pertaining to releases or threatened releases of hazardous materials, toxic chemicals, special wastes or other contaminants into the environment. Lessee shall not cause the release, or permit its employees, agents, permittees, contractors, subcontractors, sublessees, or others in Lessee's control, supervision, or employment, to release (whether by way of uncapping, pouring, spilling, spraying, spreading, attaching or otherwise), into or onto the Leased Premises or any other location upon or above the Airport (including the air, ground and ground water thereunder and the sewer and storm water drainage systems thereon), any quantity of hazardous substances (as defined or established from time to time by applicable local, state, or federal law and including, among other things, hazardous waste and any other substances that have been or may in the future be determined to be toxic, hazardous or unsafe). To the extent any such release may exceed quantities or volumes permitted by applicable federal, Texas or local law, Lessee shall immediately notify the Aviation Director, TCEQ, and Local Emergency Planning Committee, as may be required under the federal Emergency Planning and Community Right To Know Act. The Lessee, or any occupant of Leased Premises, shall be responsible for compliance with said Act, in the event of any such release.

15.3 Lessee shall remedy any release or threatened release caused by Lessee's operations at the Airport, as described above and, whether resulting from such release or otherwise, remove any hazardous materials, special wastes and any other environmental contamination caused by Lessee on, under or upon the Leased Premises, as may be required by a governmental or regulatory agency responsible for enforcing environmental laws and regulations. Such work shall be performed, at Lessee's sole expense, after Lessee submits to Lessor a written plan for completing such work. Lessor shall have the right to review and inspect all such work at any time, using consultants and representatives of its choice, at Lessor's sole cost and expense. Specific cleanup levels for any environmental remedial work shall be designed to meet all of the applicable environmental laws and regulations, to the satisfaction of the appropriate government or regulatory agency responsible for enforcing environmental laws and regulations.

15.4 Lessee agrees to defend, indemnify and hold harmless Lessor, its elected and appointed officials, officers, directors, volunteers, agents, employees, and representatives from and against any and all reasonable losses, claims, liability, damages, injunctive relief, injuries to person, property or natural resources, costs, expenses, enforcement actions, actions or causes of action, fines and penalties, arising as a result of action or inaction of Lessee, its employees, agents or contractors, in connection with the release, threatened release or presence of any hazardous material, contaminants, or toxic chemicals at, on, under, over or upon the Leased Premises and Airport, whether or not foreseeable, regardless of the source or timing of occurrence, release, threatened release, presence or discovery of same. The foregoing indemnity includes, without limitation, all reasonable costs at law or in equity for removal, clean-up, remediation and disposal of any kind, as well as all reasonable costs associated

with determining whether the Airport is in compliance, and causing the Airport to be in compliance with, all applicable environmental laws and regulations and all reasonable costs associated with claims for damages to persons, property or natural resources. In the event that Lessor is named in any enforcement action or lawsuit by any party in connection with the environmental condition of the Leased Premises caused by the action or inaction of the Lessee, Lessee shall defend Lessor and indemnify and hold harmless Lessor from any reasonable costs, damages, fines and penalties resulting therefrom.

15.5 In addition to any other rights of access herein regarding the Leased Premises, Lessor shall, upon reasonable notice, have access thereto in order to inspect and confirm that the Lessee is using same in accordance with all applicable environmental laws and regulations. Lessee shall, upon the Aviation Director's demand and at Lessee's sole expense, demonstrate to said Director (through such tests, professional inspections, samplings, or other methods as may be reasonably required by said Director) that Lessee has not caused or permitted any release of hazardous substances or contaminants in excess of quantities or volumes permitted by applicable federal, Texas or local law. Qualified independent experts, chosen by Lessee, subject to Lessor's approval, which approval shall not be unreasonably withheld, shall conduct any such tests and assessments. Lessee shall provide copies of reports from any such testing or assessments to Lessor upon receipt. Should Lessee not provide same to Lessor, Lessor may conduct, or cause to be conducted, such tests, inspections, samplings and assessments, and Lessee shall reimburse Lessor for all costs of such actions, no later than thirty (30) days following receipt by Lessee of invoices therefor. Lessor reserves the right to conduct any of the above actions at the Aviation Director's discretion, when, in the opinion of same, additional or supplemental assessments are in Lessor's best interest.

15.6 Lessee, at Lessor's request, shall make available for inspection and copying, upon reasonable notice and at reasonable times, any or all of the non-privileged documents and materials Lessee has prepared pursuant to any environmental law or regulation, which may be retained by Lessor or submitted to any governmental regulatory agency; provided, such documents and materials relate to environmental regulatory compliance and pertain to the Airport or the Leased Premises. If any environmental law or regulation requires Lessee to file any notice or report of a release or threatened release of regulated materials on, under or about the Leased Premises or the Airport, Lessee shall promptly submit such notice or report to the appropriate governmental agency and simultaneously provide a copy of such report or notice to Lessor. In the event that any written allegation, claim, demand, action or notice is made against Lessee regarding Lessee's failure or alleged failure to comply with any environmental law or regulation, Lessee, as soon as practicable, shall notify Lessor in writing and provide same with copies of any such written allegations, claims, demands, notices or actions so made.

15.7 The parties to this Lease Agreement, including the tenants or sublessees who may enjoy a future right of occupation through Lessee, acknowledge a right and a duty in Lessor, exercised by the Aviation Director, to review safety and potential environmental impacts of any proposed operation, business, maintenance or other activity of the Lessee and its sublessees. To this end, said Director shall have authority to disapprove an activity of the Lessee and/or any sublessee, on the basis of a risk assessment. The parties understand that Airport premises are not intended for use involving refining, processing, manufacturing, maintenance (except for aircraft maintenance if approved by Aviation Director), overhaul (except for aircraft engines and systems overhaul if approved by Aviation Director), or similar heavy industrial activities entailing use, storage, manufacture, or transport of critical volumes of regulated or hazardous materials

or toxic chemicals. For purposes of this Lease Agreement, "critical volumes" are those which, in the discretion and judgment of the Aviation Director, pose or may pose an unreasonable risk to Airport property, its occupants, employees or the traveling public. Discretion and judgment are reserved to the Aviation Director due to the fact that combinations and proximity of such materials are synergistic. The Aviation Director's decision in this regard is final, and said Director shall exercise such review prior to any lease or sublease, from time to time, as he may deem necessary for appropriate risk assessment of existing leases and subleases.

15.8 Lessee's obligations set forth in this **Article 15 – ENVIRONMENTAL COMPLIANCE** shall not apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 16. SIGNS

Lessee shall neither erect signs nor distribute advertising matter upon Airport premises, without the prior written consent of the Aviation Director. Signs displayed on the Leased Premises must be approved by the Aviation Director and CBP; provided that CBP's approval regarding FIS Facility signage shall only be required during the Initial Construction Period and CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 17. REGULATIONS

Lessee's officers, agents, employees and servants shall obey all rules and regulations promulgated by Lessor, its authorized agents in charge of the Airport, or other lawful authority, to insure the safe and orderly conduct of operations and traffic thereon.

ARTICLE 18. TIME OF EMERGENCY

During time of war or national emergency, Lessor shall have the right to lease the landing area or any part thereof to the United States for government use, and, if such lease is executed, the provisions of this Lease Agreement, insofar as they are inconsistent with those of the Government lease, shall be suspended.

ARTICLE 19. QUALITY OF SERVICES

19.1 Lessee shall, at all times, furnish good, prompt and efficient services, adequate to meet demand for same at the Airport, furnish said services on a non-discriminatory basis to all users thereof, and charge non-discriminatory prices for each unit of sale or service; provided, however, that Lessee will be allowed to make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

19.2 Lessee's obligations set forth in this **Article 19 – QUALITY OF SERVICES** shall not apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 20. SUBORDINATION OF LEASE & RIGHT OF RECAPTURE

20.01 This Lease Agreement shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States of America regarding 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 funds for the development of the Airport. Should the effect of such agreement with the United States be to take any of the property under lease, or substantially alter or destroy the commercial value of the leasehold interest granted herein, Lessor shall not be held liable therefore, but, in such event, Lessee may cancel this Lease Agreement upon ten (10) days' written notice to Lessor. Notwithstanding the foregoing, Lessor agrees that, in the event it becomes aware of any such proposed or pending agreement or taking, Lessor shall utilize its best efforts to (i) give the maximum possible notice thereof to Lessee. Any portion of the Leased Premises recaptured from Lessee under this provision shall result in a proportionate abatement of rent as of the date the recapture is effectuated.

20.02 Lessor shall have the right to recapture any or all of the Leased Premises to the extent that such are necessary for the City's development, improvement, and or maintenance of the Airport's runways and taxiways; for protection or enhancement of flight operations; or for other development in compliance with any current or future Airport Master Plan. In the event of any such recapture, Lessee and Lessor shall execute a writing reflecting a corresponding adjustment to the Leased Premises and rent. If Lessee is required to relocate to other Airport premises pursuant to this **Section 20.02**, Lessor shall assist Lessee to identify other substitute premises on the Airport, if available. Lessor shall assist Lessee with relocation costs without impact to the rental terms of this Lease Agreement. If no suitable relocation premises shall be identified, Lessor shall compensate Lessee in an amount equal to the net present value of the remaining rental due under this Lease Agreement, excluding extension periods.

ARTICLE 21. SECURITY

21.1 Lessee shall provide for the security of the Air Operations Area (hereinafter "A.O.A.") and/or Security Identification Display Area (hereinafter "S.I.D.A.") to prevent entry or movement of unauthorized persons thereupon, in accordance with Chapter 3, Division 8 Security, of the City Code of San Antonio, Texas, as currently written, or as amended or replaced in the future. In appropriate cases, physical barriers to prevent access to the A.O.A. and/or the S.I.D.A. must be placed and supervised by Lessee during construction upon the Leased Premises.

21.2 Lessee shall comply with all rules, regulations, statutes, orders, directives or other mandates of the United States, the State of Texas, and/or the City of San Antonio or City's Aviation Department regarding Airport security requirements or measures.

21.3 Lessee shall comply with all current and future mandates of the Transportation Security Administration, or successor agency, for background investigations of its personnel.

21.4 **Lessee shall indemnify and hold harmless Lessor, its officers and employees from any charges, fines or penalties that may be assessed or levied by any department or agency of the United States or State of Texas, by reason of Lessee's failure to comply with any applicable security provision and/or requirement for compliance set forth herein.**

21.5 Lessee's obligations set forth in this **Article 21 - SECURITY** shall not apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 22. DEFAULT AND REMEDIES

22.1 Each of the following shall constitute an event of default by Lessee:

22.1.1 Lessee shall fail to pay any rent as provided for in this Lease Agreement and such failure shall continue for a period of ten (10) days after receipt by Lessee of written notice thereof.

22.1.2 Lessee shall neglect or fail to perform or observe any of the terms, provisions, conditions or covenants herein contained, and if such neglect or failure should continue for a period of thirty (30) days after receipt by Lessee of written notice of same, or if more than thirty (30) days shall be required because of the nature of the default, if Lessee shall fail within said thirty (30) day period to commence and thereafter diligently proceed to cure such default.

22.1.3 Lessee shall become insolvent; take the benefit of any present or future insolvency statute; make a general assignment for the benefit of creditors; file a voluntary petition in bankruptcy or a petition or answer seeking a reorganization or the readjustment of its indebtedness under the federal bankruptcy laws, or under any other law or statute of the United States or of any state thereof; or consent to the appointment of a receiver, trustee or liquidator of all or substantially all of its property.

22.1.4 An Order of Relief shall be entered, at the request of Lessee or any of its creditors, under federal bankruptcy, reorganization laws or any law or statute of the United States or any state thereof.

22.1.5 A petition under any part of the federal bankruptcy laws, or an action under any present or future insolvency law or statute, shall be filed against Lessee and shall not be dismissed within ninety (90) days after the filing thereof.

22.1.6 Pursuant to, or under the authority of, any legislative act, resolution, rule, or any court, governmental, agency or board order or decree or officer, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of Lessee and such possession or control shall continue in effect for a period of sixty (60) days.

22.1.7 Lessee shall become a corporation in dissolution or voluntarily or involuntarily forfeit its corporate charter; provided that, in the event of involuntary charter forfeiture no event of default shall exist so long as Lessee reinstates the charter within sixty (60) days following the forfeiture thereof.

22.1.8 The rights of Lessee hereunder shall be transferred to, pass to or devolve upon, by operations of law or otherwise, any other person, firm, corporation or other entity, in connection with or as a result of any bankruptcy, insolvency, trusteeship, liquidation, receivership, or other proceeding or occurrence described in Paragraphs 22.1.3 through 22.1.8 of this **Section 22.01**.

22.1.9 After the date that the City Sublease terminates and Lessee elects to take possession of the FIS Facility, Lessee shall voluntarily discontinue its operations at the Airport for a period of one hundred eighty (180) consecutive days.

22.2 In the event any default shall occur, Lessor then, or at any time thereafter, but prior to the removal of such condition of default, shall have the right, at its election, to terminate Lessee's right of possession of the Leased Premises, by giving at least five (5) days written notice to Lessee, at which time Lessee will then quit and surrender the Leased Premises to Lessor, but Lessee's obligations under the Lease shall remain in full force and effect. At the expiration of said five (5) days notice period, Lessor may enter upon and take possession of the Leased Premises (or any part thereof in the name of the whole), without demand or notice, and repossess the same as of the Lessor's former estate, expelling Lessee and those claiming under Lessee, forcibly if necessary, without prejudice to any remedy for arrears of rent or preceding breach of covenant and without any liability to Lessee or those claiming under Lessee for such repossession.

22.3 Lessor's repossession of the Leased Premises shall not be construed as an election to terminate this Lease Agreement nor shall it cause a forfeiture of rents or other charges remaining to be paid during the balance of the term hereof, unless a written notice of such intention be given to Lessee, or unless such termination is decreed by a court of competent jurisdiction.

22.4 Upon repossession, Lessor shall have the right, at its election and whether or not this Lease Agreement shall be terminated, to relet the Leased Premises or any part thereof for such period(s), which may extend beyond the term hereof, at such rent and upon such other terms and conditions as Lessor may, in good faith, deem advisable. Notwithstanding any law or anything contained herein to the contrary, to the full extent permitted under applicable law, Lessee and Lessor agree that Lessor's duty to relet the Leased Premises or otherwise to mitigate damages hereunder shall be limited to those requirements set forth in the Texas Property Code, as amended. Lessor shall in no event be liable, and Lessee's liability shall not be affected or diminished whatsoever, for failure to relet the Leased Premises, or in the event the Leased Premises are relet, for failure to collect any rental under such reletting, so long as the Lessor uses objectively reasonable efforts to comply with said Texas Property Code. Lessor and Lessee agree that any such duty shall be satisfied and Lessor shall be deemed to have used objective reasonable efforts to relet the Leased Premises and mitigate Lessor's damages by: (1) posting a "For Lease" sign on the Leased Premises; and (2) advising Lessor's lease agent, if any, of the availability of the Leased Premises.

22.5 In the event that Lessor elects to relet, rentals received by same from such reletting shall be applied: first, to the payment of any indebtedness, other than rent due hereunder from Lessee under this Lease Agreement; second, to the payment of any cost of such reletting; third, to the payment of rent due and unpaid hereunder; and finally, the residue, if any, shall be held by Lessor and applied hereunder. Should that portion of such rentals received from such reletting during any month, which is applied to the payment of rent hereunder, be less than the rent payable during that month by Lessee hereunder, then Lessee shall pay such deficiency to Lessor. Such deficiency shall be calculated and paid monthly. Lessee shall also pay to Lessor, as soon as ascertained, any costs and expenses reasonably incurred by Lessor in such reletting not covered by the rentals received from such reletting of the Leased Premises.

22.6 If Lessor shall terminate this Lease Agreement or take possession of the Leased Premises by reason of a condition of default, Lessee and those holding under Lessee, shall forthwith remove their goods and effects from the Leased Premises. If Lessee or any such claimant shall fail to effect such removal forthwith, Lessor may, without liability to Lessee or those claiming under Lessee, remove such goods and effects and store same for the account of Lessee or of the owner thereof at any place selected by Lessor, or, at Lessor's election, and

upon giving fifteen (15) days' written notice to Lessee of date, time and location of sale, Lessor may sell the same at public auction or private sale on such terms and conditions as to price, payment and otherwise, as Lessor in its sole discretion may deem advisable. If, in Lessor's judgment, the cost of removing and storing, or of removing and selling any such goods and effects, exceeds the value thereof or the probable sale price thereof, as the case may be, Lessor shall have the right to dispose of such goods in any manner Lessor may deem advisable.

22.7 Lessee shall be responsible for all costs of removal, storage and sale, and Lessor shall have the right to reimburse the Airport Revenue Fund from the proceeds of any sale for all such costs paid or incurred by Lessor. If any surplus sale proceeds remain after such reimbursement, Lessor may deduct from such surplus any other sum due to Lessor hereunder and shall pay over to Lessee any remaining balance of such surplus sale proceeds.

22.8 If Lessor shall enter into and repossess the Leased Premises as a result of Lessee's default in the performance of any of the terms, covenants or conditions herein contained, then Lessee hereby covenants and agrees that it will not claim the right to redeem or re-enter the Leased Premises to restore the operation of this Lease Agreement pursuant to any present or future statute providing a right of redemption or right of re-entry to tenants under real property leases, and Lessee hereby waives the right to such redemption and re-entrance under any present or future law, and does hereby further, for any party claiming through or under Lessee, expressly waive its right, if any, to make payment of any sum or sums of rent, or otherwise, of which Lessee shall have made default under any of the covenants of the Lease Agreement and to claim any subrogation of the rights of Lessee under these presents, or any of the covenants thereof, by reason of such payment.

22.9 All rights and remedies of Lessor herein created or otherwise existing at law are cumulative, and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other. All such rights and remedies may be exercised and enforced concurrently, whenever and as often as deemed desirable.

22.10 If proceedings shall, at any time, be commenced for recovery of possession, as aforesaid, and compromise or settlement shall be effected either before or after judgment whereby Lessee shall be permitted to retain possession of the Leased Premises, then such proceeding shall not constitute a waiver of any condition or agreement contained herein or of any subsequent breach thereof or to this Agreement.

22.11 Any amount paid or expense or liability incurred by Lessor for the account of Lessee may be deemed to be additional rental and the same may, at the option of Lessor, be added to any rent then due or thereafter falling due hereunder, including but not limited to attorney's fees and costs as set forth in **Article 31**.

ARTICLE 23. HOLDING OVER

23.1 It is agreed and understood that any holding over by Lessee, with Lessor's consent, after the termination of this Lease Agreement, shall not renew and extend same, but shall operate and be construed as a tenancy from month-to-month, upon all the terms and conditions set forth herein, except that rental shall be paid to Lessor by Lessee for the Ground Space at one hundred fifteen percent (115%) of the total rental in effect for the Ground Space as of the end of the Primary Term of this Lease Agreement or the ground rental rate established through

appraisal. In the event that Title to any Improvements shall vest upon City at the end of the Primary Term, Lessee shall also pay rent for the Improvements at rental rates established by the Appraisal Process.

23.2 Should Lessee hold over against Lessor's will, Lessee agrees to pay to Lessor, as monthly rent during such period of non-consensual holding over, for the Leased Premises (including Ground Space and all Improvements located thereon), whether title to such Improvements is in the name of Lessor or Lessee) for each month of such tenancy, three hundred percent (300%) of the Ground Space Rental paid for the last month of the Lease Agreement term, plus all applicable fees and any other fees authorized by this Agreement and/or authorized by Ordinance. Further, the City Sublease shall remain in effect (if not previously terminated); however, the City as Sub-Lessee shall have no obligation to pay Ground Rent or Building Rent during any such non-consensual hold over period. Lessee shall be liable to Lessor for all loss or damage resulting from such holding over against Lessor's will after the termination of this Lease Agreement, whether such loss or damage may be contemplated at such time or not. It is expressly agreed that acceptance of the foregoing rental by Lessor, in the event that Lessee fails or refuses to surrender possession, shall not operate to give Lessee any right to remain in possession beyond the period for which such amount has been paid nor shall it constitute a waiver by Lessor of its right to immediate possession thereafter. In the event that Title to any Improvements shall vest upon City at the end of the primary term, then Lessee shall also pay rent for such building at rental rates established by the Appraisal Process.

ARTICLE 24. ASSIGNMENT AND SUBLET

24.1 Lessee is not permitted under any circumstances to transfer or assign this Lease or Lessee's interest in or to the Leased Premises without having first obtained Lessor's prior written consent, which may be given only by or pursuant to an ordinance enacted by the City Council of the City of San Antonio ; provided, however, that the foregoing shall not apply to and prevent the assignment of this Lease Agreement by Lessee, with the prior written consent of the Aviation Director, to any Affiliate or Subsidiary of Lessee.

24.2 Upon the Commencement Date, Lessor and Lessee shall enter into the City Sublease attached hereto as **Exhibit 2**. No other subleases are authorized under this Lease while the City Sublease is in effect. If the City Sublease terminates, Lessee may sublet in accordance with **Articles 24.3, 24.4, and 24.5** herein.

24.3 If the City Sublease terminates, Lessee shall not sublet the Leased Premises or any part thereof without having first obtained the Aviation Director's written consent. In the event Lessee requests permission to sublease, the request shall be submitted to the Aviation Director, prior to the effective date of the sublease requested, and shall be accompanied by a copy of the proposed sublease agreement(s) and of all agreement(s) collateral thereto. The identity of the sublessee, the area or space to be subleased, the rental to be charged, the type of business to be conducted, reasonable financial history and all other information reasonably requested by the Aviation Director shall be specified. Lessee shall not sublease a total of more than fifty percent (50%) of the Leased Premises and/or its component FIS Facility and Ground Space without the written approval of the Aviation Director. If such limit is exceeded without the Aviation Director's written approval, Lessor shall have the right, upon thirty (30) days' written notice, to recapture the space described in the sublease, and terminate the entire Lease Agreement on the expiration of such thirty (30) day period. In the event of any recapture, Lessee's rental payments shall be adjusted on a pro-rata basis; provided, however, that all

rights and remedies of Lessor contained in **Article 22, Default and Remedies**, shall be available to Lessor.

24.4 In the event of a sublease where the rental per square foot established in the sublease exceeds the rental for same established in the Lease Agreement, Lessee shall pay to Lessor, as additional rent, the excess of the rental received from the sublessee over that specified to be paid by Lessee herein per square foot; provided that Lessee may charge a reasonable fee for administrative costs in addition to the sublease rental, not to exceed fifteen percent (15%) of the specified sublease rental. Such fifteen percent (15%) shall not be considered as excess rental. Nothing herein shall prevent Lessee from charging a reasonable fee to others for the use of capital equipment and facilities on the subleased premises or charging for use of utilities and other services being paid for by Lessee. Should any method of computation of rental to be paid by a sublessee, other than computation based upon a rental rate per square foot, be employed, the provisions of this paragraph will apply if the rental received for the proportionate area of the Leased Premises by Lessee exceeds the rental paid to Lessor for said proportionate area of the Leased Premises.

25.5 Each subletting to which there has been consent shall be by written instrument, in a form reasonably satisfactory to Lessor, and shall be executed by sublessee, who shall agree, in writing, for the benefit of Lessor, to be bound by and to perform the terms, covenants and conditions of this Lease Agreement. Four (4) executed copies of such written instrument shall be delivered to Lessor. Failure either to obtain Lessor's prior written consent or to comply with the provisions herein contained shall operate to prevent any such subletting from becoming effective.

ARTICLE 25. DAMAGE OR DESTRUCTION OF LEASED PREMISES

25.1 In the event any of the Improvements on the Leased Premises are destroyed or damaged to the extent that they are unusable, Lessee shall have the election of repairing or reconstructing the Improvements substantially as they were immediately prior to such casualty, or in a new or modified design, or not to construct the Improvements. Lessee shall give the Director written notice of its election within sixty (60) days after the occurrence of such casualty. If the entirety or substantially all of the Improvements are damaged or destroyed and Lessee elects not to repair or reconstruct the damaged Improvements within the sixty (60) day election period, the Director may terminate this Lease by written notice to Lessee given within sixty (60) days following expiration of Lessee's election period, whereupon (i) this Lease shall terminate, Lessee shall clear the Leased Premises of any remaining improvements or debris, and Lessee shall thereupon abandon the Leased Premises and (ii) the insurance proceeds covering the Improvements shall be paid to Lessee. If such damage or destruction is to less than substantially all of the Improvements, and Lessee elects not to repair or reconstruct the damaged Improvements within the said 60-day period following such damage or destruction, then (i) this Lease shall be deemed modified so as to terminate the Lease as to such damaged Improvements, and (ii) the insurance proceeds covering the Improvements shall be paid to Lessee. In the event of damage or destruction to any of the Improvements, the City shall have no obligation to repair or rebuild the Improvements or any fixtures, equipment or other personal property installed by Lessee on the Leased Premises.

25.2 If Lessee elects to repair or reconstruct the Improvements, Lessee shall use its insurance proceeds from the policy covering the destroyed Improvements. If the insurance proceeds are not sufficient, Lessee agrees to pay the deficiency. If Lessee

elects to repair or reconstruct, Lessee shall, at its expense, replace and repair any and all fixtures, equipment and other personal property necessary to properly and adequately continue its authorized activities on the Leased Premises. In no event shall Lessee be obligated to provide equipment and fixtures in excess of those existing prior to the damage or destruction. Lessee agrees that such work will be commenced and completed with due diligence.

25.3 Prior to any repair or reconstruction described above, Lessee shall submit plans and specifications to the Director for his written approval. Such repair or reconstruction shall be in accordance therewith. Any changes must be approved in writing by the Director.

25.4 Lessee's obligations set forth in this **Article 25 - Damage or Destruction of Leased Premises** shall not apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 26. LAWS AND ORDINANCES

Lessee agrees to comply promptly with all laws, ordinances, orders, rules and regulations, as amended from time to time, affecting the Leased Premises, including, but not limited to, those related to its cleanliness, safety, operation, use, and business operations. Lessee shall comply with all Federal and State regulations concerning its operation on the Airport and shall indemnify and hold harmless Lessor, its officers and employees, from any charges, fines or penalties that may be assessed or levied by any department or agency of the United States or the State of Texas, by reason of Lessee's failure to comply with the terms of this Article or with any other terms set forth in this Lease Agreement.

ARTICLE 27. TAXES AND LICENSES

Lessee shall, at its sole cost and expense, pay on or before their respective due dates, to the appropriate collecting authority, all Federal, State and local taxes and fees, which are now or may hereafter be levied upon the Lessee, Leased Premises, the business conducted thereon or upon any of Lessee's property used in connection therewith including, but not limited to, any possessory interest taxes. Lessee shall also maintain, in current status, all Federal, State, and local licenses and permits required for the operation of its business. Lessee's obligations set forth in this **Article 27 – Taxes and Licenses** shall not apply during CBP's possession, use, and occupancy of the FIS facility with the exception of ad valorem taxes assessed against Lessee, if any, by virtue of its ownership of the Project Improvements.

ARTICLE 28. NONDISCRIMINATION & AFFIRMATIVE ACTION REGULATIONS

28.1 Lessee understands and agrees to comply with the Non-Discrimination Policy of the City of San Antonio contained in Chapter 2, Article X of the City Code and further, shall not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, veteran status, age or disability, unless exempted by state or federal law, or as otherwise established herein. As part of said compliance, Lessee shall adhere to Lessor's Non-Discrimination Policy in the solicitation, selection, hiring or commercial treatment of vendors, suppliers or commercial customers; further, Lessee shall not retaliate against any person for reporting instances of such discrimination.

28.2 Lessee for itself, its heirs, representatives, successors and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained or otherwise operated on the Leased Premises, for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

28.3 Lessee for itself, its representatives, successors and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that: (1) no person, on the grounds of race, color, creed, sex, age, religion, national origin or handicap, shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination, in the use of said facilities; (2) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, creed, sex, age, religion, national origin or handicap shall be excluded from participation, denied the benefits of, or otherwise be subjected to discrimination; and (3) that Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

28.4 Lessee agrees that it will comply with applicable statutes, Executive Orders and such rules as are promulgated by applicable state, federal or municipal agencies to assure that no person shall be excluded from participating in any activity conducted with or benefiting from Federal assistance on the basis of race, creed, color, national origin, sex age, or handicap. Lessee, its successors and assigns, shall be obligated to comply with the provisions of this **Section 28.4** for the period during which Federal assistance is extended to the Airport, except where Federal assistance is to provide, or is in the form of, personal property or real property or interest therein or structures or improvements thereon. In these cases, this **Section 28.4** shall apply to Lessee, its successors and assigns, through the later of: (a) the period during which such property is used by Lessor, its successors and assigns for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which Lessor, is successors or assigns, retains ownership or possession of the Leased Premises.

ARTICLE 29. WAGES

Lessee shall pay at least the minimum wage, as required by Federal and State statutes and City ordinances, to employees of its operations hereunder.

ARTICLE 30. FORCE MAJEURE

If either party shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, war, terrorism, inability to procure materials, restrictive governmental laws or regulations or other cause, without fault and beyond the control of the party obligated (the financial inability of the party excepted), performance of such act shall be extended by a period equal to the period of such delay; provided, however, that nothing in this paragraph shall excuse Lessee from the prompt payment of any rental except as may be expressly provided otherwise in this Lease; and further provided that the party

relying on this paragraph shall provide written notice to the other party notifying such other party of the force majeure event promptly after such force majeure event, and shall proceed with all diligence to complete the performance of the act upon the cessation of the force majeure event.

ARTICLE 31. ATTORNEYS' FEES AND COSTS

In the event that either party brings an action under this Lease Agreement, and prevails therein, it shall be entitled to recover from the other party its reasonable attorneys' fees and court costs, including but not limited to constable and eviction fees and expenses, not to exceed the actual amount incurred in the defense or prosecution thereof.

ARTICLE 32. SEVERABILITY

If any clause or provision of this Lease Agreement is illegal, invalid or unenforceable under present or future laws, it is the parties' intention that the remainder hereof not be affected. In lieu of each clause or provision that is illegal, invalid or unenforceable, the parties intend that there be added, as a part of this Lease Agreement, a clause or provision, as similar in terms to such illegal, invalid or unenforceable clause or provision, as may be possible, yet be legal, valid and enforceable.

ARTICLE 33. AMENDMENT

This Lease Agreement, together with its authorizing ordinance, constitutes the entire agreement between the parties. No amendment, modification or alteration of the terms of this Lease Agreement shall be binding, unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

ARTICLE 34. RELATIONSHIP OF PARTIES

Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers or any other similar such relationship, between the parties hereto. It is understood and agreed that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties hereto, creates a relationship other than one of Lessor and Lessee.

ARTICLE 35. CUMULATIVE REMEDIES NO WAIVER - NO ORAL CHANGE

The specific remedies of the parties under this Lease Agreement are cumulative and do not exclude any other remedies to which they may be lawfully entitled in law or equity, in the event of a breach or threatened breach hereof. The failure of either party to insist upon the strict performance of any covenant of this Lease Agreement, or to exercise any option herein contained, shall not be construed as its future waiver or relinquishment thereof. Lessor's receipt of a rent payment, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach. Further, no waiver, change, modification or discharge by either party of any provision of this Lease Agreement shall be deemed to have been made or be effective,

unless in writing and signed by the party to be charged. In addition to other remedies herein, the parties shall be entitled to an injunction restraining the violation, or attempted violation, of any of the covenants, conditions or provisions hereof, or to a decree compelling performance of same; subject, however, to other provisions herein.

ARTICLE 36. CONFLICT OF INTEREST

36.1 Lessee acknowledges that it is informed that the Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as those terms are defined in Section 2-52 of the Ethics Code, from having a financial interest in any contract with the City or any City agency such as city owned utilities. An officer or employee has a "prohibited financial interest" in a contract with the City or in the sale to the City of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale: a City officer or employee; his parent, child or spouse; a business entity in which the officer or employee, or his parent, child or spouse owns ten (10) percent or more of the voting stock or shares of the business entity, or ten (10) percent or more of the fair market value of the business entity; a business entity in which any individual or entity above listed is a subcontractor on a City contract, a partner or a parent or subsidiary business entity.

36.2 Pursuant to the subsection above, Lessee warrants and certifies, and this contract is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of the City. Lessee further warrants and certifies that it has tendered to the City a Discretionary Contracts Disclosure Statement in compliance with the City's Ethics Code.

ARTICLE 37. APPLICABILITY OF CERTAIN PROVISIONS DURING CBP'S POSSESSION, USE, AND OCCUPANCY OF THE FIS FACILITY

Attached hereto and incorporated herein by reference as an Appendix is a table showing the applicability of certain provisions of this Lease and the City Sublease during the Initial Construction Period, during CBP's possession, use, and occupancy of the FIS Facility, and, in the event the City Sublease terminates, and Lessee does not terminate the Lease in accordance with **Article 5 – Lease Term**.

ARTICLE 38. GENERAL PROVISIONS

38.1 Incorporation of Exhibits. All exhibits and the Appendix referred to in this Lease Agreement are intended to be and hereby are specifically made a part of this Lease Agreement.

38.2 Nonexclusive Rights. It is understood and agreed that nothing herein contained shall be construed to grant to Lessee any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport, except that, subject to the terms and provisions hereof, Lessee shall have the right to exclusive possession of the Leased Premises.

38.3 Airport Access License/Permit. Lessor reserves the right to establish a licensing or permit procedure for vehicles requiring access to the Airport operational areas and to levy

directly against Lessee or its suppliers a reasonable regulatory or administrative charge to recover the cost of any such program for issuance of such Airport access license or permit.

38.4 Compliance with Part 77, Title 14, CFR. Lessee agrees to comply with the notification and review requirements covered in Part 77, Title 14, Code of Federal Regulations, FAA Regulations, in the event future construction of a building is planned for the Leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

38.5 Reservations re: Airspace and Noise There is hereby reserved to Lessor, its successors, and assigns, 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 Leased Premises.

38.6 Inspection of Books and Records. Each party hereto, at its expense and on reasonable notice, shall have the right from time to time to inspect and copy the books, records, and other data of the other party as reasonably required in order to verify a party's compliance with the provisions hereof, provided (i) such inspection is made during regular business hours, and (ii) such examination is not prohibited by the U.S. Government..

38.7 Independent Contractor. Lessee is not an employee or agent of City by reason of this Lease Agreement, or otherwise. Lessee shall be solely responsible for its acts and omissions arising from or relating to its operations or activities at Airport, or lease of property herein.

38.8 Authority of Agreement. Lessee warrants and represents that it has the right, power, and legal capacity to enter into, and perform its obligations under this Lease Agreement, and no approvals or consents of any persons are necessary in connection with it. The execution, delivery, and performance of this Lease Agreement by the undersigned Lessee representatives have been duly authorized by all necessary corporate action of Lessee, and this Lease Agreement constitutes a legal, valid, and binding obligation of Lessee, enforceable in accordance with its terms.

38.9 Authority of the Aviation Director. The Aviation Director shall administer this Lease Agreement on behalf of Lessor. Whenever this Lease Agreement calls for approval by Lessor, such approval shall be evidenced, in writing, by either the Aviation Director or the City Manager of the City of San Antonio or his designee. In no event shall this language be considered a waiver by Lessee to object to decisions by the Aviation Director which it considers to be arbitrary, capricious or inconsistent with any express obligations to act reasonably set forth herein.

38.10 Consent. Whenever the consent or approval of either party hereto is required or authorized hereunder, such consent or approval shall not be unreasonably withheld, unreasonably conditioned, or unreasonably delayed.

38.11 Net Agreement. It is the intent and purpose of the City and Lessee that all rental payable by Lessee herein shall be absolutely net to the City so that this Lease Agreement shall yield to City the entire rent specified, in each year of this Lease Agreement, free of any charges, assessments, impositions or deductions of any kind or character which may be charged, assessed, or imposed on or against Lessee or the Leased Premises, without abatement, deduction or set-off by Lessee.

38.12 Noise Control. Lessee, for itself and each of its officers, representatives, agents, employees, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, or suppliers shall not conduct any operation or activity on the Leased Premises, or elsewhere at Airport, in which the sound emitting therefrom is of such volume, frequency or intensity at such time as to constitute a nuisance. The Aviation Director shall have the sole and exclusive authority to determine what constitutes a nuisance under the provisions of this Lease Agreement except that operations and activities having noise levels not in violation of federal, State, or local governmental standards shall not be deemed a nuisance.

38.13 Time is of the Essence. Time shall be of the essence in complying with the terms, conditions and provisions of this Lease Agreement.

38.14 Vehicular and Equipment Parking. Vehicular and equipment parking in areas other than the Leased Premises by Lessee, its officers, representatives, agents, employees, guests, patrons, volunteers, contractors, subcontractors, licensees, suppliers or other invitees shall be restricted to such areas at Airport as are designated by the Airport Director.

38.15 Notices. Unless otherwise expressly provided elsewhere in this Agreement, any election, notice or communication required or permitted to be given under this Agreement shall be in writing and deemed to have been duly given if and when delivered personally (with receipt acknowledged), or on receipt after mailing the same by certified mail, return receipt request with proper postage prepaid, or three (3) days after mailing the same by first class U.S. mail, postage prepaid (in accordance with the "Mailbox Rule"), or when sent by a national commercial courier service (such as Federal Express or United Parcel Service) for expedited delivery to be confirmed in writing by such courier.

If intended for CITY, to:

City of San Antonio
Aviation Department
Attn: Director
9800 Airport Boulevard
San Antonio, TX 78216

If intended for Lessee, to:

San Antonio Sky Place Real
Estate Ventures, LLC
c/o Smart Traveling, Inc.
Attn: Pablo Hoyos, CEO
1770 Sky Place Blvd.
San Antonio, TX 78216

ARTICLE 39. PARTIES BOUND

This Lease Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, as permitted hereby.

ARTICLE 40. TEXAS LAW TO APPLY

All obligations under this Lease Agreement are performable in Bexar County, Texas, and shall be construed pursuant to the laws of the State of Texas, except where state law shall be preempted by any rules, laws or regulations of the United States. Venue for any actions brought to enforce or interpret this Lease shall be Bexar County, Texas.

ARTICLE 41. GENDER

Words of either gender used in this Lease Agreement shall be held and construed to include the other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

ARTICLE 42. CAPTIONS

The captions of the provisions contained herein are for convenience in reference and are not intended to define, extend or limit the scope of any provision of this Lease Agreement.

ARTICLE 43. ENTIRE AGREEMENT

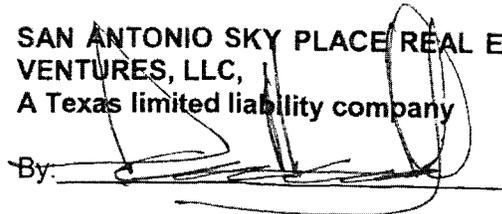
This Lease Agreement comprises the final and entire agreement, including all terms and conditions thereof, between the parties hereto, and supersedes all other agreements, oral or otherwise, regarding the subject matter hereof, none of which shall hereafter be deemed to exist or to bind the parties hereto. The parties intend that neither shall be bound by any term, condition or representation not herein written.

IN WITNESS WHEREOF, the undersigned have duly executed this Lease Agreement as of the dates set forth below.

CITY OF SAN ANTONIO

**SAN ANTONIO SKY PLACE REAL ESTATE
VENTURES, LLC,
A Texas limited liability company**

By: _____
City Manager

By: 

Date: _____

Printed Name: PABLO A. HOYOS

Title: CEO

Approved as to form:

Date: NOV 5th 2014

City Attorney

**EXHIBIT 1
LEASED PREMISES**

Exhibit 1-B – Summary
Leased Premises

*	Lease Amendment	Parcels 1A, 1B, 2, 6
**	GA FIS Lease and City Sublease	Parcels 4A, 4B
***	Apron & Taxiway Improvements	Parcels 5A, 5B
****	Roadway	Parcel 3

**METES AND BOUNDS DESCRIPTION
FOR NINE PARCELS WITHIN THE
SAN ANTONIO INTERNATIONAL AIRPORT
CITY OF SAN ANTONIO, BEXAR COUNTY, TEXAS
COMPRISING 32.07 ACRES**

* **PARCEL 1A - 0.1419 OF AN ACRE TRACT**

Being a 0.1419 of an acre (6,180 square feet) tract of land in Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 0.1419 of an acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

COMMENCING at a found PK Nail, at a point of curvature in the southerly Right-of-Way, (R.O.W.), line of Skyplace Boulevard, (60-foot R.O.W.), being the northeast corner of Lot 44, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 60°04'27" W, a distance of 3598.68 feet;

THENCE N 48°23'19" W, along the common line of said Skyplace Boulevard and Lot 44, a distance of 50.77 feet a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the **POINT OF BEGINNING** and northeast corner of the herein described tract;

THENCE departing said common line, into and across said Lot 44, the following three (3) courses and distances:

- 1.) S 03°21'42" E, a distance of 206.97 feet to a point, for the south corner of the herein described tract,
- 2.) N 18°36'18" W, a distance of 153.06 feet to a point, for a corner of the herein described tract, and
- 3.) N 03°48'03" W, a distance of 97.67 feet to a non-tangent point of curvature of a curve to the right on the common line of said Skyplace Boulevard and Lot 44, for the north corner of the herein described tract;

THENCE along said common line, the following two (2) courses and distances:

- 1.) along said curve to the right, a distance of 35.24 feet, with a radius of 370.00 feet, a central angle of 05°27'25 and a chord bearing and distance of S 51°21'45" E, 35.23 feet to a found 1/2-inch iron rod, for a corner of the herein described tract, and
- 2.) S 48°23'19" E, a distance of 20.94 feet returning to the **POINT OF BEGINNING** and containing 0.1419 of an acre (6,180 square feet) of land, more or less.

* **PARCEL 1B - 11.42 ACRE TRACT**

Being an 11.42 acre (497,580 square feet) tract of land in Lot 43 and Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 11.423 acre tract of land being more particularly described as follows, with all

bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

COMMENCING at a found 1/2-inch iron rod at the south corner of Lot 44, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4494.24 feet;

THENCE N 48°37'52" W, along the southwest line of said Lot 44, a distance of 232.04 feet a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the **POINT OF BEGINNING** and the south corner of the herein described tract;

THENCE N 48°37'52" W, continuing along said southwest line of Lot 44, at a distance of 472.89 feet, passing a found 3/4-inch iron rod for the southernmost corner of Lot 43, being a westerly corner of Lot 44, continuing along the southwest line of Lot 43, in all a total distance of 622.31 feet to a point; for the west corner of the herein described tract;

THENCE N 41°22'08" E, at a distance of 45.00 feet, passing the common line of said Lot 43 and Lot 44, continuing into and across said Lot 44, a total distance of 1,099.36 feet to a point, for the north corner of the herein described tract;

THENCE continuing into and across said Lot 44, the following seven (7) courses and distances:

- 1.) S 18°36'18" E, a distance of 14.89 feet to a point, for a corner of the herein described tract,
- 2.) S 03°21'42" E, a distance of 866.44 feet to a "X" scribed in concrete, for a corner of the herein described tract,
- 3.) S 41°24'44" W, a distance of 30.36 feet to a building corner, for a corner of the herein described tract,
- 4.) S 48°35'16" E, a distance of 30.00 feet to a "X" scribed in concrete , for a corner of the herein described tract,
- 5.) S 41°24'44" W, a distance of 156.36 feet to a "X" scribed in concrete at tangent point of curvature of a curve to the right, for a corner of the herein described tract,
- 6.) along said curve to the right, a distance of 47.12 feet, with a radius of 30.00 feet, a central angle of 90°00'00" and a chord bearing and distance of S 86°24'44" W, 42.43 feet to a "X" scribed in concrete, for a corner of the herein described tract, and
- 7.) S 41°24'44" W, a distance of 259.64 feet returning to the **POINT OF BEGINNING** and containing 11.42 acres (497,580 square feet) of land, more or less.

*

PARCEL 2 - 16.92 ACRE TRACT

Being a 16.92 acre (736,990 square feet) tract of land in Lot 43 and Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 16.92 acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

COMMENCING at a found 1/2-inch iron rod at the south corner of Lot 44, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516,



Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4494.24 feet;

THENCE N 48°37'52" W, along the southwest line of said Lot 44, at a distance of 704.93 feet passing a found 3/4" iron rod for the southernmost corner of Lot 43, being a westerly corner of Lot 44, continuing along the southwest line of said Lot 43, a total distance of 854.34 feet a point, for the **POINT OF BEGINNING** and south corner of the herein described tract;

THENCE N 48°37'52" W, continuing along said southwest line of Lot 43, a distance of 646.90 feet to a 1/2-iron rod found, for the west corner of the herein described tract;

THENCE N 41°22'08" E, into and across said Lot 43, a distance of 985.92 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR." in the southerly Right-of-Way, (R.O.W.), line of Skyplace Boulevard (60' R.O.W.), for the northwest corner of the herein described tract;

THENCE along the common line of said Skyplace Boulevard R.O.W. and Lot 43 and Lot 44, the following two (2) courses and distances:

- 1.) S 82°10'53" E, at a distance of 338.11, passing the approximate northeast corner of Lot 43, being the approximate northwest corner of Lot 44, continuing in all a total distance of 346.44 feet set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR." at a tangent point of curvature of a curve to the right, for a corner of the herein described tract, and
- 2.) along said curve to the right, a distance of 181.40 feet with a radius of 370.00 feet, a central angle of 28°05'26" and a chord bearing and distance of S 68°08'10" E, a distance of 179.59 feet to a point, for the northeast corner of the herein described tract,

THENCE departing said common line, into and across said Lot 44 and Lot 43, the following three (3) courses and distances:

- 1.) S 03°48'03" E, a distance of 97.67 feet to a point, for a corner of the herein described tract,
- 2.) S 18°36'18" E, a distance of 138.17 feet to a point, for the east corner of the herein described tract, and
- 3.) S 41°22'08" W, at a distance of 1,054.36 passing the common line of Lot 44 and Lot 43, continuing in all a total distance of 1099.36 feet returning to the **POINT OF BEGINNING** and containing 16.92 acres (736,990 square feet) of land, more or less.

*** **PARCEL 3 - 0.9784 OF AN ACRE TRACT**

Being a 0.9784 of an acre (42,620 square feet) tract of land in Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 0.9784 of an acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

BEGINNING at a found PK Nail at a point of curvature in the southerly Right-of-Way, (R.O.W.), line of Skyplace Boulevard, (60-feet R.O.W.), being the northeast corner of Lot 44 and the herein described tract, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 60°04'27" W, a distance of 3598.68;

THENCE S 03°37'46" E, along the east line of said Lot 44, a distance of 1,080.04 feet to a "X" scribed in concrete, for the southeast corner of the herein described tract;



THENCE into and across said Lot 44, the following four (4) courses and distances:

- 1.) S 86°22'27" W, a distance of 41.05 feet to a "X" scribed in concrete, for the south corner of the herein described tract,
- 2.) N 48°35'16" W, a distance of 30.00 feet to a building corner, for the west corner of the herein described tract,
- 3.) N 41°24'44" E, a distance of 30.36 feet to a "X" scribed in concrete, for a corner of the herein described tract, and
- 4.) N 03°21'42" W, a distance of 1,073.41 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR." returning to the southerly R.O.W. line of Skyplace Boulevard, being the north line of Lot 44, for the north corner of the herein described tract;

THENCE S 48°23'19" E, along the common line of said Lot 44 and Skyplace Boulevard R.O.W., a distance of 50.77 returning to the **POINT OF BEGINNING** and containing 0.9784 of an acre (42,620 square feet) of land, more or less.

**** PARCEL 4A - 0.4654 OF AN ACRE TRACT**

Being a 0.4654 of an acre (20,270 square feet) tract of land in Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 0.4654 of an acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

COMMENCING at a found 1/2-inch iron rod at the south corner of Lot 44, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4494.24 feet;

THENCE N 41°25'30" E, along the southeast line of said Lot 44, a distance of 298.47 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the **POINT OF BEGINNING** and south corner of the herein described tract;

THENCE into and across said Lot 44, the following three (3) courses and distances:

- 1.) N 48°35'16" W, a distance of 202.10 feet to a "X" scribed in concrete, for the west corner of the herein described tract,
- 2.) N 41°24'44" E, a distance of 147.36 feet to a "X" scribed in concrete, for a corner of the herein described tract, and
- 3.) N 86°22'27" E, a distance of 41.05 feet to a "X" scribed in concrete in the east line of said Lot 44, for the northeast corner of the herein described tract;

THENCE S 03°37'46" E, along the east line of said Lot 44, a distance of 244.62 feet to a found 3/4" iron rod at the most easterly corner of said Lot 44, for the most easterly corner of the herein described tract;

THENCE S 41°25'30" W, along the southeast line of said Lot 44, a distance of 3.56 feet returning to the **POINT OF BEGINNING** and containing 0.4654 of an acre (20,270 square feet) of land, more or less.

**** PARCEL 4B - 0.0001 OF AN ACRE TRACT**

Being a 0.0001 of an acre (6 square feet) tract of land in the San Antonio International Airport Property (no Deed found), adjoining Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision



within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 0.0001 of an acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

COMMENCING at a found 1/2-inch iron rod at the south corner of Lot 44, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4,494.24 feet;

THENCE N 41°25'30" E, along the southeast line of Lot 44, a distance of 298.47 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the **POINT OF BEGINNING** and the west corner of the herein described tract;

THENCE N 41°25'30" E, continuing along the southeast line of said Lot 44, a distance of 3.56 feet to a found 3/4-inch iron rod at the east corner of said Lot 44, for the north corner of the herein described tract;

THENCE departing said east line of Lot 44, into and across San Antonio International Airport property, the following two (2) courses and distances:

- 1.) S 03°37'46" E, a distance of 5.04 feet to a point, for the south corner of the herein described tract, and
- 2.) N 48°35'16" W, a distance of 3.57 feet returning to the **POINT OF BEGINNING** and containing 0.0001 of an acre (6 square feet) of land, more or less.

*** **PARCEL 5A - 1.568 ACRE TRACT**

Being a 1.568 acre (68,310 square feet) tract of land in Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 1.568 acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

BEGINNING at a found 1/2-inch iron rod at the south corner Lot 44 and the herein described tract, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4494.24 feet;

THENCE N 48°37'52" W, along the southwest line of Lot 44, a distance of 232.04 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the west corner of the herein described tract;

THENCE into and across said Lot 44, the following four (4) courses and distances:

- 1.) N 41°24'44" E, a distance of 259.64 feet to a "X" scribed in concrete at a non-tangent point of curvature of a curve to the left, for a corner of the herein described tract,
- 2.) along said curve to the left, a distance of 47.12 feet, with a radius of 30.00 feet, a central angle of 90°00'00" and a chord bearing and distance of N 86°24'44" E, 42.43 feet to a "X" scribed in concrete, for a corner of the herein described tract,
- 3.) N 41°24'44" E, a distance of 9.00 feet to a "X" scribed in concrete, for the north corner of the herein described tract, and

- 4.) S 48°35'16" E, a distance of 202.10 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR." in the east line of said Lot 44, for the east corner of the herein described tract;

THENCE S 41°25'30" W, along the southeast line of said Lot 44, a distance of 298.47 feet returning to the **POINT OF BEGINNING** and containing 1.568 acres (68,310 square feet) of land, more or less.

***** PARCEL 5B – 0.2930 ACRE TRACT**

Being a 0.2930 acre (12,763 square feet) tract of land in New City Block 8644, said 0.2930 acre tract being in an area of unknown record adjoining Lot 44 of North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 0.2930 acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

BEGINNING at a found 1/2-inch iron rod for the south corner of Lot 44 and the western most corner of the herein described tract, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4494.24 feet;

THENCE N 41°25'30" E, along the southeast line of Lot 44, a distance of 298.47 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the northern most corner of the herein described tract;

THENCE into and across San Antonio International Airport Property of unknown record, the following six (6) courses and distances:

- 1.) S 48°35'16" E, a distance of 3.57 feet to a point, for a corner of the herein described tract,
- 2.) S 03°37'46" E, a distance of 91.23 feet to a non-tangent point of curvature of a curve to the left, being a corner of the herein described tract,
- 3.) along said curve to the left, a distance of 56.70 feet, with a radius of 72.00 feet, a central angle of 45°07'10" and a chord bearing and distance of S 63°58'57" W, 55.25 feet to a point, for a corner of the herein described tract,
- 4.) S 41°22'20" W, a distance of 105.63 feet to a tangent point of curvature of a curve to the right, for a corner of the herein described tract,
- 5.) along said curve to the right, a distance of 89.11 feet, with a radius of 98.00 feet, a central angle of 52°05'46" and a chord bearing and distance of S 67°25'12" W, 86.07 feet to a point, for a corner of the herein described tract, and
- 6.) N 48°37'52" W, a distance of 9.32 feet returning to the **POINT OF BEGINNING** and containing 0.2930 acres (12,763 square feet) of land, more or less.

*** PARCEL 6-0.2766 ACRE TRACT**

Being a 0.2766 acre (12,047 square feet) tract of land in New City Block 8644, said 0.2766 acre tract being in an area of unknown record adjoining Lot 44 of the North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Page 195-198, Deed and Plat Records of Bexar County, Texas, said 0.2766 acre tract being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinates System, South Central Zone (4204):



BEGINNING at a found $\frac{1}{2}$ " iron rod on the south right-of-way (R.O.W.) line of Skyplace Boulevard (60' R.O.W.), same point also being the northeast corner of said Lot 44 and the northwest corner of the herein described tract, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of said Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N60deg04'27"W, a distance of 3,598.68 feet;

THENCE into and across said San Antonio International Airport Property of unknown record and along the south R.O.W. line of Skyplace Boulevard, the following three (3) calls:

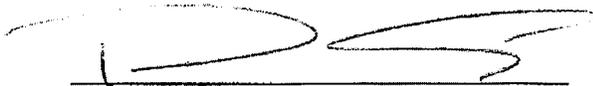
- 1.) S48deg 23'19"E, a distance of 14.97 feet to a tangent point of curvature of a curve to the right, for a corner of the herein described tract,
- 2.) along said curve to the right, a distance of 102.10 feet, with a radius of 130.00 feet, a central angle of 45deg00'00", and a chord bearing and distance of S25deg53'19"E, 99.50 feet to a tangent point, for a corner of the herein described tract, and
- 3.) S03deg23'19"E, a distance of 180.28 feet to a point, for the southeast corner of the herein described tract;

THENCE S86deg29'18"W, departing said R.O.W., continuing into and across said San Antonio International Airport Property of unknown record, a distance of 47.47 feet to a point on the east line of said Lot 44, for the southwest corner of the herein described tract;

THENCE N03°37'46"W, along the east line of said Lot 44, a distance of 282.89 feet returning to the **POINT OF BEGINNING** and containing 0.2766 acres (12,047 square feet) of land, more or less.

Job No. 1241-041-140
 April 30, 2014
 Revised June 27, 2014

Certified this 27th day of June, 2014



Robert M. Anguiano, R.P.L.S.
 Registered Professional Land Surveyor
 Texas Registration No. 6347
 Vickrey & Associates, Inc.

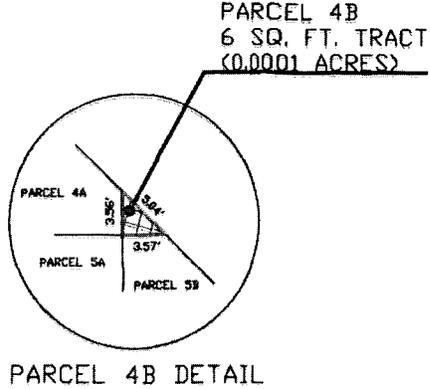
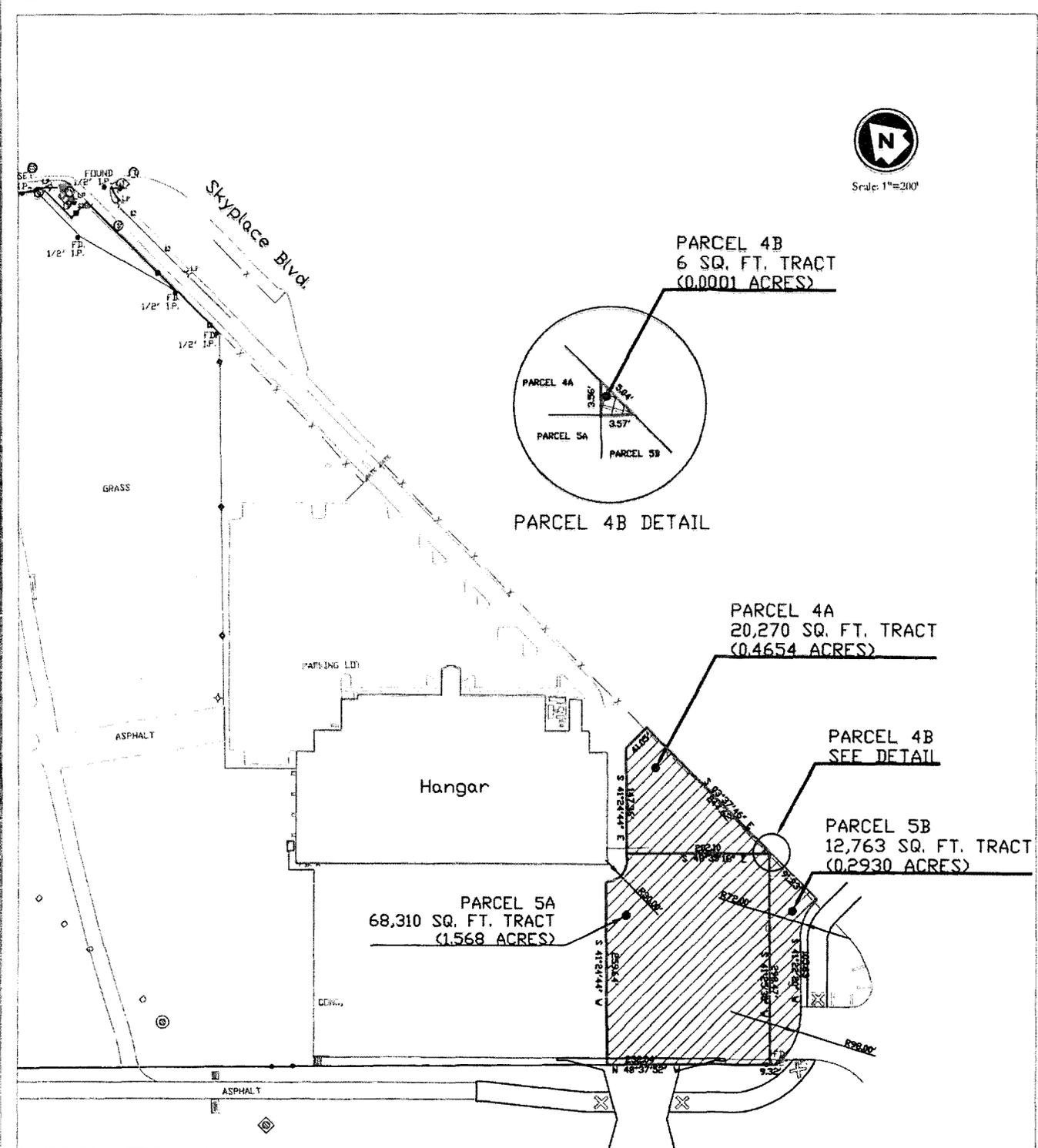


Exhibit 1-C

Drawing Name: 2: Lease Exhibit SAIA\2014\CA FIS at Skyplace 2014.dwg User: gd12632 Oct 27, 2014 9:05am



Scale: 1"=200'



SAN ANTONIO AIRPORT SYSTEM
GENERAL AVIATION
F.I.S.
SKYPLACE BLVD.
SAN ANTONIO, TX 78216
101,349 SQ.FT. (2.33 ACRES)

EXHIBIT _____, PAGE _____
for premises leased to
FEDERAL INSPECTION
STATION
at
SAN ANTONIO
INTERNATIONAL AIRPORT
LEASE No. _____

**EXHIBIT 2
CITY SUBLEASE**

Exhibit 2

**SAN ANTONIO INTERNATIONAL AIRPORT
GROUND SUB-LEASE AND BUILDING LEASE-BACK AGREEMENT**

This San Antonio International Airport Ground Sub-Lease and Building Lease-Back Agreement (hereinafter "**Sub-Lease**" or "**Sub-Lease Agreement**") is entered into by and between **San Antonio Sky Place Real Estate Ventures, LLC**, a Texas limited liability company ("**Sub-Lessor**"), acting by and through its duly authorized officer, and the **City of San Antonio** ("**Sub-Lessee**" or "**City**"), a Texas home-rule municipal corporation, acting by and through its City Manager pursuant to Ordinance No. _____.

WHEREAS, there is a need at San Antonio International Airport (the "**Airport**") for a United States Customs and Border Protection ("**CBP**") FIS (as hereinafter defined) to service international general aviation ("**GA**") traffic; and

WHEREAS, City and Sub-Lessor have entered into a Lease pursuant to Ordinance No. _____ ("**Lease**") whereby Sub-Lessor (as Lessee under the Lease) agrees to construct such FIS on the Leased Premises in accordance with the terms of the Lease; and

WHEREAS, under the terms of the Lease the Leased Premises are leased by Sub-Lessor and the Improvements (as hereinafter defined) are owned by Sub-Lessor.

WHEREAS, upon commencement of the Lease, the parties have agreed to enter into this Sub-Lease whereby the Leased Premises are subleased back to the City, and the Improvements (as hereinafter defined) are leased by Sub-Lessor to the City; **NOW THEREFORE:**

Sub-Lessor and Sub-Lessee for and in consideration of the mutual covenants and promises herein expressed do hereby agree as follows:

ARTICLE 1. DEFINITIONS

As used herein, the following words and phrases shall have the meanings set forth below:

- 1.1 "Airport" means San Antonio International Airport.
- 1.2 "Aviation Director" means the Aviation Director of the City of San Antonio or his designee.
- 1.3 "CBP" means the United States Customs and Border Protection or such other agency that shall replace or assume such responsibilities in the future.
- 1.4 "Commencement Date" is defined in **Article 5 – Term**.
- 1.5 "DOT" means the United States Department of Transportation, and any federal agency succeeding to its jurisdiction.
- 1.6 "FAA" means the Federal Aviation Administration of the United States government, and any federal agency succeeding to its jurisdiction.

1.7 "FIS" or "FIS Facility" means Federal Inspection Station of the United States Customs and Border Protection.

1.8 "GA" means general aviation traffic.

1.9 "Improvements" is defined in **Section 2.1**.

1.10 "Initial Construction Period" is defined in **Section 3.1**.

1.11 "Lease-Back Premises" means the FIS Facility more particularly described in **Article 2 – Description of Sub-Leased Premises and Lease-Back Premises**.

1.12 "Lease Year" means the twelve (12) month period commencing on the conclusion of the Initial Construction Period and each successive twelve (12) month period thereafter.

1.13 "Sub-Leased Premises" means those certain premises at Airport more particularly described in **Article 2 – Description of Sub-Leased and Lease-Back Premises**.

1.14 "Primary Term" is defined in **Article 5 – Sub-Lease Term**.

1.15 "Sign" means any advertising sign, billboard, identification sign or symbol, or other similar device, regardless of content.

ARTICLE 2. DESCRIPTION OF SUB-LEASED PREMISES AND LEASE-BACK PREMISES

2.1 Sub-Lessor, for and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed by Sub-Lessee, (i) does hereby sublease unto Sub-Lessee, and Sub-Lessee does hereby accept from Sub-Lessor, the following described property ("**Sub-Leased Premises**"):

The real property described as Parcels 4-A and 4-B on **Exhibit 1** attached hereto and incorporated herein by reference, containing approximately 20,270 square feet of land (0.4654 acres) (Parcel 4-A) and 6 square feet of land (0.00001 acres) (Parcel 4-B) for a total of 20,276 square feet at the San Antonio International Airport, San Antonio, Bexar County, Texas ("**Ground Space**"); and

(ii) does hereby lease unto Sub-Lessee the FIS Facility and other improvements constructed by Sub-Lessor upon the Ground Space and owned by Sub-Lessor under the terms of the Lease ("**Improvements**") (hereinafter referred to as the "**Lease-Back Premises**") effective upon the expiration of the Initial Construction Period.

A survey drawing of the Sub-Leased Premises and Lease-Back Premises accompanies the metes and bounds description and is included in **Exhibit 1**.

ARTICLE 3. RENT

3.1 As consideration for Sub-Lessor's construction of the Lease-Back Premises at Sub-Lessor's cost pursuant to the terms and conditions of the Lease, Sub-Lessee agrees to pay Sub-Lessor as rental as indicated on the table below, in advance (without notice or demand,

both of which are expressly waived) at the times and in the manner hereinafter provided. After the Initial Construction Period, all rentals shall be calculated on an annual basis and shall be paid by Sub-Lessee to Sub-Lessor in advance without invoicing, notice or demand, in annual installments on or before the first day of each Lease Year during the Term. Payment of rentals shall commence on the Commencement Date and continue throughout the remainder of the term of this Sub-Lease Agreement and any extension(s) hereof. Sub-Lessee shall pay the sum set forth in the table below for the Initial Construction Period, which shall commence on the Commencement Date and shall continue until the first day of the month following the date CBP takes possession, use, and occupancy of the FIS Facility ("**Initial Construction Period**"). Thereafter, rental payments shall be in the full annual amount and shall not be prorated during any Lease Year. Rental amount for Ground Space shall increase fifteen percent (15%) every five (5) years during the term.

**GA FIS LEASE
RENTAL SCHEDULE**

Lease Period *	Square Feet	Rental Rate **	Annual Rent	Monthly Rent ***
Initial Construction Period	20,276	\$ 1,500.00	n.a.	n.a.
Lease Year until 2015	20,276	\$ 0.3090	\$ 6,265.28	\$ 522.11
2016 - 2020	20,276	\$ 0.3180	\$ 6,447.77	\$ 537.31
2021 - 2025	20,276	\$ 0.3657	\$ 7,414.93	\$ 617.91
2026 - 2030	20,276	\$ 0.4206	\$ 8,527.17	\$ 710.60
2031 - 2035	20,276	\$ 0.4836	\$ 9,806.25	\$ 817.19
2036 - 2040	20,276	\$ 0.5562	\$ 11,277.19	\$ 939.77

* The Lease Period will become effective at the completion of the Initial Construction Period.

** The Rental Rate will adjust at the beginning of the Lease Year for each 5-year period.

*** Monthly Rental not applicable as long as the Sublease to the City is in effect.

3.2 Fees and charges for miscellaneous items and services, including, but not limited to, employee badges, parking charges, airfield driver's and security classes, personal property storage, shall be agreed to, in writing, by the parties hereto or be assessed by City Ordinance, in connection with the ordinary usage of Airport facilities.

3.3 All rentals and payments that become due and payable by the Sub-Lessee shall be made to Lessee at the following address:

San Antonio Sky Place Real Estate Ventures, LLC
c/o Smart Traveling, Inc.
Attn: Pablo Hoyos, CEO
1770 Sky Place Blvd.
San Antonio, Texas 78216

unless otherwise notified in writing. All rentals and payments unpaid for thirty (30) days after the date due shall bear interest at the rate of eighteen percent (18%) or the maximum allowed per law, whichever is lower, per annum from the due date.

3.4 All rentals, fees and charges payable by Sub-Lessee to Sub-Lessor under the terms hereof, whether or not expressly denominated as rent, shall constitute rent for all purposes, including, but not limited to, purposes of the United States Bankruptcy Code.

ARTICLE 4. USE OF SUB-LEASED PREMISES AND LEASE-BACK PREMISES

4.1 Sub-Lessee shall not have possession, use, or occupancy of the Sub-Leased and Lease-Back Premises during the Initial Construction Period and construction of the Project, other than its rights under the Lease, as Lessor, to inspect the construction progress of the FIS Facility and site improvements, and for access, as needed, during construction of the City improvements required under the Lease.

4.2 Upon the expiration of the Initial Construction Period, Sub-Lessee shall deliver the Sub-Leased Premises and Lease-Back Premises to CBP for its possession, use, and occupancy for the purpose of operating the FIS Facility for processing international general aviation passengers until termination of the Sub-Lease term, during which time, Sub-Lessee's right of possession of the Sub-Leased and Lease-Back Premises shall be limited to access granted by CBP and for the purposes set forth in **Article 7 – Maintenance and Repair** hereof.

ARTICLE 5. SUB-LEASE TERM

The term of this Sub-Lease Agreement shall be the Initial Construction Period plus twenty-five (25) years ("**Primary Term**"), and shall commence on the tenth (10th) day following the passage of an Ordinance by the City Council of San Antonio approving the Lease and this Sub-Lease Agreement ("**Commencement Date**") and shall terminate (unless earlier terminated in accordance with this Agreement) at midnight of the last day of said twenty-five year period. If CBP ceases its possession, use, and occupancy of the FIS Facility, this Sub-lease shall thereupon *ipso facto* terminate. Upon such termination, Sub-Lessee shall provide Sub-Lessor with written notice thereof no later than fifteen (15) days after receiving said notice. In such event, and if Sub-Lessor exercises its option under the Lease to take possession of the Sub-Leased Premises and Lease-Back Premises, Sub-Lessor shall reimburse Sub-Lessee on a pro-rata basis for the rental paid in advance during the Lease Year in which the Sub-Lease terminates.

ARTICLE 6. INSURANCE

6.1 The City of San Antonio maintains insurance and a fully-funded reserve account which meets or exceeds the insurance requirement for the State of Texas. The fund, as designated by City Council, is solely for the purpose of providing relief from all risk physical damage and third party legal liability claims for which the City may become liable. All claims against the City are governed by statutes of the State of Texas, including the Texas Tort Claims Act and Section 150 of the City Code, with which the City is in full compliance.

6.2 City shall maintain all risk physical damage insurance (property insurance) provided by a commercial property policy after satisfaction of a \$100,000 deductible. Sub-Lessor will be added as Loss Payee.

6.3 Sub-Lessee's obligations set forth in this **Article 6 – Insurance** shall apply only during

CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 7. MAINTENANCE AND REPAIR

7.1 Sub-Lessee shall pay or cause to be paid, any and all charges for water, heat, gas, electricity, sewer and any and all other utilities used on the Sub-Leased and Lease-Back Premises, throughout the term of, or any extension of, this Sub-Lease Agreement, including, but not limited to, any connection fees and any and all additional costs related to utility connection, metering, maintenance, repair and usage. Notwithstanding the foregoing, if acceptable to CBP, the water and sewage lines to the FIS Facility may be provided by lines from Sub-Lessor's adjacent premises, with one San Antonio Water System meter for water supplied to both Sub-Lessor's adjacent premises and the FIS Facility, in which case Sub-Lessor agrees to pay all costs of water and sewage to both the adjacent premises and the FIS Facility.

7.2 Except as may be otherwise provided herein, Sub-Lessee shall, during CBP's possession, use, and occupancy of the FIS Facility, assume the entire responsibility, cost and expense, for all repair and maintenance of the Sub-Leased and Lease-Back Premises and all buildings and improvements thereon, whether such repair or maintenance be ordinary, extraordinary, structural or otherwise. Additionally, without limiting the foregoing, Sub-Lessee shall:

7.2.1 during CBP's possession, use, and occupancy of the FIS Facility, maintain the buildings and improvements in a good state of repair and preservation; and

7.2.2 replace or substitute any fixtures and equipment which have become inadequate, obsolete, worn out, unsuitable or undesirable, with replacement or substitute fixtures and equipment, free of all liens and encumbrances, which shall automatically become a part of the buildings and improvements; provided that Sub-Lessee shall not be obligated to replace or substitute any such fixtures or equipment which Sub-Lessee and/or CBP reasonably determines to not be necessary for the operations of Sub-Lessee and/or CBP conducted on the Sub-Leased and Lease-Back Premises; and

7.2.3 during CBP's possession, use, and occupancy of the FIS Facility, keep the Sub-Leased and Lease-Back Premises, its buildings, improvements, fixtures, equipment and personal property, in a clean and orderly condition and appearance; and

7.2.4 provide, and maintain in good working order, all obstruction lights and similar devices, fire protection and safety equipment, and all other equipment of every kind and nature required by applicable laws, rules, orders, ordinances, resolutions or regulations of any competent authority, including CBP and Aviation Director; and

7.2.5 observe all insurance regulations and requirements concerning the use and condition of the Sub-Leased and Lease-Back Premises, for the purpose of reducing fire hazards and insurance rates on the Airport; and

7.2.6 repair any damage caused by Sub-Lessee and/or CBP to paving or other surfaces of the Sub-Leased and Lease-Back Premises or the Airport, in connection with the scope of the Sub-Lease Agreement, caused by any oil, gasoline, grease, lubricants, flammable liquids and/or substances having a corrosive or detrimental effect thereon, or by any other reason whatsoever; and

7.2.7 take reasonable measures to prevent erosion, including, but not limited to, the planting and replanting of grass on all unpaved or undeveloped portions of the Sub-Leased and Lease-Back Premises; the planting, maintaining and replanting of any landscaped areas; the designing and constructing of improvements on the Sub-Leased and Lease-Back Premises; and the preservation of trees as may be required by City ordinance, consistent with Sub-Lessee's and/or CBP's operations; and

7.2.8 if damage caused by Sub-Lessee and/or CBP, be responsible for the maintenance and repair of all utility services lines upon the Sub-Leased and Lease-Back Premises, including, but not limited to, water and gas lines, electrical power and telephone conduits and lines, sanitary sewers and storm sewers; and

7.2.9 keep and maintain all vehicles and equipment operated by Sub-Lessee on the Airport in safe condition, good repair and insured, as required by this Sub-Lease Agreement; and

7.2.10 replace broken or cracked plate glass, paint/repaint structures upon the Sub-Leased and Lease-Back Premises and, where applicable, mow the grass; and

7.2.11 provide and use suitable covered metal receptacles for all garbage, trash and other refuse; assure that boxes, cartons, barrels or similar items are not piled in an unsightly, unsafe manner, on or about the Sub-Leased and Lease-Back Premises; provide a complete and proper arrangement, for the adequate sanitary handling and disposal away from the Airport, of all trash, garbage and refuse caused as a result of the operation of Sub-Lessee's and/or CBP's business.

7.3 Sub-Lessee's obligations set forth in this **Article 7 – Maintenance and Repair** shall apply only during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 8. TITLE TO FURNITURE, FIXTURES, AND EQUIPMENT

It is expressly understood and agreed that, upon commencement of CBP's possession, use, and occupancy of the FIS Facility, title to any and all items of personal property, including furniture, removable trade fixtures and equipment, owned, purchased, placed or maintained on the Sub-Leased and Lease-Back Premises shall permanently vest in Sub-Lessee.

ARTICLE 9. ENVIRONMENTAL COMPLIANCE

9.1 Sub-Lessee agrees that it shall, at its sole expense, comply with all applicable federal, state and local environmental statutes, laws, ordinances, rules and regulations, including without limitation (i) those promulgated by the Environmental Protection Agency, and (ii) those governing inspection, financial liability and inventory control recording. Sub-Lessee further agrees that, if applicable, it shall provide Sub-Lessor with copies of certificates of registration from the Texas Commission on Environmental Quality (hereinafter "TCEQ"), together with copies of any required proof of financial responsibility and other documentation reasonably required by the Aviation Director or applicable regulatory agency.

9.2 Sub-Lessee shall, in conducting any activity or business on the Sub-Leased and Lease-Back Premises, including environmental response or remedial activities, comply with all environmental laws, including, but not limited to, those regarding the generation, storage, use, transportation and disposal of solid wastes, hazardous materials, toxic chemicals, special wastes or other contaminants, and all laws, regulations and notice requirements pertaining to releases or threatened releases of hazardous materials, toxic chemicals, special wastes or other contaminants into the environment. Sub-Lessee shall not cause the release, or permit its employees, agents, permittees, contractors, subcontractors, sublessees, or others in Sub-Lessee's control, supervision, or employment, to release (whether by way of uncapping, pouring, spilling, spraying, spreading, attaching or otherwise), into or onto the Sub-Leased and Lease-Back Premises or any other location upon or above the Airport (including the air, ground and ground water thereunder and the sewer and storm water drainage systems thereon), any quantity of hazardous substances (as defined or established from time to time by applicable local, state, or federal law and including, among other things, hazardous waste and any other substances that have been or may in the future be determined to be toxic, hazardous or unsafe). To the extent any such release may exceed quantities or volumes permitted by applicable federal, Texas or local law, Sub-Lessee shall immediately notify TCEQ, and Local Emergency Planning Committee, as may be required under the federal Emergency Planning and Community Right To Know Act. Sub-Lessee, or any occupant of Sub-Leased and Lease-Back Premises, shall be responsible for compliance with said Act, in the event of any such release.

9.3 Sub-Lessee shall remedy any release or threatened release caused by Sub-Lessee's operations at the Airport, as described above and, whether resulting from such release or otherwise, remove any hazardous materials, special wastes and any other environmental contamination caused by Sub-Lessee on, under or upon the Sub-Leased and Lease-Back Premises, as may be required by a governmental or regulatory agency responsible for enforcing environmental laws and regulations. Such work shall be performed, at Sub-Lessee's sole expense. Sub-Lessor shall have the right to review and inspect all such work at any time, using consultants and representatives of its choice, at Sub-Lessor's sole cost and expense. Specific cleanup levels for any environmental remedial work shall be designed to meet all of the applicable environmental laws and regulations, to the satisfaction of the appropriate government or regulatory agency responsible for enforcing environmental laws and regulations.

9.4 In addition to any other rights of access herein regarding the Sub-Leased and Lease-Back Premises, Sub-Lessor shall, upon reasonable notice, have access thereto in order to inspect and confirm that the Sub-Lessee is using same in accordance with all applicable environmental laws and regulations.

9.5 Sub-Lessee, at Sub-Lessor's request, shall make available for inspection and copying, upon reasonable notice and at reasonable times, any or all of the non-privileged documents and materials Sub-Lessee has prepared pursuant to any environmental law or regulation, which may be retained by Sub-Lessor or submitted to any governmental regulatory agency; provided, such documents and materials relate to environmental regulatory compliance and pertain to the Airport or the Sub-Leased and Lease-Back Premises. If any environmental law or regulation requires Lessee to file any notice or report of a release or threatened release of regulated materials on, under or about the Sub-Leased and Lease-Premises or the Airport, Sub-Lessee shall promptly submit such notice or report to the appropriate governmental agency and simultaneously provide a copy of such report or notice to Sub-Lessor. In the event that any written allegation, claim, demand, action or notice is made against Sub-Lessee regarding Sub-Lessee's failure or alleged failure to comply with any environmental law or regulation, Sub-

Lessee, as soon as practicable, shall notify Sub-Lessor in writing and provide same with copies of any such written allegations, claims, demands, notices or actions so made.

9.6 Sub-Lessee's obligations set forth in this **Article 9 – ENVIRONMENTAL COMPLIANCE** shall only apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 10. REGULATIONS

Sub-Lessee's officers, agents, employees and servants shall obey all rules and regulations promulgated by City as Lessor under the Lease, its authorized agents in charge of the Airport, or other lawful authority, to insure the safe and orderly conduct of operations and traffic thereon.

ARTICLE 11. TIME OF EMERGENCY

During time of war or national emergency, City as Lessor under the Lease shall have the right to lease the landing area or any part thereof to the United States for government use, and, if such lease is executed, the provisions of this Sub-Lease Agreement, insofar as they are inconsistent with those of the Government lease, shall be suspended.

ARTICLE 12. SECURITY

12.1 Sub-Lessee shall provide for the security of the Air Operations Area (hereinafter "**A.O.A.**") and/or Security Identification Display Area (hereinafter "**S.I.D.A.**") to prevent entry or movement of unauthorized persons thereupon, in accordance with Chapter 3, Division 8 Security, of the City Code of San Antonio, Texas, as currently written, or as amended or replaced in the future.

12.2 Sub-Lessee shall comply with all rules, regulations, statutes, orders, directives or other mandates of the United States, the State of Texas, and/or the City of San Antonio or City's Aviation Department regarding Airport security requirements or measures.

12.3 Sub-Lessee shall comply with all current and future mandates of the Transportation Security Administration, or successor agency, for background investigations of its personnel.

12.5 Sub-Lessee's obligations set forth in this **Article 12 - Security** shall only apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 13. DEFAULT AND REMEDIES

13.1 Each of the following shall constitute an event of default by Sub-Lessee:

13.1.1 Sub-Lessee shall fail to pay any rent as provided for in this Sub-Lease Agreement and such failure shall continue for a period of ten (10) days after receipt by Sub-Lessee of written notice thereof.

13.1.2 Sub-Lessee shall neglect or fail to perform or observe any of the terms, provisions, conditions or covenants herein contained, and if such neglect or failure

should continue for a period of thirty (30) days after receipt by Sub-Lessee of written notice of same, or if more than thirty (30) days shall be required because of the nature of the default, if Sub-Lessee shall fail within said thirty (30) day period to commence and thereafter diligently proceed to cure such default.

13.1.3 Sub-Lessee shall become insolvent; take the benefit of any present or future insolvency statute; make a general assignment for the benefit of creditors; file a voluntary petition in bankruptcy or a petition or answer seeking a reorganization or the readjustment of its indebtedness under the federal bankruptcy laws, or under any other law or statute of the United States or of any state thereof; or consent to the appointment of a receiver, trustee or liquidator of all or substantially all of its property.

13.1.4 An Order of Relief shall be entered, at the request of Sub-Lessee or any of its creditors, under federal bankruptcy, reorganization laws or any law or statute of the United States or any state thereof.

13.1.5 A petition under any part of the federal bankruptcy laws, or an action under any present or future insolvency law or statute, shall be filed against Sub-Lessee and shall not be dismissed within ninety (90) days after the filing thereof.

13.1.6 Pursuant to, or under the authority of, any legislative act, resolution, rule, or any court, governmental, agency or board order or decree or officer, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of Sub-Lessee and such possession or control shall continue in effect for a period of sixty (60) days.

13.1.7 Sub-Lessee shall become a municipal corporation in dissolution or voluntarily or involuntarily forfeit its charter; provided that, in the event of involuntary charter forfeiture no event of default shall exist so long as Sub-Lessee reinstates the charter within sixty (60) days following the forfeiture thereof.

13.1.8 The rights of Sub-Lessee hereunder shall be transferred to, pass to or devolve upon, by operations of law or otherwise, any other person, firm, corporation or other entity, in connection with or as a result of any bankruptcy, insolvency, trusteeship, liquidation, receivership, or other proceeding or occurrence described in Paragraphs 13.1.3 through 13.1.8 of this **Section 13.01**.

13.1.9 Sub-Lessee shall voluntarily discontinue its operations at the Airport for a period of one hundred eighty (180) consecutive days.

13.2 In the event any default by Sub-Lessee shall occur, Sub-Lessor then, or at any time thereafter, but prior to the removal of such condition of default by Sub-Lessee, shall have, as its sole and exclusive remedy, the right to assert a claim for monetary damages against Sub-Lessee. Sub-Lessor may not terminate this Sub-Lease Agreement under any circumstances.

13.3. The rights and remedies set forth in this **Article 13 – Default and Remedies** shall only apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 14. ASSIGNMENT AND SUBLET

During the term of this Sub-Lease Agreement, other than Sub-Lessee's agreement with CBP to have possession, use, and occupancy of the FIS Facility, Sub-Lessee is not permitted under any circumstances to transfer or assign this Sub-Lease or Sub-Lessee's interest in or to the Sub-Leased and Lease-Back Premises to any party other than the CBP.

ARTICLE 15. DAMAGE OR DESTRUCTION OF SUB-LEASED OR LEASE-BACK PREMISES

15.1 In the event any of the Improvements on the Sub-Leased or Lease-Back Premises are destroyed or damaged to the extent that they are unusable, Sub-Lessee shall have the election of repairing or reconstructing the Improvements substantially as they were immediately prior to such casualty, or in a new or modified design, or not to construct the Improvements. Sub-Lessee shall give Sub-Lessor written notice of its election within sixty (60) days after the occurrence of such casualty. If the entirety or substantially all of the Improvements are damaged or destroyed and Sub-Lessee elects not to repair or reconstruct the damaged Improvements within the sixty (60) day election period, Sub-Lessor may terminate this Sub-Lease by written notice to Sub-Lessee given within sixty (60) days following expiration of Sub-Lessee's election period, whereupon (i) this Sub-Lease shall terminate, Sub-Lessee shall clear the Sub-Leased and Lease-Back Premises of any remaining improvements or debris, and Sub-Lessee shall thereupon abandon the Sub-Leased and Lease-Back Premises and (ii) the insurance proceeds covering the Improvements shall be paid to Sub-Lessee. If such damage or destruction is to less than substantially all of the Improvements, and Sub-Lessee elects not to repair or reconstruct the damaged Improvements within the said 60-day period following such damage or destruction, then (i) this Sub-Lease shall be deemed modified so as to terminate the Sub-Lease as to such damaged Improvements, and (ii) the insurance proceeds covering the Improvements shall be paid to Sub-Lessee. In the event of damage or destruction to any of the Improvements, the City shall have no obligation to repair or rebuild the Improvements or any fixtures, equipment or other personal property installed by Sub-Lessee on the Sub-Leased and Lease-Back Premises.

15.2 If Sub-Lessee elects to repair or reconstruct the Improvements, Sub-Lessee may use its insurance proceeds from the policy covering the destroyed Improvements. If the insurance proceeds are not sufficient, Sub-Lessee agrees to pay the deficiency. If Sub-Lessee elects to repair or reconstruct, Sub-Lessee shall, at its expense, replace and repair any and all fixtures, equipment and other personal property necessary to properly and adequately continue its authorized activities on the Sub-Leased and Lease-Back Premises. In no event shall Sub-Lessee be obligated to provide equipment and fixtures in excess of those existing prior to the damage or destruction. Sub-Lessee agrees that such work will be commenced and completed with due diligence.

15.3 Sub-Lessee's obligations set forth in this **Article 15 - Damage or Destruction of Sub-Leased and Lease-Back Premises** shall only apply during CBP's possession, use, and occupancy of the FIS Facility.

ARTICLE 16. LAWS AND ORDINANCES

Sub-Lessee agrees to comply promptly with all laws, ordinances, orders, rules and regulations, as amended from time to time, affecting the Sub-Leased and Lease-Back Premises, including, but not limited to, those related to its cleanliness, safety, operation, use, and business operations. Sub-Lessee shall comply with all Federal and State regulations concerning its operation on the Airport.

ARTICLE 17. NONDISCRIMINATION & AFFIRMATIVE ACTION REGULATIONS

17.1 Sub-Lessee understands and agrees to comply with the Non-Discrimination Policy of the City of San Antonio contained in Chapter 2, Article X of the City Code and further, shall not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, veteran status, age or disability, unless exempted by state or federal law, or as otherwise established herein. As part of said compliance, Sub-Lessee shall adhere to the City's Non-Discrimination Policy in the solicitation, selection, hiring or commercial treatment of vendors, suppliers or commercial customers; further, Sub-Lessee shall not retaliate against any person for reporting instances of such discrimination.

17.2 Sub-Lessee for itself, its heirs, representatives, successors and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained or otherwise operated on the Sub-Leased and Lease-Back Premises, for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Sub-Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

17.3 Sub-Lessee for itself, its representatives, successors and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that: (1) no person, on the grounds of race, color, creed, sex, age, religion, national origin or handicap, shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination, in the use of said facilities; (2) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, creed, sex, age, religion, national origin or handicap shall be excluded from participation, denied the benefits of, or otherwise be subjected to discrimination; and (3) that Sub-Lessee shall use the Sub-Leased and Lease-Back Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

17.4 Sub-Lessee agrees that it will comply with applicable statutes, Executive Orders and such rules as are promulgated by applicable state, federal or municipal agencies to assure that no person shall be excluded from participating in any activity conducted with or benefiting from Federal assistance on the basis of race, creed, color, national origin, sex age, or handicap. Sub-Lessee, its successors and assigns, shall be obligated to comply with the provisions of this **Section 17.4** for the period during which Federal assistance is extended to the Airport, except where Federal assistance is to provide, or is in the form of, personal property or real property or interest therein or structures or improvements thereon. In these cases, this **Section 17.4** shall

apply to Sub-Lessee, its successors and assigns, through the later of: (a) the period during which such property is used by Sub-Lessor, its successors and assigns for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which Sub-Lessor, its successors or assigns, retains ownership or possession of the Sub-Leased and Lease-Back Premises.

ARTICLE 18. WAGES

Sub-Lessee shall pay at least the minimum wage, as required by Federal and State statutes and City ordinances, to employees of its operations hereunder.

ARTICLE 19. FORCE MAJEURE

If either party shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, war, terrorism, inability to procure materials, restrictive governmental laws or regulations or other cause, without fault and beyond the control of the party obligated (the financial inability of the party excepted), performance of such act shall be extended by a period equal to the period of such delay; provided, however, that nothing in this paragraph shall excuse Sub-Lessee from the prompt payment of any rental except as may be expressly provided otherwise in this Sub-Lease; and further provided that the party relying on this paragraph shall provide written notice to the other party notifying such other party of the force majeure event promptly after such force majeure event, and shall proceed with all diligence to complete the performance of the act upon the cessation of the force majeure event.

ARTICLE 20. ATTORNEYS' FEES AND COSTS

In the event that either party brings an action under this Sub-Lease Agreement, and prevails therein, it shall be entitled to recover from the other party its reasonable attorneys' fees and court costs, including but not limited to constable and eviction fees and expenses, not to exceed the actual amount incurred in the defense or prosecution thereof.

ARTICLE 21. SEVERABILITY

If any clause or provision of this Sub-Lease Agreement is illegal, invalid or unenforceable under present or future laws, it is the parties' intention that the remainder hereof not be affected. In lieu of each clause or provision that is illegal, invalid or unenforceable, the parties intend that there be added, as a part of this Sub-Lease Agreement, a clause or provision, as similar in terms to such illegal, invalid or unenforceable clause or provision, as may be possible, yet be legal, valid and enforceable.

ARTICLE 22. AMENDMENT

This Sub-Lease Agreement, together with its authorizing ordinance, constitutes the entire agreement between the parties. No amendment, modification or alteration of the terms of this Sub-Lease Agreement shall be binding, unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

ARTICLE 23. RELATIONSHIP OF PARTIES

Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers or any other similar such relationship, between the parties hereto. It is understood and agreed that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties hereto, creates a relationship other than one of Sub-Lessor and Sub-Lessee.

ARTICLE 24. CUMULATIVE REMEDIES NO WAIVER - NO ORAL CHANGE

The specific remedies of the parties under this Sub-Lease Agreement are cumulative and do not exclude any other remedies to which they may be lawfully entitled in law or equity, in the event of a breach or threatened breach hereof. Notwithstanding the foregoing, Sub-Lessor is limited to the stated remedy for default set forth in **Section 13 – Default and Remedies**. The failure of either party to insist upon the strict performance of any covenant of this Sub-Lease Agreement, or to exercise any option herein contained, shall not be construed as its future waiver or relinquishment thereof. Sub-Lessor's receipt of a rent payment, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach. Further, no waiver, change, modification or discharge by either party of any provision of this Sub-Lease Agreement shall be deemed to have been made or be effective, unless in writing and signed by the party to be charged. In addition to other remedies herein, the parties shall be entitled to an injunction restraining the violation, or attempted violation, of any of the covenants, conditions or provisions hereof, or to a decree compelling performance of same; subject, however, to other provisions herein.

ARTICLE 25. CONFLICT OF INTEREST

25.1 Sub-Lessor acknowledges that it is informed that the Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as those terms are defined in Section 2-52 of the Ethics Code, from having a financial interest in any contract with the City or any City agency such as city owned utilities. An officer or employee has a "prohibited financial interest" in a contract with the City or in the sale to the City of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale: a City officer or employee; his parent, child or spouse; a business entity in which the officer or employee, or his parent, child or spouse owns ten (10) percent or more of the voting stock or shares of the business entity, or ten (10) percent or more of the fair market value of the business entity; a business entity in which any individual or entity above listed is a subcontractor on a City contract, a partner or a parent or subsidiary business entity.

25.2 Pursuant to the subsection above, Sub-Lessor warrants and certifies, and this contract is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of the City. Sub-Lessor further warrants and certifies that it has tendered to the City a Discretionary Contracts Disclosure Statement in compliance with the City's Ethics Code.

ARTICLE 26. GENERAL PROVISIONS

26.1 Incorporation of Exhibits. All exhibits referred to in this Sub-Lease Agreement are intended to be and hereby are specifically made a part of this Sub-Lease Agreement.

26.2 Nonexclusive Rights. It is understood and agreed that nothing herein contained shall be construed to grant to Sub-Lessee any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport, except that, subject to the terms and provisions hereof, Sub-Lessee shall have the right to exclusive possession of the Sub-Leased and Lease-Back Premises.

26.3 Compliance with Part 77, Title 14, CFR. Sub-Lessee agrees to comply with the notification and review requirements covered in Part 77, Title 14, Code of Federal Regulations, FAA Regulations, in the event future construction of a building is planned for the Sub-Leased and Lease-Back Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Sub-Leased and Lease-Back Premises.

26.4 Inspection of Books and Records. Each party hereto, at its expense and on reasonable notice, shall have the right from time to time to inspect and copy the books, records, and other data of the other party as reasonably required in order to verify a party's compliance with the provisions hereof, provided (i) such inspection is made during regular business hours, and (ii) such examination is not prohibited by the U.S. Government..

26.5 Independent Contractor. Sub-Lessor is not an employee or agent of City by reason of this Sub-Lease Agreement, or otherwise. Sub-Lessor shall be solely responsible for its acts and omissions arising from or relating to its operations or activities at Airport, or sub-lease of property herein.

26.6 Authority of Agreement. Sub-Lessor warrants and represents that it has the right, power, and legal capacity to enter into, and perform its obligations under this Sub-Lease Agreement, and no approvals or consents of any persons are necessary in connection with it. The execution, delivery, and performance of this Sub-Lease Agreement by the undersigned Sub-Lessor representatives have been duly authorized by all necessary corporate action of Sub-Lessor, and this Sub-Lease Agreement constitutes a legal, valid, and binding obligation of Sub-Lessor, enforceable in accordance with its terms.

26.7 Authority of the Aviation Director. The Aviation Director shall administer this Sub-Lease Agreement on behalf of Sub-Lessee. Whenever this Sub-Lease Agreement calls for approval by Sub-Lessee, such approval shall be evidenced, in writing, by either the Aviation Director or the City Manager of the City of San Antonio or his designee. In no event shall this language be considered a waiver by Sub-Lessor to object to decisions by the Aviation Director which it considers to be arbitrary, capricious or inconsistent with any express obligations to act reasonably set forth herein.

26.8 Consent. Whenever the consent or approval of either party hereto is required or authorized hereunder, such consent or approval shall not be unreasonably withheld, unreasonably conditioned, or unreasonably delayed.

26.9 Time is of the Essence. Time shall be of the essence in complying with the terms, conditions and provisions of this Sub-Lease Agreement.

26.10 Vehicular and Equipment Parking. Vehicular and equipment parking in areas other than the Sub-Leased and Lease-Back Premises by Sub-Lessee, CBP, their respective officers, representatives, agents, employees, guests, patrons, volunteers, contractors, subcontractors, licensees, suppliers or other invitees shall be restricted to such areas at Airport as are designated by the Airport Director. In addition, Sub-Lessor grants City, as Sub-lessee under this Sublease, for the sole use of CBP and its visitors to the FIS Facility, the right to use four (4) parking spaces marked for GA FIS use, which parking spaces will be located within the leased premises of the separate lease by and between the parties for Sub-Lessor's hangar facilities, which CBP parking spaces are depicted on the attached **Exhibit 1**.

26.11 Notices. Unless otherwise expressly provided elsewhere in this Agreement, any election, notice or communication required or permitted to be given under this Agreement shall be in writing and deemed to have been duly given if and when delivered personally (with receipt acknowledged), or on receipt after mailing the same by certified mail, return receipt request with proper postage prepaid, or three (3) days after mailing the same by first class U.S. mail, postage prepaid (in accordance with the "Mailbox Rule"), or when sent by a national commercial courier service (such as Federal Express or United Parcel Service) for expedited delivery to be confirmed in writing by such courier.

If intended for CITY, to:

City of San Antonio
Aviation Department
Attn: Director
9800 Airport Boulevard
San Antonio, TX 78216

If intended for Sub-Lessor, to:

San Antonio Sky Place Real
Estate Ventures, LLC
c/o Smart Traveling, Inc.
Attn: Pablo Hoyos, CEO
1770 Sky Place Blvd.
San Antonio, TX 78216

26.12 Noise Control. Neither Sub-Lessee nor CBP shall conduct any operations on or about the Sub-Leased Premises that would cause Sub-Lessor to be in violation of **Section 38.12** of the Lease.

26.13 Lease Termination. In the event the Lease terminates pursuant to **Article 20 – Subordination of Lease & Right of Recapture** thereof, this Sub-Lease shall automatically terminate.

ARTICLE 27. PARTIES BOUND

This Sub-Lease Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, as permitted hereby.

ARTICLE 28. TEXAS LAW TO APPLY

All obligations under this Sub-Lease Agreement are performable in Bexar County, Texas, and shall be construed pursuant to the laws of the State of Texas, except where state law shall be preempted by any rules, laws or regulations of the United States. Venue for any actions brought to enforce or interpret this Sub-Lease shall be Bexar County, Texas.

ARTICLE 29. GENDER

Words of either gender used in this Sub-Lease Agreement shall be held and construed to include the other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

ARTICLE 30. CAPTIONS

The captions of the provisions contained herein are for convenience in reference and are not intended to define, extend or limit the scope of any provision of this Sub-Lease Agreement.

ARTICLE 31. ENTIRE AGREEMENT

This Sub-Lease Agreement comprises the final and entire agreement, including all terms and conditions thereof, between the parties hereto, and supersedes all other agreements, oral or otherwise, regarding the subject matter hereof, none of which shall hereafter be deemed to exist or to bind the parties hereto. The parties intend that neither shall be bound by any term, condition or representation not herein written.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have duly executed this Sub-Lease Agreement as of the dates set forth below.

CITY OF SAN ANTONIO

**SAN ANTONIO SKY PLACE REAL ESTATE
VENTURES, LLC,
A Texas limited liability company**

By: _____
City Manager

By: _____

Date: _____

Printed Name: _____

Title: _____

Approved as to form:

Date: _____

City Attorney

EXHIBIT 1
SUB-LEASED AND LEASE-BACK PREMISES

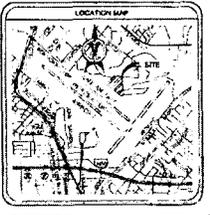
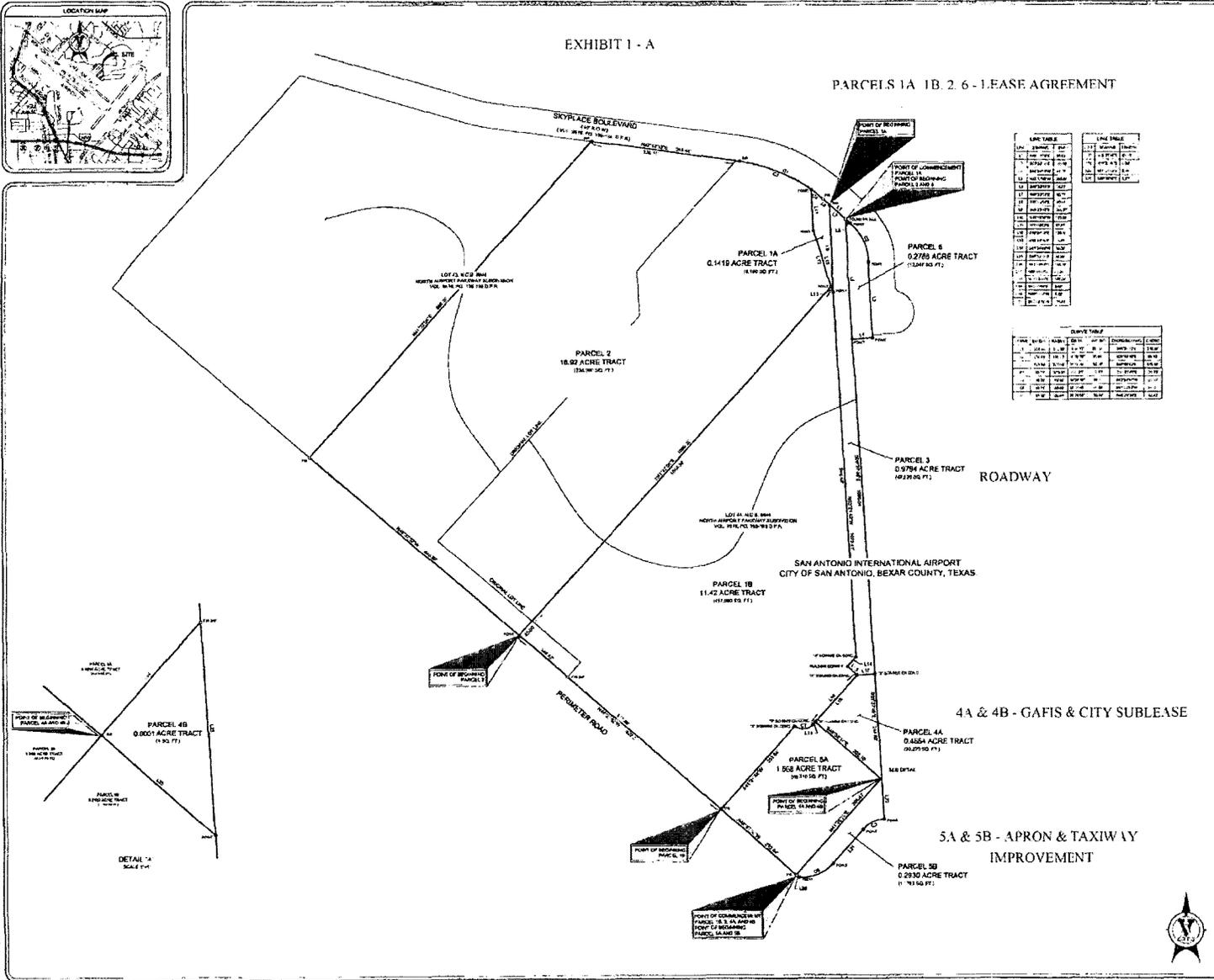


EXHIBIT 1 - A

PARCELS 1A, 1B, 2, 6 - LEASE AGREEMENT



LINE TABLE		AREA TABLE	
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GENERAL NOTES

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STANDARD LAND SURVEY

FOR THE ...

DATE: 12/22/2014

PROJ. NO. 1811-041-18

DATE: 12/22/2014

SCALE: 1" = 100'

RS&H
IMPROVING YOUR WORLD

VICKREY & ASSOCIATES, INC.
CONSULTING ENGINEERS

REGISTERED LAND SURVEYOR OF THE STATE OF TEXAS
SAN ANTONIO INTERNATIONAL AIRPORT IN THE CITY OF SAN ANTONIO,
BEXAR COUNTY, TEXAS

PROJ. NO. 1811-041-18
DATE: 12/22/2014
SCALE: 1" = 100'
SHEET 1 OF 1

**METES AND BOUNDS DESCRIPTION
FOR NINE PARCELS WITHIN THE
SAN ANTONIO INTERNATIONAL AIRPORT
CITY OF SAN ANTONIO, BEXAR COUNTY, TEXAS
COMPRISING 32.07 ACRES**

* **PARCEL 1A - 0.1419 OF AN ACRE TRACT**

Being a 0.1419 of an acre (6,180 square feet) tract of land in Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 0.1419 of an acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

COMMENCING at a found PK Nail, at a point of curvature in the southerly Right-of-Way, (R.O.W.), line of Skyplace Boulevard, (60-foot R.O.W.), being the northeast corner of Lot 44, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 60°04'27" W, a distance of 3598.68 feet;

THENCE N 48°23'19" W, along the common line of said Skyplace Boulevard and Lot 44, a distance of 50.77 feet a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the **POINT OF BEGINNING** and northeast corner of the herein described tract;

THENCE departing said common line, into and across said Lot 44, the following three (3) courses and distances:

- 1.) S 03°21'42" E, a distance of 206.97 feet to a point, for the south corner of the herein described tract,
- 2.) N 18°36'18" W, a distance of 153.06 feet to a point, for a corner of the herein described tract, and
- 3.) N 03°48'03" W, a distance of 97.67 feet to a non-tangent point of curvature of a curve to the right on the common line of said Skyplace Boulevard and Lot 44, for the north corner of the herein described tract;

THENCE along said common line, the following two (2) courses and distances:

- 1.) along said curve to the right, a distance of 35.24 feet, with a radius of 370.00 feet, a central angle of 05°27'25 and a chord bearing and distance of S 51°21'45" E, 35.23 feet to a found 1/2-inch iron rod, for a corner of the herein described tract, and
- 2.) S 48°23'19" E, a distance of 20.94 feet returning to the **POINT OF BEGINNING** and containing 0.1419 of an acre (6,180 square feet) of land, more or less.

* **PARCEL 1B - 11.42 ACRE TRACT**

Being an 11.42 acre (497,580 square feet) tract of land in Lot 43 and Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 11.423 acre tract of land being more particularly described as follows, with all



bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

COMMENCING at a found 1/2-inch iron rod at the south corner of Lot 44, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4494.24 feet;

THENCE N 48°37'52" W, along the southwest line of said Lot 44, a distance of 232.04 feet a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the **POINT OF BEGINNING** and the south corner of the herein described tract;

THENCE N 48°37'52" W, continuing along said southwest line of Lot 44, at a distance of 472.89 feet, passing a found 3/4-inch iron rod for the southernmost corner of Lot 43, being a westerly corner of Lot 44, continuing along the southwest line of Lot 43, in all a total distance of 622.31 feet to a point; for the west corner of the herein described tract;

THENCE N 41°22'08" E, at a distance of 45.00 feet, passing the common line of said Lot 43 and Lot 44, continuing into and across said Lot 44, a total distance of 1,099.36 feet to a point, for the north corner of the herein described tract;

THENCE continuing into and across said Lot 44, the following seven (7) courses and distances:

- 1.) S 18°36'18" E, a distance of 14.89 feet to a point, for a corner of the herein described tract,
- 2.) S 03°21'42" E, a distance of 866.44 feet to a "X" scribed in concrete, for a corner of the herein described tract,
- 3.) S 41°24'44" W, a distance of 30.36 feet to a building corner, for a corner of the herein described tract,
- 4.) S 48°35'16" E, a distance of 30.00 feet to a "X" scribed in concrete , for a corner of the herein described tract,
- 5.) S 41°24'44" W, a distance of 156.36 feet to a "X" scribed in concrete at tangent point of curvature of a curve to the right, for a corner of the herein described tract,
- 6.) along said curve to the right, a distance of 47.12 feet, with a radius of 30.00 feet, a central angle of 90°00'00" and a chord bearing and distance of S 86°24'44" W, 42.43 feet to a "X" scribed in concrete, for a corner of the herein described tract, and
- 7.) S 41°24'44" W, a distance of 259.64 feet returning to the **POINT OF BEGINNING** and containing 11.42 acres (497,580 square feet) of land, more or less.

*

PARCEL 2 - 16.92 ACRE TRACT

Being a 16.92 acre (736,990 square feet) tract of land in Lot 43 and Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 16.92 acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

COMMENCING at a found 1/2-inch iron rod at the south corner of Lot 44, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516,



Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4494.24 feet;

THENCE N 48°37'52" W, along the southwest line of said Lot 44, at a distance of 704.93 feet passing a found 3/4" iron rod for the southernmost corner of Lot 43, being a westerly corner of Lot 44, continuing along the southwest line of said Lot 43, a total distance of 854.34 feet a point, for the **POINT OF BEGINNING** and south corner of the herein described tract;

THENCE N 48°37'52" W, continuing along said southwest line of Lot 43, a distance of 646.90 feet to a 1/2-iron rod found, for the west corner of the herein described tract;

THENCE N 41°22'08" E, into and across said Lot 43, a distance of 985.92 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR." in the southerly Right-of-Way, (R.O.W.), line of Skyplace Boulevard (60' R.O.W.), for the northwest corner of the herein described tract;

THENCE along the common line of said Skyplace Boulevard R.O.W. and Lot 43 and Lot 44, the following two (2) courses and distances:

- 1.) S 82°10'53" E, at a distance of 338.11, passing the approximate northeast corner of Lot 43, being the approximate northwest corner of Lot 44, continuing in all a total distance of 346.44 feet set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR." at a tangent point of curvature of a curve to the right, for a corner of the herein described tract, and
- 2.) along said curve to the right, a distance of 181.40 feet with a radius of 370.00 feet, a central angle of 28°05'26" and a chord bearing and distance of S 68°08'10" E, a distance of 179.59 feet to a point, for the northeast corner of the herein described tract,

THENCE departing said common line, into and across said Lot 44 and Lot 43, the following three (3) courses and distances:

- 1.) S 03°48'03" E, a distance of 97.67 feet to a point, for a corner of the herein described tract,
- 2.) S 18°36'18" E, a distance of 138.17 feet to a point, for the east corner of the herein described tract, and
- 3.) S 41°22'08" W, at a distance of 1,054.36 passing the common line of Lot 44 and Lot 43, continuing in all a total distance of 1099.36 feet returning to the **POINT OF BEGINNING** and containing 16.92 acres (736,990 square feet) of land, more or less.

*** **PARCEL 3 - 0.9784 OF AN ACRE TRACT**

Being a 0.9784 of an acre (42,620 square feet) tract of land in Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 0.9784 of an acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

BEGINNING at a found PK Nail at a point of curvature in the southerly Right-of-Way, (R.O.W.), line of Skyplace Boulevard, (60-feet R.O.W.), being the northeast corner of Lot 44 and the herein described tract, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 60°04'27" W, a distance of 3598.68;

THENCE S 03°37'46" E, along the east line of said Lot 44, a distance of 1,080.04 feet to a "X" scribed in concrete, for the southeast corner of the herein described tract;



THENCE into and across said Lot 44, the following four (4) courses and distances:

- 1.) S 86°22'27" W, a distance of 41.05 feet to a "X" scribed in concrete, for the south corner of the herein described tract,
- 2.) N 48°35'16" W, a distance of 30.00 feet to a building corner, for the west corner of the herein described tract,
- 3.) N 41°24'44" E, a distance of 30.36 feet to a "X" scribed in concrete, for a corner of the herein described tract, and
- 4.) N 03°21'42" W, a distance of 1,073.41 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR." returning to the southerly R.O.W. line of Skyplace Boulevard, being the north line of Lot 44, for the north corner of the herein described tract;

THENCE S 48°23'19" E, along the common line of said Lot 44 and Skyplace Boulevard R.O.W., a distance of 50.77 returning to the **POINT OF BEGINNING** and containing 0.9784 of an acre (42,620 square feet) of land, more or less.

**** PARCEL 4A - 0.4654 OF AN ACRE TRACT**

Being a 0.4654 of an acre (20,270 square feet) tract of land in Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 0.4654 of an acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

COMMENCING at a found 1/2-inch iron rod at the south corner of Lot 44, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4494.24 feet;

THENCE N 41°25'30" E, along the southeast line of said Lot 44, a distance of 298.47 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the **POINT OF BEGINNING** and south corner of the herein described tract;

THENCE into and across said Lot 44, the following three (3) courses and distances:

- 1.) N 48°35'16" W, a distance of 202.10 feet to a "X" scribed in concrete, for the west corner of the herein described tract,
- 2.) N 41°24'44" E, a distance of 147.36 feet to a "X" scribed in concrete, for a corner of the herein described tract, and
- 3.) N 86°22'27" E, a distance of 41.05 feet to a "X" scribed in concrete in the east line of said Lot 44, for the northeast corner of the herein described tract;

THENCE S 03°37'46" E, along the east line of said Lot 44, a distance of 244.62 feet to a found 3/4" iron rod at the most easterly corner of said Lot 44, for the most easterly corner of the herein described tract;

THENCE S 41°25'30" W, along the southeast line of said Lot 44, a distance of 3.56 feet returning to the **POINT OF BEGINNING** and containing 0.4654 of an acre (20,270 square feet) of land, more or less.

**** PARCEL 4B - 0.0001 OF AN ACRE TRACT**

Being a 0.0001 of an acre (6 square feet) tract of land in the San Antonio International Airport Property (no Deed found), adjoining Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision



within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 0.0001 of an acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

COMMENCING at a found 1/2-inch iron rod at the south corner of Lot 44, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4,494.24 feet;

THENCE N 41°25'30" E, along the southeast line of Lot 44, a distance of 298.47 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the **POINT OF BEGINNING** and the west corner of the herein described tract;

THENCE N 41°25'30" E, continuing along the southeast line of said Lot 44, a distance of 3.56 feet to a found 3/4-inch iron rod at the east corner of said Lot 44, for the north corner of the herein described tract;

THENCE departing said east line of Lot 44, into and across San Antonio International Airport property, the following two (2) courses and distances:

- 1.) S 03°37'46" E, a distance of 5.04 feet to a point, for the south corner of the herein described tract, and
- 2.) N 48°35'16" W, a distance of 3.57 feet returning to the **POINT OF BEGINNING** and containing 0.0001 of an acre (6 square feet) of land, more or less.

*** **PARCEL 5A - 1.568 ACRE TRACT**

Being a 1.568 acre (68,310 square feet) tract of land in Lot 44, New City Block 8644, North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 1.568 acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

BEGINNING at a found 1/2-inch iron rod at the south corner Lot 44 and the herein described tract, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4494.24 feet;

THENCE N 48°37'52" W, along the southwest line of Lot 44, a distance of 232.04 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the west corner of the herein described tract;

THENCE into and across said Lot 44, the following four (4) courses and distances:

- 1.) N 41°24'44" E, a distance of 259.64 feet to a "X" scribed in concrete at a non-tangent point of curvature of a curve to the left, for a corner of the herein described tract,
- 2.) along said curve to the left, a distance of 47.12 feet, with a radius of 30.00 feet, a central angle of 90°00'00" and a chord bearing and distance of N 86°24'44" E, 42.43 feet to a "X" scribed in concrete, for a corner of the herein described tract,
- 3.) N 41°24'44" E, a distance of 9.00 feet to a "X" scribed in concrete, for the north corner of the herein described tract, and



- 4.) S 48°35'16" E, a distance of 202.10 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR." in the east line of said Lot 44, for the east corner of the herein described tract;

THENCE S 41°25'30" W, along the southeast line of said Lot 44, a distance of 298.47 feet returning to the **POINT OF BEGINNING** and containing 1.568 acres (68,310 square feet) of land, more or less.

***** PARCEL 5B – 0.2930 ACRE TRACT**

Being a 0.2930 acre (12,763 square feet) tract of land in New City Block 8644, said 0.2930 acre tract being in an area of unknown record adjoining Lot 44 of North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Pages 195-198, Deed and Plat Records of Bexar County, Texas, said 0.2930 acre tract of land being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinate System, South Central Zone (4204):

BEGINNING at a found 1/2-inch iron rod for the south corner of Lot 44 and the western most corner of the herein described tract, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N 41°55'32" W, a distance of 4494.24 feet;

THENCE N 41°25'30" E, along the southeast line of Lot 44, a distance of 298.47 feet to a set 1/2-inch iron rod with cap stamped "VICKREY PROP. COR.", for the northern most corner of the herein described tract;

THENCE into and across San Antonio International Airport Property of unknown record, the following six (6) courses and distances:

- 1.) S 48°35'16" E, a distance of 3.57 feet to a point, for a corner of the herein described tract,
- 2.) S 03°37'46" E, a distance of 91.23 feet to a non-tangent point of curvature of a curve to the left, being a corner of the herein described tract,
- 3.) along said curve to the left, a distance of 56.70 feet, with a radius of 72.00 feet, a central angle of 45°07'10" and a chord bearing and distance of S 63°58'57" W, 55.25 feet to a point, for a corner of the herein described tract,
- 4.) S 41°22'20" W, a distance of 105.63 feet to a tangent point of curvature of a curve to the right, for a corner of the herein described tract,
- 5.) along said curve to the right, a distance of 89.11 feet, with a radius of 98.00 feet, a central angle of 52°05'46" and a chord bearing and distance of S 67°25'12" W, 86.07 feet to a point, for a corner of the herein described tract, and
- 6.) N 48°37'52" W, a distance of 9.32 feet returning to the **POINT OF BEGINNING** and containing 0.2930 acres (12,763 square feet) of land, more or less.

*** PARCEL 6-0.2766 ACRE TRACT**

Being a 0.2766 acre (12,047 square feet) tract of land in New City Block 8644, said 0.2766 acre tract being in an area of unknown record adjoining Lot 44 of the North Airport Parkway Sub'd, a subdivision within the San Antonio International Airport, City of San Antonio, Bexar County, Texas, thereof recorded in Volume 9516, Page 195-198, Deed and Plat Records of Bexar County, Texas, said 0.2766 acre tract being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas State Plane Coordinates System, South Central Zone (4204):



BEGINNING at a found ½" iron rod on the south right-of-way (R.O.W.) line of Skyplace Boulevard (60' R.O.W.), same point also being the northeast corner of said Lot 44 and the northwest corner of the herein described tract, from which the approximate intersection of the east R.O.W. line of Jones Maltsberger at the south R.O.W. line of said Skyplace Boulevard, being the north corner of a Drainage R.O.W., (each as depicted on said plat recorded in Volume 9516, Page 195-198 and using the bearing basis herein stated) bears N60deg04'27"W, a distance of 3,598.68 feet;

THENCE into and across said San Antonio International Airport Property of unknown record and along the south R.O.W. line of Skyplace Boulevard, the following three (3) calls:

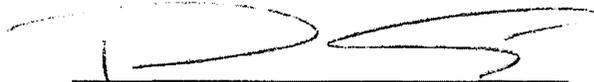
- 1.) S48deg 23'19"E, a distance of 14.97 feet to a tangent point of curvature of a curve to the right, for a corner of the herein described tract,
- 2.) along said curve to the right, a distance of 102.10 feet, with a radius of 130.00 feet, a central angle of 45deg00'00", and a chord bearing and distance of S25deg53'19"E, 99.50 feet to a tangent point, for a corner of the herein described tract, and
- 3.) S03deg23'19"E, a distance of 180.28 feet to a point, for the southeast corner of the herein described tract;

THENCE S86deg29'18"W, departing said R.O.W., continuing into and across said San Antonio International Airport Property of unknown record, a distance of 47.47 feet to a point on the east line of said Lot 44, for the southwest corner of the herein described tract;

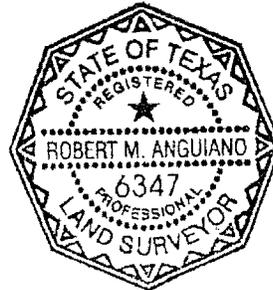
THENCE N03°37'46"W, along the east line of said Lot 44, a distance of 282.89 feet returning to the **POINT OF BEGINNING** and containing 0.2766 acres (12,047 square feet) of land, more or less.

Job No. 1241-041-140
 April 30, 2014
 Revised June 27, 2014

Certified this 27th day of June, 2014



Robert M. Anguiano, R.P.L.S.
 Registered Professional Land Surveyor
 Texas Registration No. 6347
 Vickrey & Associates, Inc.



Appendix I
Chart – Applicable Provisions and Term Periods

Appendix I

Table of Parties' Responsibilities - Provisions of GA FIS Lease/Sublease

Section Number	Caption	Initial Construction Period	CBP Possession	ST Entity Possession After City Sublease Terminates
6 (6.4) Lease	Indemnification	ST	--	ST
7.3 Lease	Builder's Risk Insurance	ST	--	
7 (7.14) Lease 7 (7.14) Sub-Lease	Insurance	ST	City	ST
8 (8.4) Lease	Performance Guarantee & Landlord's Lien	--	--	ST
9 (9.4) Lease	Privileges & Conditions		Article 9 rights are not granted during CBP possession	
13 (13.4) Lease 13 (13.4) Sub-Lease	Maintenance & Repair	ST	City	ST
15 (15.8) Lease 15 (15.8) Sub-Lease	Environmental Compliance	ST	City	ST
19 (19.2) Lease	Quality of Services	ST	--	ST
21 (21.5) Lease 21 (21.5) Sub-Lease	Security	ST	City	ST

**EXHIBIT 3
APRON AND TAXILANE IMPROVEMENTS AND
TAXIWAY CONNECTOR IMPROVEMENTS**

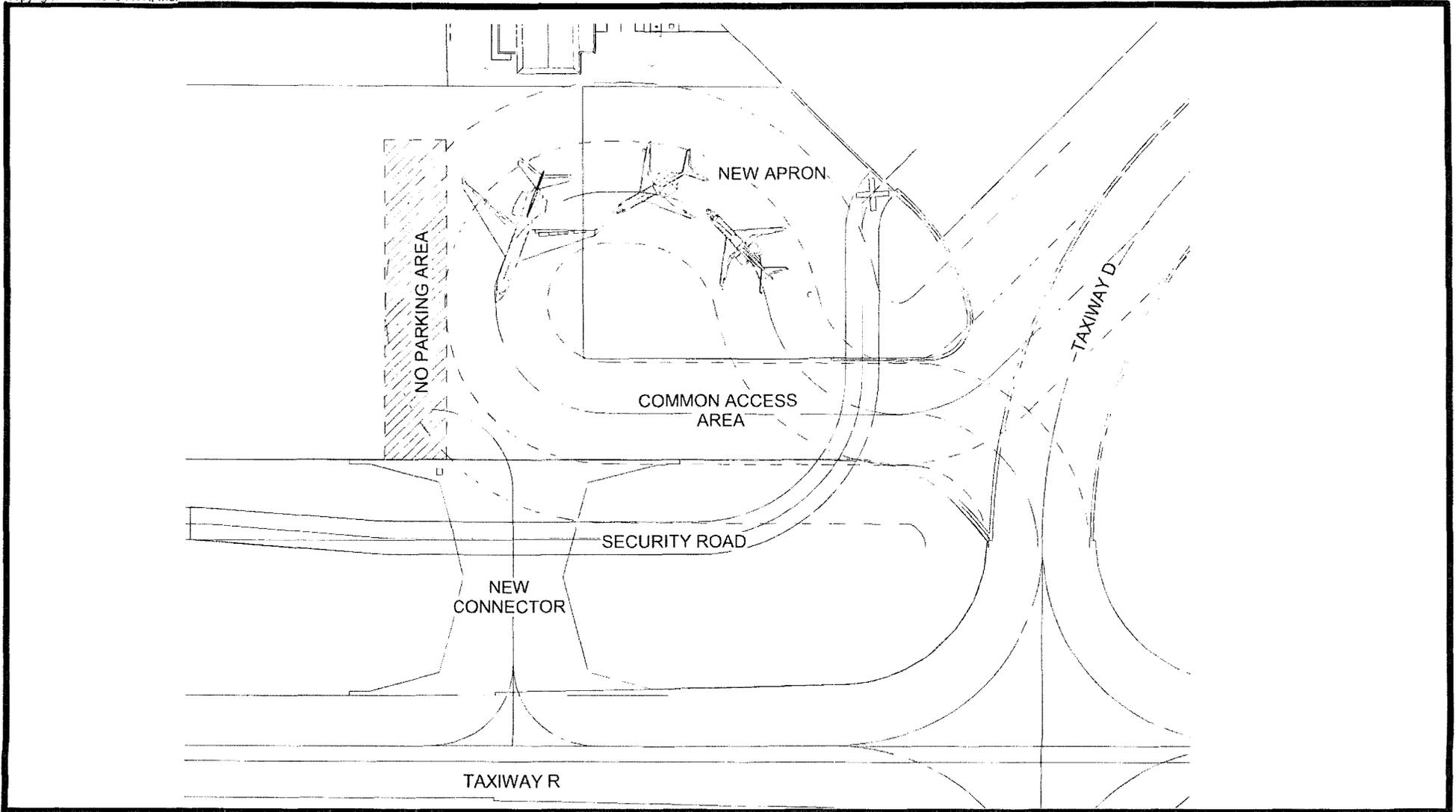


EXHIBIT 3



Federal Inspection Station

1778 Skyplace Blvd. San Antonio, TX

project #: 2013-266
date: 10/30/14

scale: 1"= 100'-0"

Registered Architect
David Bomersbach
9708

PRELIMINARY
This design document is
incomplete and may not be
used for regulatory approval,
permitting, or construction.

**EXHIBIT 4
SCHEDULE OF FFE**

Exhibit 4

Equipment / Furniture List

Room	Item	Estimated Cost
Pre-Processing Pasenger Waiting	Forms Rack	\$450
	Writing Counter (part of forms rack)	
	Seating (20)	\$14,000
	Side Table (4)	\$2,000
Post-Processing Passenger Waiting	Seating (20)	\$14,000
	Side Table (4)	\$2,000
CBP Processing Area	Baggage Examination table	\$1,000
	Officer Podium	\$800
	NII Machine	\$40,000
	Enforcement Computer	Part of communications #
	Telephone	Part of communications #
Toilet Room	N/A	
Interview Room	Fixed Table	\$800
	Fixed Chair (2)	\$700
	Officer task chair (2)	\$1,300
Search Room	Fixed Detention Bench w/handcuff ring	\$400
	Fixed Baggage exam table	\$870
Hold Room	Fixed detention bench	\$400
	Modesty screen	\$2,500
Agriculture Lab	Lab Chair (2)	\$1,000
	Phone	Part of communications #
	Garbage disposal - 3HP w/ 4" drain	\$3,300
	Hazmat Cabinet - Fireproof	\$800
	Refrigerator / Freezer	\$6,000
	Enforcement Computer	Part of communications #
	Enforcement Printer	Part of communications #
CBP General Office	Modular Workstation (4)	\$7,400
	Task Chair (4)	\$2,600
	Guest Chair (6)	\$1,800
	Lateral files (3)	\$3,600
	Business Computer (3)	Part of communications #
	Printer	Part of communications #
	Telephone (3)	Part of communications #
	Enforcement Computer (3)	Part of communications #
	Printer / Copier / Fax	\$20,000 stand alone if purchased
	2 way base radio	\$500
Staff Toilet Room	12"wx21"dx36"H locker (6)	\$1,200
	dressing bench	\$600
Staff Break Room	Disposal	\$400
	Microwave Oven	\$400
	Refrigerator	\$1,200
	Electric water cooler	\$300
	Café type table	\$750
	café type chair (4)	\$1,200
	Telephone	Part of communications #
	Television with cable service	\$800

LAN Room	Security interface cabinet Enforcement system hardware Four post equipment rack Telephone system Keypad to exit	\$240,000 communications # Part of communications # Part of communications # Part of communications #
Storage / File room	Fixed 18" shelving	\$1,600
Electrical Room	Uninterruptible Power Supply (UPS) Automatic Transfer Switch (ATS) Emergency Generator (EG) Fuel Storage Tank (FST) Lead bank for EG Batteries for UPS	Part of building systems Part of building systems
Other	Display boards (break room) / Tack boards Marker boards (process area) Interior signs Furniture installation and taxes Exterior Signs Trash cans (all rooms) Recycle bins (break room only) Monument sign for site	\$1,200 \$1,200 \$10,000 \$12,600 \$6,500 5 room signs @\$100 ea plus 2 building plaques @\$3000 ea \$1,450 \$300 \$17,000 \$5000 for sign, \$12000 for structure
		\$426,920 Total

EXHIBIT 5
Lessee Improvements
[Conceptual Drawing]

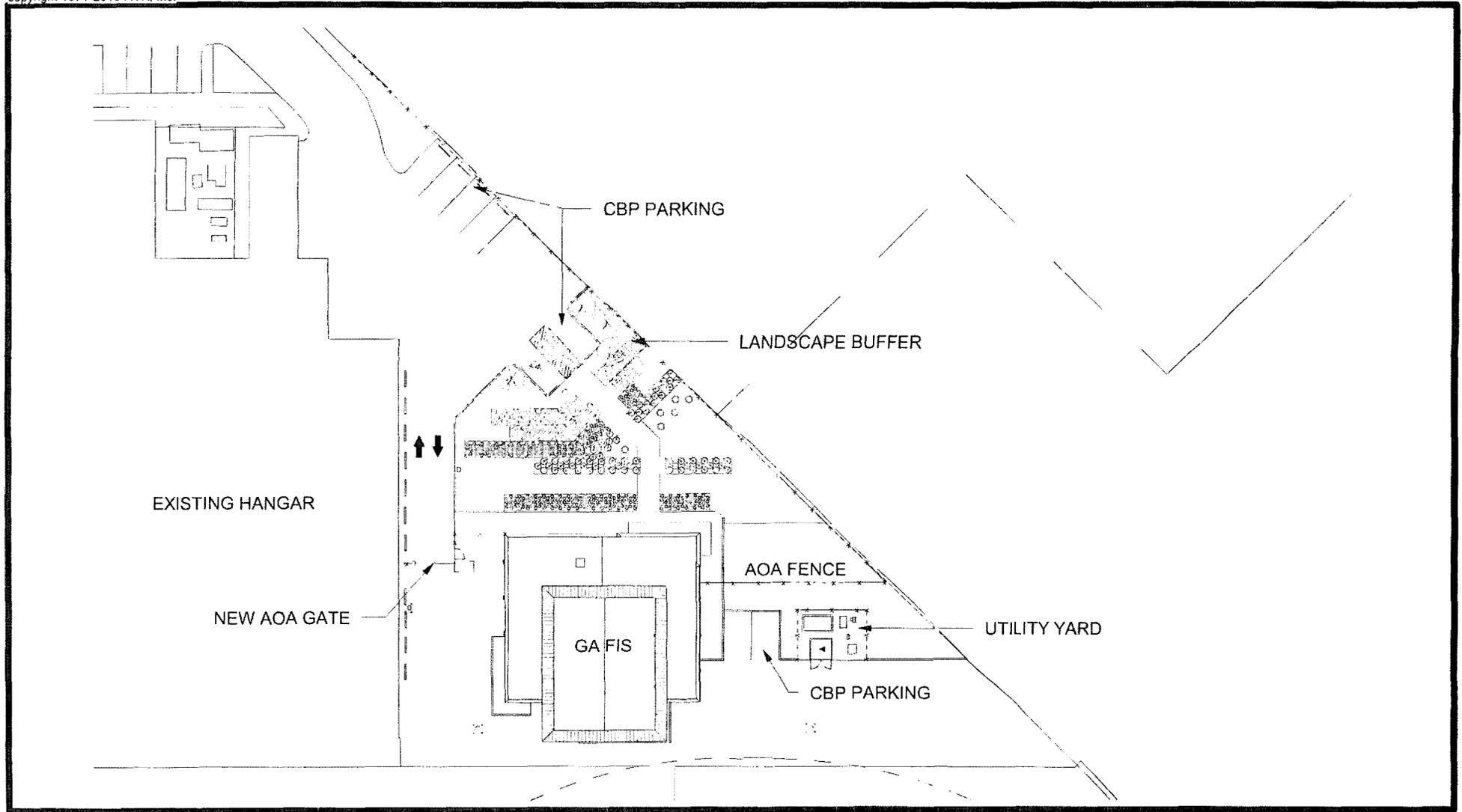


EXHIBIT 5



Federal Inspection Station

1778 Skyplace Blvd. San Antonio, TX

project #: 2013-266
date: 10/30/14

scale : 1"= 50'-0"

address: 745 e mulberry ave suite 601 san antonio texas 78212
architecture interior design landscape architecture

Registered Architect
David Bomersbach
9708

PRELIMINARY
This design document is incomplete and may not be used for regulatory approval, permitting, or construction.

telephone: 210.733.3535

web: www.rvk-architects.com

EXHIBIT 6

FORM OF MARSHALLING SERVICES PERMIT

Exhibit 6

SAN ANTONIO INTERNATIONAL AIRPORT MARSHALLING SERVICES PERMIT

WHEREAS, the City of San Antonio, Texas (hereinafter called "City") owns and operates San Antonio International Airport (hereinafter called "Airport"), and San Antonio Sky Place Real Estate Ventures, LLC (hereinafter called "Permittee") wishes to conduct certain commercial activities on said Airport; and

WHEREAS, applicable provisions of the City Code of the City of San Antonio prohibit engaging in any business or commercial activity of any nature whatsoever on the Airport except with the approval of the Aviation Director and under such terms and conditions as may be set forth in a permit or contract covering such activity; and

WHEREAS, Permittee does not have a contract or agreement with the City covering this commercial enterprise; **NOW THEREFORE:**

The aforesaid Permittee is hereby granted a permit by the City of San Antonio, acting by and through its Aviation Director pursuant to Ordinance _____ to conduct certain business or commercial activities at San Antonio International Airport, under the terms and conditions as specified in this Marshalling Services Permit (hereinafter called "Permit"):

1. BUSINESS TO BE CONDUCTED

1.1 The Permittee, on a non-exclusive basis, will conduct the following business pursuant to the authority granted hereunder and no other, unless prior written approval is obtained from the City's Director of Aviation:

Permittee may enter upon and provide marshalling of aircraft by directing pilots upon one-on-one visual, chocking and un-chocking of aircraft, aircraft towing, pushing back of aircraft, and passenger escort services for General Aviation traffic in the area designated in **Exhibit 1**, Permit Area, for aircraft arriving at or departing from the United States Customs and Border Protection General Aviation (GA) Federal Inspection Station at the Airport.

1.2 Permittee shall furnish the services set out in Article 1.1 in a good, prompt and efficient manner, adequate to meet demand for same at Airport, on a non-discriminatory basis to all users thereof. The Permittee shall have the equipment required in order to provide such services readily available at all times, including without limitation the following specialized equipment required for certain GA aircraft: (i) aircraft tug with towing/aircraft attachment features, and (ii) mobile diesel ground power unit designed for airport usage.

1.3 Permittee may charge the owners or operators of the aircrafts utilizing the services set out in Article 1.1 a fair and equitable fee on a non-discriminatory basis to all users. Permittee shall not advertise or apply any discounts to the marshalling services fee(s) at the time the marshalling services are provided by Permittee. Permittee shall provide City with a list of all marshalling services Permittee will perform pursuant to this Permit and the fees with such services. City reserves the right to require Permittee to adjust any of its fees if City, in its sole discretion, determines any of the fees to be onerous. If an aircraft owner or operator fails or refuses to pay the marshalling services fee in full, Permittee may decline to provide the services set out in Article 1.1 with respect to the aircraft.

1.4 This commercial permit is not exclusive in nature and City specifically reserves the right to issue commercial permits for the same or similar services to other entities.

1.5 The right to conduct the commercial services set out in this commercial permit shall be subordinate to the provisions and requirements of any existing or future agreements between City and the United States relative to the development, operations, or maintenance of Airport.

2. TERM

The term of this Permit shall begin on the later of _____, 20____ or the date the Aviation Director executes this Permit, and shall terminate at midnight on December 31 of the same year. This permit shall automatically renew on a year-to-year basis unless 1) terminated by either party upon written notice to the other party at least thirty (30) days prior to December 31st or 2) otherwise terminated by either party in accordance with the provisions herein.

3. INDEMNIFICATION

3.1 PERMITTEE covenants and agrees to FULLY INDEMNIFY, DEFEND and HOLD HARMLESS the City and the elected officials, employees, officers, directors, volunteers and representatives of the City, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the City directly or indirectly arising out of, resulting from, or related to Permittee's activities under this Permit, including any acts or omissions of Permittee, any agent, officer, director, representative, employee, consultant or subcontractor of Permittee, and their respective officers, agents employees, directors and representatives while in the exercise of the rights or performance of the duties under this Permit. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT PERMITTEE AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.

3.2 The provisions 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. Permittee shall advise the City in writing within 24 hours of any claim or demand against the City or Permittee known to Permittee related to or arising out of Permittee's activities under this Agreement and shall see to the investigation and defense of such claim or demand at Permittee's cost. The City shall have the right, at its option and at its own expense, to participate in such defense without relieving Permittee of any of its obligations under this paragraph.

4. INSURANCE

4.1 Prior to the commencement of any work under this Agreement, Permittee shall furnish copies of all required endorsements and completed Certificate(s) of Insurance to the City's Aviation Department, which shall be clearly labeled "*Marshalling Services Permit*" in the Description of Operations block of the Certificate. The Certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. The City will not accept a Memorandum of Insurance or Binder as proof of insurance. The certificate(s) must have the agent's signature and phone number, and

be mailed, with copies of all applicable endorsements, directly from the insurer's authorized representative to the City. The City shall have no duty to pay or perform under this Agreement until such certificate and endorsements have been received and approved by the City's Aviation Department. No officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement.

4.2 The City reserves the right to review the insurance requirements of this Article during the effective period of this Agreement and any extension or renewal hereof and to modify insurance coverages and their limits when deemed necessary and prudent by City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. In no instance will City allow modification whereby City may incur increased risk.

4.3 A Permittee's financial integrity is of interest to the City; therefore, subject to Permittee's right to maintain reasonable deductibles in such amounts as are approved by the City, Permittee shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at Permittee's sole expense, insurance coverage written on an occurrence basis, unless otherwise indicated, by companies authorized to do business in the State of Texas and with an A.M Best's rating of no less than A- (VII), in the following types and for an amount not less than the amount listed below:

TYPE	AMOUNTS
1. Workers' Compensation 2. Employers' Liability	Statutory \$1,000,000/\$1,000,000/\$1,000,000
3. Broad form Commercial General Liability Insurance to include coverage for the following: a. Premises/Operations *b. Independent Contractors c. Products/Completed Operations d. Personal Injury e. Contractual Liability f. Damage to property rented by you	For <u>Bodily Injury</u> and <u>Property Damage</u> of \$5,000,000 per occurrence; \$10,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage f. \$100,000
4. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired Vehicles	<u>Combined Single Limit</u> for <u>Bodily Injury</u> and <u>Property Damage</u> of \$5,000,000 per occurrence

4.4 Permittee agrees to require, by written contract, that all subcontractors providing goods or services hereunder obtain the same insurance coverages required of Permittee herein, and provide a certificate of insurance and endorsement that names the Permittee and the CITY as additional insureds. Respondent shall provide the CITY with said certificate and endorsement prior to the commencement of any work by the subcontractor. This provision may be modified by City's Risk Manager, without subsequent City Council approval, when deemed necessary and prudent, based upon changes in statutory law, court decisions, or circumstances surrounding this agreement. Such modification may be enacted by letter signed by City's Risk Manager, which shall become a part of the contract for all purposes.

4.5 As they apply to the limits required by the City, the City shall be entitled, upon request and without expense, to receive copies of the policies, declaration page, and all endorsements thereto and may require the deletion, revision, or modification of particular policy terms, conditions, limitations, or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Permittee shall be required to comply with any

such requests and shall submit a copy of the replacement certificate of insurance to City at the address provided below within 10 days of the requested change. Permittee shall pay any costs incurred resulting from said changes.

City of San Antonio
Aviation Department
9800 Airport Boulevard
San Antonio, Texas 78216

4.6 Permittee agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following provisions:

- Name the City, its officers, officials, employees, volunteers, and elected representatives as additional insureds by endorsement, as respects operations and activities of, or on behalf of, the named insured performed under contract with the City, with the exception of the workers' compensation and professional liability policies;
- Provide for an endorsement that the "other insurance" clause shall not apply to the City of San Antonio where the City is an additional insured shown on the policy;
- Workers' compensation, employers' liability, general liability and automobile liability policies will provide a waiver of subrogation in favor of the City.
- Provide advance written notice directly to City of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance notice for nonpayment of premium.

4.7 Within five (5) calendar days of a suspension, cancellation or non-renewal of coverage, Permittee shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend Permittee's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.

4.8 In addition to any other remedies the City may have upon Permittee's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Permittee to stop work hereunder, and/or withhold any payment(s) which become due to Permittee hereunder until Permittee demonstrates compliance with the requirements hereof.

4.9 Nothing herein contained shall be construed as limiting in any way the extent to which Permittee may be held responsible for payments of damages to persons or property resulting from Permittee's or its subcontractors' performance of the work covered under this Agreement.

4.10 It is agreed that Permittee's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of San Antonio for liability arising out of operations under this Agreement.

4.11 It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement and that no claim or action by or on behalf of the City shall be limited to insurance coverage provided..

4.12 Permittee and any Subcontractors are responsible for all damage to their own equipment and/or property.

5. SECURITY

5.1 Permittee shall provide for the security of the Air Operations Area (hereinafter "A.O.A.") and/or Security Identification Display Area (hereinafter "S.I.D.A.") to prevent entry or movement of unauthorized persons thereupon, in accordance with Chapter 3, Article II, Division 8 - Security of the San Antonio, Texas Code of Ordinances, as currently written, or as amended or replaced in future. In appropriate cases, physical barriers to prevent access to the A.O.A. and/or the S.I.D.A. must be placed and supervised by Permittee during construction upon the Leased Premises.

5.2 Permittee shall comply with all rules, regulations, statutes, orders, directives or other mandates of the United States, the State of Texas, and/or the City of San Antonio or City's Aviation Department regarding Airport security requirements or measures.

5.3 Permittee shall comply with all current and future mandates of the Transportation Security Administration, or successor agency, for background investigations of its personnel.

5.4 Permittee shall indemnify and hold harmless City, its officers and employees from any charges, fines or penalties that may be assessed or levied by any department or agency of the United States or State of Texas, by reason of Permittee's failure to comply with any applicable security provision and/or requirement for compliance set forth herein.

6. RESTRICTIONS AND REGULATIONS

Permittee agrees to abide by any and all: 1) applicable rules regulations, orders and restrictions which are now in force or which may be hereafter adopted by City with respect to the operations of Airport to include the Airport Rules & Regulations codified in Chapter 3, Article II of the San Antonio, Texas Code of Ordinances; 2) orders, directives, or conditions issued, given or imposed by City with respect to the use of ramps, aprons, taxiways or runways; 3) and applicable laws, ordinances, statutes, rules, regulations or orders of any governmental authority, federal, state or municipal, lawfully exercising jurisdiction over the Airport or Permittee's business or use of Airport.

7. ENVIRONMENTAL COMPLIANCE

7.1 Permittee agrees that it shall at its sole expense comply with all applicable federal, state and local statutes, laws, ordinances, rules and regulations concerning hazardous materials including, but not limited to regulations promulgated by the Environmental Protection Agency and the Texas Commission on Environmental Quality (TCEQ), including inspection, financial liability and inventory control recording requirements and shall provide Director with copies of any required certificates of registration from the TCEQ, together with copies of any required proof of financial responsibility and any other documentation reasonably required by the Director or applicable regulatory agency.

7.2 During the term of this Permit and any extensions thereof, should changes in applicable statutes, laws, rules or regulations regarding hazardous materials occur, then and in such event, such modification or change shall be timely undertaken and performed by Permittee at the sole cost and expense of Permittee. Further, the ownership of all hazardous materials shall at all times, remain in the Permittee and that if requested by Director, Permittee shall within ninety (90) days following the termination or expiration of this Permit and at the sole cost of Permittee remove any hazardous materials from Airport premises and perform any required soil or other investigations, and restore the premises to a condition reasonably acceptable to Director. Further, the performance guarantee required under the terms of this

Permit shall not be returned or restored to Permittee until such removal, if requested, is accomplished to the satisfaction of TCEQ.

7.3 Permittee shall remedy any release of hazardous substances and, whether resulting from such release or otherwise, shall remove any hazardous materials and special wastes and any other environmental contamination as are caused by Permittee on or under Airport Premises, as are necessary to protect the public health and safety and the environment from actual or potential harm and to bring Airport Premises into compliance with all environmental laws and regulations. Such work shall be performed at Permittee's sole expense after Permittee submits to Director a written plan for completing such work. The City shall have the right to review and inspect all such work at any time using consultants and representatives of its choice

7.4 Permittee agrees to defend, indemnify and hold harmless the City, its elected and appointed officials, officers, agents and employees from and against any and all loss, claim, liability, damages, injunctive relief, injuries to person, property or natural resources, cost, expense, action or cause of action, arising as a result of action or inaction by the Permittee, its employees, agents or contractors in connection with the release, threatened release or presence of any hazardous material at, on, under, over or upon the Airport premises used by Permittee, whether foreseeable or unforeseeable, regardless of the source of such release or threatened release or when such release or threatened release or presence occurred or is discovered. The foregoing indemnity includes without limitation, all costs in law or in equity of removal, cleanup, remediation of any kind and disposal of such hazardous materials, all costs of determining whether the Airport is in compliance and causing the Airport to be in compliance with all applicable environmental laws and all costs associated with claims for damages to persons, property or natural resources. In the event that the City is named in any enforcement action or lawsuit by any party in connection with the environmental condition of Airport Premises used by Permittee and caused by the action or inaction of Permittee, Permittee shall defend City and indemnify and hold harmless the City from any costs, damages or fines resulting therefrom.

8. GENERAL PROVISIONS

8.1 City grants Permittee the right, in common with others, to use all appropriate roadways, terminal area and other space as is necessary to conduct its operations, provided that the Aviation Director may make reasonable rules as to exact location, times, and methods of conducting the business or commercial activity, based upon safety and convenience to the public. This permit does not cover any space leased for exclusive use of another nor does this permit cover the right to use areas reserved for administrative, parking, or storage areas on or about the Airport or any other space in which access to the general public is denied, unless specific authorization is obtained from the Aviation Director. Permittee shall not be entitled to construct or install equipment, improvements, or facilities in or on the airport without prior approval of the Aviation Director.

8.2 The Permittee, by accepting this permit, expressly agrees for itself, its successors and assigns that it will not make any use of the Airport or this Permit which might in any way interfere with the normal operation of the Airport or constitute a hazard of any kind. In the event this covenant is breached, the City reserves the right to abate said practice of interference at the expense of Permittee.

8.3 Permittee shall comply with all federal and state regulations and city ordinances, codes and regulations applicable to Permittee's operations under this Permit. Permittee shall pay, on or before their respective due dates, to the appropriate collecting authority, all Federal, State and local taxes and fees, which are now or may hereafter be levied upon Permittee, its operations hereunder or its property used in connection therewith and shall maintain in force all federal, state and local licenses and permits required for the operation of the business conducted by Permittee.

8.4 This Permit may not be assigned or transferred.

8.5 It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right; provided that the City shall not issue a permit for providing the same or similar services as those set out in Article 1 unless the permit contains all of the material terms and conditions of this Permit.

8.6 The invalidity of any provision of this permit shall not affect the other provisions of this permit and any court shall construe the remainder to achieve the intent of the parties as they are manifested hereby. Venue for all purposes is agreed and established to be in San Antonio, Bexar County, Texas.

8.7 Permittee shall obtain an escort for all Permittee's vehicles operating within the Air Operations Area (AOA) unless the requirement for said escort is waived by the Aviation Director or his duly authorized agent.

8.8 Notwithstanding any provision to the contrary contained herein, this Permit may be immediately cancelled by City should Permittee, no later than five (5) days following receipt of written notice from City, fail to keep, perform or observe any term, covenant or condition set forth in this Permit. Notwithstanding such termination, Permittee shall remain liable to City for all arrearages of fees and charges payable hereunder and for any preceding breach(es) of any term, covenant or condition herein contained.

8.9 The parties expressly agree that neither part shall be responsible for payment of attorney's fees pursuant to Texas Civil Practice and Remedies Code Chapter 38, Texas Local Government Code §271.153, common law, or any other provision for payment of attorneys' fees. Both parties expressly waive any claim to attorneys' fees should litigation result from any dispute in this Permit.

8.10 Any election, notice or communication required or permitted to be given under this Permit shall be in writing and deemed to have been duly given if and when delivered personally (with receipt acknowledged), or on receipt after mailing the same by certified mail, return receipt request with proper postage prepaid, or three (3) days after mailing the same by first class U.S. mail, postage prepaid (in accordance with the "Mailbox Rule"), or when sent by a national commercial courier service (such as Federal Express or United Parcel Service) for expedited delivery to be confirmed in writing by such courier.

If intended for City, to:

City of San Antonio
Aviation Department
Attn: Director
9800 Airport Boulevard
San Antonio, TX 78216

If intended for Permittee, to:

San Antonio Sky Place Real Estate
Ventures, LLC
c/o Smart Traveling, Inc.
Attn: Pablo Hoyos, CEO
1770 Sky Place Blvd.
San Antonio, TX 78216

8.11 Permittee understands and agrees to comply with the Non-Discrimination Policy of the City of San Antonio contained in Chapter 2, Article X of the City Code and further, shall not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, veteran status, age or disability, unless exempted by state or federal law, or as otherwise established herein. As part of said

compliance, Permittee shall adhere to City's Non-Discrimination Policy in the solicitation, selection, hiring or commercial treatment of vendors, suppliers or commercial customers; further, Permittee shall not retaliate against any person for reporting instances of such discrimination.

8.12 Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto. It is understood and agreed that neither the method of computation of payment hereunder, nor any other provision contained herein, nor any acts of the parties hereto creates a relationship other than the relationship of Permitter and Permittee.

IN WITNESS WHEREOF, the City and Permittee, personally or by their duly authorized agents, have executed this instrument as of the dates below indicated.

**PERMITEE: SAN ANTONIO SKY PLACE
REAL ESTATE VENTURES, LLC**

CITY OF SAN ANTONIO

By: _____

By: _____

Frank R. Miller
Aviation Director

Print Name /Title

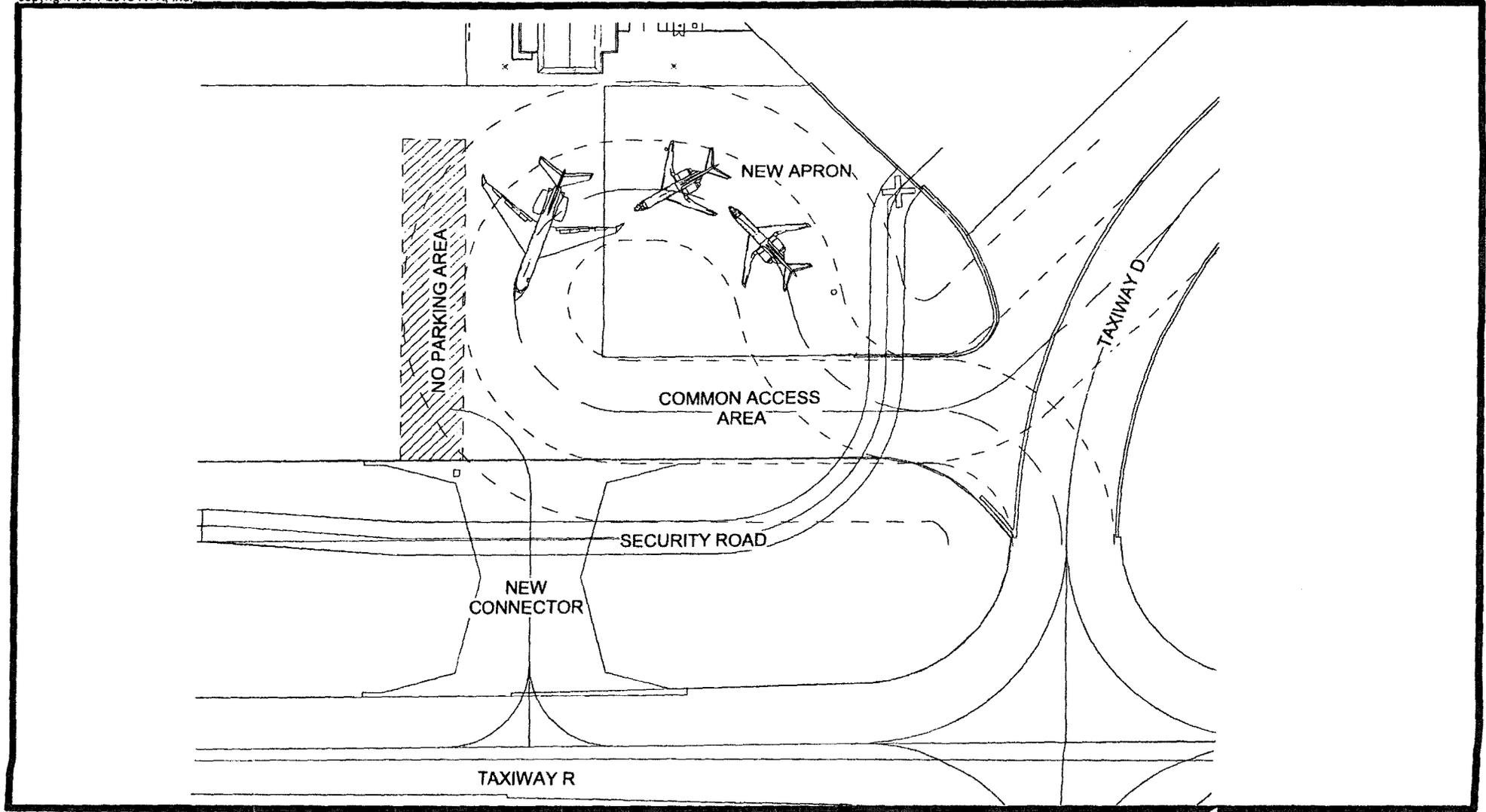
Mailing Address:

APPROVED AS TO FORM:

City Attorney

Date: _____

EXHIBIT 1
PERMIT AREA



RVK

Federal Inspection Station
1778 Skyplace Blvd. San Antonio, TX

project #: 2013-266
date: 10/30/14

scale: 1"= 100'-0"

EXHIBIT 1

Registered Architect
David Bomersbach
9708

PRELIMINARY
This design document is
incomplete and may not be
used for regulatory approval,
permitting, or construction.

Appendix I
Chart – Applicable Provisions and Term Periods

Appendix I

Table of Parties' Responsibilities - Provisions of GA FIS Lease/Sublease

Section Number	Caption	Initial Construction Period	CBP Possession	ST Entity Possession After City Sublease Terminates
6 (6.4) Lease	Indemnification	ST	--	ST
7.3 Lease	Builder's Risk Insurance	ST	--	
7 (7.14) Lease 7 (7.14) Sub-Lease	Insurance	ST	City	ST
8 (8.4) Lease	Performance Guarantee & Landlord's Lien	--	--	ST
9 (9.4) Lease	Privileges & Conditions		Article 9 rights are not granted during CBP possession	
13 (13.4) Lease 13 (13.4) Sub-Lease	Maintenance & Repair	ST	City	ST
15 (15.8) Lease 15 (15.8) Sub-Lease	Environmental Compliance	ST	City	ST
19 (19.2) Lease	Quality of Services	ST	--	ST
21 (21.5) Lease 21 (21.5) Sub-Lease	Security	ST	City	ST