

KERRVILLE-KERR COUNTY AIRPORT T-HANGAR LEASE AGREEMENT

This **T-Hangar Lease Agreement** ("Agreement") is entered into by and between the Kerrville-Kerr County Joint Airport Board ("Lessor" or "Joint Airport Board") and **INSERT TENANT INFO** ("Lessee").

WHEREAS, the City of Kerrville ("City") and Kerr County ("County") jointly own the real property upon which is located the Kerrville-Kerr County Airport, sometimes referred to as Louis Schreiner Field ("Airport"); and

WHEREAS, the City and County are parties to an Amended and Restated Interlocal Joint Action Agreement dated May 24, 2022 ("Interlocal Agreement") that affirms the creation and continued existence of the Joint Airport Board; and

WHEREAS, the Joint Airport Board may lease Airport property and may adopt fees and rental rates with respect to the use of Airport services or use of Airport property; and

WHEREAS, the Joint Airport Board, through its Airport Manager and other employees, is responsible for the day-to-day management of the Airport.

NOW, THEREFORE, in consideration of these promises, covenants, and agreements, the parties agree as follows:

ARTICLE 1 GRANT OF LEASE

1.01 **Leased Premises**: Lessor agrees to lease to Lessee certain property owned by the City and County located at the Airport and being more particularly described as hangar **INSERT**, hereinafter being referred to as the "Premises."

ARTICLE 2 TERM OF AGREEMENT

2.01 **Lease Term**: The term of this Agreement shall commence at 12:01 a.m. on **October 1, 20XX** and terminate at midnight on **September 30, 20XX** ("Lease Term") unless terminated earlier pursuant to the provisions of this Agreement.

2.02 **Holdover of Lessee**: If Lessee holds over or remains in possession of the Premises after the termination of this Agreement in the absence of a new lease agreement between the Lessor and Lessee, such continuation beyond the date of termination, or the collection or acceptance of rent, fees and/or other charges by the Lessor, shall not be construed as a renewal or extension of this Agreement, but shall be construed solely as creating a tenancy at will and not for any other term whatsoever. During the term of such tenancy at will, Lessee shall pay Lessor the fees and charges herein reserved, and Lessee shall be bound by and comply with all relevant provisions of this Agreement. Lessor may terminate the tenancy at will by giving Lessee 30 day written notice thereon.

ARTICLE 3 RENT

3.01 Amount of Base Rent: Lessee agrees to pay to Lessor rent for the Premises the amount of \$ **RATE** per month (“Base Rent”), commencing on the Effective Date and continuing monthly, due on the first day of each following month for the entire Lease Term. If the commencement date of this lease shall be on a day other than the first day of a month, the rent due for that first month shall be prorated accordingly.

3.02 Security Deposit: At or before the execution of this Agreement, Lessee shall pay to Lessor a security deposit of \$300.00. Lessor may use as much of the deposit as necessary to pay for any damages resulting from Lessee’s occupancy of the Premises, normal wear and tear excepted. Within sixty (60) days of the termination of this Agreement and inspection of Premises, Lessor shall return the balance of the deposit to Lessee, minus any amount subtracted for damages.

3.03 Adjustment of Base Rent: Base Rent due in any holdover period (i.e., occupancy that extends beyond the Lease Term) shall be increased or decreased on the first October 1st of any such holdover period and annually on each October 1st thereafter as set out in the following Rent Adjustment Formula, based upon changes in the Consumer Price Index for All Urban Consumers) as promulgated by the Bureau of Labor Statistics of the United States Department of Labor (“CPI”) (“Adjusted Base Rent”):

Rent Adjustment Formula

$$\text{Adjusted Base Rent} = \text{Base Rent} \times \frac{\text{CPI-Current Index}}{\text{CPI-Base Index (i.e., 300.840)}}$$

Rent Adjustment Definitions

- Base Rent – The Base Rent reflected in Section 3.01 of this Agreement.
- CPI-Current Index – The published CPI for the month of February, immediately preceding the applicable October 1, 20XX rent adjustment date.
- CPI-Base Index – The published CPI for the month of February, 20XX

In no event, however, shall the Adjusted Base Rent be less than reflected in Section 3.01 of this Agreement per month. In the event that the CPI is discontinued, comparable statistics on the purchasing power of the consumer dollar as determined by a responsible financial periodical of recognized authority selected by the Board shall be used as the basis for making adjustments of Base Rent during the Lease Term.

3.04 Delivery of Rent: All payments, by check or money order, required of Lessee by this Agreement shall be delivered by mail, or in person, to the Airport Manager's Office, 1877 Airport Loop, Kerrville, Texas 78028 located at the Airport, or to such other location as specified in writing by the Lessor from time to time, no later than the first day of each calendar month of the Lease Term for which the payment is due.

3.05 Delinquent Rent Payments: In the event that payments to the Lessor for rent or other fees or charges are not received by the Lessor on or before the eighth day following the due date, Lessee shall pay a late rental charge of Two Percent (2.0%) of the rent amount due for that month. All rent and other payments which are past due more than thirty (30) days shall accrue simple interest at the rate of eighteen percent (18.0%) annually or (b) the maximum percentage rate allowed by law, whichever is less.

3.06 Application of Amounts Received: Payments received shall be applied in the following order: (1) late rental charges, (2) past due rent, beginning with the oldest amount due, (3) other past due amounts, and (4) rent currently due.

3.07 Contractual Lessor's Lien. Lessee agrees that Lessor shall have a contractual lien for unpaid rent that is due, and that this lien shall attach to all property that is stored on the Premises. This contractual lien is in addition to any statutory lien authorized by law. If Lessee defaults under this Agreement, Lessor shall have a lien upon all goods, chattels, and/or personal property of any description belonging to Lessee that is placed in or becomes a part of the Premises, as security for rent due and to become due for the remainder of the term. Lessee grants Lessor a security interest in all such nonexempt personal property placed in or on the Premises. If Lessor exercises its option to terminate the leasehold as the Agreement provides, the Lessor, after giving the Lessee reasonable notice, may take possession of all of Lessee's property on the Premises and sell it at public sale in accordance with Chapter 59, Subchapter C, of the Texas Property Code. The sale proceeds shall be applied to the necessary and proper expenses of the sale, then to paying the amount of the lien, with the balance, if any, to be paid to the Lessee.

ARTICLE 4 PREMISES

4.01 Use of Premises. The Lessee agrees and acknowledges that the Premises shall be used primarily for the parking and storage of the Lessee's aircraft identified in Exhibit A which the Lessee covenants, warrants, and agrees shall be owned by Lessee or under Lessee's exclusive control while stored on the Premises. Lessee agrees that the aircraft stored shall not be so large as to preclude the closing of the T-hangar doors.

The Lessee agrees and acknowledges that the Premises shall always be used primarily for storage of active airworthy aircraft owned by Lessee and/or under Lessee's exclusive control.

4.02 Non-commercial Aeronautical and Other Use of the Premises: Lessee agrees and acknowledges that so long as the Premises are used primarily for the storage of active airworthy aircraft, other use of the Premises shall be limited to the following non-commercial aeronautical or other activities:

- (a) Final assembly of aircraft under construction not to exceed 180 days without Lessor's approval
- (b) Minor routine maintenance, repair, or refurbishment of aircraft as described in Section 5.06 of this Agreement, but not the indefinite storage of non-airworthy aircraft. Indefinite storage is defined as greater than 180 days.

- (c) Storage of aircraft handling equipment (e.g., tow bars, glider tow equipment, workbenches, and tools and materials used in servicing, minor maintenance, repair or outfitting of Lessee's aircraft as described in Section 5.06 of this Agreement).
- (d) The Premises may not be used to store non-airworthy aircraft for more than 180 days without Lessor's written permission.
- (e) Non-aeronautical items may be stored in hangars as long as the items do not interfere with the primary aeronautical use of the hangar.
- (f) Non aeronautical items will not impede the movement of aircraft in and out of the hangar or impede access to aircraft or other aeronautical contents of the hangar.
- (g) The Premises cannot be used to store items used to conduct non-aeronautical business including the storage of inventory.
- (h) No items in violation of airport rules and regulations, lease provisions, building codes and local ordinances will be stored in the Premises under any circumstances.
- (i) The Premises may not be used as a residence.
- (j) The Premises may not be used to store household items commonly stored in commercial storage facilities.

4.03 Ownership. Lessee warrants that he/she is (are) the registered owner(s) of or is (are) leasing the aircraft to be stored on the Premises. Lessee shall immediately notify the Airport Manager, in writing, of the description of any aircraft stored in the T-hangar that is different from the aircraft on Exhibit A or of any change in the registered ownership or its lessee status of said aircraft, as applicable. On or before the commencement date of this Agreement, Lessee shall provide a copy of the FAA Certificate of Aircraft Registration establishing the ownership of the aircraft being stored.

In addition, if Lessee's status as the operator of the aircraft is evidenced by a lease, such lease must be an exclusive-use lease wherein Lessee is the only authorized user of the aircraft. Upon request, Lessee shall provide a copy of said lease to the Airport Manager.

4.04 Aircraft Replacement. Only the aircraft identified on Exhibit A shall occupy the Premises. In the event that Lessee sells or disposes of the aircraft, or aircraft registration lapses, Lessee shall have 120 days to replace the aircraft with another aircraft or re-register aircraft and shall provide written notification to the Airport Manager concerning the actions taken. In the event Lessee fails to replace the aircraft within this time period, Lessee shall be deemed to have abandoned the Premises, and the Lessor may immediately terminate this Agreement.

ARTICLE 5 CONDITIONS AND USES

5.01 Securing the Premises. Lessee shall have full responsibility to properly secure the Premises.

5.02 Compliance with Laws. Lessee shall commit no kind of waste and shall take good and reasonable care of the Premises, and shall in the use and occupancy of the Premises, adhere to federal, state, and local laws and regulations, including the Kerrville-Kerr County Airport Code, as adopted by City and County on June 27, 2018, (“Rules”). Such Rules are specifically incorporated herein by reference. Lessee acknowledges and agrees to be bound by and comply with the Rules, as these now exist or may be amended, during the term of this Agreement.

5.03 Alterations. Lessee shall not make any changes or alterations to the Premises unless upon written consent of Lessor. Where Lessor consent is granted, all changes and alterations shall be made at the expense of Lessee and, upon the expiration of this Agreement, all fixtures shall become the property of the Lessor.

5.04 Commercial Aviation and Non-Aviation Related Business Activities. Lessee shall not conduct or allow any commercial aviation related business activity such as flight instruction, aerial spraying, charter flight, air taxi, sightseeing, skydiving, aerial photography, aircraft engine or airframe repair, avionics repair, or any other commercial activity within the Premises or at the Airport without the prior written consent of the Lessor. Lessee shall not operate any non-aviation related business or activity within the Premises or Airport without the prior written consent of the Lessor. Any approved commercial aviation or non-aviation related business must obtain a business permit from Lessor in accordance with the Rules prior to operation.

5.05 Motor Vehicles and Parking. Only licensed drivers shall drive vehicles to and from and within the T-hangar area. Vehicle parking is allowed within the Premises. Vehicles may be parked on the pavement adjacent to the Premises provided taxiway access and access to other hangars is not blocked. Vehicles shall not be left unattended outside the Premises during periods of darkness.

5.06 Maintenance of Airworthy Aircraft. Maintenance and repair of aircraft located on the Premises shall be limited to minor routine maintenance and repairs required for normal operation of the aircraft as recommended by the aircraft’s manufacturer, such as changing filters, lubricants, spark plugs, and tires. Conducting repairs or maintenance that requires the substantial disassembly or assembly of the aircraft’s airframe, power plant, and/or avionics, or that requires the stripping and/or painting of aircraft parts, is prohibited on the Premises.

5.07 Construction, Repair and Refurbishment of Non-Operational Aircraft. Lessee wishing to use the Premises for such activities as final assembly of aircraft under construction; non-commercial construction of amateur-built or kit-built aircraft, minor routine maintenance, repair, or refurbishment of a non-operational aircraft, when approved by the Lessor in writing, must provide the Lessor with a timetable for the completion of the project. The timetable must be updated monthly but in no case will the project exceed 180 days unless authorized by the Lessor in writing.

5.08 Breach. Lessee agrees that the failure of Lessee, his/her agents, employees, invitees, or servants to comply with any provision of this article shall result in a material breach of this Agreement and shall permit Lessor to pursue remedies as set forth in this Agreement, in addition to all other rights and remedies provided by law, to which the Lessor may resort cumulatively, or in the alternative.

ARTICLE 6 MAINTENANCE AND REPAIRS

6.01 Lessee's Responsibilities. Lessee shall maintain the Premises in a clean, neat, and sanitary condition, free of dirt, trash, refuse, scrap parts, and debris. Lessee shall, at their expense, provide for the removal and disposal of any such items. Lessee shall promptly report to Lessor any defects in the Premises requiring maintenance. Lessee further agrees that they shall, before storing an aircraft on the Premises, provide a metal drip pan to be placed under any part of the aircraft, which may leak fuel or lubricants. Lessee shall be liable for all costs of repairs to the Premises, which have been because of and/or caused by Lessee's use.

6.02 Fueling. Lessee shall not conduct within the Premises any fueling or de-fueling of any aircraft.

6.03 Storage, Use, and Disposal of Hazardous Materials. Except for fuel within the aircraft, Lessee shall not store or permit the storage of any fuel, hazardous, volatile, and/or dangerous chemicals or substances within the Premises or Airport. The Lessee and its employees, agents, and invitees shall abide by all applicable laws and regulations of the United States Environmental Protection Agency, the Texas Commission of Environmental Quality, or their respective successors agencies, and any other governmental agency regarding the handling, discharge, release, and dumping of hazardous materials. Lessee shall indemnify, defend, and hold harmless the Lessor, the City, and the County for any violation of environmental law resulting from the use of the Premises by Lessee, or Lessee's family, guests, invitees, contractors, or agents, and shall immediately notify the Lessor of any correspondence received from regulatory agencies or other parties concerning such matters. Lessee shall not conduct or allow to be conducted any hazardous activities on the Premises, including, but not limited to, welding, painting, or doping.

6.04 Fire Extinguisher. Lessee shall have enough fire extinguishers of acceptable size as determined by the Kerrville Fire Marshall within the Premises. Such fire extinguisher(s) shall be readily accessible in the event of a fire.

6.05 Inspection and Repair of Premises. The Lessee agrees and acknowledges that the Lessor and or its representatives shall have the right, at any time, to inspect the Premises for any purpose or to make repairs or alterations. The Lessee agrees and acknowledges that discrepancies found during the inspection will be corrected, at no cost to the Lessor, within 30 calendar days.

6.06 Disclaimer of Warranty. Lessor expressly disclaims any warranty of suitability that may otherwise arise by operation of law. Lessor does not warrant that there are no latent defects in the Premises for the lessee's intended purpose and that the essential facilities will remain in suitable condition. Lessee agrees that it is accepting the Premises "as is."

ARTICLE 7 ASSIGNMENTS, TRANSFER, AND SUBLETTING

7.01 Lessee shall not sell, assign, sublet, or transfer any rights or privileges granted by this Agreement without the prior written approval of the Lessor. The Lessor shall have the exclusive option to grant or refuse such approval. The parking of an aircraft not owned or leased by Lessee within the Premises shall constitute a sublease.

ARTICLE 8. TERMINATION

8.01 This Agreement shall be subject to immediate termination by the Lessor where Lessee:

1. is in arrears in the payment of or part of the rental payment for a period of thirty (30) days after Lessee is notified that payment was not received when due;
2. is in default in the performance of any covenants, conditions, or agreements required herein to be kept and performed by Lessee;
3. has made any general assignment for the benefit of creditors; or
4. has sold, assigned, sublet, or transferred any rights or privileges of this Agreement without the prior written approval of the Airport Manager as required by Article 7 of this Agreement.

In any of the aforesaid events, the Lessor may terminate this Agreement immediately and take immediate possession of the Premises, including all improvements therein, and remove Lessee's effects, forcibly, if necessary, without being deemed guilty of trespassing. However, any failure of the Lessor to terminate this Agreement immediately upon the default of Lessee for any of the reasons set out above shall not operate to bar or destroy the right of the Lessor to terminate this Agreement by reason of any subsequent violation of the terms herein.

The receipt or acceptance of money by the Lessor from the Lessee after the termination of this Agreement or after the service of any notice, after the commencement of any suit, or after final judgment for possession of the Premises shall not reinstate, continue, or extend the terms of this Agreement, or affect any such notice, demand, or suit, or employ consent for any action for which the Lessor's consent is required or operate as a waiver of any right of the Lessor to retake and resume possession of the Premises.

ARTICLE 9 SURRENDER OF POSSESSION

9.01 Upon the expiration or termination of this Agreement, the Lessee's rights, privileges, and use of the Premises shall cease and the Lessee shall immediately surrender the same. The Lessee shall restore the Premises to its original condition as of the beginning of occupancy, ordinary wear and tear excepted.

ARTICLE 10 INSURANCE AND INDEMNITY

10.01. Liability Insurance. Lessee shall, at their own expense, purchase, maintain, and keep in full force and effect, liability insurance at a minimum of \$1,000,000.00 aircraft liability (per occurrence) single limit for bodily injury and property damage including passengers, but with passenger bodily injury limited within the single limit to \$100,000 for each passenger. Such policy shall include coverage for aircraft operations on the Premises. The policy shall include an Additional Insured endorsement, Waiver of Subrogation endorsement, and 30-Day Notice of Cancellation endorsement in favor of:

Kerrville-Kerr County Joint Airport Board, City of Kerrville, Kerr County, and their respective elected or appointed officials, officers, representatives, managers, commissioners, agents, and employees.

The insurance shall be carried with an insurance company duly authorized to do business in the State of Texas and having an AM Best Rating of at least B++6.

A Certificate of Insurance shall be filed with Lessor prior to the Lessee's occupation of the Premises indicating all endorsements, specifically the Additional Insured endorsement, Waiver of Subrogation endorsement, and 30-Day Notice of Cancellation endorsement. Kerrville-Kerr County Joint Airport Board, City of Kerrville, Kerr County, and their respective elected or appointed officials, officers, representatives, managers, commissioners, agents, and employees shall also be shown as Certificate Holder. Certificate & notices of cancellation shall be sent to:

:

KERRVILLE-KERR COUNTY JOINT AIRPORT BOARD
Kerrville-Kerr County Airport
1877 Airport Loop
Kerrville, Texas 78028
Attn: Airport Manager

Notwithstanding the above, Lessee shall be fully responsible for all losses arising out of, resulting from, or connected with its activities and operations under this Agreement, whether such losses are covered by insurance or not.

10.02 Indemnification. Lessee shall indemnify and hold harmless the Lessor, the City and the County, and their respective officers, agents, and employees against any and all claims, demands, damages, costs, and expenses, including, but not limited to, investigative expenses and reasonable attorney's fees for the defense of such claims and demands, arising out of or attributed directly or indirectly to the use of the Premises and any other area in the airport by Lessee, or from any breach on the part of the Lessee of any term of this Agreement, or from any act of negligence of the Lessee, his/her family members, agents, employees, contractors, or invitees, in or about the Premises or other areas of the airport. In case of any action or proceeding brought against the Lessor, the City and the County by reason of such claim, Lessee, upon notice from the Lessor, agrees to defend the action or proceeding by counsel acceptable to the Lessor.

10.03 Release. Lessee shall store its property in and shall occupy and use the Premises and all other portions of the Airport at its own risk. Lessee releases Lessor, the City and the County to the full extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage, including those caused by the negligence of the Lessor, the City and the County, their officers, agents, and employees.

10.04 Lessee's Personal Property Coverage. Lessee understands, acknowledges, and agrees that Lessor does not provide, and shall not be required to provide, insurance to cover the loss of personal property located within the Premises, including, but not limited to, aircraft.

ARTICLE 11 GENERAL PROVISIONS

11.01 Liability for Property Damage. Lessor, the City and the County shall not be liable for damage or loss to aircraft or other personal property on the Premises. Lessee agrees that its aircraft and other personal property are stored at Lessee's sole risk.

11.02 Venue. Venue shall be in the courts of Kerr County, Texas. The laws of the State of Texas shall govern the validity, interpretation, performance, and enforcement of this Agreement.

11.03 Attorney's Fees. If any party brings any action or proceedings to enforce, protect, or establish any right or remedy under the terms and conditions of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees, as determined by a court of competent jurisdiction, in addition to any other relief awarded.

11.04 Compliance with Laws and Nondiscrimination Assurance. Lessor reserves the right to operate the Airport in accordance with, and this Agreement is subordinate to, the Lessor's obligations to the federal or state government under any agreements with such. It is specifically acknowledged and agreed that nothing contained in this Agreement shall be construed as granting or authorizing an exclusive right for exercising any activity which is illegally discriminatory, and Lessee specifically agrees to conduct itself and its activities in a nondiscriminatory manner. Lessee, his/her agents, and employees shall not discriminate in any manner prohibited by the Federal Aviation Administration or the Texas Department of Transportation Regulations. Lessee further agrees to comply with any enforcement procedures as might be required by the United States of America or the State of Texas. This Agreement shall be subject to and in conformance with all federal, state, and local laws and regulations.

11.05 Notices. All notices to be given under this Agreement shall be hand-delivered or sent by certified or registered mail, return receipt requested, postage prepaid, and addressed to the parties at the following addresses:

LESSOR: Airport Manager
 Kerrville-Kerr County Airport
 1877 Airport Loop
 Kerrville, Texas 78028

LESSEE:

INSERT TENANT INFO

11.06 Updating Information. Lessee shall notify the Airport Manager, in writing, within ten (10) days of any change in the information furnished in this Agreement.

11.07 Entire Agreement. This Agreement contains all the agreements and conditions made between the Lessee and Lessor hereto and may not be modified orally or in any manner other than by written agreement signed by the Lessee and Lessor hereto.

11.08 Severability. If any part, provision, term, condition, obligation or portion of this Agreement is found to be illegal or void by a court of competent jurisdiction, the entire Agreement shall not be void, but the void provision shall be struck, and the remainder of this Agreement shall continue in full force and effect as nearly as possible in accordance with the original intent of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be legally executed this _____.

LESSOR:

LESSEE:

KERRVILLE-KERR COUNTY
JOINT AIRPORT BOARD

By: _____
Airport Manager

By: _____

ATTEST:

Executive Assistant

Attachment: Exhibit A – Lessee and Aircraft Information

EXHIBIT A

LESSEE AND AIRCRAFT INFORMATION

LESSEE:

Registered Owner (s) / Lessee(s): _____

Address(es): _____

Contact Phone Number(s): _____

E-Mail(s): _____

Aircraft(s):

Manufacturer / Aircraft Type: _____

Aircraft N-Number: _____