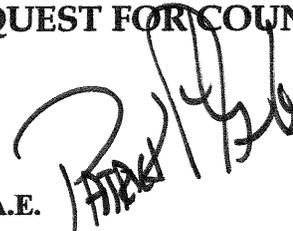


CITY OF EL PASO, TEXAS
DEPARTMENT HEAD'S SUMMARY REQUEST FOR COUNCIL
ACTION (RCA)

DEPARTMENT: Airport
AGENDA DATE: February 26, 2008
CONTACT PERSON/PHONE: Patrick T. Abeln, A.A.E.
DISTRICT(S) AFFECTED: 3



SUBJECT:

Resolution authorizing the City Manager to sign a In Flight Catering Service Kitchen – Air Cargo Facilities Lease Agreement Extension between the City of El Paso (Lessor) and LSG Sky Chefs, Inc. (Lessee) effective March 1998.

BACKGROUND / DISCUSSION:

LSG Sky Chefs, Inc. ("Sky Chefs") has been a tenant at El Paso International Airport (EPIA) since March 1988, when they entered into an agreement for space located at 6501 Convair Road Suite H (Cargo Building #1). Sky Chefs provides in-flight catering services (snacks, meals, and alcoholic & non-alcoholic beverages) for commercial of airlines at El Paso International.

The term for the initial lease was for 10 years with two additional 5 year options, the last option expiring on February 29, 2008. Due to the planned demolition of Cargo Building #1 (as denoted within EPIA's 2005 Master Plan Update) within the next 18 to 24 months, as well as the fact that Sky Chefs needs time to select and design the future relocation space into the adjacent Cargo Building #2 facility, Sky Chef is requesting a month-to-month extension of the existing lease, not to exceed 24 months from March 1, 2008.

The rent will continue at the present rate of \$2,981.16 per month or 10% of Gross Receipts, whichever is greatest.

RECOMMENDATION:

By this document, the City consents to the In Flight Catering Service Kitchen – Air Cargo Facilities Lease Agreement Extension and adheres to the complete performance of any and all obligations under the terms of the lease.

This document has been approved by the City Attorney's office and staff recommends approval.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one? If so, when?
Yes. The same type lease extension is done when a new lease is pending.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

N/A. This is a revenue-generating lease.

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*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) Raymond L. Telles **FINANCE:** (if required) _____
Raymond L. Telles, Assistant City Attorney

OTHER: Patrick T. Abeln, Director of Aviation _____
(Example: if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____ **DATE:** _____

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RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Manager be authorized to sign a Building Lease Agreement Extension by and between the City of El Paso and Sky Chefs, Inc. for their Inflight Catering Service Kitchen at the Air Cargo Facility located at 6501 Convair Road in substantially the same form as attached.

ADOPTED THIS THE 26TH DAY OF FEBRUARY 2008.

THE CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Raymond L. Telles
Assistant City Attorney

APPROVED AS TO CONTENT:



Patrick T. Abeln, A. A. E.
Director of Aviation

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BUILDING LEASE AGREEMENT EXTENSION

6501 Convair Road

El Paso International Airport
El Paso, Texas

SKY CHEFS, INC.

Effective Date

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BUILDING LEASE AGREEMENT EXTENSION
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EXHIBIT "A" The Premises

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**EL PASO INTERNATIONAL AIRPORT
BUILDING LEASE AGREEMENT EXTENSION**

THIS BUILDING LEASE AGREEMENT EXTENSION (the "Agreement") is entered into this ____ day of _____ 2008, between the CITY OF EL PASO, TEXAS ("Lessor") and SKY CHEFS, INC., a corporation organized and existing under the laws of the State of Delaware ("Lessee").

WITNESSETH:

WHEREAS, Lessor owns and operates the El Paso International Airport (the "Airport") located in the County of El Paso, Texas, which is under the management of the Director of the Department of Aviation ("Director");

WHEREAS, Lessee currently operates and maintains a first class food and beverage Inflight Catering Service Kitchen in Lessor's Air Cargo Facility located at 6501 Convair Road through a Lease Agreement with Lessor dated March 22, 1988, which expires February 28, 2008;

WHEREAS, Lessor intends to cease all uses of its facility at 6501 Convair in order to demolish such facility, but desires to provide the tenants of such facility additional time to locate and move their operations from such facility;

WHEREAS, Lessee has shown a willingness and ability to continue to properly keep and maintain the portion of the building currently leased in accordance with the standards established by Lessor on a temporary basis until Lessee moves its operations into another facility;

WHEREAS, the parties desire to temporarily extend the Lease Agreement dated March 22, 1988 but both parties recognize that the terms and conditions of the original Lease require updating to reflect current Lessor-Lessee relationships; and

WHEREAS, the parties therefore desire to extend the Lease Agreement with the revised terms and conditions enumerated herein;

NOW THEREFORE, for and in consideration of the mutual covenants, agreements, and conditions contained herein, the parties hereto agree as follows:

ARTICLE I
PREMISES AND PRIVILEGES

1.01 Description of Premises Demised. Subject to and on the terms, conditions, covenants, agreements and undertakings hereinafter set forth, Lessor does hereby demise and lease to Lessee and Lessee does hereby lease from Lessor the following

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described Premises located in El Paso County, Texas:

- A. That certain office and warehouse space containing 6,084 square feet, more or less, as shown on Exhibit A attached hereto, and also known as a portion of 6501 Convair Road for Lessee's exclusive use;
- B. The Preferential, Non-exclusive right to use a portion of the aircraft parking apron, as shown on Exhibit A attached hereto, directly behind said Air Cargo Facility;
- C. The Exclusive right to use the loading dock in front of the space leased and parking area located behind, all as shown on Exhibit A attached hereto; and
- D. The non-exclusive right to use a portion of the vehicle parking area, and the roadway, located in front of and adjacent to said office and warehouse space as shown on Exhibit A attached hereto, such portion of vehicle parking area to be commensurate with Lessee's share of office and warehouse;

all of which will hereinafter be referred to as the "Premises".

1.02 Right of Ingress and Egress. Lessor hereby grants to Lessee the rights of ingress to and egress from the Premises over and across the public roadways serving the Airport for Lessee, its agents and servants, patrons and invitees, suppliers of service and furnishers of material. Said right shall be subject to such ordinances, rules and regulations as now or may hereafter have application at the Airport.

1.03 General Privileges, Uses and Rights. Lessor hereby grants to Lessee the general use of Airport facilities and improvements which are now or may hereafter be connected with or appurtenant to said Airport, except as hereinafter provided, to be used by Lessee and/or its agents and servants, patrons and invitees, suppliers of service and furnishers of material for an inflight catering service kitchen, as herein defined. For purposes of this Agreement, "Airport facilities" shall include apron, aircraft and automobile parking areas, roadways, sidewalks, terminal facilities or other public facilities appurtenant to said Airport, subject, however, to any additional fees or charges for their use in accordance with any City Budget Resolution or other contracts or agreements now or hereafter in effect.

1.04 Specific Privileges, Uses and Rights. In addition to the general privileges, uses and rights hereinabove described, and without limiting the generality thereof, Lessor hereby grants to Lessee the right to engage in inflight catering service kitchen activities. "Inflight catering service kitchen activities" is hereby defined as those activities which involve the receipt, preparation, packaging, delivery and disposal of food, beverages and other restaurant services for inflight consumption by certificated

passenger aircraft operating airless, fixed base operators and chartered aircraft operating at the Airport.

Lessee shall not offer, or permit to be offered, retail services or sales from the Premises, other than those necessary for the conduct of inflight catering service kitchen activities as described herein.

1.05 Restrictions of Privileges, Uses and Rights. Lessee covenants and agrees that it shall not use or permit the Premises to be used in whole or in part during the term of this Agreement for any purpose other than as set forth herein.

Lessee shall not offer, or permit to be offered, retail services, sales or repairs of any type from the Premises.

Further, and in connection with the exercise of its rights under this Agreement, Lessee shall be strictly prohibited from any activities outside of those rights enumerated above, including but not limited to the following:

- A. Shall not do, or permit to be done, anything at or about the Airport or the Premises that may interfere with the effectiveness or accessibility of the water system, drainage and sewage system, fire protection system, security system, fire hydrants and hoses, electrical system, natural gas, or other Airport systems installed or located on or within the Premises or the Airport;
- B. Shall not do, or permit to be done, any act or thing upon the Airport or the Premises that will invalidate or conflict with any fire or other casualty insurance policies covering the Airport or any part thereof;
- C. Shall not dispose of, or permit any employee, agent, contractor, or other person to dispose of, any waste material taken from, or products used with respect to, its operations on or related to the Premises into the sanitary or storm sewers in the Premises or any other location on the Airport (whether liquid or solid), including but not limited to Hazardous Materials;
- D. Shall not keep or store hazardous articles and materials including, without limitation, flammable liquids and solids, corrosive liquids, compressed gasses, and magnetized or radioactive materials on the Airport;
- E. Shall not install fuel storage tanks or pumping facilities at the Airport; and
F. Shall not maintain or operate on the Premises a cafeteria, restaurant, bar or cocktail lounge for the purpose of selling or dispensing food or beverages to the public or to its employees; nor shall Lessee in any manner otherwise provide for the sale or dispensing of food and beverages on the Premises except that the Lessee may provide vending

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machines solely for the sale of hot and cold beverages, food, and confections to Lessee's employees in areas not accessible to the general public.

1.06 Conditions of Granting Agreement. The granting of this Agreement and its acceptance by Lessee are conditioned upon the following covenants:

- A. That no alteration of the Premises shown on Exhibit A or functional change in the uses of the Premises shall be made without the specific written consent of Lessor herein; said consent to be at Lessor's sole discretion;
- B. That the right to use said public Airport facilities in common with others authorized to do so shall be exercised only subject to and in accordance with the laws of the United States of America, the State of Texas and the City of El Paso; the rules and regulations promulgated under their authority with reference to aviation and air navigation; and all applicable rules, regulations and ordinances of Lessor now in force or hereafter prescribed or promulgated by charter authority or by law;
- C. That Lessee shall not use or permit or suffer the use of, the Premises in any manner that will tend to create a nuisance or tend to unnecessarily disturb other tenants or occupants of the Airport, and Lessee agrees to comply with all ordinances and Airport Rules and Regulations pertaining thereto or otherwise applicable; and
- D. That Lessee will utilize only the roadways, taxiways, or other direction, path, route, or form of travel that the Director may designate, from time to time, for Lessee's operation and movement on or about the Airport.

ARTICLE II **OBLIGATIONS OF LESSOR**

2.01 Quiet Enjoyment. Lessor agrees that upon Lessee's paying rent and performing all of the covenants, conditions, and agreements herein set forth, Lessee shall and may peaceably and quietly have, hold, and enjoy the Premises hereby demised for the term hereby provided.

2.02 Lessor's Right of Entry. Lessor reserves the right to enter into and upon the Premises at all times during business hours for the purpose of inspecting the condition thereof, or to perform maintenance or repairs as may be necessary in accordance with the provisions of this Agreement, or for the purpose of exhibiting the same. The exercise of this right to enter the Premises shall not be deemed an eviction or disturbance of Lessee's use or possession, provided that Lessor shall exercise its best efforts not to interfere with Lessee's normal operations on the Premises.

2.03 Condition and Maintenance of Premises. Lessor shall bear responsibility only for the repair and maintenance of the Structural Elements of the Building. Structural Elements shall mean the roof, foundation, load bearing columns and walls, exterior walls, exterior paint, and the ramp. Lessor shall also repair any Lessor-owned heating and cooling equipment located in the Premises.

ARTICLE III
OBLIGATIONS OF LESSEE

3.01 Net Agreement. This Agreement in every sense shall be without cost to Lessor for the development, maintenance and improvement of the Premises. Subject to applicable provisions noted herein, it shall be the sole responsibility of Lessee to keep, maintain, repair and operate the entirety of the Premises and all improvements and facilities placed thereon at Lessee's sole cost and expense.

3.02 Internal Improvements. Lessee may make minor internal improvements, additions and alterations to the Premises hereunder with the prior written approval of the Director. Lessee guarantees that all construction work performed by contractors hired by Lessee shall be done in accordance with applicable building codes, laws and regulations and in a good workmanlike manner, and all materials used by Lessee's contractors shall be of an appropriate grade and quality for the use for which they are employed.

Lessee shall submit to Lessor the construction plans and specifications for the written approval by the Director. It is agreed that the Director reserves the right to reject any plans and specifications. In the event such additions, alterations, or improvements shall be deemed to have been undertaken without the prior written approval required herein, Lessee may be considered in default and Lessor may cancel this Agreement in accordance with the provisions enumerated herein.

Subject to written approval of Lessor, all permanent improvements, if any, made by Lessee to the Premises shall become the property of Lessor upon the expiration, cancellation or early termination of this Agreement. All other improvements and fixtures of a non-permanent nature and all trade fixtures, machinery and equipment made or installed by Lessee may be removed from the Premises at any time by Lessee, subject to Lessor's lawful exercise of its landlord's lien, and to the extent that it does not cause structural or cosmetic damage to the Premises or any other portion of Lessor's building and facilities.

3.03 Performance Bonds. In the event construction activities are required by Lessee, Lessee, at its own cost and expense, shall cause to be made, executed, and delivered to Lessor two (2) separate bonds, as follows:

- A. Prior to the date of commencement of any such construction, a contract surety bond in a sum equal to the full amount of the construction contract

awarded.

Said bond shall guarantee the faithful performance of necessary construction and completion of improvements in accordance with approved final plans and detailed specifications; and shall guarantee Lessor against any losses and liability, damages, expenses, claims and judgments caused by or resulting from any failure of Lessee to completely perform the work.

- B. Prior to the date of commencement of any such construction, a payment bond with Lessee's contractor or contractors as principal, in a sum equal to the full amount of the construction contract awarded.

Said bond shall guarantee payment of all wages for labor and services engaged and of all bills for materials, supplies, and equipment used in the performance of said construction contract.

3.04 Compliance With Laws. Lessee, at Lessee's expense, specifically agrees to make or cause to be made all such alterations to the Premises, and any improvements thereon, including, without limiting the generality of the requirements of this sentence, removing such barriers and providing such alternative services, as shall be required by the Americans with Disabilities Act of 1990 and any other laws, rules, orders, ordinances, directions, regulations and requirements of federal, state, county and municipal authorities, now in force or which may hereafter be in force, which relate to the use or occupation of the Premises and any improvements thereon by disabled persons ("Disabilities Laws").

Lessee shall, at Lessee's expense, comply with all present and hereinafter enacted Environmental Laws, and any amendments thereto, affecting Lessee's use, operation, occupation or alteration of the Premises including any improvements thereon.

A. Definitions.

1. "Environmental Laws" means any one or all of the following as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6941 et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300h et seq.; the Clean Water Act, 33 U.S.C. Section 1251 et seq.; the Clean Air Act, 42 U.S.C. Section 7401 et seq.; and the regulations promulgated thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereinafter enacted that deal with the regulation or

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protection of the environment, including the ambient air, ground water, surface water, and land use, including sub-strata land.

2. "Hazardous Material" shall mean all substances, materials and wastes that are, or that become, regulated under or classified as hazardous or toxic under any Environmental Law and all petroleum products, such as gasoline, kerosene, diesel fuel, and the like.
3. "Release" shall mean any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping into the environment in quantities of such that are regulated under any Environmental Laws.

B. Compliance.

1. Lessee shall not cause or permit any Hazardous Material to be used, generated, manufactured, produced, stored, brought upon, or released, on, under or about the Premises, or transported to and from the Premises, by Lessee, its agents, employees, contractors, invitees, or a third party in violation of any Environmental Law. **Lessee shall indemnify, defend and hold harmless Lessor, its successors and assigns, its employees, agents and attorneys from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, breach of warranty or representation, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of, or adverse effects on, the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result (whether in part or in whole) of any activity or operation on or discharge from the Premises or any improvements thereon. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the Premises, improvements, land, soil, underground or surface water as required under the law. Lessee's obligations and liabilities under this paragraph shall continue so long as Lessor bears any liability or responsibility under the Environmental Laws for any action that occurred on the Premises or any improvements thereon. This indemnification of Lessor by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental**

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agency or political subdivision because of Hazardous Material located on the Premises or any improvements thereon, or present in the soil or ground water on, under or about the Premises. The parties agree that Lessor's right to enforce Lessee's promise to indemnify is not an adequate remedy at law for Lessee's violation of any provision of this Section. Lessor shall also have all other rights and remedies provided by law or otherwise provided in this Agreement.

2. Without limiting the foregoing, if the presence of any Hazardous Material on, under or about the Premises or in any improvements thereon or permitted by Lessee results in any contamination of the Premises or any improvements thereon, Lessee shall promptly take all actions at its sole cost and expense as are necessary to return the Premises or any improvements thereon to the condition existing prior to the introduction of any such Hazardous Material to the Premises or in any improvements thereon; provided that Lessor's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Premises or on any improvements thereon.
3. Lessee shall, at Lessee's own cost and expense, make all submissions to, provide all information to, and comply with all applicable requirements of the appropriate governmental authority (the "Government") under the Environmental Laws. If, due to a release of a Hazardous Material by Lessee, the Government determines that site characterization, site assessment and/or a cleanup plan be prepared or that a cleanup should be undertaken on the Premises or in any improvements thereon, then Lessee shall, at Lessee's own cost and expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. At no cost or expense to Lessor, Lessee shall promptly provide all information requested by Lessor to determine the applicability of the Environmental Laws to the Premises or to respond to any governmental investigation or to respond to any claim of liability by third parties which is related to environmental contamination.
4. Lessee shall promptly notify Lessor of any of the following: (a) any correspondence or communication from any governmental entity regarding the application of Environmental Laws to the Premises or Lessee's operation on the Premises, and (b) any change in Lessee's operation on the Premises that will change or has the potential to change Lessee's or Lessor's obligations or liabilities under the Environmental Laws.

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5. Lessee shall insert the provisions of this Section in any agreement or contract by which it grants a right or privilege to any person, firm or corporation under this Agreement.

Notwithstanding any other provision in this Agreement to the contrary, Lessor shall have the right of "self-help" or similar remedy in order to minimize any damages, expenses, penalties and related fees or costs, arising from or related to a violation of any law on, under or about the Premises, the cost of which shall be borne by Lessee.

The failure of Lessee, its agents, employees, contractors, invitees, or a third party to comply with any of the requirements and obligations of this Section shall constitute a material default of this Agreement and shall permit Lessor to pursue the remedies as set forth herein, in addition to all other rights and remedies provided by law or otherwise provided in the Agreement, to which Lessor may resort cumulatively, or in the alternative.

C. Reporting.

1. At any time that Lessee submits any filing pertaining to its property, operations, or presence on the Airport with any governmental entity (other than the Internal Revenue Service) by way of example but not in limitation, the Federal Aviation Administration (FAA), the Environmental Protection Agency (EPA) or the Texas Commission on Environmental Quality (TCEQ), Lessee shall, upon request of Lessor, provide duplicate copies of the filing(s) made, along with any related documents, to Lessor.
2. Upon expiration, termination or cessation of this Agreement for any reason, Lessee shall provide current environmental inspection and inventory reports on the Premises acceptable to Lessor. Should the Premises require environmental remediation, Lessee shall perform same to return the Premises to a condition that complies with all applicable Environmental Laws and shall restore the Premises to a condition equal that as of the date Lessee took possession of the Premises, ordinary wear excepted.

3.05 Condition and Maintenance of Premises "As Is". THE PARTIES ACKNOWLEDGE LESSEE'S OCCUPANCY OF THE PREMISES PRIOR TO THE EXECUTION OF THIS LEASE AND LESSEE THEREFORE ACKNOWLEDGES KNOWLEDGE OF THE ACTUAL CONDITION OF THE PREMISES. LESSEE THEREFORE ACCEPTS THE PREMISES "AS IS", WITH ALL FAULTS, RELYING ON LESSEE'S OWN OCCUPANCY, INSPECTION AND JUDGMENT AND NOT IN RELIANCE ON ANY REPRESENTATIONS OF LESSOR. LESSOR SHALL ASSUME NO RESPONSIBILITY AS TO THE CONDITION OF THE PREMISES AND SHALL NOT ASSUME RESPONSIBILITY FOR MAINTENANCE, UPKEEP, OR REPAIR

NECESSARY TO KEEP THE PREMISES IN A SAFE AND SERVICEABLE CONDITION.

Lessee shall, at its sole cost and expense, maintain the Premises and the buildings, improvements and appurtenances thereto, in a presentable condition consistent with good business practice and equal in appearance and character to other similar improvements on said Airport. In addition, Lessee shall promptly repair any and all damage to the Premises caused by its employees, patrons or its operation thereon. Lessee shall also be responsible for the upkeep and cleanliness of the Premises. Lessee agrees not to paint the exterior of the improvements or anywhere on the Premises without the prior written consent of the Director; said consent to be at the Director's sole discretion. The Director shall also be the sole judge of the quality and content of any painting submitted by Lessee for consideration.

Further, the Director shall be the sole judge of the quality of maintenance and, upon written notice by Lessor to Lessee, Lessee shall be required to perform whatever maintenance Lessor deems necessary. If said maintenance is not undertaken by Lessee within thirty (30) days after receipt of written notice, Lessor shall have the right to enter on the Premises and perform the necessary maintenance, the cost of which plus ten percent (10%) for administrative overhead shall be borne by Lessee. Lessee shall remit payment within thirty (30) days after receipt of invoice.

3.06 Utilities. Lessee shall pay for all costs or charges for utility services furnished to Lessee and to the exclusive use Premises during the term hereof. Lessee shall have the right to connect to any and all storm and sanitary sewers and water and utility outlets at its own cost and expense; subject to approval by all appropriate departments of the City of El Paso, and Lessee shall pay for any and all service charges incurred thereof. If Lessor pays any utilities on Lessee's behalf, Lessee, upon receipt of a statement therefore, shall reimburse Lessor for Lessee's pro rata share thereof plus ten percent (10%) for administrative overhead.

3.07 Trash, Garbage, and Other Refuse. Lessee shall provide a complete and proper arrangement for the adequate sanitary handling and disposal, away from the Airport, of all trash, garbage and other refuse caused as a result of its operation on the Premises. Lessee shall provide and use suitable covered commercial type receptacles for all such garbage, trash and other refuse, and will maintain these receptacles, screened from view of adjoining properties or public streets in an attractive, safe, and sanitary manner. Piling of boxes, cartons, barrels or other similar items in an unsightly or unsafe manner, on or about the Premises shall not be permitted.

3.08 Permitted Uses. Lessee covenants and agrees that in no event will it enter into any business activity on the Premises other than those specified herein.

3.09 Signage. The following regulations shall apply to all signs displayed for observation from outside the Premises whether displayed on, near or within a building:

- A. Permitted Signs. Signs on Premises shall be limited to those identifying Lessee and to those necessary for directional purposes. The size, design and location of all signs shall require the written approval of the Director prior to installation; said written approval shall be at Director's sole discretion. Outdoor advertising, billboards, neon, or flashing lighting shall not be permitted.
- B. Lighting and Construction. All signs shall comply with all current or future building and other applicable codes of the City of El Paso and with all current or future rules and regulations of the Federal Aviation Administration and its successor agencies. Lessee is solely responsible for obtaining all necessary permits and licenses.
- C. Approval of Plans. Approval of any and all improvements, plans, signs, or documents by the Director does not constitute approval of the City or any other local, state, or federal agency. It is specifically understood that El Paso International Airport is only one of numerous departments of the City and that, in addition to obtaining approval of Director, Lessee shall be required to obtain the approval of other departments as well, such as, but not limited to, Development Services.

3.10 Fencing and Exterior Storage. Lessee may store stock, materials and supplies on the Premises, however all stock, materials and supplies that are stored outside must be completely screened from view. The placement and design of any exterior screening, fencing and storage on the Premises shall be in accordance with plans and specifications prescribed by the Director and shall be uniform throughout the entire building, ramp, and associated areas.

3.11 Authorization to Enter Restricted Area. Lessee understands that all of its agents, employees, servants or independent contractors must be authorized by the Lessor to enter restricted areas as defined in Section 14.16.020 of the El Paso City Code. Lessee understands that no person authorized to enter a restricted area by virtue of this Agreement may permit any person who is not otherwise authorized to enter a restricted area unless such person is, at all times while in the restricted area, in the company of an authorized person.

3.12 Security. Lessee is familiar with the restrictions imposed by 49 CFR 1540.105 and agrees to assume responsibility for compliance with said regulations as they relate to security procedures on the Premises.

3.13 Penalties Assessed by Federal Agencies. Lessee understands and agrees that in the event any federal agency assesses a civil penalty against the Lessor or the Airport for any security violation as a result of or related to any act or failure to act on the part of Lessee, its agents, employees or independent contractors, Lessee shall reimburse the Lessor in the amount of the civil penalty assessed. Failure to reimburse the Lessor within

thirty (30) calendar days of receipt of written notice shall constitute an event of default hereunder.

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ARTICLE IV
TERM OF LEASEHOLD

4.01 Term. The term of this Agreement shall be on a month-to-month basis for a period not to exceed two (2) years commencing on the Effective Date until canceled by either party by thirty (30) days prior written notice to the other party.

4.02 Holding Over. It is agreed and understood that any holding over by Lessee of the Premises at the expiration or cancellation of this Agreement will not be permitted.

ARTICLE V
RENTALS

5.01 Rental. For the purpose of computing the rental payments, Lessor and Lessee agree that the Premises comprise the following:

6,084 square feet of office and warehouse space at \$5.88 per square foot per annum, which equates to \$35,773.92 per year or an amount equal to ten percent (10%) of Gross Receipts (as defined herein), whichever is greater.

5.02 Commencement of Rental Payments. Payment of rental by Lessee to Lessor as aforesaid shall commence on the Effective Date of this Agreement.

5.03 Time of Payment. All Rental payments due hereunder shall be paid in twelve (12) equal monthly installments of \$2,981.16. Said monthly rental payments shall be paid in advance on or before the first day of each and every month during the term of this Agreement.

5.04 Definition of Gross Receipts. As used herein, the term "Gross Receipts" shall include the total actual revenues from the business conducted by Lessee pursuant to this Agreement. All computations to be made in connection with determining Percentage Fees, including the amount of Gross Receipts, shall be made in accordance with generally accepted accounting principles. Further, in making such computations of Gross Receipts the following items shall be deducted:

- A. Any sales taxes, transaction taxes, or admission, entertainment or similar or equivalent taxes by whatever name called, the amount of which is determined by the amount of sales made and which is required to be separately identified and collected from each customer and accounted for to any governmental agency, or the amount of any sales tax clearly

identified as such under State law which is not separately identified to each customer because of any directive; provided, however, that this exclusion shall not include any license or permit fees or taxes payable by Lessee.

- B. Steward charges, officers' and employees' food and beverages, and food and beverages customarily and actually complimented in a manner similar to the practices followed by national restaurant operators;
- C. All credits or refunds received by Lessee from vendors or paid by Lessee to customers for unacceptable or unsatisfactory merchandise or items, which have been returned; and
- D. All sales of furniture, fixtures or equipment, which had been used in the Premises as part of Lessee's operations hereunder.

No deduction shall be made from Gross Receipts, as this term is used herein, by reason of any credit loss sustained or discount or deduction that may be applicable by reason of the acceptance or use of credit cards, other credit arrangements or the like. Except as hereinabove specified, if any charge for any of the services or goods mentioned in this Section not be assessed, charged or collected, irrespective of the reason therefor, the proper amount of such charge shall, nevertheless, be included in the term Gross Receipts.

5.05 Statements, Books and Records.

- A. Within fifteen (15) days after the close of each calendar month of the Term, Lessee shall submit to Lessor, in a form and with detail satisfactory to Lessor (including statistics with respect thereto), a statement of its Gross Receipts during the preceding month upon which the Percentage Rentals to Lessor set forth herein, if any, is computed. Said statement shall be signed by a responsible accounting officer of Lessee and accompanied by an appropriate percentage fee payment.
- B. Lessee shall keep full and accurate, records, books and data with respect to business done by it hereunder which shall show all the Gross Receipts of said business as defined herein, and Lessor shall have the right, through its representatives, and at all reasonable times, to inspect, examine, copy and audit such books and records, including any State of Texas sales tax return records. Lessee hereby agrees that all such records and instruments will be retained by Lessee and be made available to Lessor at the Premises for at least a three-year period, except guest checks, which shall be retained at least two (2) consecutive months from issuance. If the records are not available at the Premises, Lessee agrees to pay the expenses of auditors who travel to conduct such inspection, examination or audit.

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The making of any willfully false report of Gross Receipts by Lessee shall be grounds for the immediate termination by the Lessor of this Agreement.

- C. Lessee shall employ a nationally recognized firm of independent certified public accountants who shall furnish within ninety (90) days after the close of each City fiscal year, a written statement to Lessor stating that, in its opinion, based upon generally accepted auditing standards, the rentals paid by Lessee to Lessor during the preceding fiscal year pursuant to this Agreement were made in accordance with the terms of this Agreement. Such statement shall also contain a list of the Gross Receipts as shown on the books and records of Lessee which were used to compute the rental payments made to Lessor during the period covered by the statement.
- D. Failure on the part of Lessee to submit the required annual statement within ninety (90) days after the close of each Lease Year may result in the Lessor assessing a late fee of Five Hundred Dollars (\$500.00) for each month or fraction thereof that said statement is past due.

5.06 Audit. Lessor reserves the right, at its own cost and expense, to audit Lessee's books and records at any time for the purpose of verifying the Gross Receipts, Rentals and any other fees and charges due hereunder. However, if, as a result of such audit, it is determined that Lessee has understated the Gross Receipts received by it from all operations conducted pursuant to this Agreement by three percent (3%) or more (after the deductions and exclusions provided for herein), the entire expense of said audit shall be borne by Lessee. Any amount due shall immediately be paid by Lessee to Lessor with interest thereon at the highest percentage permitted by law from the date such amount became due, as determined by audit, and any overpayment by Lessee shall be credited by Lessor to any amounts becoming due from Lessee.

5.07 Unpaid Rent, Fees and Charges. Any installment of rent, any fees, or other charges or monies accruing under any provisions of this Agreement that are not received by the tenth (10th) day of the month in which payment is due, shall bear interest at the rate equal to the maximum allowed by law from the date when the same was due according to the terms of this Agreement until paid by Lessee.

5.08 Place of Payment. All rental and other payments required herein shall be paid to Lessor at the following address:

Accounting Division
El Paso International Airport
P.O. Box 971278
El Paso, Texas 79997-1278.

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ARTICLE VI
INSURANCE AND INDEMNIFICATION

6.01 Liability Insurance. Lessee, at its sole cost and expense shall, throughout the term of this Agreement, provide and keep in force for the benefit of Lessee with the Lessor as an additional insured, comprehensive general liability insurance in an amount not less than Five Hundred Thousand Dollars (\$500,000.00) for bodily injury to one person for each occurrence, One Million Dollars (\$1,000,000.00) for bodily injuries to more than one person arising out of each occurrence and One Hundred Thousand Dollars (\$100,000.00) for property damage arising out of each occurrence, or in amounts equal to the maximum liability for damages for municipalities for claims arising under governmental functions, provided for under the Texas Tort Claims Act, whichever is greater.

6.02 Fire and Extended Coverage Insurance. Lessor agrees that, at all times throughout the term of this Agreement, it will keep the Premises insured under a Texas Standard Policy of Fire and Extended Coverage Insurance for an amount equivalent to ninety percent (90%) of the replacement cost. Upon receipt of a statement therefor, Lessee shall reimburse Lessor for Lessee's pro rata share thereof plus ten percent (10%) for administrative overhead. Said share shall be calculated on a pro rata basis utilizing the square footage of each tenant's occupancy divided by the total square footage of the Premises.

If the operations conducted by Lessee, or anyone holding under Lessee, on the Premises should require the payment of a greater premium for fire and extended coverage insurance than would customarily be payable for the conduct of the activities permitted hereunder, then the amount of such additional premium cost shall also be reimbursed by Lessee to Lessor upon invoice.

6.03 Indemnification. **WITHOUT LIMITING THE GENERALITY OF ANY OTHER INDEMNITY CONTAINED IN THIS AGREEMENT, LESSEE AGREES TO INDEMNIFY AND HOLD LESSOR HARMLESS AGAINST ANY AND ALL CLAIMS, DEMANDS, DAMAGES, COSTS, LIABILITIES AND EXPENSES, INCLUDING INVESTIGATION EXPENSES AND REASONABLE ATTORNEY'S FEES FOR THE DEFENSE OF SUCH CLAIMS AND DEMANDS, ARISING OUT OF OR ATTRIBUTED DIRECTLY, OR INDIRECTLY TO THE OPERATION, CONDUCT OR MANAGEMENT OF LESSEE'S ACTIVITIES ON THE PREMISES, ITS USE OF THE PREMISES, OR FROM ANY BREACH ON THE PART OF LESSEE OF ANY TERMS OF THIS AGREEMENT, OR FROM ANY ACT OR NEGLIGENCE OF LESSEE, ITS AGENTS, CONTRACTORS, EMPLOYEES, CONCESSIONAIRES, OR LICENSEES IN OR ABOUT THE PREMISES INCLUDING CLAIMS AND DAMAGES ARISING IN WHOLE, OR IN PART, FROM THE NEGLIGENCE OF LESSOR. IN CASE OF ANY ACTION OR PROCEEDING BROUGHT AGAINST LESSOR BY REASON OF ANY SUCH CLAIM, LESSEE, UPON RECEIPT OF WRITTEN NOTICE FROM LESSOR, AGREES TO DEFEND THE ACTION OR PROCEEDING BY COUNSEL ACCEPTABLE TO LESSOR.**

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ARTICLE VII
EXPIRATION, CANCELLATION, ASSIGNMENT AND TRANSFER

7.01 Expiration. This Agreement shall expire at the end of the term or any extension thereof.

7.02 Cancellation. This Agreement shall be subject to cancellation by Lessor in the event Lessee shall:

- A. Be in arrears in the payment of the whole or any part of the amounts agreed upon hereunder for a period of ten (10) days after Lessor has notified Lessee in writing that payment was not received when due;
- B. File in any court a petition in bankruptcy or insolvency or for the appointment of a receiver or trustee of all or a portion of Lessee's property;
- C. Make any general assignment for the benefit of creditors;
- D. Abandon the Premises;
- E. Default in the performance of any of the covenants and conditions required herein (except rental payments) to be kept and performed by Lessee, and such default continues for a period of thirty (30) days after receipt of written notice from Lessor to cure such default, unless during such thirty-day period, Lessee shall commence and thereafter diligently perform such action as may be reasonably necessary to cure such default;
- F. Be adjudged bankrupt in involuntary bankruptcy proceedings; or
- G. Be made a party to any receivership proceeding in which a receiver is appointed for the property or affairs of Lessee where such receivership is not vacated within sixty (60) days after the appointment of such receiver.

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In any of the aforesaid events, Lessor may take immediate possession of the Premises including any and all improvements thereon and remove Lessee's effects, forcibly if necessary, without being deemed guilty of trespassing.

Failure of Lessor to declare this Agreement canceled upon the default of Lessee for any of the reasons set out shall not operate to bar or destroy the right of Lessor to cancel this Agreement by reason of any subsequent violation of the terms of this Agreement.

No receipt or acceptance of money by Lessor from Lessee after the expiration or cancellation of this Agreement or after the service of any notice, after the

commencement of any suit, or after final judgment for possession of the Premises, shall reinstate, continue, or extend the terms of this Agreement, or affect any such notice, demand or suit or imply consent for any action for which Lessor's consent is required or operate as a waiver of any right of the Lessor to retake and resume possession of the Premises.

7.03 Repossessing and Reletting. In the event of default by Lessee hereunder which shall remain uncured after the required notices have been given pursuant to this Agreement, and for such time as provided herein, Lessor may at once thereafter, or at any time subsequent during the existence of such breach or default:

- A. Enter into and upon the Premises or any part thereof and repossess the same, expelling therefrom Lessee and all personal property of Lessee (which property may be removed and stored at the cost of and for the account of Lessee), using such force as may be necessary; and
- B. Either cancel this Agreement by notice or without canceling this Agreement, relet the Premises or any part thereof upon such terms and conditions as shall appear advisable to Lessor. If Lessor shall proceed to relet the Premises and the amounts received from reletting the Premises during any month or part thereof be less than the rent due and owing from Lessee during such month or part thereof under the terms of this Agreement, Lessee shall pay such deficiency to Lessor immediately upon calculation thereof, providing Lessor has exercised good faith in the terms and conditions of reletting. Payment of any such deficiencies shall be made monthly within ten (10) days after receipt of notice of deficiency.

7.04 Assignment and Transfer. Lessee is not permitted to assign this Agreement without first obtaining Lessor's written consent; said consent shall be at Lessor's sole discretion. The foregoing notwithstanding, any person or entity to which this Agreement is assigned to, pursuant to the Bankruptcy Code, 11 U.S.C. 101 et seq., shall be deemed without further act or deed to have assumed all the obligations arising under this Agreement on or after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to Lessor an instrument confirming such assumption.

7.05 Subleasing. Lessee may be permitted to sublease all or any part of the Premises with the prior written approval of the Director or his designee.

7.06 Landlord's Lien. It is expressly agreed that in the event of default in the payment of rent or any other sum due from Lessee to Lessor under the terms of this Agreement, Lessor shall have a lien upon all goods, chattels, personal property or equipment, save and except delivery vehicles or rolling stock belonging to Lessee which are placed in, or become a part of, the Premises, as security for rent due and to become due for the remainder of the Agreement term, which lien shall not be in lieu of or in any way affect the statutory landlord's lien given by law, but shall be in addition to that lien, and Lessee grants to Lessor a security interest in all of Lessee's personal

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property placed in or on the Premises for purposes of this contractual lien. Provided, however, that the terms of this provision shall have effect only to the extent they are not inconsistent with the rules and regulations of the Interstate Commerce Commission and any other laws pertaining thereto and the Railroad Commission of the State of Texas. Lessor agrees that Lessor will not levy a landlord's lien against any delivery vehicle or rolling stock or any of the goods or personal property of third parties in the possession of Lessee, any sublessee or any assignee of the Lessee. In the event Lessor exercises the option to terminate the leasehold as provided herein, the Lessor, after providing reasonable notice to Lessee of its intent to take possession and giving an opportunity to cure the default, may take possession of all of Lessee's property on the Premises and sell it at public or private sale after giving Lessee reasonable notice of time and place of any public sale or of the time after that any private sale is to be made, for cash or credit, for such prices and terms as Lessor deems best. The proceeds of the sale shall be applied first the necessary proper expense of removing, storing and selling such property, then to the payment of any rent due or to become due under this Agreement, with the balance, if any, to be paid to Lessee.

7.07 Rights Upon Expiration or Early Termination. Upon expiration of this Agreement or the early termination of this Agreement by Lessor, Lessee shall return the Premises to Lessor in good clean condition, normal wear and tear excepted. Lessee shall also remove all improvements constructed by Lessee. Lessee shall have thirty (30) days after expiration or early termination of this Agreement in which to remove such improvements, during which occupancy by Lessee for the purposes of removal shall be subject to rent due as provided herein and during which time Lessee shall continue to be bound by the terms and conditions of this Agreement. However, such continued occupancy shall not be deemed to operate as a renewal or extension of the term nor create any new tenancy of the Premises. If Lessee fails to so remove said improvements as provided herein, Lessor may remove same at Lessee's expense or said items shall be considered abandoned. Lessor may at its option, take title to the improvements in lieu of such removal by or for Lessee.

ARTICLE VIII **GENERAL PROVISIONS**

8.01 Replacement of Lease dated March 22, 1988. Lessee and Lessor agree that the terms, conditions and covenants of this Lease shall supersede and replace the previous terms, conditions, and covenants under the Lease dated March 22, 1988. Lessor and Lessee agree that Lessee shall retain title to all leasehold improvements on the Premises during the term of this Lease. Lessor shall at no time during the term of this Lease be deemed to have taken title to such improvements; however, Lessor shall retain its rights upon expiration as set forth in Article X of this Agreement.

8.02 Right of Flight. Lessor reserves unto itself, its successors and assigns, for the use and benefit of the public a right of flight for the passage of aircraft in the airspace above the surface of the Premises, together with the right to cause in said airspace

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such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for the use of said airspace for landing on, taking off from or operation on the Airport.

Lessor reserves to itself, its successors and assigns, for the use and benefit of the public, a continuing right and easement over the Premises to take any action it deems necessary to prevent the construction, erection, alteration or growth of any structure, tree or other object in the vicinity of the runways at the Airport which would constitute an obstruction to air navigation according to the criteria or standards prescribed in Subpart C of Part 77 of the Federal Aviation Regulations.

Lessor reserves for itself, its successors and assigns the right to prevent any use of the Premises which would interfere with aircraft landing on or taking off from the Airport and the right to prevent any other use of the Premises which would constitute an airport hazard.

8.03 Time is of the Essence. Time is and shall be deemed of the essence in respect to the performance of each provision of this Agreement.

8.04 Notices. All notices provided to be given under this Agreement shall be given by certified or registered mail, return receipt requested, postage fully prepaid, addressed to the proper party at the following addresses:

| | | |
|---------|----------------------|-------------------------------|
| LESSOR: | City Clerk | Director of Aviation |
| | City of El Paso | El Paso International Airport |
| | 2 Civic Center Plaza | 6701 Convair Rd. |
| | El Paso, Texas 79999 | El Paso, Texas 79925-1091 |

LESSEE: Sky Chefs, Inc.
601 Ryan Plaza Drive
Arlington, Texas 76011
ATTN: Senior Vice President-Finance

Any notice so given shall be deemed properly delivered, given, served, or received on the date shown for delivery or rejection on the return receipt. Any party may change the address to which notices shall thereafter be given upon five (5) days prior written notice to the other party in the manner set forth in this Section.

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

8.06 Agreement Made in Texas. This Agreement is made in the State of Texas. The laws of the State of Texas shall govern the validity, interpretation, performance and

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enforcement of this Agreement. Venue shall be in the courts in El Paso County, Texas.

8.07 Non-Discrimination Covenant. Lessee, for itself, its heirs, personal representatives, successors in interest and assigns, as part of the consideration hereof, does hereby covenant and agree as follows:

- A. That in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Agreement for the purpose for which Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.
- B. That no person on the grounds of race, creed, color, sex, age, disability, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises.
- C. That in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person on the grounds of race, creed, color, sex, age, disability, or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination.
- D. That Lessee shall use the Premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A. 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 Regulation may be amended. Lessee shall also comply with the applicable provisions of Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112) and 49 CFR Part 27.
- E. Economic Discrimination. To the extent that, under this Agreement, Lessee furnishes goods or services to the public at the Airport, Lessee agrees that it shall:
 - 1. Furnish each and every good and service on a fair, reasonable, and not unjustly discriminatory basis to all users of the Airport, and
 - 2. Charge fair, reasonable and not unjustly discriminatory prices for each unit or service, provided that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other

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similar types of price reductions to volume purchasers as otherwise permitted under the law.

- F. That, in the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate this Agreement and re-enter and repossess the Premises and the improvements thereon, and hold the same as if said Agreement had never been made or issued.

8.08 Affirmative Action. Lessee assures that no person, on the grounds of race, creed, color, sex, age, disability, or national origin be excluded from participating in or receiving the services or benefits of any program of activity covered by 14 CFR Part 152, Subpart E, and any amendments thereto, and any other federal statutes or regulations applicable to the receipt of federal assistance from the Department of Transportation by local governments for Airport use, or otherwise applicable to persons leasing premises from the City of El Paso, Lessee assures that it will require that its covered suborganizations (sublessees) provide assurances to Lessor, as set forth herein, that they similarly will undertake affirmative action programs, and that they will require assistance from their suborganizations (sublessees) to the same effect.

8.09 Cumulative Rights and Remedies. All rights and remedies of Lessor here enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law. Likewise, the exercise by Lessor of any remedy provided for herein or allowed by law shall not be to the exclusion of any other remedy.

8.10 Interpretation. Words of gender used in this Agreement shall be held and construed to include the other gender, and words in the singular shall be held to include the plural and vice versa unless the context otherwise requires.

8.11 Agreement Made in Writing. This Agreement contains all of the agreements and conditions made between the parties hereto and may not be modified orally or in any manner other than by agreement in writing signed by the parties hereto or their respective successors in interest.

8.12 Paragraph Headings. The Table of Contents and the captions of the various articles and sections of this Agreement are for convenience and ease of reference only, and do not define, limit, augment or describe the scope, context or intent of this Agreement or any part or parts of this Agreement.

8.13 Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remainder of this Agreement will not be affected, and in lieu of each provision which is found to be illegal, invalid, or unenforceable, there will be added as part of this Agreement a provision as similar to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

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8.14 Successors and Assigns. All of the terms, provisions, covenants and conditions of this Agreement shall inure to the benefit of and be binding upon Lessor and Lessee and their successors, assigns, legal representatives, heirs, executors and administrators.

8.15 Taxes and Other Charges. Lessee shall pay all taxes and governmental charges of any kind whatsoever that may be assessed against the Lessee or the Lessor, with respect to the Premises or any improvements thereon, during the term of this Agreement including any extensions or option periods granted thereto.

The Lessee in good faith may contest any tax or governmental charge; provided that the Lessee may not permit such tax or governmental charge to remain unpaid during the period of such contest and any appeal therefrom unless, in the opinion of counsel satisfactory to the Lessor, such action will not adversely affect any right or interest of the Lessor.

8.16 Waiver of Warranty of Suitability. LESSOR DISCLAIMS ANY WARRANTY OF SUITABILITY THAT MAY ARISE BY OPERATION OF LAW. LESSEE LEASES THE PREMISES AS-IS AND LESSOR DOES NOT WARRANT THAT THERE ARE NO LATENT DEFECTS THAT ARE VITAL LESSEE'S USE OF THE PREMISES FOR THEIR INTENDED COMMERCIAL PURPOSE.

8.17 Survival of Certain Provisions. All provisions of this Agreement which expressly or impliedly contemplate or require performance after the expiration or termination of this Agreement hereunder shall survive such expiration or termination of this Agreement, including without limitation, the Compliance with Laws and Indemnification provisions.

8.18 Authorization to Enter Agreement. The parties represent and warrant to each other that each party and the persons signing this Agreement have authority to enter into this Agreement and bind their respective organizations thereto. Further, all persons entering into this Agreement represent that their respective entity is a duly authorized and existing entity qualified to do business in Texas. Upon either party's request, the other party will provide evidence satisfactory to requesting party confirming these representations.

8.19 Effective Date. Regardless of the date signed, this Agreement shall be effective as of the date first noted on the Title Page.

(SIGNATURES BEGIN ON THE FOLLOWING PAGE)

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IN WITNESS WHEREOF, the parties have hereunto set their hands as of this
____ day of _____ 2008.

CITY OF EL PASO:

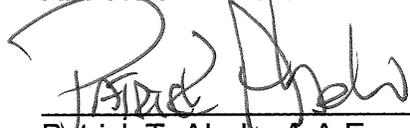
Joyce A. Wilson
City Manager

APPROVED AS TO FORM:



Raymond L. Telles
Assistant City Attorney

APPROVED AS TO CONTENT:



Patrick T. Abelh, A.A.E.
Director of Aviation

ACKNOWLEDGEMENT

THE STATE OF TEXAS)
)
COUNTY OF EL PASO)

This instrument was acknowledged before me on this ____ day of _____ 2008
by **Joyce A. Wilson** as **City Manager** of the **City of El Paso, Texas** (LESSOR).

Notary Public, State of Texas

My Commission Expires:

(SIGNATURES CONTINUE ON FOLLOWING PAGE)

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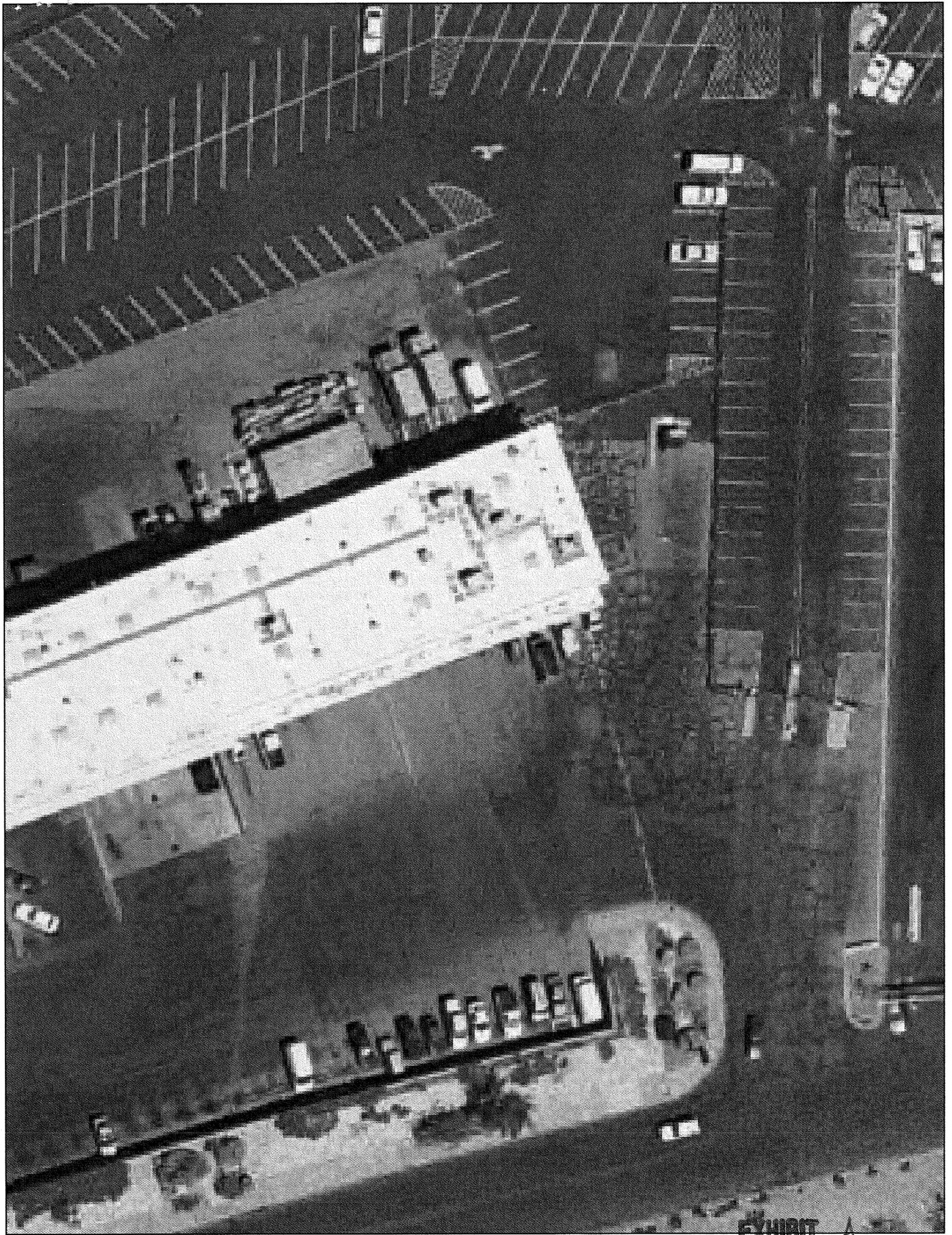


EXHIBIT A