

ORDINANCE NO: O-2026-XXXX

AMENDED FRANCHISE AGREEMENT

FOR PARCELS A, B, C, D, E, F, and G

**TERMINAL BUILDING DEVELOPMENT AND GROUND LEASE,
FOR THE PROVISION OF PASSENGER AIRLINE SERVICE
AT THE
WASHINGTON MANASSAS AIRPORT**

ORDINANCE

First Reading:	October 26, 2026
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AN AMENDED ORDINANCE TO DEVELOP AND LEASE PROPERTY
BETWEEN THE CITY OF MANASSAS AND _____
FOR THE DEVELOPMENT OF A COMMERCIAL USE
PASSENGER TERMINAL AND APRON

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AMENDED FRANCHISE AGREEMENT

THIS AMENDED FRANCHISE AGREEMENT together with all Exhibits and appendices thereto (together, “*Agreement*”) is made and entered into as of the Effective Date (hereinafter defined) in accordance with Chapter 21 of Title 15.2 of the Virginia Code, as amended, by and between:

A. **THE CITY OF MANASSAS**, a municipal corporation of the Commonwealth of Virginia, by and through its authorized and duly designated agent, the Airport Director (hereinafter referred to as the “*City*”); and

B. _____ hereinafter referred to as the “*Lessee*”).

RECITALS:

WHEREAS, the City is the owner of that certain facility known as the Washington Manassas Airport located within the limits of the City of Manassas, Virginia at 10600 Harry J. Parrish Boulevard, and presently comprising approximately 863.7 acres of land together with various roadway, landing ways, facilities and improvements thereon (as the same may hereinafter be expanded, contracted or modified, being hereinafter collectively in this Agreement referred to as the “*Airport*”); and

WHEREAS, the “*Demised Premises*” that are subject to this Amended Franchise Agreement includes both developed and undeveloped land owned by the City at the Airport, and is generally identified as:

Parcel A, for the northern expansion of the terminal building (33,984 SF or .780 acres);
Parcel B, for the southern expansion of the terminal building (16,841 SF or .386 acres);
Parcel C, Equipment storage facility adjacent to the southern expansion parcel (19,234 SF or .441 acres);
Parcel D, the Airport ramp, which will be jointly used by Lessee and other Airport users (278,388 SF or 6.390 acres);
Parcel E, the existing parking / parking expansion area (290,460 SF or 6.668 acres);
Parcel F, located in Prince William County, for future parking (332,069 or 7.623 acres); and
Parcel G, which includes the existing 18,426 square foot Airport terminal building.

WHEREAS, the City does not currently have a terminal suitable for Passenger Airlines and is not currently served by Passenger Airlines, but the City has the opportunity to enter into an arrangement by which services for Passenger Airlines are provided by a contractor or tenant under the supervision of the City.

WHEREAS, as used herein, “**Passenger Airline(s)**” shall mean persons, operating or intending to operate civil aircraft as an air carrier or commercial operator, or both, in air commerce as defined in 14 CFR Part 119.1 and whose operations are conducted under 14 CFR Parts 121, 125, 129, or 135; and

WHEREAS, the City has determined that it is in the best interests of the City and the travelling public and consistent with the City and Airport's Strategic Objectives to accommodate Passenger Airlines and facilities at the Airport and to do so in a manner that minimizes operational and financial risk to the City and to the Airport; and

WHEREAS, the Lessee is in the business of and has experience in leasing, financing, developing, managing and operating both general aviation and commercial service airports; and

WHEREAS, the City and Lessee desire to enter into this Agreement for the design, construction, maintenance and operation of a commercial air carrier terminal and related facilities to serve Passenger Airlines at the Airport; and

WHEREAS, the Lessee desires to lease the existing airport terminal building located at 10600 Harry J. Parrish Boulevard and other Parcels that comprise the Demised Premises for the purpose of operating: (i) a commercial use passenger terminal, (ii) commercial automobile parking and (iii) parking and servicing air carrier aircraft; and

WHEREAS, subject to the terms and conditions contained herein, the City and the Lessee are mutually desirous of entering into this Agreement for lease of the Demised Premises for the Permitted Uses (hereinafter defined), and any existing franchise ordinance and agreement shall be repealed and terminate upon the adoption of this Agreement.

WITNESSETH:

NOW, THEREFORE, in consideration of the premises and of the rents, covenants and conditions herein contained in this Agreement and the foregoing recitals being incorporated herein, the City hereby leases to the Lessee the Demised Premises, subject to existing encumbrances, as the same is more fully described by the plats that comprise **Exhibit A** attached hereto and incorporated herein by reference.

ARTICLE – I **TERM**

1.1 Term.

The Term of this Agreement shall be for a period of forty (40) years commencing on _____, 2026 (the "***Commencement Date***"), and expiring at midnight on _____, _____ (the "***Expiration Date***") (the time period starting on the Commencement Date and ending on the Expiration Date of this Agreement shall hereinafter be referred to as the "***Term***").

1.2 Early Termination of Term.

Notwithstanding the foregoing and with the exception of any of Lessee's obligations which in accordance with its terms survive termination or expiration of this Agreement, and further provided that Lessee shall not then be in Default of this Agreement, the Lessee shall

have the option, upon ninety (90) days advance notice (the “*Early Termination Notice*”), to terminate this Agreement: (i) at any time before the Rent Commencement Date and (ii) at any time after ten (10) years from the Effective Date of this Agreement (each of clauses (i) and (ii) being an “*Early Termination*”).

Upon Early Termination, this Agreement shall terminate and come to an end as if it had naturally terminated at the end of the Term, provided however, matters that survive termination in accordance with the terms of this Agreement, shall survive Early Termination of this Agreement.

1.3 Encumbrance / Mortgage by Lessee.

Subject to the Airport Director’s prior review and approval, or at his or her discretion the prior review and approval of the Manassas City Council, in either event not to be unreasonably withheld, conditioned or delayed, the Lessee shall have the right to encumber its interest in this Agreement and / or its leasehold interest in the Demised Premises (including by granting one or more Mortgages (as defined in Annex A)) in order to finance or refinance any Upgrades to the Demised Premises made or to be made by Lessee and or other capital investments directly related to Lessee’s business permitted to be conducted from the Demised Premises; provided that any Mortgage shall be subject to the provisions of, and the Secured Parties and the City shall have the rights and obligations set forth in, Annex A.

ARTICLE – II **DESCRIPTION OF DEMISED PREMISES**

2.1 Improvements.

The Demised Premises, as described by Exhibit A, shall consist of, include and mean all buildings, structures and improvements now existing or which may hereafter be constructed on, under or upon the Demised Premises by Lessee (together, the “*Improvements*”).

2.2 Title to Improvements.

The Improvements shall at all times be deemed to be part of the Demised Premises and title to the Improvements shall vest in the City throughout this Agreement.

ARTICLE – III **USE OF DEMISED PREMISES**

3.1 Permitted Uses.

Subject to the terms of this Agreement, the City grants to Lessee the sole right to operate, conduct and perform the following services on or from the Demised Premises and for no

other purpose whatsoever (together, the “***Permitted Uses***”); provided, however, that Lessee shall not have the sole right to use the Airport ramp portion of the Demised Premises:

- 3.1.1 For administration and operations offices, and lounges used in connection with the purposes authorized hereunder.
- 3.1.2 Operate and maintain a commercial use passenger terminal building including passenger screening checkpoint, check-in and ticketing, baggage claims and handling, gates, and passenger secure holdrooms and other terminal support facilities.
- 3.1.3 Parking, ground handling, deicing, and servicing of air carrier aircraft.
- 3.1.4 Terminal building concessions to include but not limited to food and beverage, retail and rental car services.
- 3.1.5 Commercial Automobile Parking, Transportation Network Company (TNC), and Shuttle Service.

3.2 **Fuel Sales.**

Unless expressly indicated by this Agreement, nothing contained in this Agreement shall give, or be construed to give, the Lessee any right to sell or store aviation fuel of any kind from the Demised Premises or at the Airport.

3.3 **Additional Uses of Demised Premises.**

Should the Lessee desire to offer any such additional services not listed above and included and made part of Lessee’s Permitted Uses, the Lessee shall notify the Washington Manassas Airport Commission (“***Airport Commission***”) in writing of its desire to offer such additional services, and the Airport Commission shall have thirty (30) days from the date of receipt of such request to consent to or to deny the Lessee’s request, unless the Airport Commission, by and through the City’s Airport Director (the “***Airport Director***”), notifies Lessee within such thirty (30) day period that the Airport Commission will require additional information or time in order to respond to Lessee’s request, in which event, the time for the Airport Commission to respond shall be extended as per the request of the Airport Director, but in no event to exceed ninety (90) days. In the event the Airport Commission fails to respond within the foregoing thirty (30) day or longer time period, if extended, such lack of response shall be deemed that Lessee’s request has been denied.

If approved, such approval for additional permitted services must be in writing, and may include terms and conditions deemed necessary by the Airport Commission for the provision of the additional services. The terms of such additional services shall be attached and be made part of this Agreement by separate addenda.

The Lessee may appeal decisions of the Commission regarding additional uses to City Council pursuant to Section 29.9.9.

ARTICLE – IV

RENT

4.1 Rent Payable.

For use and occupancy of the Demised Premises and privileges herein granted, the Lessee agrees to pay to the City, as rent, those amounts set forth and reserved in the Payment Schedules attached hereto and made part of this Agreement as **Appendix B** (as outlined in the Payment Schedules, the “***Rent***”).

4.2 Revenue Sharing.

The Lessee also shall pay to the City an annual share of Lessee’s Gross Revenues calculated in accordance with **Exhibit D**.

4.3 Rent Commencement Date.

The Lessee shall commence paying Rent in accordance with the Payment Schedules on the first of the month in which full execution of this Agreement occurs (the “***Rent Commencement Date***”). In the event the Franchisee has already begun paying Rent under a prior Franchise, Rent shall be prorated by Lessor as appropriate.

4.4 Payment.

The Rent shall be in payable in equal monthly installments due on the first (1st) day of each month and paid in advance at the office of the City’s Treasurer or at such other office as may be directed from time to time by the City.

4.5 Late payment.

If any installment of Rent is not paid to the City within a period of ten (10) calendar days after the day when such payment is due, the Lessee shall pay to the City a late charge equal to ten percent (10%) of each such late payment (each, a “***Late Charge***”). Additionally, any Rent which is thirty (30) days delinquent shall bear interest at the rate of eighteen percent (18%) per annum from the date the payment is due until paid (the “***Default Interest Rate***”). If any installment of Rent is late three (3) or more times in any consecutive twelve (12) month period, the Lessee shall be deemed to be chronically delinquent and the City shall have the right, in addition to the Late Charge, the Default Interest Rate and all other rights and remedies reserved under this Agreement, to increase the Rent for the next twelve (12) months by twenty percent (20%) in order to compensate the City for its additional administrative expenses incurred in collecting the Rent.

4.6 Reimbursements to City.

In addition to the payment of Rent, Revenue Sharing, Late Charges and Interest payable pursuant to Sections 4.1 – 4.5, the Lessee agrees to pay to the City the following reimbursements:

4.6.1 Aircraft Rescue Fire Fighting (ARFF) Facilities, Equipment and Personnel

The Lessee shall reimburse the City the cost of providing ARFF services and the operating cost of any equipment owned by the City or provided by a provider of such services at the Airport to meet the federal regulations requirements of Part 139 for costs directly related to supporting Passenger Airlines servicing the Terminal. Lessee's obligation includes overtime costs that are associated with ARFF personnel for hours worked over and above 40 hours per week. The City reserves the exclusive right to determine how and by whom the ARFF requirements will be met. The Lessee will reimburse the City for these costs within thirty (30) days of the City providing the Lessee with a monthly invoice and appropriate documentation of such cost. The costs to be reimbursed by Lessee under the foregoing will be limited to no more than \$750,000 per fiscal year (pro-rated for any partial year), where that amount will increase each year by 3% or the CPI-U whichever amount is greater. In the event costs under this section exceed that amount, the Parties agree to meet and work in good faith on a mutually agreeable solution, including any modifications to this Section 4.6.1 that will allow for services to be provided by the Lessee.

The City and the Lessee agree to coordinate and consult on the foregoing in order to manage future costs of ARFF equipment and facilities.

4.6.2 Airport Security Plan and Related Implementation Cost

The Lessee shall continue to reimburse the City for costs of implementing the adopted Airport Security Plan in compliance with applicable federal regulatory requirements and approved by the FAA and Transportation Security Administration (TSA) associated with providing passenger airline service. The following costs have been identified but are not intended to be an exhaustive list since such costs are or will be the result of regulatory requirements imposed on the City by TSA, FAA or other regulatory agencies:

- a) Costs related to badging and background checks related to passenger service in the Terminal that are needed to meet the Airport's Security Plan approved by the TSA and FAA.
- b) Cost of Law Enforcement Officer (LEOs), Airport Security Manager, Credentialing Program Coordinator, and associated personnel cost required to meet the Airport's Security Plan approved by the TSA and FAA. The City reserves the right to determine how and by whom the LEO requirements will be met.

- c) Overtime cost associated with LEO personnel for hours worked over and above 40 hours per week.
- d) Cost of new security cameras and maintenance costs required to meet the Airport Security Plan.

The costs to be reimbursed by Lessee under the foregoing will be limited to \$650,000 per fiscal year (pro-rated for any partial year), where that amount will increase each year by 3% or the CPI-U, whatever amount is greater. The Lessee will reimburse the City for these costs within thirty (30) days of the City providing the Lessee with an invoice(s) and appropriate documentation of such cost.

The City agrees to apply for any TSA or other federal/state/local grants that may be available to cover the costs of such LEO positions, with any grant proceeds used to first reduce the City's costs beyond what Lessee is responsible for under the foregoing, and then to reducing Lessee's obligation under this section.

The City and Lessee agree to coordinate and consult on the foregoing, including with a view to managing the costs thereof. For the avoidance of doubt, it is Lessee's intent to minimize any incremental City cost exposure for security or LEOs directly related to providing commercial airline passenger services.

4.6.3 Part 139 Certification Related Implementation Cost

The Lessee shall reimburse the City for the costs of meeting those requirements outlined in the Airport Certification Manual (ACM), and those operating cost expenditures that were necessary for the City to maintain its Airport Operating Certificate (AOC) for a Class I airport operator.

In each of the first five (5) fiscal years of passenger service operation following receipt of the AOC, to commence only after the City begins collecting landing fees, and to the extent the landing fees collected by the City are insufficient to cover the cost of maintaining the AOC (including any additional airport employees required to provide sufficient and qualified personnel necessary to comply with the requirements of the Airport's ACM and in direct support of Passenger Airline services) (a "**Shortfall**"), the Lessee shall reimburse the City for such Shortfall. In such event, as a condition to such reimbursement, the City shall be required to adjust its landing fees to sufficiently address such Shortfall for the following fiscal year. At a minimum, the City shall increase the landing fees for the following fiscal year to a level that would have eliminated the Shortfall had such landing fees been charged during the fiscal year in which a Shortfall occurred.

The City agrees to apply for any FAA or other federal/state/local grants or other funds that may be available to cover the costs of the foregoing, with any grant proceeds used to cover the Lessee's obligation under this Section 4.6.3. The City

shall determine the project priorities, timing and funding sources of its Airport Capital Improvement Plan (ACIP) in coordination with the FAA and Virginia Department of Aviation (VDOA). The City agrees to provide airport budget cost and justification for the items that it is seeking reimbursement from the Lessee regarding the cost of supporting Passenger Airline services. The City anticipates providing airport operations personnel on site during the times the airlines are operational and passengers are present.

The City and the Lessee agree to coordinate and consult on the foregoing, including with a view to managing the costs thereof, and working within an agreed budget.

4.6.4 Reimbursement from Passenger Facility Charges

Unless directly specified, costs under this Section 4.6 should be limited to operating costs and excluding costs for capital improvements. However, to the extent there are capital expenditures or other costs incurred under this Section 4.6 that are otherwise eligible to be funded using Passenger Facility Charges (PFCs) under 14 CFR Part 158, City agrees that it will consider PFCs for reimbursement of any eligible expenditures. The City shall determine the project priorities, timing and funding sources (Airport Improvement Program (AIP), PFCs, Entitlements, Bonds) of its Airport Capital Improvement Plan (ACIP) in coordination with the FAA and VDOA.

4.6.5 Calculation of CPI-U

For the purposes of this Section 4.6, the referenced adjustment for CPI-U will be based on the product of (i) the applicable value and (ii) the net change in the CPI for All Urban Consumers (CPI-U) All items in U.S. city average, all urban consumers, not seasonally adjusted, Base Period: 1982-84=100, published by the U.S. Department of Labor, Bureau of Labor Statistics (presently available here: <https://www.bls.gov/news.release/cpi.t01.htm>) for the last month of the fiscal year before the Effective Date and the last month before the fiscal year in which the adjusted value will apply, but not less than zero. If the index specified in the foregoing or that is subsequently substituted for hereunder ceases to be published, the City and the Lessee will agree on a substitute therefor, which may be based on more than one index, that reasonably replicates the discontinued index.

ARTICLE – V

CONSTRUCTION, RENOVATION & EXPANSION REQUIRED BY THE LESSEE

5.1 Terminal Building Expansion.

The Lessee, solely at its cost, shall design and construct or cause to be constructed an expansion of the existing Terminal Building. The new Terminal Building expansion shall have no less than 33,240 gross square feet (sf). After the new Terminal Building has been

completed, and when the existing terminal and the new terminal building are connected, then the total combined building square footage shall be no less than 51,650 gross square feet. It is the desire of the City that the Lessee use the Premises effectively and plan for future operational needs, so nothing precludes the Lessee from expanding the new, and or existing Terminal Building beyond 25,000 sf each if the space is available. The final plans, specifications, details, and location of construction within the Demised Premises shall be subject to the approval of the Airport Director prior to submission to the City for formal approval, which approval by the Airport Director will not be unreasonably denied or delayed. A duly licensed architect selected by the Lessee will prepare necessary construction plans and specifications for the project using FAA AC 150/5360-13A as a guide, at the expense of the Lessee. The final design shall at a minimum include space for ticketing/check-in, passenger screening, holdrooms, concessions, baggage claim, circulation, airline offices and operations areas, baggage handling, baggage screening system, airport operations, bathrooms, federal inspection services (FIS), and building systems.

Both Parties understand that the Lessee or its tenants will need the Airport's existing Equipment Storage Building to start Airline Service, and that the facility will eventually be torn down to make room for the expansion of the terminal building. The existing Equipment Storage Facility is $\pm 8,000$ square feet and located on Lot B (± 0.3944 acres) which is part of the Demised Premises. Prior to the Lessee or its tenants occupying the Equipment Storage Building, the Lessee shall provide the City a replacement building located on Airport property to be provided by the City with airside access that is acceptable to the Airport Director. The Lessee shall be responsible for all cost to provide the replacement building, and for moving the Airport's equipment and supplies to the new Equipment Storage Building. The square footage of the replacement building, number of parking spaces, bathrooms, and ramp square footage shall be no less than what exists at the time. If the City decides that it is in its best interest to build a larger Equipment Storage Building facility, it shall be responsible for all cost associated with the larger building facility.

The Lessee recognizes that the City's Airport Administration & Operation Department and U.S. Customs & Border Protection (FIS) and a flight training school called Aviation Adventures ("Flight School") have office space in the existing terminal building and that the Lessee agrees to allow both the City and FIS to continue to operate in its existing office space, until suitable space is designed and constructed by the Lessee for the City and FIS, which will be within the Terminal Building, or with the City's prior consent may be outside of the terminal building. The space provided to the City and FIS will be no less than the existing square footage and at no cost to either the City or FIS. Lessee and the City agree to work together in the project design process to ensure adequate space is provided for airport operations and FIS. If the City and or the FIS desire to have additional space in the expanded terminal building, then the Lessee and City will determine a pro rata share cost for the additional space. The City will reimburse the Lessee for any costs associated with the construction of the additional space within ninety (90) days from the date City and FIS take occupancy of the space. The Lessee shall not receive rent for the space occupied by the City and FIS.

Upon the execution of this Agreement or at the end of the current term of the lease the Flight School has with the City, whatever occurs first, unless the Lessee requires the Flight School's current office space for operational or security reasons, the Lessee agrees to offer a new lease agreement to the Flight School for its current office space; provided that such lease agreement will permit the Lessee to relocate the Flight School to suitable modular office space elsewhere on the Airport property, to be provided by the City, until the Flight School is able to secure a permanent replacement space. The Lessee agrees to provide the Flight School with the same amount of space and at the same rental rate for the first twelve months that it currently has in the terminal building adjusted by 3% or the CPI whichever is greater. The Lessee shall allow the Flight School to renew its lease for one additional twelve-month period at a rate it negotiates with the Flight School. The Lessee agrees that, when necessary, it shall pay the cost to temporarily relocate the Flight School to the suitable modular office space described above. In no case shall the temporary modular office space be in place for more than thirty-six (36) months.

5.2 Existing Terminal Building Maintenance and Renovations.

The Lessee shall be responsible for the repair, maintenance and janitorial services of the entire Terminal Building, including expansion areas, throughout the Term of the Agreement at its sole cost. The Lessee shall also renovate the existing terminal building that is part of the Demised Premises in order to create the necessary terminal facilities, flow sequences, and passenger movements.

The Lessee shall, at its sole cost and expense, repair and maintain the Demised Premises, and provide janitorial services throughout the Term of the Agreement. No less than on the tenth (10th), twentieth (20th) and thirtieth (30th) years of the Agreement, the Lessee shall perform preventative maintenance and any other required upgrades to the terminal space that will bring the facility to like-new conditions, ordinary wear and tear excepted. These upgrades may include, but are not limited to new carpet or other floor coverings, bathroom upgrades, and interior and exterior painting of walls, doors and ceilings.

5.3 Automobile Parking Lot(s) Expansion.

The Lessee shall design, construct, operate and/or maintain as required, at its sole cost, automobile parking lots and driveways associated with terminal building and passenger services, including the main terminal driveway, and access thereto on the Demised Premises as shown on Exhibit C.

The Lessee shall be responsible for the management and any costs related to access controls or other maintenance, including snow removal, landscaping, and debris removal.

The Lessee will have the right to provide personnel to manage and support the parking program and to require any third party offering remote parking with shuttle service to the Airport to coordinate with Lessee and to sign a license or similar agreement with Lessee that provides, *inter alia*, insurance, indemnification, and agreement to follow City and Lessee's rules while operating on the premises.

In connection with the foregoing, the Lessee will provide up to twenty-five (25) parking spaces at a location designated by the Airport Director, for use by specified employees of the City.

Nothing in this section precludes the Lessee from making other renovations and upgrades to the existing terminal building and new improvements on the Demised Premises, or from submitting plans to the City for the future expansion of the terminal building or automobile parking facilities. Prior to any expansion or major renovation of existing building or facilities, the Lessee shall submit a site plan and meet all other engineering and development requirements as required by the City's zoning ordinance and Design and Construction Standards Manual and the Airport's Construction & Standards found in Appendix A of this Agreement.

5.4 Timing and Requirements of Upgrades and Renovations.

Lessee shall diligently pursue all upgrades, expansions and other improvements as contemplated herein and as identified on Exhibit C (the "**Upgrades**"). The Upgrades will be completed in phases, the approximate durations for which are also included on Exhibit C. Unless otherwise agreed to in writing by the Parties, the construction of the Upgrades shall commence within 90 days from City's receipt of (i) an Airport Operator Certificate (AOC) under Part 139, (ii) an environmental clearance by the FAA under the National Environmental Policy Act (NEPA), and (iii) all permits and approvals required for commencement of construction from the applicable governmental entities and shall be completed not more than eighteen (18) months following commencement. Any dates or time periods specified above shall be extended due to delays caused by force majeure and any recovery therefrom.

Prior to starting the Upgrades, the Lessee shall provide the Airport Director with copies of the estimated cost, name of licensed Class A contractor and known subcontractors, and the scope of work for each of the upgrades. As each Upgrade is completed, the Lessee shall provide the Airport Director with a copy of the final invoice, warranties, and a written notice of completion (NOC).

Prior to commencement of any work, Lessee shall make certain all necessary applicable construction permits have been issued by the City or Prince William County, as appropriate.

In the interest of time, Lessee may request the City's consent to begin work on certain Upgrades to the terminal building at a date which is after the Effective Date but before City's receipt of AOC. The City's consent may be granted or denied in the Airport Director's sole discretion.

5.5 Extensions to Complete Upgrades.

Lessee shall be entitled to a day for day extension of the completion date for each day of delay as a result of force majeure events and the recovery therefrom as provided in Section 29.3 of this Agreement. In addition, the Airport Director may, in his or her discretion, approve an extension of the completion date upon Lessee's request, which approval is not to be unreasonably withheld if good cause is shown for the extension, but any such extension shall not exceed ninety (90) days.

5.6 Failure to Complete Upgrades.

In the event the Lessee fails to substantially complete the required Upgrades in accordance with Article V in the time designated by this Agreement, including any extensions approved by the Airport Director, this Agreement shall, upon ninety (90) days' notice from the City, unless completed within that time, terminate. This failure to complete the Upgrades as required shall be deemed to be a Non-Monetary Default under Section 20.3.8 of this Agreement (i.e., a material default) and, at the option of the City, shall entitle the City to forthwith cancel this Agreement and to exercise any and all of the remedies as provided in this Agreement in the event of Lessee's Default.

Notwithstanding the foregoing, in the event Lessee substantially completes the Upgrades prior to the expiration of the foregoing ninety (90) day notice period, this Agreement shall not be deemed to have terminated and shall remain in full force and effect.

5.7 Intended Tax Treatment

The Parties agree to work together in good faith to make any amendments or adjustments to this Agreement that are necessary or desirable to reflect the finally determined tax treatment and financing plan of the Lessee, with the understanding that no such adjustments or amendments shall require the City to incur additional obligations or liabilities (unless the City will have received indemnification with respect thereto). The City, as a federally tax-exempt entity, does not intend to take a federal income tax position contrary to Lessee's intended treatment for federal income tax purposes.

ARTICLE – VI **OPERATION AND MAINTENANCE OF TERMINAL BUILDING**

6.1 Concession for Non-Aeronautical Facilities.

The parties understand that the Lessee is constructing the project in order to operate a terminal complex for Passenger Airlines and related facilities serving the general public. The City does not contemplate the need for additional terminal facilities at the Airport and therefore hereby provides the Lessee the concession to provide those non-aeronautical facilities which are necessary or desirable for passengers, customers and employees of Passenger Airlines at the Airport including, without limitation, paid automobile parking facilities, terminal passenger facilities and inside and outside terminal concessions,

including access for rental cars, taxis and ground transportation (collectively, “*Non-Aeronautical Facilities*”).

The Lessee shall have the right to set, collect and retain all terminal building and concession rentals, airline or other airport terminal user usage fees, automobile and/or bus parking fees, Transportation Network Companies (TNCs) access fees and any Rent-A-Car Customer Facility Charges (CFCs) for use or access to the Demised Premises.

If an existing fixed base operator has a concession to provide car rental services for its customers, Lessee acknowledges that it may continue to do so, and that any existing fixed base operator may also provide car rental services for customers utilizing fixed base operator services.

6.2 Operating Standards.

The Lessee shall be responsible for all operations and maintenance of the Terminal building, and City shall have no obligations related to such operation and maintenance. The Lessee shall manage and operate the Terminal building in accordance with the Operating Standards attached as Exhibit E. The parties understand the Operating Standards are intended to address such items, without limitation, as general facilities cleaning; maintenance of the Terminal building including structure and roof; HVAC, water, electric, computer, signage and other systems; equipment outage frequency and preventative maintenance. The City shall have the right to make reasonable revisions in the Operating Standards if such revisions are required by federal, state, or local law or regulations, or by order of a court of competent jurisdiction, (provided that the City shall provide written notice to the Lessee of any and all such revisions) or by mutual agreement of the parties.

6.3 Maintenance Reserve Fund.

In addition to any requirements set forth in the Operating Standards, within one year of City’s receipt of AOC, the Lessee shall establish, and at all times maintain, a maintenance reserve fund equal to the budgeted operations and maintenance costs for the operating the Terminal building for one year as shall be established by the Lessee based upon actual or projected annual operations and maintenance expenditures.

The Lessee, at its sole expense, shall make or cause to be made any and all structural repairs and replacements necessary to keep the Premises in a commercially reasonable first-class condition. Lessee shall provide maintenance at its sole expense to keep the interior and exterior of the Premises in a clean, attractive, and sanitary condition at all times.

6.4 Accommodations.

Subject to the capacity of the available facilities, the Lessee shall attempt to reasonably accommodate and, in all cases, negotiate in good faith with any Passenger Airline that formally expresses written interest to serve the Airport except as provided in this Agreement. The Lessee shall inform the Airport Director of any requests that are received

from Passenger Airlines that have an interest in serving the Airport and, upon Director's request, allow the Airport Director to participate in any negotiations to the extent necessary. The Lessee shall inform the Airport Director of any Passengers Airlines that have been denied access and use of the terminal building and the reason for the denial. The Parties recognize the Airport must grant access to the Airport and any accommodations consistent with FAA regulations.

6.5 Insufficient Space.

This section shall apply only in the instance in which a Passenger Airline desires to provide service at the Airport but the Lessee determines that there is insufficient space to accommodate all Passenger Airlines who wish to provide such service within the Terminal or on the Premises.

If either the Lessee or the City receives an expression of interest from a Passenger Airline who is not presently accommodated at the Terminal building or from an incumbent Passenger Airline who desires to offer service or frequency for which there is insufficient space, then Lessee and the City will negotiate in good faith to find the necessary space in close proximity to the Terminal building to accommodate such request.

The City shall not construct or allow a third party to construct additional non-aeronautical facilities to serve Passenger Airlines, their passengers, users, customers or employees unless it first gives other interested parties, including the Lessee, an opportunity to bid on additional land to build the facility. Similarly, if sufficient space is available at the Terminal and Premises, City shall require any Passenger Airline operating with more than 9 seats to use the Terminal building.

6.6 Subtenants, Passenger Airlines and Concessionaires.

The City acknowledges that the Lessee will be entering into subleases, licenses and concession agreements with Passenger Airlines and concessionaires in connection with the operation of the Terminal building. All such agreements will be subject to approval by the Airport Director which cannot be unreasonably withheld, conditioned or delayed. All agreements must contain at least the following provisions: (a) the agreement will be subordinate to City's Grant Assurance obligations to the federal government; (b) the agreement will contain such nondiscrimination provisions as are required by the City and the applicable Grant Assurances; (c) the agreement will provide that the subtenant's, licensee's or concessionaire's rights to leased property will be forfeited if it remains unused for a defined period of time; (d) the agreement will provide a procedure for sharing or release of space if needed for other Passenger Airlines or concessionaires; and (e) the agreement will contain a provision requiring the sublessee, licensee or concessionaire to attorn to the City in the event that the City elects to terminate this Agreement if the Lessee defaults hereunder after the expiration of all applicable notice and cure periods. The Airport Director or his or her designee shall have the right to review any and all such subleases, licenses and concession agreements at reasonable times upon reasonable advance notice. However, Lessee hereby expressly reserve the right to redact any otherwise non-public

information deemed proprietary by any party to an agreement for which approval is sought under this Section 6.6, but to the extent City provides a reasonable explanation for requesting the redacted data, Lessee shall provide an unredacted version.

6.7 Foreign Object Debris (FOD)

The Lessee shall make reasonable efforts to inspect and keep the Premises clean of any object, material or matter that poses a threat of foreign object debris (FOD) damage to aircraft.

ARTICLE – VII

ACCEPTANCE, CARE, MAINTENANCE, IMPROVEMENTS AND REPAIR

7.1 Delivery of Demised Premises.

Lessee warrants it has inspected the Demised Premises and accepts possession of the Demised Premises, to include any existing Improvements thereon, in its “as-is” and “where-is” present condition, and subject to all limitations imposed upon the use thereof by the rules and regulations of the Federal Aviation Administration, Virginia Department of Aviation, by statutes and regulations of the Commonwealth of Virginia and by ordinances of the City, and admits its suitability and sufficiency for the Permitted Use hereunder. Except as may otherwise be provided for herein, the City shall not be required to maintain nor to make improvements, repairs or restoration upon or to the Demised Premises or to any of the Improvements presently located thereon. The City shall never have any obligation to repair, maintain or restore, during the Term of this Agreement, any of the Improvements currently upon or Upgrades hereafter placed upon the Demised Premises by the Lessee, its successors and assigns, unless such damage was caused by the negligent or willful misconduct of the City, its employees or agents.

7.2 Maintenance Costs and Requirements.

The Lessee shall throughout the Term of this Agreement assume the entire responsibility, cost and expense for all repair and maintenance whatsoever on the Demised Premises and all Improvements thereon in a good workmanlike manner, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise. Additionally, during the Term of this Agreement and without limiting the generality hereof, Lessee shall:

7.2.1 Clean and Orderly Condition.

Keep at all times, in a clean and orderly condition and appearance, the Demised Premises, all Improvements thereon and all of the Lessee’s fixtures, equipment and personal property which are located on any part of the Demised Premises.

7.2.2 Quality of Maintenance.

Maintain the quality of the Upgrades at a level which is at all times equal to or greater than at the time of its original construction, with normal wear and tear excepted. The Airport Director may at any time and from time to time during regular working hours enter upon the Demised Premises to inspect the same and to determine if maintenance satisfactory to the City is being performed. If in the Airport Director's reasonable judgment, the Lessee is not undertaking, or has not undertaken the necessary repairs and improvements, the Airport Director shall notify the Lessee, giving specifics of its findings.

7.2.3 Lights and Security System.

Provide and maintain on the Demised Premises all building lights, ramp lights, parking lot lights, obstruction lights, security lights and similar devices, and safety equipment required by law.

7.2.4 Damage and Repair.

Repair any damage caused by Lessee or its customers to paving or other surface of the Demised Premises or the Airport caused by any oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect thereon.

7.2.5 Erosion and Plantings.

Take measures to prevent erosion, including but not limited to, the planting and replanting of grasses with respect to all portions of the Demised Premises not paved or built upon, and in particular shall plant, maintain and replant as necessary any landscaped areas within the Demised Premises.

7.2.6 Utility Lines.

Be responsible for the maintenance and repair of all utility service lines placed on or below the Demised Premises and used by the Lessee exclusively, including, but not limited to, water lines, gas lines, electrical power and telephone conduits and sanitary sewers and storm sewers.

7.2.7 Repair and Rehabilitation of Parking lots, Ramps and Pavement.

Mill and repave all ramps and parking lots within the Demised Premises no less than every eighteen (18) years through the end of the Term of this Agreement. The Lessee shall develop a pavement maintenance plan to maintain the ramps and parking lots by all means necessary, to include, but not limited to slurry sealing, crack sealing, and pothole repair as necessary over the Term of this Agreement. All materials used for restoring pavement shall meet FAA or VDOT specifications as applicable.

7.3 **Failure to Repair.**

In the event the Lessee fails within a period of thirty (30) days after notice from the City: (a) to commence to maintain, clean, repair, replace, rebuild or repaint or to do any of the maintenance or repair work required to be done by Lessee under the provisions of this Agreement or to undertake any preventative maintenance required in order to reasonably maintain the Demised Premises in good repair and working condition (together, the “**Required Repairs**”); and (b) to diligently continue to complete the Required Repairs as required under the terms of this Agreement; then, the City may, at its option, and in addition to any other remedies which may be available to it under this Agreement or applicable law, enter the Demised Premises, without such entry by the City being deemed or constituting a cancellation of this Agreement or an interference with the possession of the Demised Premises, and proceed to make the Required Repairs, and do all things reasonably necessary in order to make the Required Repairs. Provided, however, if in the sole opinion of the City, the Lessee’s failure to perform any such Required Repairs creates an emergency or an event which in the City’s sole opinion may result in an emergency, endangers or could endanger the safety of the public or that of the employees of the City, or endangers or could endanger the safety of the property of the City or that of the other tenants at the Airport, and the City so states the same in its notice to the Lessee, the City may at its sole option, in addition to all other remedies which may be available to it under this Agreement or applicable law, elect to immediately perform all or any of the Required Repairs at any time after the giving of such notice (together, the “**Emergency Repairs**”). The cost and expense incurred by the City in order to make the Required Repairs, to include any of the Emergency Repairs made by the City, shall be deemed as additional Rent under this Agreement and shall be due and payable by Lessee to the City upon demand together with interest thereon at the Default Interest Rate. The City’s costs and expenses shall include, but not be limited to, all legal, expert and consulting fees, all direct and indirect costs and expenses of the City, its agents, outside contractors, consultants and employees, all financing charges, if any, and all allocations of fringe benefits and overhead incurred in making such repairs and incurred by the City in enforcing Lessee’s obligation to make the Required Repairs or Emergency Repairs. Furthermore, should the City, its officers, employees or agents undertake any work in order to make the Required Repairs, the Lessee hereby waives any claim for damages, consequential or otherwise, as a result therefrom except for claims for damages arising from the intentional misconduct or gross negligence of the City, its agents and contractors. The foregoing shall in no way affect or alter the primary obligations of Lessee as set forth in this Agreement, shall not impose or be construed to impose upon the City any obligation to maintain the Demised Premises or to make any of the Required Repairs or the Emergency Repairs.

7.4 **Major Alterations.**

Plans and specifications for all repairs, construction, alterations, modifications, additions or replacements which are structural in nature or cost in excess of Fifty Thousand and 00/100 Dollars (\$50,000) per item or in aggregate, but excluding painting, decorating and nonstructural routine maintenance (together, the “**Major Alterations**”), shall be submitted to the City for its approval, and no work on such Major Alterations shall be commenced

until such approvals are obtained from the City which approval shall not be unreasonably withheld or delayed. The City shall advise the Lessee within thirty (30) days after receipt of Lessee's request, together with copies of all required plans and specifications for the Major Alterations proposed, all in sufficient detail to permit the City to make proper review thereof. In the event of disapproval, the City shall state the reasons therefore. The criteria for the City's review shall be consistent with City ordinances, Federal Aviation Administration Advisory Circulars, Aviation Code of Virginia and the Statewide Building Code, compatibility with the Airport's architecture, City's future proposed plans with the Airport and functionality for present and future uses appropriate to the Airport. City's failure to respond within the foregoing thirty (30) day period shall not be deemed as City's approval of Lessee's request for making the Major Alterations.

If the Lessee makes any of the Major Alterations without City approval or any portion thereof which are disapproved of by the City, then, upon notice from the City, the Lessee shall remove the Major Alterations or at the option of the City cause the same to be changed or modified to the reasonable satisfaction of the City. If the Lessee fails to comply with such notice within thirty (30) days or to commence to comply and pursue diligently to completion, the City may, in addition to all other rights and remedies reserved under this Agreement to the City, effect the removal of the Major Alteration or otherwise change or modify the same and the Lessee shall pay the cost thereof to the City together with interest at the Default Interest Rate.

7.5 Title.

Throughout the Term of this Agreement, title to all the Improvements located on the Demised Premises (whether existing prior to the Effective Date of this Agreement or hereafter constructed by Lessee) shall vest in the City. Without limiting the generality of the foregoing, title to all the Upgrades shall pass to the City as the same or any part thereof is erected, constructed or installed and the portion thereof representing the Improvements shall be and become a part of the Demised Premises hereunder. This vesting of title in the City at the time specified is part of the consideration for this Agreement. The City shall not be liable to the Lessee or the Lessee's contractors, sublessee, lender or third-party interest holder for the value of any Improvements constructed or located on the Demised Premises.

7.6 Bonding.

Lessee shall, as Principal and prior to constructing any Upgrades, furnish the City with a performance bond and labor and materials payments bond, each in the sum of the construction contract amount and conditioned, respectively, on: (a) the faithful performance of the construction contract in strict conformity with the plans, specifications previously approved by the City and contract provisions; and (b) the prompt payment for all labor, materials and costs of said construction. The bonds shall be in a form reasonably acceptable to the City Attorney.

ARTICLE – VIII **ADDITIONAL OBLIGATIONS OF LESSEE**

8.1 Quiet Operations.

The Lessee shall conduct its operations hereunder in an orderly and proper manner, considering the nature of such operation so as not to unreasonably annoy, disturb, endanger or be offensive to others.

8.2 Interference with Communications.

Further, in operating its machinery and equipment at or from the Demised Premises or elsewhere at the Airport, the Lessee shall take all reasonable measures necessary to insure that it will not produce at the Demised Premises or anywhere else at the Airport, electronic or other disturbance that interferes with the operation by the City or the Federal Aviation Administration of navigational, communication or flight equipment at the Airport, on aircraft using the Airport, or with ground transportation communications.

8.3 Air Service Development (ASD).

The City and the Lessee both have a mutual interest in attracting and retaining commercial air service to the Airport, and understand the economic importance of airline service to the local community and to the discharge of this Agreement. The Lessee shall generate and implement an ASD program with the goal of keeping and enhancing air service. The Lessee shall include the Airport Director or his or her designee in the process of developing the ASD program. The Airport Director will work with the Lessee, local community leaders, businesses, chamber of commerce, tourism and economic development departments in the City and the County to assist the Lessee in meeting the agreed upon goals outlined in the ASD program.

8.4 Conduct of Lessee's Personnel.

The Lessee shall control the conduct and demeanor of its officers, agents, and employees ("***Personnel***") and, upon objection from the Airport Director or his or her designee concerning the conduct or demeanor of any such person, the Lessee shall immediately take all lawful steps necessary to remove the cause of the objection. Lessee shall be responsible for any damage caused by its Personnel. The Lessee shall seek to control the conduct and demeanor of its invitees, guests and, upon objection concerning the conduct or demeanor of any such person, the Lessee shall immediately take all lawful steps necessary to remove the cause of the objection.

8.5 Proper Attire.

The Lessee agrees to require its employees to wear attire that is appropriate for their job description, to include safety equipment if necessary or required.

8.6 Badges.

The Lessee agrees to require its employees and tenants to meet the badging requirements set forth in the Airport's Security Plan and required by the TSA and FAA. The Lessee shall be responsible for the cost of badging and rebadging its employees and require that its tenants do the same.

8.7 Health and Safety Requirements.

The Lessee shall comply with all health and safety laws and requirements and any other federal, state or municipal laws, ordinances, rules, regulations and requirements, applicable to the Demised Premises and/or the Improvements thereon and its operations at the Airport hereunder.

8.8 Waste/Trash Storage, Handling and Removal.

Lessee shall be responsible for removal from the Airport, or otherwise disposing of in a manner approved by the City, all garbage, debris, recyclables, yard waste and other waste materials (whether solid or liquid) arising out of its occupancy of the Demised Premises or out of its operations, including construction of any Upgrades. The Lessee shall provide and use suitable covered metal or other rigidly and sturdily constructed receptacles, suitably screened from public view, for all garbage, debris, recyclables, yard waste and other waste materials created on or arising in connection with the activities conducted on the Demised Premises. Piling of boxes, cartons, barrels or other similar items, in an unsightly or unsafe manner, on or about the Demised Premises is forbidden. The manner of handling and disposing of garbage, debris, recyclables, yard waste and other waste material and the frequency of removal thereof from the Airport shall at all times be subject to the rules, regulations and approval of the City. Lessee shall use extreme care when effecting removal of all such waste to prevent littering the Airport. In order to prevent animals and birds from spreading trash and debris, the Lessee shall at all times keep sliding or hinged doors closed on all trash containers. The Lessee shall dispose of its sanitary sewage through the City's sanitary sewer system. If the Lessee's trash receptacles or dumpsters are approved by the Airport Director to be located within the perimeter security fence of the Airport, then the Lessee shall be responsible for escorting any trash vendor to and from its dumpster when it needs to be dumped. The Lessee is solely responsible for the actions of its vendors while inside the fence.

8.9 Nuisance.

The Lessee shall commit no nuisance, waste or injury on or about the Demised Premises, and shall not do, or permit to be done, anything that may result in the creation, commission or maintenance of such nuisance, waste or injury on or about the Demised Premises.

8.10 Systems Access.

The Lessee shall not do, nor permit to be done, anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection

system, sprinkler system, alarm or security system and fire hydrants and hoses, if any, installed or located on or about the Demised Premises.

8.11 Floor Loads.

The Lessee shall not overload any floor, structure, structural member or paved area on the Demised Premises, or paved area elsewhere on the Airport, and shall repair at the Lessee's sole cost and expense any floor, structure, structural member, or any paved area damaged by overloading.

8.12 Insurance Rates and Risks.

The Lessee shall not do, nor permit to be done, any act or thing upon the Demised Premises which: (a) will invalidate or conflict with any fire insurance policies as applicable to the Demised Premises or any part thereof; or other contiguous premises at the Airport; nor, (b) may constitute a hazardous condition that increases the risks attendant upon the operations permitted by this Agreement. Notwithstanding the foregoing, the foregoing will in no event prohibit the Permitted Uses.

8.13 Flammable Liquids.

If Lessee uses flammable liquids, then Lessee shall use only a working supply of flammable liquids within any covered or enclosed portion of the Demised Premises. Any other supplies of such liquids shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories and all applicable federal, state and City regulations. The term "working supply" as used herein shall mean the amount consumed by the Lessee and other parties using the Demised Premises during any normal work day.

8.14 Fire Extinguisher.

The Lessee shall maintain all required fire extinguishing apparatus in accordance with appropriate standard of the National Fire Protection Association (NFPA) subject to inspections by the City's Fire Marshal.

8.15 Restaurant and Kitchen Operations.

The Lessee may install, maintain, operate or permit the installation, maintenance or operation of one or more restaurant concessions, stands or other establishments for the sale of food and beverage services or merchandise to the general public in the terminal building.

8.16 Notice of Non-Permitted Uses.

Except for services that are expressly permitted under Article III hereof to be performed from the Demised Premises, Lessee shall not perform or permit any of its agents, employees, customers subcontractors, tenants, assigns or any other party under its supervision or control to perform any services which are not expressly permitted under

Article III (together, the “*Non-Permitted Uses*”). Lessee shall provide prompt notice to the City of any person, firm or corporate entity performing any Non-Permitted Uses. Further, the Lessee shall provide prompt notice to the City of any person, firm or corporate entity performing any aircraft maintenance work, flight instruction of any sort, air taxi, aircraft charter or aircraft leasing of any sort on the Demised Premises for commercial purposes without a valid permit for such operations from the City (a “*Commercial Operating Permit*”).

8.17 Interference with Aircraft Operations.

While operating in the Demised Premises, the Lessee shall take reasonable care, caution and precaution and shall use its commercially reasonable best efforts to cause its tenants or subtenants to minimize prop or jet blast interference to other aircraft operating on adjacent taxiways or to buildings, structures and roadways, now or hereafter located on areas adjacent to the Demised Premises.

8.18 Outside Storage.

The Lessee understands that no outside storage is permitted unless this Agreement specifically designates an area for that purpose. In this regard, it is specifically understood and agreed that no vehicles, trailers or equipment such as, by way of example, campers, boats, recreational vehicles or tractor-trailers are to be stored at the Airport. Vehicles, trailers, mobile stairs, belt loaders, lavatory-service vehicles, tugs, auxiliary power units, de-icing units and any other equipment that is owned or leased by Lessee or any one or more of its subtenants and which are normally required for conduct of the Permitted Use from the Demised Premises are excluded from this provision (the “*Excluded Equipment*”), provided however, the Excluded Equipment must at all times be stored, kept or parked, as the case may be, in designated areas on the Demised Premises or such other areas as may from time to time be designated by the Airport Director in order to keep them out of sight and to minimize interference with operations at the Airport. At no time will the Lessee or any of its subtenants be permitted to park any vehicle, aircraft or equipment in any area of the Airport designated as a “safety area” or a “obstacle free area”, any taxilane or taxiway at the Airport or any other area of the Airport which may obstruct the use of any such taxilane or taxiway at the Airport.

8.19 Height of Structures.

The Lessee expressly agrees for itself, its successors and assigns, to restrict the height of structures, objects of natural growth and other obstructions on the Demised Premises to such a height so as to comply with all applicable Federal Aviation Regulations, Part 77 (as amended), Terminal Instrument Procedures (TERPS) and/or any other regulations promulgated by proper authority. The Lessee agrees to contact the Airport Director 48 hours in advance of using a crane on the Demised Premises and shall complete a FAA 7460 form prior to the use of a crane when required by the FAA.

8.20 Rodent and Insect Control.

The Lessee agrees to provide adequate control of rodents and insects and other pests in its Demised Premises.

8.21 Snow and Ice Removal.

The Lessee, at its own expense, agrees to remove all snow and ice from the sidewalks, parking lots, and ramps located on the Demised Premises. The Lessee or its contractors will not interfere with any snow or ice removal operations being conducted by the Airport staff or its contractors.

8.22 Animals.

The Lessee shall be prohibited from keeping any animals, domestic or otherwise, within the Demised Premises, except for animals traveling with passengers utilizing the Demised Premises, service animals such as seeing eye-dogs and others protected by federal accessibility standards.

ARTICLE – IX
INGRESS AND EGRESS

9.1 Common Right of Ingress/Egress.

The Lessee shall have the right of ingress and egress between the Demised Premises and public landing areas at the Airport by means of connecting taxiways and taxilanes, and between the Demised Premises and the entrance(s) to the Airport by means of connecting paved roads. The Lessee's right to ingress and egress shall be in common with others having rights of passage thereon, and may be used except when the Airport is closed to the public. All such ingress and egress shall be in strict compliance with all applicable Rules and Regulations (hereinafter defined) adopted and modified from time to time by the City.

9.2 Closure of Access to or from the Demised Premises.

The City may, at any time, temporarily or permanently close or consent to or request the closing of any such roadway or access gate and any other way at, in or near the Demised Premises presently or hereafter used as such, so long as, except in cases of an emergency, a reasonable means of ingress and egress to the Demised Premises remains available to the Lessee. The Lessee shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the Demised Premises or in any streets or roadways or access gates near the Demised Premises or elsewhere at the Airport.

ARTICLE – X
AIRPORT SECURITY

10.1 Disclaimer of Security Warranty.

It is understood and agreed that while the City will make reasonable efforts to provide a safe and secure environment at the Airport, the City cannot and does not make any warranty, expressed or implied, that the any security or law enforcement services it may contract or provide will avert or prevent occurrences, or the consequences therefrom, which may result in loss or damage to the Lessee, its property, guests or invitees, and all such warranties presumed to have been made, whether they be express or implied, are hereby waived by Lessee.

10.2 No Liability.

Lessee agrees that the City shall not be liable for any loss or damage of a security related nature, irrespective of origin, to person or to property, whether directly or indirectly caused by the performance or nonperformance of the City's contract security service personnel.

10.3 Lessee's Security Obligation.

In coordination with City and any relevant provisions of the ASP, the Lessee shall use reasonable efforts to secure the Demised Premises and equipment and will make reasonable efforts to prevent unauthorized personnel or vehicles from entering on any aircraft movement areas, Airport Operations Area (AOA) or Security Identification Display Area (SIDA). The Lessee shall abide by the Airport's Security Plan, as the same may be amended or supplemented from time to time.

The Lessee shall install gate operators and or gate card readers at all its terminal doors, vehicle and pedestrian gates that are located on its premises and under the control of the Lessee. The cards for the card readers shall be compatible with the Airport's gate cards. If the gate(s) is not frequently used, the Lessee may chain the gate closed with written permission from the Airport Director. The Lessee shall provide the Airport staff with gate cards and or keys if requested.

ARTICLE – XI **LIABILITIES AND INDEMNITIES**

11.1 No Liability.

The City shall not in any way be liable for any cost, damage or injury occurring on or about the Demised Premises or the Airport, including the cost of any suit and expense incurred for legal services, claimed or recovered by Lessee or any other person whomsoever claiming through Lessee, resulting from any operation, work, act or omission performed on or about the Demised Premises or the Airport by the Lessee or its officers, agents, servants, employees, contractors, and subtenants.

11.2 Indemnity.

The Lessee expressly agrees to indemnify, save and hold harmless, the City and its officers, agents, servants and employees from any and all costs, liability, damage and expense

(including costs of suit and attorney fees), claims, fines, penalties and settlements claimed or recovered by any person, firm, corporation or governmental entity including, without limitation, injury to, or death of, any person or persons, and damage to, destruction or loss of use of any and all property (including all injury to City personnel or damage to City property), to the extent directly or indirectly arising or resulting from, any operation, work, act or omission of Lessee, its officers, agents, servants, employees, contractors, or subtenants.

The foregoing shall not be construed to indemnify the City, its officers, employees or agents for damage arising out of bodily injury to persons or damage to property to the extent caused by or resulting from the negligence of the City, its officers, employees or agents.

11.3 Legal Defense.

Upon the filing with the City by anyone of a claim for damages arising out of incidents for which the Lessee herein is obligated to indemnify and hold the City harmless, the City shall notify the Lessee of such claim and in the event that the Lessee does not settle or compromise such claim, then the Lessee shall undertake, at its own expense, the legal defense on behalf of the City with counsel reasonably satisfactory to the City. It is agreed that the City at its own cost and expense, may participate in the legal defense of any such claim. Any final judgment rendered against the City for any cause for which the Lessee is liable hereunder shall be conclusive against the Lessee as to liability and amount upon the expiration of the time for appeal.

11.4 Intellectual Property Rights.

The Lessee represents that it is the owner of or is fully authorized to use any and all patents, trademarks, copyrights or other similar intellectual properties, services, processes, machines, articles, service marks, names or logos (collectively, the “***Intellectual Property Rights***”) used by it in the operation of its business from the Demised Premises. The Lessee agrees to save and hold the City, its officers, employees, agents and representatives free and harmless from any and all loss, liability, expense, suit, fine, penalty, settlement or claim for damages, including attorney fees, in connection with any actual or alleged infringement by Lessee upon the foregoing Intellectual Property Rights, or arising from any alleged or actual unfair competition or other similar claim arising out of Lessee’s business operations from the Demised Premises or in any way connected with this Agreement.

ARTICLE – XII

RULES AND REGULATIONS AND MINIMUM STANDARDS

- 12.1** From time to time, the City may adopt, amend and enforce rules and regulations and minimum standards with respect to the occupancy and use of the Airport (as adopted and amended from time to time, the “***Rules and Regulations***”). The Lessee agrees to observe and obey any and all such Rules and Regulations and all other applicable Federal, state and municipal rules, regulations and laws, as the same may be amended, and to require its

officers, agents, invitees, guests, employees, contractors, subtenants and suppliers, to observe and obey the same. The City reserves the right to deny access to the Airport and its facilities to any person, firm or corporate entity that fails or refuses to obey and comply with the Rules and Regulations. Notwithstanding the foregoing, except as required by law, the City may not, via a change to the Rules and Regulations, impose material burdens on the Lessee, financial or otherwise, that unlawfully impair vested contractual rights or obligations of this Franchise Agreement.

The Airport minimum standards were amended within one hundred and eighty (180) days of the Effective Date of the first Franchise Agreement, to include the requirements for building a passenger terminal facility at the Airport. The requirements for any new passenger terminal facilities are no less than what is required in this Agreement.

The minimum standards require that upon the completion of the new terminal building, Car Rental companies offering cars for rent at the Airport, including offering transportation off the Airport to collect rental vehicles, use space in the passenger terminal and enter an agreement with the Lessee. This provision does not pertain to Fixed Base Operators (FBO) that have rental car companies that serve their customers exclusively.

ARTICLE –XIII **SIGNS**

- 13.1** The Lessee shall have the right to install and maintain one or more signs on the exterior of the Demised Premises identifying Lessee's business and its operations, provided, however, the subject matter, type, design, number, location and elevation of such signs, and whether lighted or unlighted, shall be subject to and in accordance with the approval of the City, which, subject to the next sentence, will not be unreasonably withheld or delayed. All exterior signs must comply with the City's sign ordinance and all applicable Rules and Regulation. No exterior sign will be approved that may be deemed by the City in its sole discretion to be confusing or which fails to conform to the architectural scheme of the Airport or meet the City's sign ordinance. Lessee shall provide information regarding plans or other information related to Lessee's interior wayfinding, but for the avoidance of doubt, signage on the interior buildings will not be subject to the City's approval.

ARTICLE – XIV **ASSIGNMENT AND SUBLEASE**

14.1 Further Encumbrances.

The Lessee covenants and agrees that it will not sell, convey, transfer, mortgage, pledge or assign this Agreement or any part thereof, or any rights created thereby, without the express prior consent of the City.

14.2 Assignments and Transfers Void.

Any assignment or transfer of this Agreement, or any rights of the Lessee hereunder, including but not limited to subleases, without the consent of the City, shall be void and of no force or effect, shall be deemed to be a Non-Monetary Default under Section 20.3.8 of this Agreement (i.e., a material default) and, at the option of the City, shall entitle the City to forthwith cancel this Agreement and to exercise any and all of the remedies as provided in this Agreement in the event of Lessee's Default.

14.3 City's Consent to Assignment.

Any assignment of this Agreement approved and ratified by the City shall be on the condition that the assignee accepts and agrees to all of the terms, conditions and provisions of this Agreement, and agrees to accept and discharge all of the covenants and obligations of the Lessee hereunder, including but not limited to the payment of all sums due and to become due by Lessee under the terms hereof. Subject to the foregoing, City's consent to any such assignment shall not be unreasonably withheld or delayed.

14.4 No Release.

No consent by the City to subleasing by the Lessee of portions of the Demised Premises shall in any way relieve the Lessee of any of its obligations to the City set forth or arising from this Agreement. All subleases shall be subordinate to this Agreement and the expiration of this Agreement or the earlier termination of the Lessee's rights hereunder shall ipso facto terminate all subleases.

14.5 Operating Permits.

No consent to subleasing by the Lessee to a person, partnership or other corporate entity shall be granted by the City without a duly executed Commercial Operating Permit between the City and the sublessee.

ARTICLE -XV
CONDEMNATION

15.1 Condemnation and Distribution of Award.

In the event that the Demised Premises or any part thereof shall be condemned and taken by any authority with power of eminent domain for any purpose during the Term of this Agreement or sold to such authority in lieu of a taking (collectively, a "***Condemnation***"), any award which shall be made as a result of such Condemnation shall be paid in accordance with this Article. The City or the Lessee, consistent with its rights under applicable law, may appear in any such Condemnation proceeding and present its claims for damages, if any, arising from such Condemnation.

15.2 Total Condemnation.

If all of the Demised Premises is Condemned, this Agreement shall terminate and come to an end effective as of the date the Lessee is dispossessed from the Demised Premises,

except for such obligations which survive termination in accordance with the terms of this Agreement.

15.3 Partial Condemnation.

If the Demised Premises is partially Condemned, Rent for that portion of the Demised Premises Condemned shall be abated from the date that the Lessee is dispossessed therefrom; provided, however, if in the Lessee's reasonable judgment, the remaining portion of the Demised Premises is commercially insufficient for the Lessee's operations authorized hereunder, the Lessee may, within ninety (90) days of the date of such Condemnation, terminate this Agreement by providing the City with thirty (30) days' notice of termination, and upon expiration of such thirty (30) day period and the complete surrender of possession of the Demised Premises by Lessee to the City, this Agreement shall terminate and with the exception of the obligations which by their terms survive termination, neither party shall have any further obligation to the other under this Agreement.

15.4 Temporary Taking.

Provided that Lessee shall continue to pay Rent and shall not otherwise be in Default of this Agreement, the Lessee shall be entitled to the award made for a temporary taking of possession of all or part of the Demised Premises for any period of time within the Term of this Agreement. Such award shall be full compensation to the Lessee for such temporary taking and no claims for damages arising out of the temporary taking shall be made against the City.

ARTICLE – XVI
FEDERAL, STATE AND CITY REQUIREMENTS

16.1 Federal Requirements.

The City, as a recipient of Federal Airport Improvement Program grant funds, is required to include certain statements in all of its lease Agreements. The Lessee, for it, its heirs, personal representatives, successors in interest, 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 Demised Premises, for a purpose for which a United States Government program or activity is extended, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the City - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

16.2 Covenant Not to Discriminate.

The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (a) no person on the ground of race, creed, color, national origin, or sex shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Demised Premises; (b) 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, creed, color, national origin or sex shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; (c) that the Lessee shall use the Demised Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

16.3 Breach and Enforcement.

In this connection, the City reserves the right to take whatever action it might be entitled by law to take in order to enforce this provision. This provision is to be considered as a covenant on the part of the Lessee, a breach of which, continuing after notice by the City to cease and desist and after a determination that a violation exists made in accordance with the procedures and appeals provided by law, will constitute a material breach of this Agreement and will entitle the City, at its option, to exercise its right of termination as provided for herein, or take any action that it deems necessary to enforce compliance herewith.

16.4 Application of Non-Discrimination to Third Parties.

The Lessee shall include the foregoing non-discrimination provisions in every agreement or concession pursuant to which any person or persons, other than the Lessee, operates any facility at the Demised Premises providing service to the public and shall include thereon a provision granting the City a right to take such action as the United States may direct to enforce such covenant.

16.5 Affirmative Action.

The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participation in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered sub-organizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

16.6 Americans with Disabilities Act (ADA) and Related Anti-Discrimination.

The Lessee shall not discriminate against any qualified person with a disability in violation of the ADA, nor against any passenger with a disability as embodied in the Air Carrier Access Act (ACAA).

16.7 Fair and Reasonable Aeronautical Services.

The Lessee shall provide those aeronautical services for which it is responsible on a fair, equal and not unjustly discriminatory basis to all users, and shall likewise charge fair, reasonable and not unjustly discriminatory prices for each unit of service, provided that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other seminal types of price reduction to volume purchasers.

16.8 Indemnity.

The Lessee shall indemnify and hold the City harmless from any claims and demands of third persons, including the United States of America, resulting from the Lessee's noncompliance with any of the provisions of this Agreement, and the Lessee shall reimburse the City for any loss or expense incurred (including legal fees) by reason of such noncompliance.

ARTICLE XVII
GOVERNMENTAL REQUIREMENTS

17.1 Required Governmental Permits.

The Lessee shall procure all licenses, certificates, permits or other authorization from all governmental authorities, if any, having jurisdiction over the Lessee's operations at the Demised Premises which may be necessary for the Lessee's operations thereat. This includes but is not limited to all required licenses, certificates and permits from the Department of Transportation, Federal Aviation Administration, TSA, U.S. Customs and Border Protection, Virginia Department of Aviation, and the City of Manassas, and with regard to the parking expansion area located within Prince William County, all required licenses, certificates and permits required by that jurisdiction.

17.2 Permit Fees.

The Lessee shall pay all taxes, licenses, certification, permit and examination fees and excise taxes which may be assessed, levied, exacted or imposed on the Demised Premises or operation hereunder or on the gross receipts or gross income to the Lessee therefrom, and shall make all applications, reports and returns required in connection therewith.

17.3 Compliance with Laws, Rules and Regulations.

In addition to compliance by the Lessee with all laws, ordinances, governmental rules, regulations and orders now or at any time in effect during the Term hereunder which as a

matter of law are applicable to the operation, use or maintenance by the Lessee of the Demised Premises or the operations of the Lessee under this Agreement, the Lessee agrees that it shall conduct all its operations under the Agreement and shall operate, use and maintain the Demised Premises in such manner that there will be at all times a practicable minimum of air and noise pollution.

17.4 Subordination to Federal Obligations.

This Agreement shall be subordinate to the provisions of any existing or future agreement between the City and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the Airport.

Should any provision of this Agreement be determined by the FAA to conflict with the City's obligations to the federal or state government (including, without limitation, Grant Assurance obligations), the objectionable provision will be deemed removed and parties will endeavor to reform the affected provision to accord as closely as legally possible to the parties' original intent in light of the specific FAA or State objections.

The Lessee's right to use the Premises for the purposes as set forth in this Agreement shall be secondary to and subordinate to the operation of the Airport. The City specifically reserves for itself, and for the public, a right of flight for aircraft passengers in the air space above the surface of the described property, together with the right to cause in said air space such noise inherent in the operation of aircraft.

ARTICLE XVIII **RIGHTS OF ENTRY RESERVED**

18.1 Entry by City.

As coordinated with the Lessee, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Demised Premises for any and all purposes not inconsistent with this Agreement, provided, such action by the City, its officers, employees, agents, representatives and contractors does not unreasonably interfere with the Lessee's use, occupancy, or security requirements of the Demised Premises. Notwithstanding the foregoing, airport staff that are employed by the City shall not be required to coordinate with the Lessee and shall be able to enter into the Demised Premises at any time to conduct their job functions.

18.2 Obstructions to Entry.

In the event that any personal property of the Lessee shall obstruct the access of the City, its officers, employees, agents or contractors, the Lessee shall move such property, as directed by the City, its officers, employees, agents or contractors, in order that access within the Demised Premises may be had to the system or part thereof for inspection, maintenance or repair. If the Lessee shall fail to move such personal property after direction

from the City, its officers, employees, agents or contractors to do so, the City may move it, and the Lessee hereby agrees to pay the cost of such relocation upon demand, and further the Lessee hereby waives any claim against the City for damages as a result therefrom, except for claims for damages arising from the City's gross negligence.

18.3 Inspection Right.

At any reasonable time, and from time to time during the ordinary business hours, the City, by its officers, agents and employees, shall have the right to enter the Demised Premises for the purpose of inspecting, exhibiting and viewing all parts of the same, subject to the Lessee's reasonable security requirements.

18.4 No Eviction or Abatement.

Exercise of any or all of the foregoing rights in this Article, by the City, or others under right of the City, shall not be, nor be construed to be, an eviction of the Lessee, nor be made the grounds for any abatement of rental nor any claim or demand for damages against the City, consequential or otherwise, except claims for damage to person or property caused solely by the gross negligence of the City.

ARTICLE – XIV
ADDITIONAL RENTS AND CHARGES

19.1 Expenses, Costs and Interest.

If the City elects to pay any sum or sums or incurs any obligation or expense by reason of the failure, neglect or refusal of the Lessee to perform or fulfill any one or more of the conditions, covenants or agreements contained in this Agreement, or as the result of any act or omission of the Lessee contrary to said conditions, covenants or agreements, the Lessee hereby agrees to pay the sum or sums so paid or expense so incurred by the City as the result of such failure, neglect or refusal of the Lessee, all of which shall be deemed to be additional Rent, together with interest at the Default Interest Rate and all costs, damages and penalties including reasonable attorney fees.

19.2 Additional Rent.

In such event, the total of such amounts may be added to any installment of Rent thereafter due hereunder, and each and every part of the same shall be and become additional Rent recoverable by the City in the same manner and with like remedies as if it were originally a part of the Rent provided for in this Agreement.

19.3 Increase in Public Safety.

In the event it is necessary for the Airport to increase security because of special threats or Federal mandates beyond the control of the Airport, then the City may establish fees or

charges that are shared by all the Airport users, above and beyond the existing security surcharge on all fuel dispensed at the Airport.

19.4 Taxes.

Lessee shall be responsible for paying all real property taxes assessed upon the Demised Premises and the Improvements or Upgrades currently or hereinafter located upon the Demised Premises, including real property taxes levied by Prince William County, if any. In addition, Lessee shall be responsible for all personal property taxes, gross receipt taxes, etc., levied with respect to Lessee's business operations conducted from the Demised Premises.

19.5 Plan Review Fee.

Lessee shall be responsible for paying the cost of having all site plans and building plans for the Improvements to be constructed by the Lessee reviewed by the Airport's engineer consultant(s), not to exceed the sum of \$4,000.00 per review.

19.6 Reimbursement for Advertising

Lessee shall be responsible for reimbursing the City for the entire cost of advertising the bid of this Agreement in a publication as required Section 15.2-2101 of the Code of Virginia, as amended.

19.7 Attorney Fees.

Upon Default by Lessee in the performance of any covenant or condition required to be performed by Lessee, other than the payment of rents and other fees or charges, the Lessee shall be responsible for payment of the City's reasonable attorney fees in connection with such Default. Upon the Default by the Lessee in the performance of any covenant or condition requiring the payment of rents and other fees or charges, the Lessee shall be responsible for payment of the City's attorney fees in the amount no greater than of 33% of the amount due when referred to an attorney for collection. Lessee shall further reimburse the City for attorney fees actually incurred when it is necessary for the City or the City is requested by Lessee to review documents pertaining to this Agreement, refinancing on the part of the Lessee, or any other legal documents that are for the benefit of the Lessee. Notwithstanding the foregoing, Lessee's obligation to reimburse attorney fees pursuant to this Section 19.7 shall not apply to the extent City's review of documents are those requested by City to be reviewed by City under this agreement (e.g. contracts with subtenants, service providers, etc.).

19.8 Storm Water Fee.

The Lessee is responsible for paying Storm Water fees assessed by the City for Surface Water Management.

ARTICLE – XX
TERMINATION & DEFAULT

20.1 Monetary Default.

Failure to pay reserved Rent or other sums when due under this Agreement shall be a default of this Agreement. (Lessee's failure to pay Rent and all other sums reserved under this Agreement, all arrears or any other charges required by this Agreement to be paid to the City, shall in each event be a "*Monetary Default*").

20.2 Notice of Remedy (Monetary Default).

In each event of a Monetary Default, the City shall give notice to the Lessee of such Monetary Default, and demand full payment of amounts due thereunder, including all arrears and interest thereon. If, within five (5) days after the date the City gives such notice of non-payment (a "*Monetary Default Notice*"), the Lessee has not corrected its Monetary Default and paid all delinquent amounts in full, the City may, by notice to the Lessee, subject to the rights of the Secured Parties to cure the default pursuant to Annex A, terminate this Agreement and all rights and privileges granted hereby in and to the Demised Premises.

20.3 Non-Monetary Default.

Any one or more of the following events (each, a "*Non-Monetary Default*") constitutes a Non-Monetary Default under this Agreement:

20.3.1 Voluntary Petition.

The filing by the Lessee of a voluntary petition in bankruptcy under the United States Code or any assignment for benefit of creditors of all or any part of the Lessee's assets;

20.3.2 Involuntary Petition.

The institution of an involuntary proceeding in bankruptcy against the Lessee, which bankruptcy proceeding is not dismissed within ninety (90) days of its filing;

20.3.3 Non-Federal Bankruptcy Reorganization.

The filing of a petition requesting a court to take jurisdiction of the Lessee or its assets under the provision of any state or other reorganization act which, if it is an involuntary petition is not dismissed within ninety (90) days of its filing;

20.3.4 Receiver.

The filing of a request for the appointment of a receiver or trustee of the Lessee's assets by a court of competent jurisdiction, which if the request is not made by the Lessee, is not rejected within six (6) months after being made, or the request for the appointment of a receiver or trustee of the Lessee's assets by a voluntary agreement with the Lessee's creditors;

20.3.5 Suspension of Operations.

Suspension of Lessee's operations for a period of sixty (60) days without the City's prior consent;

20.3.6 Abandonment.

The abandonment by Lessee of the Demised Premises or the failure of the Lessee to conduct business from the Demised Premises pursuant to the Permitted Use;

20.3.7 Failure to Maintain Insurance.

Failure of Lessee to maintain at all times during the Term of this Agreement insurance as required by this Agreement;

20.3.8 Covenants and Conditions.

The failure of the Lessee to observe any other material covenants, conditions or other terms of this Agreement required to be performed, kept and observed by the Lessee. For purposes of this section, the failure to observe a material covenant, condition or other term includes a substantial failure to perform a covenant, condition or term (i) that is an essential element of this Franchise Agreement, or (ii) that causes or is likely to cause substantial harm to the City, or (iii) that substantially deprives or is likely to substantially deprive the City of a significant benefit it reasonably expected under this Franchise Agreement; or

20.3.9 Persistent Breach.

The failure of the Lessee to comply with any covenant, condition or other term in the Operating Standards on a persistent basis, and such persistent failure continues unremedied for a period of thirty (30) days following notice thereof.

20.4 Notice and Remedy (Non-Monetary Default).

Upon a Non-Monetary Default by the Lessee in the performance of any covenant or conditions required to be performed by the Lessee (other than the payment of rent and other fees or charges which is governed by Section 20.1 above and other than filing of a bankruptcy petition by Lessee as provided in Section 20.3.1 above and other than filing of a bankruptcy petition by Lessee as provided in Section 20.3.1 above, for which no notice or cure period is applicable), the City shall provide the Lessee with notice allowing the

Lessee sixty (60) days to remedy such Non-Monetary Default (“***Notice of Non-Monetary Default***”). Upon the failure of the Lessee to remedy such Non-Monetary Default for a period of sixty (60) days after receipt from the City of the foregoing Notice of Non-Monetary Default, subject to the rights of the Secured Parties to cure the Non-Monetary Default pursuant to Annex A, the City shall have the right to cancel this Agreement. Such cancellation shall be achieved through the delivery by the City to the Lessee of a notice of cancellation (the “***Notice of Cancellation***”). The Notice of Cancellation shall be effective immediately upon delivery to Lessee in accordance with the notice provisions of the Agreement.

20.5 Abeyance of Notice of Cancellation.

Notwithstanding the foregoing, should the City after giving the Notice of Cancellation determine in its reasonable discretion that the Lessee is diligently remedying such Non-Monetary Default to completion, the City will determine by subsequent notice to Lessee, to hold its prior Notice of Cancellation in abeyance for such period of time as determined by City in its sole, absolute and unappealable discretion. If, however, the City at any time thereafter determines that such Non-Monetary Default is no longer being diligently remedied to conclusion, the City shall so advise the Lessee of the same and upon delivery of such notice, the Notice of Cancellation shall no longer be deemed to be held in abeyance, and without further notice to the Lessee or action by the City, the Notice of Cancellation shall become final. The determination of the City in this regard shall in all events be conclusive and binding upon the Lessee.

20.6 Termination of Rights After Default.

Upon the cancellation or termination of this Agreement after a Monetary Default in accordance with Section 20.2 or a Non-Monetary Default in accordance with Section 20.4, all rights of the Lessee, its subtenants and any other person in possession and, except for non-monetary obligations which expressly survive termination, all non-monetary obligations of the Lessee shall terminate, including all rights or alleged rights of creditors, trustees, assigns, and all others similarly so situated as to the Demised Premises other than the City and any entity to whom Lessee has encumbered its interest in the Agreement pursuant to Section 1.3. Upon said cancellation or termination of this Agreement for any reason, the Demised Premises, except for such personal property which may be removed from said Demised Premises as provided elsewhere herein, shall be free and clear of all encumbrances and all claims of the Lessee, its tenants, creditors, trustees, assigns and all others and the City shall have immediate right of possession to the Demised Premises.

20.7 Waiver.

Failure by the City to take any action upon the occurrence of a Monetary Default, a Non-Monetary Default or any other default by Lessee of any of the terms, covenants or conditions required to be performed, kept and observed by the Lessee (in each case, a “***Default***”) shall not be construed to be, nor act as, a waiver of said Default nor of any subsequent Default of any of the terms, covenants and conditions contained herein to be

performed, kept and observed by Lessee. Acceptance of Rent by the City from the Lessee, or performance by the City under the terms hereof, for any period or periods after a Default by the Lessee of any of the terms, covenants and conditions herein required to be performed, kept and observed by the Lessee shall not be deemed a waiver or estoppel of any right on the part of the City to cancel this Agreement or to seek judicial remedy for any subsequent failure by the Lessee to so perform, keep or observe any said terms, covenants or conditions.

ARTICLE – XXI

TERMINATION BY LESSEE

21.1 Termination by Lessee.

The Lessee may, in addition to the early termination right provided Lessee in accordance with Section 1.2 of this Agreement, cancel this Agreement, and thereby terminate all of its rights and unaccrued obligation hereunder, by giving the City thirty (30) days advance notice upon or after the happening of any one of the following events:

21.1.1 Breach of Quiet Enjoyment

The City fails to provide or defend Lessee's right to quiet enjoyment of the Demised Premises pursuant to this Agreement such that Lessee is unable to construct the Upgrades or operate the Non-Aeronautical Facilities, in either case for a period of not less than ninety (90) consecutive days after receipt of notice from the Lessee.

21.1.2 Failure to Operate Airport

The City shall take any action or fail to take any action which results in a breach by the City of its obligation under Section 23.1 of this Agreement to operate the Airport for the use and benefit of the public, and the City has failed to remedy such breach within thirty (30) days after the receipt of the notice from the Lessee described above.

21.1.3 Injunction Preventing Use of Demised Premises.

Issuance by a court of competent jurisdiction of an injunction which in any way substantially prevents or restrains the use of the Demised Premises, or any material part thereof necessary to Lessee's business operations on the Airport, and which injunction remains in force for a period of at least thirty (30) days after the party against whom the injunction has been issued has exhausted or abandoned all appeals or one hundred twenty (120) days whichever is shorter, if such injunction is not necessitated by or issued as a result of an act or omission of Lessee.

21.1.4 U.S. Government Control of Airport.

The assumption by the United States Government or any authorized agency thereof, of the operation, control or use of the Airport and its facilities, or any substantial part thereof, in such a manner as substantially to restrict Lessee from operating its authorized Airport business for a continuous period of at least ninety (90) days.

ARTICLE – XXII

SURRENDER AND RIGHT OF REENTRY

- 22.1** Upon the expiration, cancellation or termination of this Agreement pursuant to any terms hereof, the Lessee agrees peaceably to surrender up the Demised Premises to the City in the same condition as they may hereafter be repaired and improved by the Lessee; save and except: (a) such normal wear and tear thereof as could not have been prevented by ordinary and usual repairs and maintenance; (b) obsolescence in spite of repair; and (c) damage to or destruction of the Improvements for which insurance proceeds are received by the City. Upon such cancellation or termination, the City may re-enter and repossess the Demised Premises together with all Improvements and additions thereto, or pursue any remedy permitted by law for the enforcement of any of the provisions of this Agreement, at the City's election. Provided that Lessee is not otherwise in Default of this Agreement, and further provided, that Lessee shall continue to pay to the City the then current Rent reserved under this Agreement, upon such cancellation or termination, and for a reasonable time thereafter (not exceeding thirty (30) days), the Lessee shall have the right to remove its personal property, fixtures and trade equipment which it may have on the Demised Premises, provided the removal thereof does not impair, limit or destroy the utility of the Demised Premises or that of the Improvements thereon, and provided, further, that the Lessee repairs all damages that might be occasioned by such removal, and restore the Improvements and site to the condition above required.

ARTICLE – XXIII

SERVICES TO LESSEE & MUTUAL ASSISTANCE

- 23.1** The City covenants and agrees that during the Term of this Agreement it will operate the Airport as such for the use and benefit of the public; provided however, that the City may prohibit or limit any given type, kind, or class of aeronautical use of the Airport if such action is necessary for the safe operation of the Airport or necessary to serve the civil aviation needs of the public. The City further agrees to maintain the runways and taxiways in good repair including the removal of snow. The City agrees to keep in good repair hard-surfaced public roads for access to the Demised Premises and remove snow therefrom in order to make such roads reasonably passable. The City also agrees to provide and maintain water and sanitary sewer services in areas designated for utilities or easements adjacent to the Demised Premises for access thereto by the Lessee in accordance with the City policies governing same.
- 23.2** The City agrees to collaborate with the Lessee in establishing a Customer Facility Charge (CFCs) for on-airport rental car companies.

- 23.3** The City agrees to apply for, impose and use Passenger Facility Charges (PFCs), at its sole discretion, to fund eligible airport capital projects, including those that support commercial airline operations. The City agrees to reasonably consider for the foregoing such projects as Lessee may propose and may choose to fund all or part of an otherwise eligible project.

ARTICLE XXIV

SURVIVAL OF THE OBLIGATIONS OF THE LESSEE AND CITY'S REMEDIES

- 24.1** In the event that the Agreement shall have been terminated in accordance with the requirements of Article XX hereof, all the monetary obligations of the Lessee under this Agreement shall survive such termination, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full and remaining Term of this Agreement, and the amount or amounts of damages or deficiency shall become due and payable to the City to the same extent, at the same time or times, and in the same manner as if no termination, re-entry, regaining or resumption of possession had taken place. Any damages and/or loss of and/or deficiency in Rent sustained by the City may be recovered by the City, at City's option: (i) in one (1) or more separate actions, at any time and from time to time, as and to the extent that said damages and/or Rent shall have accrued; or (ii) in a single action deferred until on or after the Expiration Date (in which event Lessee hereby agrees that the cause of action shall not be deemed to have accrued until the Expiration Date), or (iii) in a single proceeding prior to either the time of reletting or the Expiration Date, in which event Lessee agrees to pay the City the difference, if any, between (a) the present value of the Rent reserved under this Lease on the date of breach, and (b) the fair market value of the Lease from the date of the breach discounted at eight percent (8%) per annum, the latter remedy hereby acknowledged to be a fair estimation of City's damages and not an unenforceable penalty. If the City retakes possession of the Demised Premises, Lessee's monetary obligations shall be reduced by any rental proceeds received from the re-letting of the Demised Premises or any portion thereof; provided that the Parties agree that the City shall be under no obligation to re-let the Demised Premises or any portion thereof, or to otherwise mitigate damages caused by the termination of the Lease.

ARTICLE XXV

LIMITATION OF RIGHTS AND PRIVILEGES GRANTED

- 25.1** Except for the exclusive right of the Lessee to possession of the Demised Premises, no exclusive rights at the Airport are granted by this Agreement and no greater rights or privileges with respect to the use of the Demised Premises or any part thereof are granted or intended to be granted to the Lessee by this Agreement, or by any provision thereof, than the rights and privileges expressly and specifically granted hereby.

ARTICLE – XXVI
NOTICES

26.1 Notice.

All notices, consents and approvals required or desired to be given by the parties hereto shall be sent in writing, and shall be deemed given when received at the recipient's notice address except that notice that must be given by a certain time to be effective and is sent registered or certified mail, postage prepaid, return receipt requested, addressed to the recipient's address shall be deemed given when posted. Notice that starts the running of a time period and is delivered on a non-business day shall be deemed delivered on the next business day, if left at the notice address, or the next business day on which it is redelivered if it is not left at the notice address.

26.2 Notice Address.

The notice addresses of the parties are as follows:

To the City: City Manager of the City of Manassas
 9027 Center Street
 Manassas, Virginia 20110

With a copy to: Washington Manassas Airport
 Attn: Airport Director's Office
 Washington Manassas Airport
 10600 Harry J. Parrish Blvd., 2nd Floor
 Manassas, Virginia 20110

The Lessee: _____

With a copy to: _____

Such addresses shall be subject to change from time to time to such other addresses as may have been specified in notice given by the intended recipient to the sender.

ARTICLE – XXVII
HOLDING OVER

27.1 No Extension of Term.

No holding over by the Lessee after the termination of this Agreement shall operate to extend or renew this Agreement for any further term whatsoever; but the Lessee will by such holding over become the tenant at sufferance of the City and after notice by the City to vacate the Demised Premises, continued occupancy of the Demised Premises by the Lessee shall constitute trespass.

27.2 Holdover Rent.

Any holding over by the Lessee beyond the thirty (30) day period permitted for removal of fixtures without the consent of the City shall make the Lessee liable to the City for damages equal to double the Rent provided for herein and which may be in effect at the termination of this Agreement (the “***Holdover Rent***”). The parties agree that the Holdover Rent shall not be deemed as a penalty but rather as bargained for liquidated damages in order to compensate the City for Lessee’s unlawful holdover of the Demised Premises.

ARTICLE – XXVIII
INVALID PROVISIONS

28.1 Any provisions, articles, paragraphs, portions, or clauses of this Agreement that are found by a court of competent jurisdiction to be invalid or unenforceable shall have no effect upon any other part or portion of this Agreement.

ARTICLE – XXIX
MISCELLANEOUS PROVISIONS

29.1 Remedies to be Nonexclusive.

All remedies provided in this Agreement shall be deemed cumulative and additional and not in lieu of, or exclusive of, each other, or of any other remedy available to the City at law or in equity, and the exercise of any remedy, or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy.

29.2 Non-Waiver of Rights.

The failure by either party to exercise any right, or rights accruing to it by virtue of the breach of any covenant, condition or agreement herein by the other party shall not operate as a waiver of the exercise of such right or rights in the event of any subsequent breach by such other party, nor shall such other party be relieved thereby from its obligations under the terms hereof.

29.3 Force Majeure.

Neither party shall be deemed in violation of this Agreement if it is prevented from performing any of its obligations hereunder by reason of labor disputes, acts of God, Pandemics, acts of the public enemy, acts of superior governmental authority or other circumstances for which it is not responsible or which are not in its control and the recovery therefrom; provided, however, that this section shall not excuse Lessee from paying the Rent herein reserved.

29.4 Non-liability of Individuals.

No director, officer, member, agent or employee of either party hereto shall be charged personally or held contractually liable by or to the other party under any term or provision of the Agreement or of any supplement, modification or amendment to this Agreement because of any breach thereof, or because of this or their execution or attempted execution of the same, except as may be expressly authorized by law.

29.5 Quiet Enjoyment.

The City covenants that, as long as the Lessee is not in Default of any provision of this Agreement, the Lessee shall and may peaceably and quietly have, hold and enjoy the Demised Premises exclusively to it and the rights appurtenant to the Demised Premises granted in this Agreement during the Term hereof unless sooner canceled or terminated as provided in this Agreement. Lessee's rights of exclusive use shall not apply to the Airport ramp portion of the Demised Premises.

29.6 Estoppel Certificate.

At the request of either party, the non-requesting party shall promptly execute and deliver a written statement identifying the City and Lessee under this Agreement and certifying: (a) the documents that then comprise this Agreement; (b) that this Agreement is in full force and effect; (c) the then current annual amount of Rent and the date through which it has been paid; (d) the expiration date of this Agreement; (e) if made by the City, that no amounts are then owed by the Lessee to the City (or, if amounts are owed, specifying the same); and (f) to the knowledge of said party, there are not Defaults by the other under this Agreement or any facts which but for the passage of time, the giving of notice or both would constitute such a Default. The City shall also promptly execute and deliver a consent to the financing permitted under Section 1.3.

29.7 Short Form of Lease.

At the request of either party, the other shall execute a memorandum or short form of lease in proper form for recording (the "***Lease Memorandum***"). The cost of preparing and recording the Lease Memorandum shall be paid by the requesting party.

29.8 List of Aircraft and Ground Service Vehicles.

Upon request, the Lessee shall provide a current listing of all airside ground service vehicles, aircraft and aircraft owners and addresses utilized or housed at its based operations to the Airport Director on an annual basis.

29.9 General Provisions.

29.9.1 Unauthorized Use.

Lessee shall not use, or permit the use of, the Demised Premises, or any part thereof, for any purpose or use other than those authorized by this Agreement.

29.9.2 Venue and Jurisdiction.

This Agreement shall be performable and enforceable in Manassas, Virginia, shall be construed in accordance with the laws of the Commonwealth of Virginia, and exclusive jurisdiction under this Agreement shall in all cases lie with the courts of Prince William County, Virginia.

29.9.3 No Third Party Beneficiary.

This Agreement is made for the sole and exclusive benefit of the City and the Lessee, their successors and assigns, and is not made for the benefit of any third party.

29.9.4 Ambiguity.

In the event of any ambiguity in any of the terms of this Agreement, it shall not be construed for or against any party hereto on the basis that such party did or did not author the same.

29.9.5 Binding Effect.

All covenants, stipulations and agreements in this Agreement shall extend to and bind each party hereto, its legal representatives, successors and assigns.

29.9.6 Titles and Headings.

The titles of the several articles of this Agreement are inserted herein for convenience only, and are not intended and shall not be construed to affect in any manner the terms and provisions hereof, or the interpretation or construction thereof.

29.9.7 No Partnership.

Nothing herein contained shall create or be construed to creating a partnership or a joint venture between the City and the Lessee or to constitute the Lessee an agent of the City.

29.9.8 Effective Date.

This Agreement shall not become effective until it has been approved by the City Council and fully and properly executed by both parties hereto (the last to occur of which shall be the “*Effective Date*”). Once the Agreement is approved by the City Council, the Lessee shall sign the Agreement within ten (10) calendar days. If the Agreement is not executed by the Lessee within ten (10) calendar days, the Airport Director may, at his or her sole discretion, terminate the City’s approval of this Agreement prior to the execution and delivery of this Agreement by Lessee to the Airport Director.

29.9.9 Administrative Appeal Process.

Decisions or actions taken by the Airport Director regarding this Agreement can be appealed to the Airport Commission by the Lessee. All appeals shall be made in writing to the Chairman of the Airport Commission. Decisions of the Airport Commission may thereafter be appealed to the City Council (together, the “*Administrative Process*”). Lessee shall not have the right to seek judicial redress with respect to this Agreement until and after it has fully exhausted the Administrative Process.

29.9.10 Request for Action.

All requests by the Lessee for action by the City regarding this Agreement and terminal building operations shall be in writing and submitted to the Airport Director. All complaints by the Lessee concerning the conduct of City employees shall be in writing and submitted to the Airport Director.

29.9.11 Mineral Rights.

The City expressly reserves all water, gas, oil, and mineral rights in and under the soils beneath the Premises, but testing for and/or removal of any such gas, oil, or minerals shall be done in a manner so as not to disturb the Premises or disrupt the operation of the businesses being conducted thereon.

ARTICLE – XXX
SUBORDINATION CLAUSES

30.1 This Agreement is subject and subordinate to the following:

30.1.1 Further Development of Airport.

The City reserves the right, at its sole and absolute discretion, to further develop and improve the Airport, all without regard to the desires or views of the Lessee and without interference or hindrance by or on behalf of the Lessee, provided, that the Lessee is not deprived of the use or access to the Demised Premises. Accordingly, nothing contained in this Agreement shall be construed to obligate the City to relocate the Lessee.

30.1.2 Aerial Obstruction.

The City specifically reserves for itself, and for the public, a right of flight for the passenger of aircraft in the air space above the surface of the described property together with the right to cause in said air space such noise as any be inherent in the operation of aircraft. The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent Lessee from erecting or permitting to be erected any building or other structure on the Demised Premises which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

30.1.3 Agreements with US Government.

This Agreement is and shall at all times be subordinate to the provision of existing and future agreements between the City and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the obtaining or expenditure of Federal and State funds for the benefit of the Airport. Should any provision of this Agreement be determined by the FAA or State to conflict with the City's obligations to the federal or state government (including, without limitation, Grant Assurance obligations), the objectionable provision will be deemed removed and parties will endeavor to reform the affected provision to accord as closely as legally possible to the parties' original intent in light of the specific FAA or State objections.

30.1.4 Time of War and Emergency.

During the time of war or national emergency, the City shall have the right to lease all or any part of the landing area or of the Airport to the United States for military or naval use, and if any such lease is executed, the provisions of this Agreement insofar as they may be inconsistent with the provisions of such lease to the United States, shall be suspended, but such suspension shall not extend the Term of this Agreement. In such event, abatement of rentals shall be reasonably determined by the City in proportion to the degree of interference with the Lessee's use of the Demised Premises.

30.1.5 No Air Rights.

Except to the extent required for the performance of any obligations of the Lessee hereunder, nothing contained in this Agreement shall grant to the Lessee any rights

whatsoever in the airspace above the Demised Premises other than those rights in common with the public to use the airspace for air travel, but at all times subject to Federal Aviation Administration rules, regulations and orders currently or subsequently effective.

30.1.6 Radio Antenna.

Subject to the City's prior written approval as to height and location, which will not be unreasonably withheld, conditioned, or delayed, Lessee or any sublessee (the latter with Lessee's approval), as the case may be, may furnish and install at its own expense, a radio antenna either adjacent to the improvements or on the roof of the improvements on the Premises subject to: (a) any and all federal, state and local laws, ordinances, statutes, rules, regulations, and orders applicable thereto; (b) Lessee, as the case may be, obtaining any and all building and other permits, licenses and other approvals with respect thereto; (c) the antenna and building both must be structurally sound and not adversely affect the soundness of, or the condition of, the roof and/or other parts of the building; and (d) any and all costs of maintaining and operating the same must be paid entirely by Lessee. Upon the expiration or earlier termination of this Lease as identified herein, Lessee shall cause the removal of the antenna(s) and the restoration of any damage to the improvements and Premises caused by the installation and/or removal thereof. Lessee shall be responsible for all costs for the repair and maintenance of said installation of the antenna.

ARTICLE – XXXI

INSURANCE REQUIREMENTS AND DAMAGE OR DESTRUCTION

31.1 Property Insurance.

To safeguard the interest and property of the City, the Lessee at its sole cost and expense, shall procure and maintain throughout the Term of this Agreement insurance protection for all risk coverage on the Improvements of which the Demised Premises is a part, to the extent of one hundred percent (100%) of the actual replacement cost thereof ("***Property Insurance***"). The Lessee's Property Insurance coverage shall include business interruption coverage, inclusive of rental insurance for a minimum period of one (1) year (inclusive of all Rent and other charges reserved under this Agreement), terrorism, and increased cost of construction, on all alterations and all contents of the Demised Premises, including leasehold improvements as will protect Lessee and City from damage to real and personal property of City while in the care, custody or control of Lessee. The Property Insurance shall name the City as Loss Payee and provide thirty (30) days' notice of cancellation or material change, by registered mail, to the City, Attention: Airport Director.

31.2 General Liability Insurance.

During the term of this Agreement, Lessee shall maintain in full force general liability insurance in the name of the Lessee, and naming the City as an additional insured, with a

minimum combined single limit of \$10,000,000 per occurrence, in the primary policy (the “**CGL Insurance Coverage**”) or through use of Umbrella or Excess Limits. If the General Aggregate limit applies, the aggregate limit shall apply separately and the policy must be scheduled to include the location indicated above. The policy contract must state the insurance provided in the Additional Insured endorsement is primary without contribution (Primary and Non-Contributory) from other insurance available to the Additional Insured. The CGL Insurance Coverage shall provide minimum coverage for: (a) premises and operations coverage; (b) independent contractor and subcontractors; (c) products liability and completed operations; (d) (e) contractual liability; and (f) death and personal injury. CGL Insurance Coverage cannot have a self-insured retention. In the event Lessee is permitted by this Agreement to sell any alcoholic beverages from the Demised Premises, Lessee shall maintain the appropriate liquor liability insurance coverage either as part of Tenant’s CGL Insurance Coverage or as separate coverage, covering any claim for damages due to bodily injury (including death), personal injury, or property damage arising out of or in any way connected with the selling, serving, or distribution of alcohol. Such insurance shall provide coverage in an amount equal to the full amount maintained from time to time by the Lessee in the normal course of its business, but in no event, shall such coverage be in an amount of less than \$5,000,000 per occurrence/\$5,000,000 in aggregate. If separate coverage is obtained, the City shall be named as an additional insured.

31.3 Environmental Impairment Liability Coverage.

Lessee shall maintain Environmental Impairment Liability Coverage with a minimum limit of liability of at least \$5,000,000 each occurrence/aggregate. The policy shall include coverage for first and third-party bodily injury and property damage, as well as cleanup and defense costs. Any and all deductible payments for this coverage will be solely the responsibility of the Lessee.

31.4 Automobile.

During the term of this Agreement, Lessee shall maintain in full force automobile liability insurance in the name of the Lessee, with minimum combined single limit of at least \$5,000,000.00 airside and \$1,000,000 landside combined single limit per accident in the primary policy (the “**Auto Coverage**”) or through the use of Umbrella or excess Limits. The Auto Coverage shall include coverage for bodily injury and property damage and shall additionally extend the same coverage to: (a) owned automobiles; (b) hired automobiles; and (c) non-owned automobiles. The Lessee shall add the City of Manassas, its officers, boards, commissions, commissioners, agents, elected and appointed officials, employees and volunteers as an Additional Insured.

31.5 Workers’ Compensation.

Lessee must at all times carry Workers’ Compensation Insurance in such minimum statutory amounts as to be in compliance with the Workers Compensation Laws of the Commonwealth of Virginia. The coverage shall be endorsed with a Waiver of Subrogation

in favor of the City of Manassas, its officers, officials, employees and volunteers for all work performed by the Lessee, its employees, agents and subcontractors.

31.6 Employers Liability.

Lessee shall maintain Employers' Liability insurance under the Commonwealth of Virginia statutory requirements, to protect the Lessee from any liability or damages for any injuries (including death and disability) to any and all of its compensated employees, including any and all liability or damage which may arise by virtue of any statute or law in force within the Commonwealth of Virginia. Lessee shall carry insurance with a limit of liability at least \$1,000,000 bodily injury by accident/\$1,000,000 bodily injury by disease policy limit/\$1,000,000 bodily injury by disease each employee.

Umbrella or Excess Liability insurance shall protect the Lessee against losses resulting in bodily injury, personal injury or property damage in excess of any limits required for General Liability and Automobile Liability. The policy should "follow form" and provide excess coverage under the same terms and conditions as the underlying policies.

31.7 Proof of Insurance.

As a condition precedent to this Agreement and Lessee's right of entry upon the Demised Premises, the Lessee shall provide proof of insurance evidencing existence of all insurance required to be maintained prior to the inception of the Term of this Agreement. The City shall also be provided with a Certificate of Insurance at renewal or such time as the insurance company or Lessee changes coverage, and upon request by the City. The failure of Lessee to maintain such insurance or to provide proof of insurance upon request shall be deemed a Default of this Agreement. Lessee shall provide the Airport Director with copies of certificates of insurance in form acceptable to the City. Each certificate shall have endorsed thereon indicating that "no cancellation or change in the policy shall become effective until after thirty (30) days' notice by registered mail to the Airport Director, Washington Manassas Airport, 10600 Harry Parrish Boulevard, Manassas, Virginia 20110".

31.8 Disbursement of Insurance Proceeds.

To the extent that any loss is recouped by actual payment to the City of the proceeds of the insurance, the amount of such proceeds will be paid to the Lessee as necessary to cover its costs of repair, reconstruction or rebuilding that portion or all the Demised Premises which has been damaged or destroyed by the casualty. Such payment will be made by the City to the Lessee in installments as work progresses provided that as to each request for payment the Lessee shall certify by a responsible officer or authorized representative of the Lessee that the amounts requested are due and payable to its contractor for work completed. Upon completion of all the work, the Lessee shall again certify by a responsible officer or authorized representative of the Lessee that such repair, reconstruction or rebuilding has been completed, that all costs in connection therewith have been paid by the Lessee and said costs are fair and reasonable and said certification shall also include an itemization of

the total costs incurred by the Lessee for such repairs, reconstruction or rebuilding. If the insurance proceeds are not sufficient, the Lessee agrees that it shall immediately bear and pay the deficiency in order to promptly complete the repairs, reconstruction or rebuilding. If the insurance proceeds are not sufficient, the Lessee agrees that it shall immediately bear and pay the deficiency in order to promptly complete the repairs, reconstruction or rebuilding. If any improvements covered by Property Insurance are not fully rebuilt within 24 months of the date of loss, any proceeds remaining after expenditures under this paragraph 30.6 shall be allocated between Lessee and the City pro rata, with the Lessee receiving a sum equal to the proceeds to be distributed under this provision times the number of days remaining before expiration of the Agreement divided by the original duration (in days) of the Agreement, and the City receiving the remainder. The number of days remaining before expiration of the Agreement shall be calculated as of the date of loss. The Lessee may alienate its proceeds or right to receive proceeds under this provision.

31.9 Review of Coverage Limits.

The City may review the minimum insurance coverage required herein to be maintained by Lessee every three (3) years during the Term of this Agreement. The City may review the amounts of any insurance policies under this Agreement and shall have the right to require reasonable adjustments to such insurance policies consistent with the public interest. All required insurance must be in effect and so continue during the life of this Agreement in not less than the minimum requirements discussed in Article XXXI herein and the Airport Minimum Standards.

31.10 Coverage Locations.

Location of operation shall be “the Washington Manassas Airport Terminal Building and Associated Automobile Parking Lots in the City of Manassas, Virginia”.

31.11 Additional Policies.

Nothing herein contained shall prevent the Lessee from taking out any other insurance for protection of its interest which it deems advisable or necessary.

The purchase of insurance by the Lessee shall in no event be construed as a fulfillment or discharge of the obligations set forth in this Agreement. All insurance coverages maintained by Lessee shall be primary and non-contributory insurance as respect to the City. Any insurance or self-insurance maintained by the City shall be additional to Lessee’s insurance.

31.12 Insurer Minimum Requirements.

Insurance Carrier Status: Each policy of insurance required under this Agreement shall be issued by an “A”-rated Class VI or better (according to the A.M. Best’s Rating Organization) insurance company authorized by the Commonwealth of Virginia to issue such policy in this State, and shall be in a form and content satisfactory to the City. The

City may at times choose to accept lower rated carriers at its discretion and only with prior approval. If at any time during the Term the rating of any of Lessee's insurance carriers is reduced below the rating required pursuant to the terms hereof, Lessee shall use commercially reasonable efforts to promptly replace the insurance coverage(s) with coverage(s) from a carrier whose rating complies with the foregoing requirements. In the event that Lessee fails to maintain in full force and effect any of the insurance coverages described in this Article XXXI, City shall have the right (but not the obligation) to either declare a Default in accordance with the provisions of Article XX, or to procure and maintain such insurance or any part thereof at Lessee's expense, and the cost of such insurance shall be payable by Lessee to City as additional Rent. The procurement of such insurance or any part thereof by City shall not discharge or excuse Lessee's obligation to comply with the provisions of this Article XXXI.

31.13 Obligation to Repair.

In the event any Improvements on the Demised Premises are damaged or destroyed, Lessee shall promptly repair, reconstruct or rebuild the Improvements substantially as they were immediately prior to such casualty or in a new or modified design as approved by the City, but subject to all applicable building codes existing at the time of such repair, reconstruction or rebuilding. In the event of damage or destruction to any of the Improvements upon the Demised Premises, the City shall have no obligation to repair or rebuild the Improvements or any fixtures, equipment or other personal property on the Demised Premises.

31.14 Replacement of Fixtures and Equipment.

Immediately after the completion of the repairs, reconstruction or rebuilding, as the case may be, Lessee shall, at its sole cost and expense, replace and repair any and all fixtures, equipment and other personal property necessary to properly and adequately continue its business from the Demised Premises, provided however, Lessee shall not be obligated to provide equipment and fixtures in excess of those existing prior to such damage or destruction except as the same may be required by applicable codes and regulations existing at the time of such repairs are being made.

Lessee covenants and agrees that its work to repair, restore, reconstruct or to rebuild the damage to the Demised Premises will be promptly commenced and prosecuted to completion with due diligence, subject to delays beyond the Lessee's control. During such periods of repair, reconstruction or rebuilding Rent shall not abate.

ARTICLE – XXXII **HAZARDOUS MATERIALS**

32.1 Covenant with Respect to Hazardous Materials.

Lessee shall comply, and shall require any sublessee to comply, with all environmental laws, rules, regulations, orders, and permits applicable to the use of the Demised Premises,

including but not limited to, required National Pollutant Discharge Elimination System Permits and all applicable laws relating to the use, storage, generation, treatment, transportation, or disposal of hazardous or regulated substances. Lessee warrants that no Hazardous Materials (hereinafter defined) will be disposed in the sewer system, dumpster, on the ramp/apron or any other location on the Airport. Disposal of all Hazardous Material shall be in accordance with all appropriate City, county, state and federal regulations. Lessee shall all times maintain insurance coverage for clean-up of Hazardous Material in the event of a spill. The City may require a bond or insurance sufficient to guarantee clean up in the event of a spill. For the Purposes of this Agreement the Terms “**Hazardous Materials**” shall mean and refer to any and all “pollutants”, “hazardous substances”, “hazardous wastes”, “hazardous materials”, “solid wastes” or “toxic substances” as such terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 et seq., as amended, the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq., as amended, the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., as amended, the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., as amended or other similar federal, state and local environmental laws and ordinances or the rules or regulations promulgated pursuant thereto, including, without limitation, polychlorinated biphenyls (PCBs) and commercially processed asbestos, petroleum products or radioactive materials, except for immaterial quantities of Hazardous Materials resulting from the normal use of cleaning materials, pesticides and herbicides on the Demised Premises in conformance with applicable Legal Requirements.

If Lessee determines that a threat to the environment, including but not limited to a release, discharge, spill, or deposit of a hazardous or regulated substance has occurred or is occurring which affects or threatens to affect the Premises, or the persons, structures, equipment, or other property thereon, Lessee must notify immediately by oral report, in person, or by telephone, to be promptly confirmed in writing within 24 hours to the Airport Director or his designee as required by law or regulation.

32.2 Transportation, Storage, Labeling and Disposal of Hazardous Material.

Lessee further warrants that, all Hazardous Material on or upon the Demised Premises will be transported, stored, labeled, used and disposed of in accordance with applicable law. Lessee shall keep all required Safety Data Sheets (SDS) on site open for inspection by the City and shall post and update all NFPA 701 diamond placards as required by law.

32.3 Cleanup and Indemnity.

Should Lessee’s activities on or upon the Demised Premises result in contamination as a result of the spill or release of Hazardous Materials in the Demised Premises or any part of the Airport, Lessee agrees to take full responsibility for the cost of the clean-up of the same, further agrees to indemnify and hold harmless the City for the same (including legal and attorney’s fees), and to defend the City at the Lessee’s expense in any proceeding arising from, or resulting from such contamination.

Lessee further agrees to compensate the City for any loss or diminution in value of the Demised Premises or the Airport resulting from or arising out of such contamination.

32.4 Aircraft Painting.

No painting of aircraft or aircraft parts will be allowed on the Demised Premises without the Lessee first obtaining all permits and licenses required by the respective local, state and federal governmental agencies and permission from the Airport Director.

32.5 Fuel Disposal.

The disposal of aviation gas or any other hazardous substance by pouring on the ground (or any other surface) or by dispersal in the air is prohibited. The Lessee agrees to provide or make arrangements for an area for the proper disposal of sump fuel for Lessee and its subtenants.

32.6 Aircraft Deicing.

If the Lessee provides deicing services or contracts with a third party to conduct deicing services for an airline, the Lessee shall be responsible for the cost, if any, of meeting Federal and State regulations pertaining to the use, recovery, collection and or disposal of aircraft deicing fluids such as Propylene Glycol Type I and IV. The Airport Director may develop minimum standards for aircraft deicing, require permits for deicing, and or designate areas on the Airport for aircraft deicing (deicing pad).

ARTICLE – XXXIII
REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT

33.1 Representations and Warranties of the Lessee

- 1. Organization.** Lessee is duly organized, validly existing and in good standing under the laws of the State of Delaware. Lessee is authorized to transact business, and is registered with the Secretary of State of the State of Virginia.
- 2. Power and Authority.** Lessee has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.
- 3. Authorization, Due Execution and Enforceability.**
 - a. Lessee has duly authorized and approved the execution and delivery of this Agreement and the performance by Lessee of its obligations contained in this Agreement.
 - b. The Person executing this Agreement on behalf of Lessee has been duly authorized to execute and deliver such document on behalf of Lessee.

- c. This Agreement constitutes a valid and legally binding obligation of Lessee, enforceable against it in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and applicable Laws affecting the enforceability of the rights of creditors generally and to general principles of equity.
- 4. **No Conflicts.** The execution and delivery of this Agreement by Lessee, the consummation of the transactions contemplated hereby and the performance by Lessee of the terms, conditions and provisions hereof have not and will not contravene or violate or result in a material breach (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of Lessee under:
 - a. any applicable Law;
 - b. any material agreement, instrument or document to which Lessee is a party or by which it is bound; or
 - c. the articles, bylaws or other governing documents of Lessee.
- 5. **Consents.** No consent is required to be obtained by Lessee from, and no notice or filing is required to be given or made by Lessee to or with any Person (including any governmental authority) in connection with the execution, delivery and performance by Lessee of this Agreement or the consummation of the transactions contemplated hereby, except for such consents which have been obtained and notices or filings which have been given or made as of the Effective Date or such other consents, notices or filings that are not required to be obtained as of the Effective Date and are expected to be obtainable following the Effective Date.
- 6. **Compliance with Law; Litigation.**
 - a. Lessee is not in breach of any applicable Law such that such breach could have a material adverse effect on the ability of Lessee to comply with its obligations under this Agreement.
 - b. There is no action, suit or proceeding pending (or, to the best of Lessee's knowledge, threatened) by or against or affecting Lessee before any governmental authority or arbitrator.

33.2 **Representations and Warranties of the City**

- 1. **Organization.** The City is a political subdivision of the Commonwealth of Virginia, duly organized and validly existing under the laws of the Commonwealth of Virginia.
- 2. **Power and Authority.** The City has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.

3. Authorization, Due Execution and Enforceability

- a. The City has duly authorized and approved the execution and delivery of this Agreement and the performance by the City of its obligations contained in this Agreement.
- b. The Person executing this Agreement on behalf of the City has been duly authorized to execute and deliver such document on behalf of the City.
- c. This Agreement constitutes a valid and legally binding obligation of the City, enforceable against the City in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

4. No Conflicts. The execution and delivery of this Agreement by the City, the consummation of the transactions contemplated hereby and the performance by the City of the terms, conditions and provisions hereof have not and will not contravene or violate or result in a material breach (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of the City under:

- a. any applicable Law; or
- b. any material agreement, instrument or document to which the City is a party or by which it is bound; or
- c. the articles, bylaws or other governing documents of the City.

5. Consents. No consent is required to be obtained by the City from, and no notice or filing is required to be given or made by the City to or with any Person (including any governmental authority) in connection with the execution, delivery and performance by the City of this Agreement or the consummation of the transactions contemplated, except for such consents which have been obtained and notices or filings which have been given or made as of the Effective Date.

6. Compliance with Law; Litigation.

- a. The City is not in breach of any applicable Law such that such breach could have a material adverse effect on the ability of the City to comply with its obligations under this Agreement.
- b. There is no action, suit or proceeding pending (or, to the best of the City's knowledge, threatened) by or against or affecting the City before any governmental authority or arbitrator.

33.3 Entire Agreement. This Agreement consists of Articles I to XXXIII, inclusive, Exhibits A, B, C, D, E and F, Appendices A and B and Annex A, constitutes the entire agreement of the parties hereto and may not be changed, modified, discharged or extended except by written instrument duly executed by the City and the Lessee. The parties agree that no representations or warranties shall be binding upon the City or the Lessee unless expressed in writing in this Agreement.

[The remainder of this page left intentionally blank. Signatures contained on separate pages immediately following]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal.

THE CITY:
THE CITY OF MANASSAS

By: _____ [SEAL]
Printed Name: _____
Mayor or Interim Mayor
On behalf of the City Council of Manassas, Virginia

ATTEST:

Eric Smith, City Clerk

ATTEST:

THE LESSEE:

Name: _____
Title: _____

By: _____ [SEAL]
Name: _____
Title: _____
Date: _____

EXHIBIT A
METES AND BOUNDS DESCRIPTION

(To be provided by City)

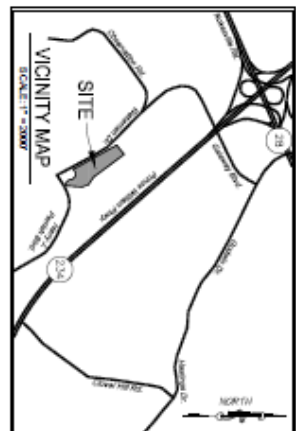
EXHIBIT B
PLAT OF SURVEY

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- ## AREA TABULATION

LEASE AREA TABULATION

Category	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035	2035-2036	2036-2037	2037-2038	2038-2039	2039-2040	2040-2041	2041-2042	2042-2043	2043-2044	2044-2045	2045-2046	2046-2047	2047-2048	2048-2049	2049-2050	2050-2051	2051-2052	2052-2053	2053-2054	2054-2055	2055-2056	2056-2057	2057-2058	2058-2059	2059-2060	2060-2061	2061-2062	2062-2063	2063-2064	2064-2065	2065-2066	2066-2067	2067-2068	2068-2069	2069-2070	2070-2071	2071-2072	2072-2073	2073-2074	2074-2075	2075-2076	2076-2077	2077-2078	2078-2079	2079-2080	2080-2081	2081-2082	2082-2083	2083-2084	2084-2085	2085-2086	2086-2087	2087-2088	2088-2089	2089-2090	2090-2091	2091-2092	2092-2093	2093-2094	2094-2095	2095-2096	2096-2097	2097-2098	2098-2099	2099-2100	2100-2101	2101-2102	2102-2103	2103-2104	2104-2105	2105-2106	2106-2107	2107-2108	2108-2109	2109-2110	2110-2111	2111-2112	2112-2113	2113-2114	2114-2115	2115-2116	2116-2117	2117-2118	2118-2119	2119-2120	2120-2121	2121-2122	2122-2123	2123-2124	2124-2125	2125-2126	2126-2127	2127-2128	2128-2129	2129-2130	2130-2131	2131-2132	2132-2133	2133-2134	2134-2135	2135-2136	2136-2137	2137-2138	2138-2139	2139-2140	2140-2141	2141-2142	2142-2143	2143-2144	2144-2145	2145-2146	2146-2147	2147-2148	2148-2149	2149-2150	2150-2151	2151-2152	2152-2153	2153-2154	2154-2155	2155-2156	2156-2157	2157-2158	2158-2159	2159-2160	2160-2161	2161-2162	2162-2163	2163-2164	2164-2165	2165-2166	2166-2167	2167-2168	2168-2169	2169-2170	2170-2171	2171-2172	2172-2173	2173-2174	2174-2175	2175-2176	2176-2177	2177-2178	2178-2179	2179-2180	2180-2181	2181-2182	2182-2183	2183-2184	2184-2185	2185-2186	2186-2187	2187-2188	2188-2189	2189-2190	2190-2191	2191-2192	2192-2193	2193-2194	2194-2195	2195-2196	2196-2197	2197-2198	2198-2199	2199-2200	2200-2201	2201-2202	2202-2203	2203-2204	2204-2205	2205-2206	2206-2207	2207-2208	2208-2209	2209-2210	2210-2211	2211-2212	2212-2213	2213-2214	2214-2215	2215-2216	2216-2217	2217-2218	2218-2219	2219-2220	2220-2221	2221-2222	2222-2223	2223-2224	2224-2225	2225-2226	2226-2227	2227-2228	2228-2229	2229-2230	2230-2231	2231-2232	2232-2233	2233-2234	2234-2235	2235-2236	2236-2237	2237-2238	2238-2239	2239-2240	2240-2241	2241-2242	2242-2243	2243-2244	2244-2245	2245-2246	2246-2247	2247-2248	2248-2249	2249-2250	2250-2251	2251-2252	2252-2253	2253-2254	2254-2255	2255-2256	2256-2257	2257-2258	2258-2259	2259-2260	2260-2261	2261-2262	2262-2263	2263-2264	2264-2265	2265-2266	2266-2267	2267-2268	2268-2269	2269-2270	2270-2271	2271-2272	2272-2273	2273-2274	2274-2275	2275-2276	2276-2277	2277-2278	2278-2279	2279-2280	2280-2281	2281-2282	2282-2283	2283-2284	2284-2285	2285-2286</
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8301 INNOVATION DRIVE
SUITE 150
MANASSAS, VA 20110

P4-703, 200, 9687
www.integ.com

BRENTSVILLE MAGISTERIAL DISTRICT PRINCE WILLIAM COUNTY, VIRGINIA

PRE-TREAT		POST-TREAT	
DM	LENGTH	DM	LENGTH
1	307707025	113	318707024
2	307707025	114	307707025
3	307707025	115	307707025
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88	307707025	200	307707025

CURVE	DR/VA	RA/LS	ARC	Y/AB/2007	C/2002	C/2004/2003
C1	08/05/07	04/05/07	20/04/07	0/0.35	20/0.69	N/15/04/07
C2	09/08/07	04/05/07	27/04/07	0/0.54	22/0.67	N/08/05/07
C3	15/08/07	28/05/07	03/07	0.57	15/0.97	H/27/03/07
C4	27/04/07	16/05/07	19/04/07	11/0.07	11/0.24	N/04/02/07
C5	21/09/07	16/05/07	06/06	4/0.35	25/0.7	0/07/12/07

LEASE PARCEL ADJUSTMENT

 PORTION OF PROPERTY REMOVED FROM LEASE PARCEL F
 PORTION OF PROPERTY ADDED TO LEASE PARCEL F



REV#	DATE	REVISION

1 of 1

EXHIBIT C
UPGRADES & DEVELOPMENT LAYOUT PLANS

(To be provided by the Lessee)

EXHIBIT D
REVENUE SHARING CALCULATION

(To be provided by the Lessee)

REVENUE SHARING CALCULATION

Definition: “Gross Revenues” as used in Section 4.2 means the total aggregate undiscounted, untaxed revenue, income, and consideration received by the Lessee in respect of, in exchange for, on account of, or in consideration for its operations, concessions, licenses, subleases, parking fees and other revenue in any form and from whatever source derived

Amount Due: For each fiscal year during the term, the amount due under Section 4.2 will be, (i) one and a half percent (1½%) of Gross Revenues from the commencement of operations until the end of that fiscal year and then in the following two fiscal years, (ii) three and one-half percent (3½%) of Gross Revenues in the next three fiscal years, and five and a half percent (5½%) of Gross Revenues in each fiscal year thereafter.

Gross Revenue Reports. On or before the thirtieth (30th) calendar day of each fiscal year during the Term of the Agreement, Lessee shall deliver to the City a written report, signed by an authorized representative of the Lessee, showing the amount of any Gross Revenues, including income, and consideration received by the Lessee, directly or indirectly, in respect of, in exchange for, in consideration of, or on account of its operations at the Washington Manassas Airport, in any form and from whatever source derived, at any time during the preceding fiscal year. The report shall compute the total dollar amount due to the City which shall be the mathematical product of the Lessee’s Gross Revenues received in the preceding fiscal year, multiplied by the percentage share then in effect specified above, as applicable. With each such report, the Lessee shall remit to the City the total amount of the Revenue Sharing payment indicated thereby to be due, in accordance with the provisions of this Agreement.

Audited Financial Reports. The Lessee shall submit to the City complete audited annual financial statements of the Lessee’s operations prepared by an independent certified public accountant satisfactory to the City, within one hundred and twenty (120) calendar days after the end of each calendar year, showing the results of operations at the Washington Manassas Airport during said year. Such statements shall include, at a minimum, a balance sheet, profit and loss statement and statement of sources and uses of funds.

EXHIBIT E
OPERATING STANDARDS

(To be provided by the City)

EXHIBIT F
AS BUILD DRAWINGS

(To be provided by the Lessee)

APPENDIX A
CONSTRUCTION & STANDARDS REQUIRED BY LESSEE

(To be provided by the City)

APPENDIX B
PAYMENT SCHEDULES

(To be negotiated by City and Lessee)

ANNEX A
LENDERS AND FINANCING

(To be Determined)

LENDERS AND FINANCING

“Lessee Default” means a Monetary Default or a Non-Monetary Default.

“Lessee Interest” means Lessee’s rights and obligations under this Agreement.

“Mortgage” means any mortgage, lease, indenture, deed of trust, pledge or other security agreement or arrangement, including a securitization transaction with respect to revenues generated at the Demised Premises (other than that portion of revenues to which the City is entitled pursuant to this Agreement), encumbering any or all of the Lessee Interest or the shares or equity interests in the capital of Lessee and any of its affiliates and any cash reserves or deposits held in the name of Lessee, in each case that satisfies all of the conditions in Section 1.1 of this Annex A.

“Secured Party” means the holder or beneficiary of a Mortgage.

“Secured Party Notice Requirements” means the delivery by a Secured Party to the City of a true and complete copy of the executed original of such Mortgage, together with a notice containing the name and post office address of the Secured Party.

1.1. Mortgages

Lessee will have the right at its sole cost and expense to grant one or more Mortgages if, at the time any such Mortgage is executed and delivered to the Secured Party, the following terms and conditions are satisfied:

- (a) Lessee shall have provided the form of Mortgage to the City and the City shall have confirmed that such Mortgage complies with this Annex A (such confirmation not to be unreasonably withheld, conditioned or delayed);
- (b) the Mortgage does not cover any property of, or secure any debt issued or guaranteed by, any person other than Lessee; provided that it may cover shares or equity interests in the capital of Lessee and any cash reserves or deposits held in the name of Lessee;
- (c) the Mortgage shall not extend past the originally scheduled expiration of the Term;
- (d) the City will have no liability whatsoever for payment of the principal sum secured by any Mortgage, or any interest accrued thereon or any other sum secured thereby or accruing thereunder;
- (e) the City will have no obligation to any Secured Party in the enforcement of the rights and remedies of the City under this Agreement or by law, except as expressly set forth in this Agreement or in any agreement with the Secured Party and unless such Secured Party has provided the City with notice of its Mortgage in accordance with the Secured Party Notice Requirements;
- f) each Mortgage will provide that if Lessee is in default under the Mortgage and the default is continuing and the Secured Party gives notice of such default to Lessee, then the Secured Party will give notice of such default to the City;

(g) a Secured Party will not, by virtue of its Mortgage, acquire any greater rights or interest in the Demised Premises than Lessee has at any applicable time under this Agreement, other than such rights or interest as may be granted or acquired in accordance with this Annex A;

(h) at Lessee's request, the Parties shall use good faith efforts to negotiate and enter into with the Secured Parties, or an agent acting on their behalf, a customary direct or consent agreement with respect to the Mortgage conforming to the applicable terms set out in this Annex A in form and substance reasonably acceptable to the Parties; and

1.2. Notices and Payments to Lenders

(a) Whenever a Mortgage exists as to which the City has been provided notice by the holder thereof in accordance with the Secured Party Notice Requirements, the City will, simultaneously with providing Lessee any required notice under this Agreement, provide a copy of such notice to such Secured Party

1.3. Lenders' Right to Cure

(a) The Secured Party will have a period of:

(i) 10 days with respect to any Monetary Default;

(ii) 180 days, with respect to any Non-Monetary Default as a result of a failure by the Lessee to complete the Upgrades within the time frame for such completion set forth in this Agreement, as the same may be adjusted from time to time as expressly provided in this Agreement; and

(iii) 120 days, with respect to any other Non-Monetary Default;

in each case, beyond any cure period expressly provided to Lessee herein, in which to cure or cause to be cured such Lessee Default, provided that:

(iv) in the case of clauses (ii) and (iii) above, such time periods will be extended, but in no event more than one year, if (a) the Lessee Default may be cured but cannot reasonably be cured within such period, and (b) the Secured Party begins to cure such Lessee Default within such period (or if possession is necessary in order to effect such cure, the Secured Party files the appropriate legal action to commence foreclosure on the liens of the Mortgage (or takes other appropriate action to effect a transfer of title to the property subject to such liens) and take possession of the Demised Premises within such period) and (c) the Secured Party gives notice to the City of its intent to cure, and (d) the Secured Party, thereafter, proceeds with all due diligence to cure such Lessee Default (including by proceeding with all due diligence to effect such foreclosure and during such foreclosure action (to the extent practicable) and thereafter to effect such a cure), provided, further, that if any Secured Party is prohibited from curing any Lessee Default by any stay or injunction issued by any governmental authority, then the time periods specified in this

Section 1.3(a) for curing such Lessee Default shall be extended for the period of such prohibition; and

(v) if a Secured Party's right to cure a Lessee Default has not expired, and the Secured Party is acting to cure such Lessee Default in accordance with this Section 1.3(a), then the City will not exercise its right to terminate this Agreement by reason of such Lessee Default.

(b) In furtherance of the foregoing right to cure:

(i) the City will permit the Secured Party and its representatives the same access to the Demised Premises as is permitted to Lessee hereunder and permit the Secured Party or its representatives to take all actions and exercise all rights of Lessee under this Agreement; provided that any actions taken by a Secured Party or its representatives pursuant to this Section 1.3 shall be undertaken in accordance with the provisions of this Agreement that would be applicable to Lessee were it taking such actions;

(ii) the City will accept or reject any performance by a Secured Party as though the same had been done or performed by Lessee;

(iii) any payment to be made or action to be taken by a Secured Party hereunder as a prerequisite to keeping this Agreement in effect will be deemed properly to have been made or taken by the Secured Party if such payment is made or action is taken by a nominee, agent or assignee of the rights of such Secured Party; and

(iv) any exercise of the Secured Party's rights to cure hereunder will not result in the assumption by such Secured Party of Lessee's obligations hereunder.

1.4. Other Lender Rights

1.4.1. *Secured Parties' Enforcement Rights*

(a) Subject to the provisions of this Agreement, a Secured Party may: (i) enforce its Mortgage in any lawful way; (ii) acquire the Lessee Interest in any lawful way; or (iii) take possession of and manage the Demised Premises subject to the terms of this Agreement, provided that such rights of possession shall not exceed those previously granted to Lessee pursuant to this Agreement.

(b) Upon foreclosure of (or without foreclosure upon exercise of any contractual or applicable statutory power of sale under such Mortgage or a deed in lieu), a Secured Party may transfer the Lessee Interest to any person so long as such person (i) has been first found by the Airport Director to be fully qualified to perform the obligations of the Lessee under this Franchise Agreement; and (ii) takes such Lessee Interest subject to all of Lessee's obligations under this Agreement. In making the determination set forth in 1.4.1(b)(i), the Airport Director will only consider whether (i) such person has sufficient experience, or personnel with sufficient experience, or has contracted on a long term basis with a person who has sufficient experience or personnel to provide the operations and maintenance services under this Agreement, in operating and maintaining an airline

passenger terminal on a basis consistent with the Lessee as of the Effective Date; and (ii) such person has sufficient financial resources available to perform the obligations of the Lessee under the Franchise Agreement.

(c) Except as provided in Section 1.4, unless and until a Secured Party (a) forecloses or has otherwise taken ownership of the Lessee Interest or (b) has taken possession or control of the Lessee Interest, whether directly or by an agent as a mortgagee in possession or a receiver or receiver and manager has taken possession or control of the Lessee Interest by reference to the Mortgage, the Secured Party will not be liable for any of Lessee's obligations under this Agreement or be entitled to any of Lessee's rights and benefits contained in this Agreement, except by way of security.

(d) If the Secured Party itself or by an agent or a receiver or a receiver and manager is the owner or is in control or possession of the Lessee Interest, it will be bound by all liabilities and obligations of Lessee under this Agreement.

(e) Once the Secured Party goes out of possession or control of the Lessee Interest or transfers the Lessee Interest to another person, the Secured Party will cease to be liable for any of Lessee's obligations under this Agreement accruing thereafter and will cease to be entitled to any of Lessee's rights and benefits contained in this Agreement, except, if the Mortgage remains outstanding, by way of security.

1.4.2. Termination and New Agreement

(a) If this Agreement is terminated prior to the expiration of the Term due to a Lessee Default or if this Agreement is rejected or disaffirmed pursuant to any bankruptcy law or proceeding or other similar law or proceedings affecting creditors' rights generally with respect to a bankruptcy proceeding relating to Lessee or otherwise, the City agrees to enter into a new agreement with the Secured Party (or its designee or nominee) for the remainder of the original stated Term upon all of the covenants, agreements, terms, provisions and limitations of this Agreement (the "**New Agreement**"), effective as of the date of such termination, but only on and subject to the satisfaction of all of the following requirements and conditions:

(i) such Secured Party commits in writing to the City, in a notice delivered to the City, prior to the expiration of the Secured Party's cure period or prior to the effective date of such rejection or disaffirmance, as the case may be, that the Secured Party (or its designee or nominee) will enter into the New Agreement. A copy of such New Agreement, duly executed and acknowledged by the Secured Party (or its designee or nominee) must be delivered to the City within 14 days after the Secured Party gives notice of its intent to enter into the New Agreement pursuant to this section;

(ii) the Secured Party (or its designee or nominee) pays or causes to be paid to the City, at the time of the execution and delivery of the New Agreement, all amounts (including interest thereon) which, at the time of the execution and delivery thereof, would have been past-due or due and payable in accordance with the provisions of this Agreement but for such termination;

(iii) provided the City furnishes a statement or invoice for such costs, the Secured Party pays or causes to be paid to the City all reasonable costs and expenses (including legal fees), Taxes, fees, charges and disbursements paid or incurred by the City in connection with such defaults and termination, the recovery of possession from Lessee, and in connection with the preparation, execution and delivery of the New Agreement and related agreements and documents specified in such statement or invoice; and

(iv) such Secured Party (or its designee or nominee), at the time of such written request, cures all defaults under this Agreement curable by the payment of money of which the Secured Party has been notified by the City in writing that are existing immediately prior to the termination of this Agreement, or, if such defaults cannot be cured by the payment of money, such Secured Party (or its designee or nominee) commits to the City in the New Agreement to proceed both promptly and diligently, upon the execution of the New Agreement, to cure all such other defaults to the extent such defaults are capable of cure by a Person other than the original Lessee and, if possession is necessary in order to cure such other defaults, to proceed both promptly and diligently to obtain the possession required to cure any such other defaults to the extent curable (and such cure will be a covenant in the New Agreement).

(b) Nothing contained in this Section 1.4.2 will be deemed to limit or affect the City's interests in and to the Demised Premises upon the expiration of the Term of the New Agreement.

1.5. Assignment and Assumption Agreement

(a) The City agrees to cooperate with a Secured Party in order to effectuate such Secured Party's rights under the Mortgage to step-in, assume or assign this Agreement, in accordance with the procedures, terms and conditions of this Section 1.6 if either (1) the City has given a notice of termination of this Agreement due to an Lessee Default or (2) this Agreement is rejected or disaffirmed pursuant to any bankruptcy law or proceeding or other similar law or proceedings affecting creditors' right generally with respect to a bankruptcy proceeding relating to Lessee or otherwise.

(b) Upon notification and satisfaction of all of the conditions and requirements in Section 1.6(d), the City agrees that this Agreement will not be deemed terminated, but may be assumed by a Secured Party (or by a designee or nominee of such Secured Party) for the remainder of the original stated Term of this Agreement, and as evidence of such assignment and assumption the City agrees to execute an amended and restated agreement upon all of the covenants, agreements, terms, provisions and limitations of this Agreement (the "**Assignment and Assumption Agreement**").

(c) This Agreement may be so assigned and assumed pursuant to an Assignment and Assumption Agreement upon and subject to satisfaction of all of the following requirements and conditions:

- (i) such Secured Party commits in writing to the City, in a notice delivered to the City, prior to the expiration of the Secured Party's cure period or prior to the effective date of such rejection or disaffirmance, as the case may be, that such Secured Party (or its designee or nominee) will assume this Agreement and enter into the Assignment and Assumption Agreement. A copy of such Assignment and Assumption Agreement duly executed and acknowledged by such Secured Party (or its designee or nominee) must be delivered to the City within 14 days after the Secured Party gives notice of its intent to enter into the Assignment and Assumption Agreement pursuant to this section.
- (ii) Such Secured Party (or its designee or nominee) will pay or cause to be paid to the City, at the time that the Assignment and Assumption Agreement is fully executed, all amounts which, at the time of the execution and delivery thereof, would have been past-due or due and payable in accordance with the provisions of this Agreement.
- (iii) Such Secured Party (or its designee or nominee) will pay or cause to be paid to the City all reasonable costs and expenses (including legal fees), Taxes, fees, charges and disbursements paid or incurred by the City in connection with such defaults and notice of termination, the recovery of possession from Lessee, and in connection with the preparation, execution and delivery of the Assignment and Assumption Agreement and related agreements and documents. The City will provide an invoice to such Secured Party of such costs, and the Secured Party or its designee or nominee will pay such invoiced costs within 5 days of the receipt of such invoice.
- (iv) Such Secured Party (or its designee or nominee), at the time of the notice provided under Section 1.6(d)(i), will cure all defaults under this Agreement (including all such defaults curable by the payment of money) existing immediately prior to the notice of termination, or, if such defaults cannot be cured by the payment of money, such Secured Party (or its designee or nominee) will commit to the City in the Assignment and Assumption Agreement to proceed both promptly and diligently, upon the execution of the Assignment and Assumption Agreement, to cure all such other defaults to the extent such defaults are capable of cure by a Person other than the original Lessee and, if possession is necessary in order to cure such other defaults, to proceed both promptly and diligently to obtain the possession required to cure any such other defaults (and such obligation to cure will be a covenant in the Assignment and Assumption Agreement).
- (d) If a Secured Party gives the City a notice as provided in Section 1.6(d)(i), the City and Secured Party agree to cooperate with respect to taking any appropriate actions required to regain and transfer possession of the Demised Premises, including (i) seeking surrender of possession in any bankruptcy proceedings; and (ii) seeking relief from any automatic stay in bankruptcy provisions and pursuit of state law remedies to obtain possession and to foreclose on the Mortgage interest and assume Lessee's position as provided in Section 1.4 of this Agreement; provided that any costs incurred by the City under this provision will be reimbursed by the Secured Party (or its designee or nominee) as provided in Section 1.6(d)(iii).