

ORDINANCE NO: O-2026-00_____

FRANCHISE AGREEMENT

**FOR PARCEL _____, MANASSAS, VA 20110 AT THE
MANASSAS REGIONAL AIRPORT**

ORDINANCE

First Reading: _____
Second Reading: _____
Enacted: _____
Effective: _____

**AN ORDINANCE TO LEASE PROPERTY BETWEEN
THE CITY OF MANASSAS AND**

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FRANCHISE AGREEMENT

THIS 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 corporate body politic, 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 Manassas Regional Airport located within the limits of the City of Manassas, Virginia, and presently comprising approximately 863 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 City desires to accommodate, promote and enhance general aviation at the Airport; and

WHEREAS, the City owns within the boundary of the Airport certain lots of land located on the west side of the Airport and known as (Enter Lot W1 or W2) located at 10501 Observation Road, Manassas, VA 20112 (the “**Demised Premises**”); and

WHEREAS, the City and Lessee desire to enter into this Agreement for the design, construction, maintenance and operations of Aircraft Hangars of various sizes; and

WHEREAS, the Demised Premises are currently undeveloped land; and

WHEREAS, the Lessee desires to construct aircraft hangars (“Hangars”) of various sizes on the Demised Premises for the purpose of selling and or subleasing them to individuals or entities (collectively “Hangar Tenants”) for the storage of 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 Use (hereinafter defined).

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, as the same is more fully described by metes and bounds description contained on **Exhibit A** attached hereto and incorporated herein by reference and as further depicted by plat attached hereto and incorporated herein as **Exhibit B**.

ARTICLE – I **TERM**

1.1 Term.

The Term of this Agreement shall be for a period of () [Add the number of years up to 40 years] years commencing on (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 at any time after () [Add the number of years (30 for a 40 year term)] years from the Effective Date of this Agreement (the “***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 service termination in accordance with the terms of this Agreement, shall service Early Termination of this Agreement.

1.3 Encumbrance 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 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.

ARTICLE – II **DESCRIPTION OF DEMISED PREMISES**

2.1 Improvements.

The Demised Premises, as described by **Exhibit A** and as further depicted by **Exhibit B**,

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 upon expiration or sooner termination of this Agreement.

ARTICLE – III **USE OF DEMISED PREMISES**

3.1 Permitted Use

Subject to the terms of this Agreement, the City grants to Lessee the non-exclusive privilege to operate, conduct and perform the following services on or from the Demised Premises and for no other purpose whatsoever (together, the “**Permitted Use**”):

- 3.1.1** For the construction, installation, maintenance and operations of various types of aircraft hangars (the “Hangars”) of various sizes that can be sold or sub-leased to aircraft owners or unaffiliated entities (the “Hangar Tenants”).
- 3.1.2** The Lessee shall maximize the development of the Demised Premises by building as many hangars as possible, using FAA criteria for hangar separation for the critical aircraft (Group I).
- 3.1.3** Parking and storage of aircraft and such equipment and apparatus that may be incidental and necessary to the operation thereof.
- 3.1.4** Servicing, repair and maintenance of aircraft owned by the Lessee or Hangar Tenants.
- 3.1.5** Aircraft tie-downs are not permitted upon the Demised Premises unless first approved in writing by the Airport Director.
- 3.1.6** Hangars shall be used for non-commercial activities, unless commercial use is approved by the Airport Commission and the Lessee or the hangar occupant obtains a Commercial Operating permit from the Airport. As such, the Lessee shall comply with the Airport’s Minimum Standards.
- 3.1.7** The Lessee agrees that the primary purpose of the Hangars is to store aircraft, and therefore, at least one airworthy aircraft will be stored in the Hangars at all times. The Hangars shall be used for Aeronautical Activities only.

3.1.8 Annually, or upon request, the Lessee shall provide the Airport Director's Office with a complete list of all aircraft housed in the Hangars, including each aircraft's FAA registration. The Lessee shall also provide the name, mailing address, telephone number, and e-mail address of each aircraft owner.

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 Use, the Lessee shall notify the Manassas Regional 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 28.9.9.

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 Schedule attached hereto and made part of this Agreement as **Appendix B** (as outlined in the Payment Schedule, the “**Rent**”).

4.2 Rent Commencement Date.

The Lessee shall commence paying Rent in accordance with the Payment Schedule on a date which is the earliest to occur of: (a) the date that the Lessee receives its building permit from the City for the new aircraft Hangars [Change for specific proposals]; or (b) the ninetieth (90th) day after the Effective Date of this Agreement; or (c) the date that Lessee occupies the Demised Premises and commences the conduct of its business therefrom (as applicable, the “**Rent Commencement Date**”). (as applicable, the “*Rent Commencement Date*”).

4.3 Payment.

The Rent shall be 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.

4.4 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 remaining Term of this Lease by twenty percent (20%) in order to compensate the City for its additional administrative expenses incurred in collecting the Rent.

4.5 Hangars Resale Fee.

Each time one or more hangar units are sold, a transaction fee shall be paid by the seller to the City in a sum equal to the greater of Two Percent (2%) of the gross sales amount or fair market value of the Hangars. Such fee shall apply to all initial sales of Hangars units by Lessee or developer, as well as all resales by subsequent owners. Payment of such fee shall be due no later than the date required for payment of rent next coming due. All fees collected shall be used for Airport purposes.

ARTICLE – V
HANGARS CONSTRUCTION

5.1 Hangars Size and Layout.

The Lessee shall construct or have constructed at the Lessee's cost, aircraft Hangars of various sizes (the "***Hangars***"). These Hangars shall consist of at a minimum, 2,000 square feet of floor space for individual box hangars, and for nested t-hangar, no less than 10 units per building [Adjust this section pursuant to the proposal submitted by the winning proposer(s)]. The Lessee shall provide suitable ramp space, automobile parking spaces and all other necessary site improvements at the Demised Premises. The construction of the Hangars shall be generally in accordance with the drawing and layout plan attached hereto as **Exhibit C** and made part of this Agreement.

5.2 Construction Timing and Standards.

Construction of the new Hangars shall in all instances commence within thirty (30) days of issuance of necessary permits by the City and shall be fully completed within eighteen (18) months after the issuance of the building permit. The Lessee must apply for the building permit within 90 days of the Effective Date.

Prior to commencement of any site work or the construction of the Hangars, Lessee shall submit a site plan and meet all other engineering and development requirements as required by the Manassas City Code and the City's Design and Construction Standard Manual. The following minimum administrative items must be included for each site plan submittal:

1. A Standard City of Manassas Cover Sheet
2. A Stormwater Management Fact Sheet
3. Current Unit Price List for Performance Bonds and Escrows
4. A completed City of Manassas Standard Details and Erosion Control Sheet
5. Applicable Fees
6. Airport Approved Construction Safety Plan
7. Plat of Survey

8. Metes and Bounds of the property

5.3 **Extensions to Completion.**

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 as provided in Section 28.3 of this Agreement. In addition, the Airport Director may, in his discretion, approve an extension of the completion date upon Lessee's request, which approval is not to be unreasonably withheld, but any such extension shall not exceed ninety (90) days.

5.4 **Failure to Complete.**

In the event the Lessee fails to substantially complete construction of the Hangars in accordance with the construction plans approved by the City in the time designated by this Agreement, including any extensions approved by the Airport Director, this Agreement shall, upon thirty (30) days notice from the City, automatically terminate and with the exception of Lessee's obligations hereunder which by their terms survive the expiration or earlier termination of this Agreement, neither party shall thereafter have any further obligation to the other under this Agreement upon such termination. Notwithstanding the foregoing, in the event Lessee substantially completes the Hangars prior to the expiration of the foregoing thirty (30) day notice period, this Agreement shall not be deemed to have terminated and shall remain in full force and affect.

ARTICLE – VI

ACCEPTANCE, CARE, MAINTENANCE, IMPROVEMENTS AND REPAIR

6.1 **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 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 hereafter placed upon the Demised Premises by the Lessee, its successors and assigns.

6.2 **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:

6.2.1 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.

6.2.2 Quality of Maintenance.

Maintain the quality of the Improvement 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.

6.2.3 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.

6.2.4 Damage and Repair.

Repair any damage caused by Lessee 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, or any damage caused by snow removal operations or construction conducted the Lessee or its contractors.

6.2.5 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.

6.2.6 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.

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

Mill, repave, and restripe the ramps, alley ways, and parking lots every eighteen (18) [Change the year based on the term of the agreement] years through the end of the Term of this Agreement. The Lessee shall maintain the ramps and parking lots by slurry sealing, crack sealing and restriping as necessary over the Term of this Agreement.

6.2.8 Repair and Rehabilitation of Hangars and Office Space.

Paint the interior of Hangars, office spaces and bathrooms and replace all carpet or flooring every ten (10) years through the end of the Term of this Agreement. Paint the entire exterior of the Hangars and office facility, in year twenty (20) of this Agreement. Replace and or repair Hangars roofs in year thirty (30) of this Agreement. Replace all HVAC units as necessary, but all units must be replaced by year thirty (30) of the Agreement. [Change requirements based on the term of the Agreement]

6.3 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.

6.4 Major Alterations.

Plans and specifications for all repairs, construction, alterations, modifications, additions or replacements which are structural in nature or cost in excess of Twenty Five Thousand and 00/100 Dollars (\$25,000) 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 consistency 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.

6.5 Title.

Upon expiration or sooner termination of this Agreement, the complete and unencumbered title to all Improvements located on the Demised Premises (whether existing prior to the Effective Date of this Agreement or hereafter constructed by Lessee) shall immediately vest in the City free and clear of all liens or encumbrances and any claims on the part of the Lessee on account of any repairs or Improvements to the Demised Premises done or to be done under the terms hereof by the Lessee. This vesting of title in the City at the time specified is a 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.

6.6 Bonding.

Lessee shall, prior to constructing any Improvements pursuant to this Agreement, 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 – VII
ADDITIONAL OBLIGATIONS OF LESSEE

7.1 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.

7.2 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's operation of navigational, communication or flight equipment at the Airport, on aircraft using the Airport, or with ground transportation communications.

7.3 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. Lessee shall be responsible for any damage caused by its Personnel.

7.4 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.

7.5 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, rebadging, notice-of-violations, and background checks for its employees and require that its tenants do the same.

7.6 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.

7.7 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. 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.

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 and tenants while inside the fence.

The Lessee shall keep the dumpster pad and screening material clean, in good repair, and properly maintained. Screening material shall be repainted or refurbished as necessary to ensure a neat and presentable appearance.

The Lessee shall dispose of its sanitary sewage through the City's sanitary sewer system.

7.8 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.

7.9 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.

7.10 Floor Loads.

The Lessee shall not overload any floor, structure, structural member, or paved area on the Demised Premises, or any paved area elsewhere on the Airport. The Lessee shall, at its sole cost and expense, promptly repair any damage to such areas resulting from overloading.

Throughout the term of this Agreement, the Lessee shall maintain the hangar floors in a condition consistent with "like new" standards, including resurfacing the floors at least once during the Agreement term. The determination of whether the floors are maintained in a "like new" condition shall be at the reasonable discretion of the Airport Director, who may require resurfacing or additional repairs if conditions are found to be below acceptable standards.

7.11 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.

7.12 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.

7.13 Fire Extinguisher.

The Lessee shall maintain all required fire extinguishing and sprinkler apparatus in good working order and in compliance with the applicable standards of the National Fire Protection Association (NFPA), as well as all requirements of the City’s Fire Marshal and the Virginia Statewide Fire Prevention Code. Such equipment shall be subject to inspection by the City’s Fire Marshal at any time.

At a minimum, each T-hangar unit shall be equipped with a 10-pound BC fire extinguisher. All other hangars shall be equipped with fire extinguishing apparatus as required by the Fire Marshal, applicable building codes, and NFPA standards.

The Lessee shall be responsible for all costs associated with the purchase, maintenance, servicing, and replacement of required equipment. The Lessee shall provide the Airport Director’s Office with documentation of annual inspections, servicing, and certifications of all fire extinguishers and related fire protection equipment, and shall promptly provide copies of any inspection reports issued by the Fire Marshal upon request.

7.14 Restaurant and Kitchen Operations.

Except for the accommodation of its employees and guests, the Lessee shall not install, maintain, operate or permit the installation, maintenance or operation of any restaurant, kitchen, stand or other establishment of any type for the sale of food, services or merchandise of any kind to the general public.

7.15 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**”).

7.16 Noise.

It is the intent of the parties hereto that noise, including but not limited to noise caused by aircraft engine operation, shall be held to a reasonable minimum. To this end, except for the purpose of taking off, and then only in designated areas, the Lessee shall not conduct aircraft engine run-ups between the hours of 10:00 p.m. and 6:00 a.m. Under unusual or emergency circumstances, the Airport Director may allow aircraft to conduct engine maintenance run-ups during the restricted time period.

7.17 Interference with Aircraft Operations.

In its use of the Demised Premises, the Lessee shall take all possible care, caution and precaution and shall use its best efforts to minimize prop or jet blast interference to aircraft operating on a taxiway or to buildings, structures and roadways, now or hereafter located on areas adjacent to the Demised Premises.

7.18 Outside Storage.

The Lessee understands that no outside storage is permitted unless both this Agreement and the approved site plan 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, furniture or tractor-trailers are to be stored at the Airport or in the Hangars. Vehicles, trailers, 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 City 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.

In the event the Lessee or its subtenants fail to comply with the requirements of this Section, the City may, after providing reasonable notice, remove or cause to be removed any improperly parked or stored vehicles, aircraft, or equipment. All costs incurred by the City in connection with such removal, including towing, storage, and administrative expenses, shall be borne solely by the Lessee. Repeated or material violations of this Section shall constitute a default under this Agreement.

7.19 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.

7.20 Rodent and Insect Control.

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

7.21 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 or its contractors.

7.22 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 – VIII

Ingress and Egress

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.

8.1 Closure of Access and Taxiways.

The City may, at any time, temporarily or permanently close or consent to or request the closing of any such roadway or taxiway or access gate and any other way at, in or near the Demised Premises presently or hereafter used as such, so long as 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 – IX **AIRPORT SECURITY**

9.1 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 services it may contract will avert or prevent occurrences, or the consequences therefrom, which may result in loss or damage to the Lessee, its proper, guests or invitees, and all such warranties presumed to have been made, whether they be express or implied, are hereby waived by Lessee

9.2 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.

9.3 Lessee's Security Obligation.

The Lessee is responsible to comply (at Lessee's sole cost) with all security measures that City, the United States Transportation Security Administration (TSA), or any other governmental entity having jurisdiction may require in connection with the Airport, including, but not limited to, any access credential requirements, any decision to remove Lessee's access credentials, and any civil penalty obligations and other costs arising from a breach of security requirements caused or permitted by Lessee or Lessee's Associates. Lessee agrees that Airport access credentials are the property of City and may be suspended or revoked by City in its sole discretion at any time. Lessee shall pay all fees associated with such credentials, and Lessee shall immediately report to the Airport Security Coordinator any lost credentials or credentials that Lessee removes from any employee or any of Lessee's Associates. Lessee shall protect and preserve security at the Airport. Lessee is responsible for escorting all visitors and guest pursuant to the Airport's Security Plan (ASP). Failure to escort visitors and guest will result in loss of credentials and access to the Airport.

The Lessee shall be responsible for securing the Demised Premises, its aircraft and equipment at all times and will make every effort to prevent unauthorized personnel or vehicles from entering on any aircraft movement areas or Airport Operations Area (AOA). The Lessee shall abide by the ASP, as the same may be amended or supplemented from time to time.

ARTICLE – X

LIABILITIES AND INDEMNITIES

10.1 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 subtenants and their respective guests, agents or invitees.

10.2 Indemnity.

The Lessee 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) claimed or recovered by any person, firm or corporation by reason of 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), directly or indirectly arising or resulting from, any operation, work, act or omission of Lessee, its agents, servants, employees, contractors, or subtenants. In any case in which such indemnification is found by a court of competent jurisdiction to violate Virginia law, or any other applicable legal prohibition, 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 caused by or resulting from the sole negligence of the City, its officers, employees or agents.

10.3 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 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.

10.4 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 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 – XI **RULES AND REGULATIONS AND MINIMUM STANDARDS**

- 11.1** 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. The Lessee agrees that it shall be fully responsible for the payment of any and all fines, fees, charges, or penalties assessed as a result of the Lessee’s or its subtenants’ violation of the Airport’s Rules and Regulations, as may be amended

from time to time. Such payments shall be made promptly upon demand by the City, and failure to pay could constitute a default under this Agreement. Notwithstanding the foregoing, nothing herein shall be construed to require the City from affirmatively or uniformly enforcing the Rules and Regulations and such enforcement shall be solely at the sole discretion of the City.

ARTICLE – XII **SIGNS**

- 12.1** The Lessee shall have the right to install and maintain one or more signs on 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. All signs must comply with the City’s sign ordinance and all applicable Rules and Regulations. No 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.

ARTICLE – XIII

ASSIGNMENT AND SUBLEASE

13.1 Further Encumbrances.

Except as permitted in Section 1.2, 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 Council.

13.2 Assignments and Transfers Void.

Any assignment or transfer of this Agreement, or any rights of the Lessee hereunder, without the consent of the City, shall be void and of no force or effect, shall be deemed a Default of this Agreement 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.

13.3 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.

13.4 Subletting of Hangars and Office Space.

Subject to all of the terms and provisions hereof, the Lessee may sublet the Hangars and office space constructed within the Demised Premises to a person, partnership, firm or corporate entity engaged in a business that is, in the sole opinion of the City, compatible with the Permitted Use authorized by this Agreement (a “**Permitted Sublease**”).

13.5 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.

13.6 Operating Permits.

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

13.7 Change in Control.

If Lessee is a partnership or any other form of non-public corporate entity, a change in Control (as hereinafter defined) of Lessee shall be deemed an assignment of this Agreement and shall at all times be subject to requirements of this Article XIII in the same manner as if Lessee had made an assignment of this Agreement without the City’s consent (a “**Change in Control Assignment**”). Any Change in Control Assignment by Lessee without the prior consent of the City, shall be regarded as a material Default of this Agreement, 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. For the purposes of this Section 13.7, the term “**Control**” shall mean and refer to: (i) a change in the ownership, control, or power to vote 51% or more of any class of voting securities of such entity, directly or indirectly or acting through one or more other persons or entities; (ii) a change in the control in any manner over the election or appointment of a majority of the directors, trustees, managers or general partners (or individuals exercising similar functions) of such entity; (iii) a change in the direct or indirect power to exercise a controlling influence over the management or policies of such entity, whether through the ownership of voting securities, by contract, or otherwise; or (iv) conditioning in any manner the transfer of 51% or more of any class of voting securities of such entity upon the transfer of 51% or more of any class of voting securities of another entity.

ARTICLE –VIV
CONDEMNATION

14.1 **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. If all or any part of this Lease or all or any part of any Improvements made to the leased area are taken or damaged by condemning authority (regardless of whether the taking or damage is designated as an exercise of eminent domain or not) before the termination of this Agreement, the proceeds of any claim, award, or action shall be distributed in the following manner and the City shall have the right to intervene as a party in any action to recover damages incurred thereby. First, any proceeds which compensate for permanent or temporary taking of or damage to the land only portion of the Demised Premises shall remain with the City. Second, any proceeds which compensate for permanent or temporary taking of or damage to any Improvements belonging to the City or made to or erected upon the Demised Premises by the City shall remain with the City. Third, the proceeds which compensate for any permanent taking of or damage to Improvements or part thereof made to the Demised Premises by the Lessee after the Effective Date of this Agreement shall be applied to the Lessee’s lender (whether one or more, the “**Lender**”) to the extent necessary to satisfy any lien held by the Lender on the Improvements; provided that the lien is the result of a loan by the Lender to the Lessee for the purpose of constructing the leasehold Improvements made or to be made by Lessee and other capital investments directly related to the business of the Lessee being conducted from the Demised Premises. This provision does not apply to any refinancing that increases the amount of the original loan and does not apply to any loan encumbering the leasehold Improvements for the purpose of financing any other project on or off the Airport. Fourth, any remaining proceeds 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 take. The Lessee may alienate its proceeds or right to receive proceeds under this provision.

14.2 **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.

14.3 **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 a thirty (30) 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.

14.4 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 – XV

NON-DISCRIMINATION

15.1 Title 49 Compliance.

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.

15.2 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.

15.3 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.

15.4 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.

15.5 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.

15.6 American with Disabilities Act.

Lessee shall not discriminate against any qualified person with a disability in violation of the American with Disabilities Act.

15.7 Indemnity.

The Lessee shall indemnify and hold harmless the City 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 the Section and the Lessee shall reimburse the City for any loss or expense incurred (including legal fees) by reason of such noncompliance.

ARTICLE XVI

GOVERNMENTAL REQUIREMENTS

16.1 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 Federal Aviation Administration and Virginia Department of Aviation.

16.2 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.

16.3 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.

ARTICLE XVII

RIGHTS OF ENTRY RESERVED

17.1 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 so 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.

17.2 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. Upon not less than ten (10) days' prior written notice, Lessee shall permit Airport staff and/or the Fire Marshal/ARFF staff to enter and inspect the hangars on an annual basis for the sole purpose of verifying Lessee's and/or its tenants' compliance with the terms and conditions of this Agreement.

17.3 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 – XVIII
ADDITIONAL RENTS AND CHARGES

18.1 Expenses, Costs and Interest.

If the City elects to pay any sum or sums or incur 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.

18.2 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.

18.3 Increase in Public Safety.

In the event it becomes necessary for the Airport to increase security or public safety due to special threats, Federal mandates beyond the Airport's control, or to enhance aviation safety, the City may establish or increase fees and charges applicable to all Airport users. Such fees may be in added to the existing security surcharge on all fuel dispensed at the Airport.

18.4 Taxes.

Lessee shall be responsible for paying all real property taxes assessed upon the Improvements currently or hereinafter located upon the Demised Premises. 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.

18.5 Plan Review Fee.

Lessee shall be responsible for paying the cost of having all site plans and plans for the Improvements to be constructed by the Lessee reviewed by the Airport's engineer consultant(s), not to exceed the sum of \$5,000.00 per review.

18.6 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.

18.7 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's 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's fees in the amount of 33% of the amount due when referred to an attorney for collection. Lessee shall further reimburse the City for its attorney fees 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.

18.8 Rate and Charges.

The Lessee is responsible for all applicable Rates and Charges approved by the Manassas City Council during the budget process that are applicable to the Lessee.

ARTICLE – XIX
TERMINATION & DEFAULT

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19.1 Monetary Default.

Failure to pay reserved Rent 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***").

19.2 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, terminate this Agreement and all rights and privileges granted hereby in and to the Demised Premises.

19.3 Non-Monetary Default.

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

19.3.1 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;

19.3.2 Involuntary Petition.

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

19.3.3 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;

19.3.4 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;

19.3.5 Suspension of Operations.

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

19.3.6 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 for a period of ninety (90) consecutive days;

19.3.7 Failure to Maintain Insurance.

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

19.3.8 Covenants and Conditions.

The failure of the Lessee to observe any of the covenants, conditions or other terms of this Agreement required to be performed, kept and observed by the Lessee.

19.4 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 19.1 above and other than filing of a bankruptcy petition by Lessee as provided in Section 19.3.1 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, 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.

19.5 Abeyance of Notice of Cancellation.

Notwithstanding the foregoing, should the City after giving the Notice of Cancellation determine in its sole, absolute and unappealable discretion, that the Lessee is diligently remedying such Non-Monetary Default to completion, the City may 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.

19.6 Termination of Rights After Default.

Upon the cancellation or termination of this Agreement after an Event of Default for any reason, all rights of the Lessee, its subtenants and any other person in possession 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 Article 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.

19.7 Waiver.

Failure by the City to take any authorized 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**” or an “**Event of Default**” as the context may require) 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 an Event of 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 – XX **TERMINATION BY LESSEE**

20.1 Termination by Lessee.

After the Lessee has completed the initial improvements, if any, required pursuant to Article V, and further provided that the Lessee is not in Default of this Agreement

beyond any applicable notice and cure period, 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:

20.1.1 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;

20.1.2 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 – XXI
SURRENDER AND RIGHT OF REENTRY

- 21.1** 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 – XXII

SERVICES TO LESSEE

- 22.1** 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.

ARTICLE XXIII

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

- 23.1** In the event that the Agreement shall have been terminated in accordance with the requirements of Article XIX hereof, all the 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.

ARTICLE XXIV
LIMITATION OF RIGHTS AND PRIVILEGES GRANTED

- 24.1** 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.

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ARTICLE – XXV
NOTICES

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.

25.1 Notice Address.

The notice addresses of the parties are as follows:

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

With a copy to:

Manassas Regional Airport
Airport Director's Office
Manassas Regional Airport
10600 Harry J. Parrish Blvd., 2nd Floor
Manassas, Virginia 20110

The Lessee: _____

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 – XXVI
HOLDING OVER

26.1 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.

26.2 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 – XXVII
INVALID PROVISIONS

- 27.1** 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 – XXVIII
MISCELLANEOUS PROVISIONS

28.1 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.

28.2 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.

28.3 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, acts of the public enemy, acts of superior governmental authority or other circumstances for which it is not responsible or which is not in its control; provided, however, that this section shall not excuse Lessee from paying the Rent herein reserved.

28.4 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.

28.5 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.

28.6 Estoppel Certificate.

At the request of either party, but not to exceed once in every twelve (12) month period, the non-requesting party shall execute and deliver a written statement identifying the Lessor 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.

28.7 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 recording the Lease Memorandum shall be paid by the requesting party.

28.8 General Provisions.

28.8.1 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.

28.8.2 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.

28.8.3 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.

28.8.4 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.

28.8.5 Binding Effect.

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

28.8.6 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.

28.8.7 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.

28.8.8 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 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.

28.8.9 Administrative Appeal Process.

Decisions or actions taken by the Airport Director regarding this Agreement can be appealed to the Airport Commission by the Lessor. 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.

ARTICLE – XXIX
SUBORDINATION CLAUSES

29.1 This Agreement is subject and subordinate to the following:

29.1.1 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.

29.1.2 Aerial Obstruction.

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.

29.1.3 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 funds for the benefit of the Airport.

29.1.4 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.

29.1.5 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.

ARTICLE – XXX
INSURANCE REQUIREMENTS AND DAMAGE OR DESTRUCTION

30.1 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**”). Tenant’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 additional insured and provide thirty (30) days notice of cancellation or material change, by registered mail, to the City, Attention: Airport Director.

30.2 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 combined single limit of \$3,000,000 per occurrence/\$5,000,000 in aggregate, in the primary policy (the “**CGL Insurance Coverage**”). The CGL Insurance Coverage shall provide minimum coverage for: (a) premises and operations coverage, including Hangarskeepers; (b) independent contractor and subcontractors; (c) products liability and completed operations; (d) environmental clean-up; (e) broad form contractual; 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 Liquor Legal 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 \$3,000,000 per occurrence/\$5,000,000 in aggregate. The City shall be named as an additional insured.

30.3 Automobile.

During the term of this Agreement, Lessee shall maintain in full force automobile liability insurance in the name of the Lessee, with maximum a combined single limit of at least \$2,000,000.00 per occurrence/\$3,000,000.00 in aggregate, in the primary policy (the

“**Auto Coverage**”). The Auto Coverage shall include coverage for bodily injury and property damage and shall additionally extend the same coverage to: owned automobiles; (b) hired automobiles; and (c) non-owned automobiles.

30.4 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.

30.5 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 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, Manassas Regional Airport, 10600 Harry Parrish Boulevard, Manassas, Virginia 20110”.

30.6 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.

30.7 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 shall have the right to direct Lessee to increase the minimum insurance requirement every three (3) years. 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 XXX herein and the Airport Minimum Standards.

30.8 Coverage Locations.

Location of operation shall be “All locations in the City of Manassas, Virginia”.

30.9 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 insurance as respect to the City. Any insurance or self-insurance maintained by the City shall be in excess and non-contributory to Lessees insurance.

30.10 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. (e)In the event that Lessee fails to maintain in full force and effect any of the insurance coverages described in this Article XXX, City shall have the right (but not the obligation) to either declare a Default in accordance with the provisions of Article XIX, 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 XXX.

30.11 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.

30.12 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 Tenant's Rent shall not abate.

ARTICLE – XXXI
HAZARDOUS MATERIALS

31.1 Covenant with Respect to Hazardous Materials.

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), Per- and polyfluoroalkyl substances (PFAS), 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.

31.2 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 MSDS sheets on site open for inspection by the City and shall post and update all NFPA 701 diamond placards as required by law.

31.3 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.

31.4 Aircraft Painting.

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

31.5 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 an area for the proper disposal of sump fuel for Lessee and Tenants.

ARTICLE – XXXII
ENTIRE AGREEMENT

- 32.1** This Agreement consists of Articles I to XXXII, inclusive, Exhibits A, B, and C and Appendices A and B, 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]
Michelle Davis-Younger, Mayor
On behalf of the City Council
of Manassas, Virginia

ATTEST:

Eric W. Smith II, City Clerk

ATTEST:

THE LESSEE:

I _____,
a _____

Name: _____
Title: _____

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

EXHIBIT A

METES AND BOUNDS DESCRIPTION

(To be provided by Lessee)

DRAFT

EXHIBIT B

PLAT OF SURVEY

(To be provided by the Lessee)

DRAFT

EXHIBIT C
LAYOUT PLAN
(To be provided by the Lessee)

DRAFT

APPENDIX A

CONSTRUCTION & STANDARDS REQUIRED BY LESSEE

1. The Lessee agrees to construct on the Parcels shown on Exhibit A the following facilities;
 - 1.1 Improvements, as defined in §2.1 of the Franchise, including aircraft storage Hangars of various sizes;
 - 1.2 paving to accommodate automobile parking spaces (in accordance with City Zoning requirements);
 - 1.3 together with the grading of the ground area contained within the parcel and the installation on or in the space of such utilities as may be appropriate or necessary for the utilization of the space for the purposes the Lessee is permitted to use the same.
2. Prior to the commencement of construction of the facilities set forth in Section 1 above, or any part thereof, Lessee shall submit to the City complete plans and specifications for such proposed construction. The Lessee shall submit two (2) complete sets of plans and specifications to the Airport Director for the Manassas Regional Airport (“Airport Director”). These plans are in addition to those submitted to the City for review. The Lessee shall submit (2) complete sets of architectural drawings to the Airport Director upon request.

The Lessee is encouraged to have the Airport Staff review the plans/drawings prior to submitting them to the City for formal review and approval. This courtesy review by the Airport Staff in no way prevents the Airport Staff from making additional comments during the formal City review process and is not a guarantee that the plans will be approved on the first submittal. Any preliminary meetings or courtesy reviews are not meant to circumvent the City’s formal review process.
3. The City may refuse to grant approval if, in its reasonable opinion, the proposed facilities as laid out and indicated by the Lessee on such plans or constructed according to such plans and specifications:
 - 3.1 Will be structurally unsound or unsafe or hazardous for human occupancy or improper for use and occupancy for which it is designed;
 - 3.2 Will not strictly comply with all the requirements of this Agreement;
 - 3.3 Will be so located that there will not be sufficient clearances in respect to existing or planned projecting aprons, runways or taxiways adjacent thereto;
 - 3.4 Will be in violation of any Commonwealth code, OSHA-70, or any other law, ordinance or regulation of any government authority having jurisdiction over the Airport if the City were a private corporation;

- 3.5 Will not be at locations or not be oriented in accordance with the approved Airport Master Plan or Layout Plan;
- 3.6 Does not meet FAA design criteria.
- 4. Upon approval of such plans by the City, the Lessee shall proceed expeditiously and with all reasonable diligence to construct, at its own expense and cost, the facilities in accordance with such approved plans and specifications and complete the facilities in accordance with the time limit set forth in the Agreement.
 - 4.1 The Lessee or the Lessee's construction contractor shall furnish the City performance and payment bonds in a sum equal to the estimated cost of construction, in a form and with sureties satisfactory to the City Attorney, for the faithful performance by the Lessee of its construction obligations contained in this Agreement and for the guarantee of payment of all claims of materialmen, workmen and subcontractors. The Lessees shall deliver such bonds to the City prior to commencement of construction or within (30) days after the award by Lessee of construction contract or contracts, whichever occurs first.
- 5. All construction work shall be done in accordance with the following terms and conditions:
 - 5.1 The Lessee hereby assumes the risk of loss or damage to all of the construction work prior to completion thereof and the risk of loss to all property of the City arising out of or in connection with the performance of the construction work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the construction work and the property of the City without cost or expense to the City.
 - 5.2 The Lessee shall itself and shall also require its contractors to indemnify and hold harmless the City, its officers, agents and employees from and against all claims and demands, just or unjust, of third persons (including employees, officers, and agents of the City) arising or alleged to arise out of the performance of the construction work and for all expenses (whether or not such claims, demands, causes of action, liabilities are made or asserted before or after termination or expiration of this agreement) incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential, (to include reasonable attorney's and other professional fees) whether they arise out of or from the acts or omissions of the Lessee, of any contractors of the Lessee, of the City or of third person, or from acts of God or of the public enemy, or otherwise excepting only claims and demands which result solely from negligent acts done by the City its subsidiaries, its officers, agents and employees subsequent to the commencement of the construction work.
 - 5.3 The Lessee shall furnish a project manager during the construction period with whom the City may communicate at all times.

- 5.4 The City shall have the right, through its duly designated representatives, to inspect the construction work and the plans and specification thereof, at any and all reasonable times during the progress thereof and from time to time, in its discretion, to take samples and perform testing on any part of the construction work, but the taking of samples and testing shall be conducted so as to minimize interference with the construction work.
- 5.5 The Lessee agrees that it shall deliver to the City “as-built” drawings (capable of being reproduced) of the construction work and shall during the Term of this Agreement keep said drawings current showing thereon any changes or modifications which may be made. Lessee shall provide an initial set of “As Built” drawings for the site plan and building to the Airport Director no more than thirty (30) days after the Lessee receives an occupancy permit.
- 5.6 The Lessee shall pay or cause to be paid all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the construction work, and shall cause its contractors and subcontractors to pay all such claims lawfully made against them, provided, however, that nothing herein contained shall be construed to limit the right of the Lessee to contest any claim of a contractor, subcontractor, materialman, workman and/or other person and no such claim shall be considered to be an obligation of the Lessee within the meaning of this Section unless and until the same shall have been finally adjudicated. The Lessee shall use its best efforts to resolve any such claims and shall keep the City fully informed of its actions with respect thereto.
- 5.7 The Lessee shall procure and maintain comprehensive general liability insurance, including automotive, with a contractual liability endorsement covering the obligations assumed by the Lessee in Section 5.2 of this Appendix, which shall be in addition to all policies of insurance otherwise required under this Agreement. the Lessee may provide such insurance by requiring each contractor engaged by it for the construction work to procure and maintain such insurance including such contractual liability endorsement, said insurance not to contain any care custody or control exclusions, any exclusions for explosions, collapse or damage to bodily injury or sickness, disease, or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair coverage under the contractual liability endorsement. Said insurance shall be not less than the following amounts:
- A. Worker’s Compensation Unlimited – Statutory – in compliance with the Workers Compensation Law of the Commonwealth of Virginia.
 - B. General Liability Insurance naming the City as an additional insured, with combined single limit of a least \$3,000,000 per occurrence/\$5,000,000 in aggregate, in the primary policy or through use of Umbrella or Excess

limits, if necessary. This insurance shall indicate on the proof of insurance of the following applicable coverage:

1. Premises and Operations
 2. Independent Contractor and Subcontractors
 3. Products Liability and Completed Operations
 4. Broad Form Contractual
 5. Death and Personal Injury
- C. Automobile Liability Insurance with a combined single limit of at least \$2,000,000 per occurrence/\$3,000,000 in aggregate in the primary policy or through use of Umbrella or Excess limits, if necessary.

This insurance shall include for bodily injury and property damage the following coverage:

1. Owned Automobiles
2. Hired Automobiles
3. Non-Owned Automobiles

Said insurance shall name the City as an Additional Insured.

The insurance required hereunder shall be maintained in effect during the performance of the construction work. A certified copy of each of the policies or binders, shall be delivered to the City at least fifteen (15) days prior to the commencement of any work. In the event any binder is delivered, it shall be replaced in thirty (30) days by a certified copy of the policy or certificate. Each copy or certificate shall contain a valid provision or endorsement that the policy may not be canceled, terminated, changed or modified without giving thirty (30) days' written advance notice thereof to the City. The City will waive the requirement for Automobile Liability Insurance if the Lessee demonstrates in its business plan and in writing to the City's Risk Manager that it will not have any automobile liability.

- 5.8 The Lessee shall procure and maintain or cause to be procured and maintained Builder's Risk Completed Value Insurance covering the construction work during the performance thereof including material delivered to the construction site but not attached to the realty in an amount and form satisfactory to the City. Such insurance shall name the City, the Lessee and its contractors and subcontractors as additional insureds and such policy shall provide that the loss shall be adjusted with and payable to the Lessee. Such proceeds shall be used by the Lessee for the repair, replacement or rebuilding of the construction work. The policies

representing this insurance shall be delivered by the Lessee to the City prior to the commencement of construction and each policy shall bear the endorsement of or be accompanied by evidence of payment of the premium thereon and, also, a valid provision obligating the insurance company to furnish the City thirty (30) days' written advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy.

- 5.9 Nothing contained herein shall grant or be deemed to grant any contractor, architect, supplier, subcontractor or any other person engaged by Lessee of any of its contractors in the performance of any part of the construction work any right of action or claim against the City, its officers, agents and employees with respect to any work any of them may do in connection with the construction work.
- 5.10 Nothing contained herein shall create or be deemed to create any relationship between the City and any such contractor, architect, supplier, subcontractor or any other person engaged by Lessee or any of its contractors in the performance of any part of the construction work and the City shall not be responsible to any of the forgoing for any payments due or alleged to be due thereto for any work performed or materials purchased in connection with the construction work.
- 5.11 When construction work is substantially completed and is ready for use by the Lessee, the Lessee shall advise the City to such effect and shall deliver to the City a certificate by an authorized officer of the Lessee certifying that such construction work has been constructed strictly in accordance with the approved plans and specifications and the provisions of this Agreement and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders. Thereafter, such construction work will be inspected by the City and if the same has been completed as specified by the Lessee, the City shall deliver a certificate to such effect, subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability thereof for negligence or other reason shall be borne by the Lessee. The Lessee shall not use or permit the use of the construction work for the purposes set forth in this Agreement until such certificate is received from the City. The date of delivery of the certificate by the City shall constitute the Completion Date for the purposes of this Agreement.

6. Pavement Design. The minimum standards for pavement designs are as follows:

Airside:

Heavy Duty Airside Pavement (Gulfstream, Falcon, BBJ):

4" FAA P-401 Type Asphalts Surface Course

10" FAA P-304 Type Cement Treated Base Course (8% Cement Content by Weight)

Light Duty Airside Pavement for all other Airside areas (Single, Twin, King Air):

2" FAA P-401 Type Asphalt Surface Course

8" FAA P-304 Type Cement Treated Base Course (8% Cement Content by Weight)

All Landside Pavement (Parking Lots, Access Roads):

2" VDOT Type SMEA Asphalt Surface Course (P-401)

6" FAA P-304 Type Cement Treated Base Course (8% Cement Content by Weight)

Nothing in this section precludes the Lessee from using concrete rather than asphalt for ramps, roads, or parking lots. The Lessee shall use FAA specification for concrete if concrete is to be used for ramps and taxilanes and will be designed to FAA standards for Group III or IV Aircraft.

7. For Airport purposes (City has additional requirements), all site plans must include the following:
 - a. Location of oil & water separator for ramp run-off as well as for Hangars run-off.
 - b. Curb & gutter for parking lots.
 - c. Lighting Plan for parking lot and Hangars.
 - d. Painting and Striping Plan for ramp and taxilane.
 - e. Location of trash dumpster (must be screened).
 - f. Landscape Plan.
8. Any "off-site" borrow required is subject to acceptance by the Airport Director for suitability and environmental compliance.
9. Lessee must provide the Airport Director with a quality control and quality acceptance plan.
10. Lessee must provide the Airport Director with a Construction Safety Plan (FAA AC 150/5370-2E).
11. Lessee must confirm to the Airport whether an individual SWPPP is required from the Virginia Department of Environmental Quality (DEQ).

12. FAA Form 7460 must be completed by the Contractor prior to starting site work. The Lessee shall provide the necessary information to complete the form.
13. Design must be in compliance with FAA design standards found in AC 150/5300-13.
14. Lessee is responsible for the site being designed in accordance and consistent with the Airport Layout Plan and other conceptual drawings that have been approved by the Airport Commission.
15. These standards are subject to change for future development.

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<u>APPENDIX B</u>		
PAYMENT SCHEDULE		
Total SF:		
Cost per SF:		
Annual Escalator:	2.90%	
YEAR	ANNUAL	MONTHLY
1	\$	\$
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