

Rules and Regulations

Pursuant to a delegation of authority by the Grayson County Commissioners Court (hereinafter referred to as the “Commissioners Court”), these Rules and Regulations for the efficient and safe operation of the Grayson County Airport (hereinafter referred to as the “Airport”); and to provide the greatest service for the citizens of Grayson County and the aviation public, are adopted by the Grayson County Airport Board (hereinafter referred to as the “Board”), providing enforcement by the Airport Director (hereinafter referred to as the “Director”), and providing penalties for violations; all as authorized by the “Municipal Airports Act,” Vernon’s Texas Civil Statutes., Ann., Art. 46d-1 et seq.

These Rules and Regulations shall be administered by the Board, as authorized by Resolution of the Commissioners Court dated August 16, 1999 as amended, the Board acting herein by and through the Director as its authorized agent.

TABLE OF CONTENTS

| | |
|-----------|--|
| Section 1 | Use of Airport Restricted |
| Section 2 | General Rules and Regulations |
| Rule 1 | Federal Air Traffic Rules |
| Rule 2 | Safeguard of Persons and Property |
| Rule 3 | Hangars |
| Rule 4 | Color of Hangar |
| Rule 5 | Length of Ground Leases |
| Rule 6 | Lease of Airport Property and Construction |
| Rule 7 | Condition of Leased Premises |
| Rule 8 | Clean-Up by Lessor |
| Rule 9 | Compliance with Laws and Airport Rules and Regulations |
| Rule 10 | Requirements of the U.S.A. |
| Rule 11 | National Emergencies |
| Rule 12 | Abandoned Property |
| Rule 13 | Assignments and Sub-letting |
| Rule 14 | Lien for Charges |
| Rule 15 | Rent and Lease Payments |
| Rule 16 | Adjustment to Rent or Lease |
| Rule 17 | Lessor Possessory Right |
| Rule 18 | Unauthorized Signs and Equipment |
| Rule 20 | Surreptitious Activity |

| | |
|---------|--|
| Rule 21 | Wrecked Aircraft |
| Rule 22 | Repairs to Aircraft |
| Rule 23 | Damage to Airport |
| Rule 24 | Injury to Person |
| Rule 25 | Licensed Pilots |
| Rule 26 | Registration |
| Rule 27 | Intoxicants and Narcotics Prohibited |
| Rule 28 | Environmental Issues and Indemnification |
| Rule 29 | Environmental Clean-Up Laws |
| Rule 30 | Environmental Notice |
| Rule 31 | Environmental Survival |
| Rule 32 | Storm Water Compliance |
| Rule 33 | Non-Discrimination Covenants |
| Rule 34 | Foreign Objects |
| Rule 35 | Ground Traffic Vehicular Traffic |
| Rule 36 | Fueling of Aircraft |
| Rule 37 | Tie Down of Aircraft |
| Rule 38 | Running Aircraft Engines |
| Rule 39 | Damage to Runway/Taxiway Lights |
| Rule 40 | Taxiing Aircraft |
| Rule 41 | Parking Aircraft |
| Rule 42 | Loading/Unloading Aircraft |
| Rule 43 | Authority to Suspend Operations |

| | |
|-----------|--------------------------------------|
| Rule 44 | Active Runway |
| Rule 45 | Clearing Street |
| Rule 46 | UNICOM |
| Rule 47 | Emergency Locator Transmitter (ELT) |
| Rule 48 | Takeoffs on Apron or Taxiways |
| Rule 49 | Takeoffs Allowed |
| Rule 50 | Traffic Pattern Altitude |
| Rule 51 | Student Training and Practice Flying |
| Rule 52 | Special Procedures |
| Rule 53 | Flying of Model Airplanes |
| Rule 54 | Fire Regulations |
| Rule 55 | Non-Aviation Uses |
| Rule 56 | Right of Entry |
| Rule 57 | Through the Fence Operations |
| Rule 58 | Insurance |
| Rule 59 | Hold Harmless |
| Rule 60 | Arbitration and Costs |
| Rule 61 | Legal Fees and Expenses |
| Section 3 | Knowledge of Rules Implied |
| Section 4 | Conflict of Rules and Regulations |
| Section 5 | Penalty for Violation |
| Section 6 | Severability |

SECTION 1. Use of Airport Restricted -- No person, partnership, firm, association, corporation or entity, incorporated or otherwise, shall use the Airport for any commercial activity, unless approved by a written permit from the Board or the Director.

SECTION 2. General Rules and Regulations -- The following rules and regulations shall be observed in the use, operation and conduct of activities of the Airport:

Rule 1. Federal Air Traffic Rules -- Federal Air Traffic Rules of the Federal Aviation Administration (hereinafter referred to as the "FAA") for aircraft operated within the United States, and presently or hereafter effective, are hereby referred to, adopted, and made a part hereof as though fully set forth and incorporated herein.

Rule 2. Safeguard of Persons and Property -- The Director shall at all times have authority to take necessary and legal actions to safeguard any person, aircraft, equipment, or property at the Airport.

Rule 3. Hangars -- Hangars, other buildings or structures and improved/unimproved land owned by Grayson County may be leased to private individuals, companies or corporations for the storage of aircraft and ancillary aircraft equipment or to conduct a commercial Fixed Base Operation (hereinafter referred to as "FBO").

Rule 4. Color of Hangars -- All new hangars shall be built with light gray or white siding and have either blue or white trim. The Board must approve all deviations.

Rule 5. Length of Ground Leases -- No Ground Leases will be written for a primary period in whose lease term exceeds thirty (30) years, without the construction of a hangar/shop/office facility whose finished facility exceeds 15,000 sq. ft. and approval of the Board. In no event shall any ground lease term exceed forty (40) years. Any consideration of Lease duration extensions shall require that the Lessee demonstrate to the Board that such extension is a clear benefit to Grayson County and/or the public interest.

Rule 6. Lease of Airport Property and Construction-- The Board may lease land within the building area or other portions of the Airport for the construction of hangars, buildings, lean-tos, aprons, taxiways and auto parking lots in accordance with the approved Airport Master Plan/Airport Layout Plan and the Design Guidelines. Aviation related use must be given priority in the use of all leased or privately owned property, buildings or structures. If the aviation needs of the Airport are sufficiently met, the Board may authorize nonaviation use of any portion of the Airport or any building on the Airport on a case-by-case basis. Application for such nonaviation use shall be made to the Board with a term not to exceed eighteen (18) months.

- A.** Lessee agrees to construct all buildings, ramps and facilities which will be constructed by Lessee at its expense. Construction must begin within one hundred twenty (120) days after the effective date this Lease and must be substantially completed within one hundred eighty (180) days thereafter. The Improvements on the Leased Premises shall remain the Lessee's property until expiration or termination of the Lease and its covenants. Upon expiration or termination of the Lease, all Improvements shall become the property of Grayson County.
- B.** Prior to construction of the improvements, the Lessee shall obtain the Lessor's written approval of the plans and specifications for such construction, which approval the Lessor shall not unreasonably withhold. The preliminary submission by the Lessee shall employ essentials of aesthetics, convenience, function and design, and shall be compatible in such respect with those of the Airport. Upon approval of such preliminary plans, Lessee shall prepare complete plans and specifications for the proposed construction. A construction application and final plans and specifications, when rendered, shall be submitted to the Lessor for approval, which approval shall not be unreasonably withheld. The Lessee shall include in all construction contracts entered into by it, in connection with any or all of the construction work, a provision requiring all contractors to indemnify, hold harmless, defend and insure Lessor, its Officers, Agents, and Employees, against the risk of death, injury, or damage to persons or property, direct or consequential, arising out of or in connection with the performance of any or all of such construction work. The Lessee shall require all contractors to furnish liability insurance in such reasonable amounts as may be required by the Lessor. In the alternative, the Lessee itself may provide the indemnity and liability insurance otherwise required of contractors. Lessor agrees to provide approval or disapproval within thirty (30) days of receipt of each written request.
- C.** All plans and specifications referred to above and all construction, renovation, remodeling, or refurbishing to or upon the Leased Premises shall meet all current Grayson County, Standard Fire and Building Codes published by the Southern Building Code Congress and the National Electrical Code, and shall provide for the construction to be from material satisfactory and acceptable to the Lessor. During the progress of all work, Lessor's duly authorized representative may enter upon the Leased Premises and make such inspections as may be reasonably necessary for the purpose of satisfying Lessor that the work or construction meets such requirements and standards. All construction must be authorized by the Board and must be of a compatible standard capable of withstanding winds of 85 mph, with doors open or closed.
- D.** The Lessee further covenants that all construction work will be performed by it or its contractors, including all workmanship or materials shall be of first class quality and shall be performed in accordance with the plans and specifications approved by

the Lessor. Lessee agrees that it shall deliver to the Lessor "as built" transparencies of the improvements constructed by it and shall, during the term of the Lease keep such transparencies, if any, current, showing thereon any changes or modifications which may be made in or to the improvements.

- E.** The Lessee will complete a FAA Form 7460-1, "Notice of Proposed Construction or Alteration," and receive a favorable determination from the FAA prior to any construction on the Facility. No hangar or structure may be erected beyond the building restriction line or in conflict with the approved Airport Layout Plan.
- F.** Leased land from which any building, hangar, or structure is removed, after due notice or expiration of the Lease, will be cleared, cleaned, and put back in its original or acceptable condition, by the Lessee.

Rule 7. Condition Of Leased Premises – The Lessee agree that they will at all times keep the Leased Premises, including the inside and the outside of any facility, clean and free of trash, litter, tall grass, weeds, junked automobiles, and scrap parts.

Rule 8. Clean-Up by Lessor -- Charge against Lessee - Should Lessee fail to keep the Leased Premises clean and free of hazards, Lessor may, after 30 days written notice, arrange for the clean up of the littered or hazardous area. Such clean up shall be charged to Lessee and payable upon demand. Failure to render prompt payment for such cleanup is grounds for Lessor to terminate this Lease.

Rule 9. Compliance with Laws and Airport Rules and Regulations -- Lessee will comply with all laws, rules and regulations now existing or hereafter established by the United States of America, the State of Texas, the County of Grayson, and their respective agencies, including the Federal Aviation Agency, the Texas Department of Transportation Aviation Division (TxDOT Aviation), and the Board. The Rules and Regulations are incorporated by reference as if written verbatim in all leases whether stated or not, and Lessee agrees to comply fully at all times with the Rules and Regulations. Lessor shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Lessor, Lessee and all other Lessees and customers of the Airport.

Rule 10. Requirements of U.S.A. -- It is expressly understood and agreed that this Lease is subject to and subordinate to and controlled by provisions, stipulations, covenants and agreements contained in those certain contracts, agreements, resolutions and actions of Lessor constituting agreements between Lessor and the United States of America and its agents, including, but not limited to, the Federal Aviation Administration (FAA) and the Texas Department of Transportation Aviation Division (TxDOT Aviation) and all regulations now and hereafter imposed upon the Lessor and that the Lessor shall not be liable to Lessee on account of any of the foregoing matters and all of such contracts, agreements, resolutions, and regulations are incorporated herein by reference, and if any provision of this Lease is determined to be at variance with same, such provision is unilaterally reformable at Lessor's option.

Rule 11. National Emergencies – All leases are subject to the right of temporary reentry and use of certain portions of the Airport by the Armed Forces of the United States Government during wartime involving the United States and in other national emergencies. In the event of any such re-entry, Lessees shall be entitled to receive the entire amount of any award made for such re-entry whether such award is paid by way of damages, rent or otherwise, unless such period of re-entry shall extend beyond the expiration date of the term of the Lease, in which case such award, after payment to Lessor therefrom of the estimated cost of restoration of the Leased Premises to the extent that any such award is intended to compensate for damage to the Leased Premises shall be apportioned by Lessor and Lessee as of such date of expiration in the same ratio that the part of the entire period for which such compensation is made falling before the date of expiration and that part falling after, bear to such entire period.

Rule 12. Abandoned Property -- Any privately owned structure or hangar not in use for aviation purposes for a period in excess of ninety (90) days or not available for lease or sublease for aviation purposes, unless so authorized for nonaviation use by the Board, must be removed if due notice to the owner in writing by the Director or the Board and thereafter will be considered abandoned. The Board may acquire title to such structure or hangar.

Rule 13. Assignment and Sub-letting -- Without the prior written consent of Lessor, Lessee may not assign this Lease or any rights of Lessee hereunder (except to a leasehold mortgagee as herein below provided) or sublet the whole or any part of the Leased Premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of the Lease. In the event of any assignment or subletting, Lessee shall not assign Lessee's rights hereunder or sublet the Leased Premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sub-Lessee agrees to be bound by the terms and provisions of this Lease.

Leased property on the Airport may be subleased by the Lessee only with written approval of the Board.

Rule 14. Lien for Charges -- To enforce the payment of any charge made for repairs, improvements, storage, or care of any personal property made or furnished, Grayson County shall have a lien upon such personal property, which shall be enforceable as provided by law.

Rule 15. Rent and Lease Payments – All rent and lease payment are due on the first of each calendar month. All monies due Landlord are delinquent after the 10th calendar day of each month and subject to a late fee equal to 10% of the payment due.

Rule 16. Adjustment to Rent or Lease -- Commencing on January following the first full calendar year of the lease commencement date and on every January thereafter the monthly rental due shall be adjusted as follows:

- A. A comparison shall be made between the Consumers' Price Index (CPI) - All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the commencement date and as it exists on the first day of the new calendar year preceding the then applicable adjustment date.
- B. The monthly rental for each year period beginning with and following each January thereafter shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the CPI between the commencement date and the January 1 of the current year, but in no event shall such monthly rental ever be decreased below the initial monthly rental set forth in the lease.
- C. In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefore.

Rule 17. Lessor Possessory Right – Should a lessee fail to make the payment of any charge, the Director may retain possession of such personal property until all reasonable, customary and usual compensation has been paid in full.

Rule 18. Taxes and Fees -- Lessee shall be liable for all taxes and fees owed on or by his personal business or himself. Under no circumstances shall Lessor be liable for or be required to pay any tax or fee owed by Lessee.

Rule 19. Unauthorized Signs and Equipment -- No signs, nonaeronautical equipment, portable buildings or trailers may be erected, moved-in, or installed on the Airport property, except as may be specifically authorized by the Director.

Rule 20. Surreptitious Activities -- Any person observing suspicious, unauthorized or criminal activities should report such activities immediately to the Director, Grayson County Sheriffs Office, officers of the Texas Department of Public Safety, or other police officers.

Rule 21. Wrecked Aircraft -- Every aircraft owner, his/her pilot, or agent, shall be responsible for notifying FAA and promptly removing disabled or wrecked aircraft from the operational areas of the Airport, under the direction of the Director.

Rule 22. Repairs to Aircraft -- No aircraft shall be repaired on any part of the landing or takeoff area. All outside repairs shall be made only at places designated by the Director for such purpose. Major engine, airframe or avionics repairs shall be conducted by a properly licensed mechanic within a hangar or building rented, leased or owned for such commercial purposes. Any preventive maintenance authorized by FAR Part 43 may be made by the owner or operator of any aircraft, but only within a hangar leased or owned by that aircraft owner or operator or at places designated by the Director for such purpose.

Rule 23. Damage to Airport -- Any person, individual, or corporation or the owner of any aircraft causing damage of any kind to the Airport, whether through violation of any of these Rules, through vandalism, or any act of negligence, shall be liable therefore in and to Grayson County.

Rule 24. Injury to Person -- Persons entering upon the Airport ground side property by automobile, other vehicular conveyance, or pedestrian traffic do so at their own risk and with no liability incurring to Grayson County for any injury or damage to person or property.

Rule 25. Licensed Pilots -- Only properly registered aircraft and persons holding current airman and medical certificates issued by the FAA shall be authorized to operate aircraft upon the Airport except as provided in these Rules and Regulations. This limitation shall not apply to students in training under licensed instructors nor to public aircraft of the Federal government or of a State, Territory, or political subdivision thereof, or to aircraft licensed by a foreign government with which the United States has a reciprocal agreement covering the operation of such licensed aircraft. Note: Use of the Airport by such aircraft shall be subject to approval by the Director and shall be in accordance with FAR Part 13 and any other rules established by the Board and enforced by the Director.

Rule 26. Registration -- Each person owning an aircraft based at the Airport, employed, or receiving instructions at the Airport shall register at the office of the Director their name, address, telephone number, aircraft model, aircraft registration "N" number, and the name, address, and telephone number of their next of kin or person to be notified in case of an accident or emergency.

Rule 27. Intoxicants and Narcotics Prohibited -- No person under the influence of any intoxicant, narcotic or other illicit drug shall operate or fly in any aircraft upon or from the Airport. Such prohibition shall not apply to a passenger under the care of a medical doctor and accompanied by a doctor, nurse or caretaker.

Rule 28. Environmental Issues and Indemnification -- *No Storage or Disposal*. Lessee shall not install, store, use, treat, transport or dispose (or permit or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by Lessee, its agents, employees, independent contractors, or sublessee) on the Leased Premises, any: (a) asbestos in any form; (b) urea formaldehyde foam insulation; (c) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; or (d) any other chemical, material, air pollutant, toxic pollutant, waste, or substance which is regulated as toxic or hazardous or exposure to which is prohibited, limited or regulated by the Resource Conservation Recovery Act, the Comprehensive and Environmental Response Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Air Act, and/or the Clean Water Act or any other federal, state, county, regional, local or other governmental authority or which, even if not so regulated, may or could pose a hazard to the health and safety of the occupants of the Leased Premises, and which is either: (i) in amounts in excess of that permitted or deemed safe under applicable law; or (ii) in any manner which is

prohibited or deemed unsafe under applicable law. (The substances referred to in (a), (b), (c) or (d) are collectively referred to hereinafter as "Hazardous Materials").

Rule 29. Environmental Cleanup Laws -- Lessee shall, at Lessee's own expense, comply with any presently existing or hereafter enacted laws relating to Hazardous Materials (collectively, "Cleanup Laws"); provided, however that Lessee shall not be responsible for correcting any violation of the Cleanup Laws under this Section that existed prior to the Commencement Date of their lease. In furtherance and not in limitation of the foregoing, Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Authority") under the Cleanup Laws. Should any Authority require that a cleanup plan be prepared and that a cleanup be undertaken because of the existence of Hazardous Materials which were installed, stored, used, treated, transported, disposed of or discharged on the Leased Premises, by Lessee, its agents, employees, independent contractors or subLessees during the Term of this Lease, Lessee shall, at Lessee's own expense, prepare and submit the required plans and financial assurances and carry out the approved plans in accordance with such Cleanup Laws and to Lessor's satisfaction. At no expense to Lessor, Lessee shall promptly provide all information requested by Lessor for preparation of affidavits or other documents required by Lessor to determine the applicability of the Cleanup Laws to the Leased Premises, as the case may be, and shall sign the affidavits promptly when requested to do so by Lessor. Lessee shall indemnify, defend, save and hold Lessor harmless from and against, and reimburse Lessor for, any and all obligations, damages, injunctions, fines, penalties, demands, claims, costs, expenses, actions, liabilities, suits, proceedings and losses of whatever nature (including, without limitation, Attorneys' Fees and court costs), and all cleanup or removal costs and all actions of any kind arising out of or in any way connected with the installation, storage, use, treatment, transporting, disposal or discharge of Hazardous Materials in or on the Leased Premises by Lessee, its agents, employees, independent contractors or subLessees during the Lease Term; and from all fines, suits, procedures, claims and actions of any kind arising out of Lessee's failure to provide all information, make all submissions and take all steps required by the Authority under the Cleanup Laws or any other environmental law. Lessee's obligations and liabilities under this Section shall continue so long as Lessor and any of Lessor's Affiliates remain responsible for Hazardous Materials at the Leased Premises, that were installed, stored, used, treated, transported, disposed of or discharged during the Lease Term by Lessee, its agents, employees, independent contractors or subLessees. In addition to and not in limitation of Lessor's other rights and remedies, Lessee's failure to abide by the terms of this Section shall be restrainable by injunction.

Rule 30. Environmental Notices -- Lessee shall promptly supply Lessor with copies of any notices, correspondence and submissions made by Lessee to or received by Lessee from any governmental authorities of the United States Environmental Protection Agency, the United States Occupational Safety and Health Administration, or any other local, state or federal authority that requires submission of any information concerning environmental matters or Hazardous Materials.

Rule 31. Environmental Survival -- Lessee's liability pursuant any environmental issue shall survive the expiration or earlier termination of their Lease.

Rule 32. Storm Water Compliance

A. Notwithstanding any other provisions or terms of a Lease, the Airport is subject to federal storm water regulations, 40 C.F.R. Part 122 for “vehicle maintenance shops” (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing operations that occur at the Airport as defined in these regulations and, if applicable, state storm water regulations. Each Lessee shall become familiar with these storm water regulations if it conducts or operates “vehicle maintenance” (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing activities as defined in the federal storm water regulations; and is advised that there are significant penalties for submitting false information, including fines and imprisonment for knowing violations;

B. Notwithstanding any other provisions or terms of a Lease, the Board shall take steps necessary to apply for or obtain a storm water discharge permit as required by the applicable federal and/or state regulations, including the Leased Property occupied or operated by a Lessee. Each Lessee is advised that the storm water discharge permit issued to Grayson County may name a Lessee as a co-permittee.

C. Notwithstanding any other provisions or terms of a Lease, including a Lessee’s right to quiet enjoyment, the Board and each Lessee’s close cooperation is necessary to ensure compliance with any storm water discharge permit terms and conditions, as well as to ensure safety and to minimize costs. A Lessee may have to undertake to minimize the exposure of storm water (and snow melt) to “significant materials” generated, stored, handled or otherwise used by a Lessee, as defined in the federal storm water regulations, by implementing and maintaining “Best Management Practices”,

D. Grayson County’s storm water discharge permit is incorporated by reference into each Lease and any subsequent renewals.

E. The Board will provide a Lessee with a written notice of those storm water discharge permit requirements, that are in Grayson County’s storm water permit, that a Lessee will be obligated to perform from time to time, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water pollution prevention or similar plans; implementation of “good housekeeping” measures or Best Management Practices; and maintenance of necessary records. Such written notice shall include applicable deadlines. Each Lessee, within seven (7) days of receipt of such written notice, shall notify the Board in writing if it disputes, any of the storm water discharge permit requirements it is being directed to undertake. If a Lessee does not provide such timely notice, it is deemed to assent to undertake such

requirements. If a Lessee provides the Board with timely written notice that it disputes such storm water discharge permit requirements, Board and Lessee agree to attempt to negotiate a prompt resolution of their differences. A Lessee will not object to a written notice from the Board for purposes of delay or avoiding compliance.

F. Each Lessee shall undertake, at its sole expense unless otherwise agreed to in writing between the Board and Lessee, those storm water discharge permit requirements for which it has received written notice from the Board. Each Lessee shall meet any and all deadlines that may be imposed on or agreed to and shall meet any and all deadlines that may be imposed on or agreed to by the Board and Lessee. Time is of the essence.

G. Grayson County agrees to provide a Lessee, at its request, with any non-privileged information collected and submitted to any governmental entity (ies) pursuant to applicable storm water regulations.

H. The terms and conditions of Grayson County's storm water discharge permit may change from time to time and the Board shall negotiate with the appropriate governmental entity (ies) any such permit modifications;

I. The Board will give a Lessee written notice of any breach by a Lessee of Grayson County's storm water discharge permit or the provisions of this Rule. If such a breach is material, and, of a continuing nature, the Board may seek to terminate a Lease pursuant to the terms of such Lease. Each Lessee shall cure promptly any breach; and

J. Each Lessee shall participate in any Board-organized task force or other work group established to coordinate storm water activities of the Airport.

Rule 33. Non-Discrimination Covenants

A. Each Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration for its Lease, does hereby covenant and agree as a covenant running with the land to insure that: (1) no person on the grounds of race, color, sex, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of its Leased Property; (2) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person, on the grounds of race, color, sex or national origin, shall be excluded from, participation in, denied benefits of, or otherwise be subjected to discrimination.

B. The right to conduct aeronautical activities for furnishing services to the public is granted a Lessee subject to such Lessee agreeing:

1. To furnish said services on a fair, equal and not unjustly discriminatory basis to all users thereof; and
 2. To charge fair, reasonable and not unjustly discriminatory prices for each unit or service, provided that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.
- C. Each Lessee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration for its Lease, does covenant and agree as a covenant running with the land that:
1. No person on the grounds of race, color, sex or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises; and
 2. That in the conduct of its business, no person on the grounds of race, color, sex or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination.

Rule 34. Foreign Objects -- No foreign objects, including bottles, cans, scrap, nuts, bolts, nails or any object that may cause damage to an aircraft, shall be left upon the floor of any building or upon any part of the surface of the Airport. Individuals are encouraged to pick up such foreign objects when observed and place them in a trash receptacle.

Rule 35. Ground Traffic Vehicular Traffic -- All vehicular traffic on the Airport shall be confined to streets, roads and avenues of passage designated and provided for that purpose. Authorized vehicles only will be driven on the landing area. Such authorized vehicles will drive in designated drive lanes (when provided) when possible. No authorized vehicles will exceed thirty (30-mph) miles per hour while driving on the aircraft-parking ramp. No unauthorized vehicles are allowed beyond the red vehicle control line. All vehicles will give the right-of-way to aircraft. Special use vehicles such as an ambulance, hearse or delivery van may be driven on the aircraft-parking ramp with the permission of the Director. An aircraft owner who rents, leases or owns his/her private hangar may park his/her automobile in the hangar while on a trip in his/her aircraft. At no time may any vehicle park on the movement or immediately adjacent to a movement area. Vehicles may only park in designated parking areas or where authorized by the Director.

Rule 36. Fueling of Aircraft

- A. Aircraft shall not be fueled while the engine is running or while in a hangar or other enclosed place, except that an agricultural spray aircraft on a fast turn around may be fueled and loaded with chemicals with the aircraft engine idling if the Director has provided written authority to the agricultural operator, the pilot remains at the controls,

the aircraft's wheels are chocked, there are at least two 20B fire extinguishes within fifty (50) feet of the aircraft being serviced, and a qualified ground crew member is present during the fueling operation.

B. Prior to making any fueling connection to an aircraft, the fueling equipment (fuel, pump, hydrant service, fuel truck) shall be bonded to the aircraft by use of a cable suitable for the purpose and approved by the Airport Fire Department. The bond shall be made prior to fueling and maintained until fueling is completed and fuel connections have been removed. In addition, when fueling overwing, the fueling nozzle shall be bonded with a nozzle bond cable having a clip or a male plug to a metallic component of the aircraft that is metallically connected to the aircraft fuel tank filler port or a female receptacle designed to accommodate the male plug. If there is no plug receptacle or means for attaching a clip, the operator shall touch the filler cap with the nozzle spout before removing the cap so as to equalize the static electrical potential between the nozzle and the filler port. The nozzle spout shall be kept in contact with the filler neck until the fueling is completed to avoid the possibility of a spark at the fill opening. Only metal funnels shall be used for fueling. Bonding and fueling connections shall be disconnected in the reverse order of connection after fueling is completed.

C. All aircraft shall be fueled clear of all hangars, other buildings, and aircraft by at least fifty (50) feet.

D. Fueling trucks shall not be parked within any building or hangar or within 50 feet of any building, hangar or parked aircraft (the Airport Fire Department shall have final authority as to determining such distance). Fuel trucks shall be parked with at least ten (10) feet separation between vehicles.

E. Aircraft fuel storage tanks for below-ground or above-ground use will be constructed and installed, registered as required, monitored for leakage, operated, and maintained in accordance with Federal and State statutes, rules and regulations promulgated by the Environmental Protection Agency and the Texas Natural Resource Conservation Commission.

F. Aviation or auto fuels shall not be stored in a hangar or building except in small quantities and in approved containers manufactured and marked for such purpose and only with the approval of the Airport Fire Department.

G. Persons/or businesses wishing to supply or dispense aviation fuel for use in their privately owned aircraft shall not be denied; however, they must meet all of the requirements the Board places on other fuel suppliers, public or private, and meet the terms of the appropriate fuel permit. Private fueling facilities located on leased or private property must be installed and the fuel dispensed in accordance with all rules appertaining to aircraft fueling and fire safety contained herein.

H. Public sale of automobile gas for use in aircraft will not be permitted on the Airport without written approval of the Director. Aircraft authorized by the FAA to use auto gas may be privately fueled by the owner in a location designated by the Director in accordance with all rules and the conditions in the appropriate fuel permit appertaining to aircraft fueling and fire safety herein.

I. All aviation fuel storage tanks, aviation fuel pumps, hydrant fuel services, aircraft fuel service vehicles, whether publicly or privately owned, shall have the type of aviation fuel dispensed printed in large block letters, including octane if aviation gasoline, plus the fuel ID number, and “NO SMOKING” signs. This information shall be printed on all sides of the fueling tanks, pumps, etc. so the information is visible from any direction on the ground.

J. All aircraft fueling, fuel equipment, and procedures will be in accordance with Manual 407 “Aircraft Fuel Servicing, 1990,” (or as revised) published by the National Fire Protection Association, 1 Batterymarch Park, P.O. Box 9101, Quincy, MA 02269-9101.

Rule 37. Tie Down of Aircraft

- A.** All aircraft not hangared shall be tied down at night and during inclement weather.
- B.** All aircraft owners or their agents are responsible for the tie down or security of their aircraft at all times and particularly during inclement weather.
- C.** Aircraft parked overnight on the transient apron shall pay a tie down fee as established by the Board for each night, except that such fee may be waived upon purchase of fuel or services.

Rule 38. Running Aircraft Engines

- A.** Aircraft not equipped with adequate brakes shall not be started until the wheels have been set with chocks attached to ropes or other suitable means of removing them.
- B.** No aircraft shall be hand propped, started or left running without a qualified person at the controls.
- C.** No Aircraft engine shall be started or run inside any building or hangar.
- D.** No engine shall be started, run up, or warmed up until and unless the aircraft is in such position that the propeller stream or jet blast will clear all buildings, other aircraft, automobiles, and groups of people.

Rule 39. Damage to Runway Lights -- Any person damaging any runway or taxiway light or fixture by operation of an aircraft, or otherwise, shall immediately report such damage to the Director. Persons causing damage to runway and taxiway lights as a result of negligent operation of an aircraft or willful acts will be liable for replacement cost of the lights(s) and/or fixtures(s) and may be charged with a misdemeanor as provided in Section 8 hereunder.

Rule 40. Taxiing Aircraft

A. No unauthorized person shall taxi an aircraft until he/she has reasonably ascertained there will be no danger of collision with any person or object in the immediate area.

B. Aircraft will be taxied at a safe and prudent speed and in such manner as to be under the control of the pilot at all times.

C. Aircraft not equipped with adequate brakes will not be taxied near buildings or parked aircraft unless an attendant (wing-walker) is at a wing of the aircraft to assist the pilot.

D. Aircraft shall not taxi onto the runway from the ramp and taxiway area if there is an aircraft approaching to land or on the ground in takeoff position. Aircraft waiting on the taxiway for another aircraft to take off or land will remain behind the runway holding position markings.

E. Aircraft shall not be taxied by engine power into or out of a hangar or a T-hangar.

Rule 41. Parking Aircraft

A. Unoccupied aircraft shall not be parked or tied down within any protected area (object free area, safety area, etc.) as described in FAA AC 150/5300-13 and all aircraft not hangared shall be parked in the areas designated by the Director for that purpose.

B. Aircraft shall not be parked within fifty (50) feet of an aircraft fuel pump or fuel service truck parking area.

C. Aircraft shall not be parked in such a manner as to hinder the normal movement of other aircraft and traffic unless specifically authorized by the Director as an emergency measure.

- D. It is the responsibility of the pilot when leaving a parked aircraft unattended to see that the brakes are set and/or it is properly chocked and/or tied down.
- E. Aircraft parked on the aircraft-parking ramp shall not be parked in a manner that will block or hinder vehicle ground movement in the vehicle drive lanes.

Rule 42. Loading/Unloading Aircraft -- Pilots are prohibited from loading or unloading aircraft with the engine running, except as stated in Rule 22 herein.

Rule 43. Authority to Suspend Operations -- The Director may suspend or restrict any or all operations whenever such action is deemed necessary in the interest of safety, provided operations under instrument meteorological conditions may be continued by properly instrument-rated pilots following appropriate flight rules.

Rule 44. Active Runway -- If the winds are calm or at a ninety (90) degree crosswind to Runway 17L, aircraft may takeoff and land on Runway 17L.

Rule 45. Clearing Street -- No aircraft shall land or take off in such manner as to clear any public street or highway at an altitude of less than fifteen (15) feet, or seventeen (17) feet over an interstate highway, twenty-three (23) feet over a railroad, or twenty-seven (27) feet over a coastal water way, or the clearance height of the tallest bridge over the water way, nor land or take off on the taxiway or over hangars or other structures, automobile parking areas, or groups of spectators.

Rule 46. UNICOM -- All pilots with radio-equipped aircraft shall call on the local UNICOM frequency 122.7 to determine the active runway and to announce their position and intentions for takeoff or landing. If no UNICOM frequency is assigned to the Airport, pilots of radio equipped aircraft taking off or landing at the Airport should report their traffic intentions on the UNICOM Frequency 122.9.

Rule 47. Emergency Locator Transmitter (ELT)

A. Immediately after takeoff and after landing prior to engine shut down, pilots should tune their aircraft radios to the emergency frequency (121.5 or 243.0) and listen to determine if their aircraft's emergency locator transmitter (ELT) is broadcasting. If the ELT is turned on and transmitting after a takeoff or landing, as soon as possible after turning it off, the Pilot shall advise the FAA Automated Flight Service Station for the area at telephone number 1-800-WX-BRIEF, that his ELT was accidentally turned on at the approximate time and coordinates, if known, and the time and coordinates it was turned off.

B. If a pilot lands his/her aircraft at the Airport, parks and locks or hangars his/her aircraft with the ELT transmitting and the Director determines such has occurred, the

Director shall take immediate action to telephone and/or locate the pilot of the aircraft, advise him/her of the situation, and request that he/she return to the Airport immediately and turn off the ELT. Should the pilot fail within a reasonable time to turn off the ELT, the Director, accompanied by a local peace officer, a Civil Air Patrol officer or an FAA representative, shall take the necessary action to turn off the ELT. The aircraft owner shall be responsible for all charges associated with turning off the ELT.

Rule 48. Takeoffs on Apron or Taxiways -- Takeoffs or landings shall not be made on the apron, parking ramp or taxiway by fixed-wing, rotary-wing or ultralight aircraft except by special permission of the Director.

Rule 49. Takeoffs Allowed -- Touch and go landings may be made at the discretion of the pilot. Pilots remaining in the pattern making touch and go landings should broadcast on the UNICOM or the Common Traffic Advisory Frequency (CTAF) their pattern turns and their touch and go intentions after turning final. All aircraft shall clear for landing and takeoff traffic before taxiing into takeoff position.

Rule 50. Traffic Pattern Altitude -- Traffic pattern elevation at the Airport is 1,000 feet above ground level (AGL) for small aircraft, which is 1,750 feet above mean sea level (MSL) elevation, and traffic pattern elevation is 1,750 feet AGL for large aircraft, which is 2,500 feet above MSL.

Rule 51. Student Training and Practice Flying

- A. Flight instructors shall inform students and themselves of all rules and regulations in effect at the Airport.
- B. By notices posted in his/her office, the Director may designate limited areas of the Airport and local areas approved by the FAA for practice flying and training of students.
- C. Aircraft shall not be permitted to remain on the landing or takeoff areas for the purpose of instruction.

Rule 52. Special Procedures

- A. The Director may, in the interest of safety, designate special traffic procedures for certain operations, such as helicopters, air shows, agricultural operations, gliders, ultralights, etc. Any such change from standard procedures shall be published in the FAA's Airport/Facility Directory if of a permanent nature or the Director shall issue a NOTAM if such change is of a temporary nature.
- B. Parachute jumping on to the Airport property shall not be permitted without the written approval of the Board.

Rule 53. Flying of Model Airplanes -- Engine powered model airplanes, cable or radio controlled, or model gliders shall not be permitted to operate takeoff or be launched from, flown over, flown in the area of, or land at the Airport without the written approval of the Board.

Rule 54. Fire Regulations

- A.** Every person going upon or using the Airport or its facilities in any manner shall exercise the greatest care and caution to avoid and prevent fire.
- B.** Smoking or open flame within fifty (50) feet of any fuel tank, fuel pump or fuel truck is prohibited.
- C.** Compressed flammable gas shall not be kept or stored upon the Airport, except at such place as may be designated by the Director.
- D.** No flammable substance shall be used for the cleaning of any aircraft part or other thing inside a hangar, T-hangar or other building upon the Airport.
- E.** No one shall smoke or ignite a match or lighter in any Building or hangar, except in posted "Designated Smoking Areas" identified by the Director.
- F.** Hangar entrances shall be kept clear at all times.
- G.** The floors in all buildings shall be kept clean and free of oil. Volatile, flammable substances shall not be used for cleaning the floors.
- H.** No boxes, crates, cans, bottles, paper, tall grass, weeds, unusable airplane parts or wreckage, scrap wood or metal, discarded airplane or automobile tires, trash, or other litter shall be permitted to accumulate in or about a hangar, building, or other leased space. If such trash and litter is permitted to accumulate around a private owned, rented or leased hangar/building, the Director shall notify the hangar/building owner, renter, or Lessee by registered letter to remove the offending litter. If within ten (10) work days after receipt of the letter the hangar/building owner, renter, or Lessee has not removed the trash and litter as directed, the Director may have the area cleaned and the cost for such cleaning shall be charged to the hangar/building owner, renter, or Lessee.
- I.** Prior to the fueling of any aircraft, the aircraft shall be bonded to the fuel pump or hydrant service/fuel truck to equalize the static electric potential between the fueled and the aircraft. Bonding shall be accomplished in the interest of fire safety as described in Rule 36.A.

J. A sufficient number, rating and size of fire extinguishers shall be available whenever aircraft are being refueled.

K. Aircraft fuel service trucks shall have a minimum of two 20B-fire extinguishers located at the rear of and on each side of such truck.

L. Aircraft fuel service trucks shall have an "Emergency Cut-Off" valve, which shall be clearly identified and painted red.

M. All aviation fuel nozzles shall have "dead man" controls, which will shut off the fuel flow when the nozzle hand control is released. Nozzles with mechanical hold open devices will not be permitted for fueling aircraft.

N. The pilot and passengers will exit the aircraft and the aircraft will be unoccupied during fueling operations, except as provided in Rule 22.

O. In all matters related to aircraft fueling safety, the provisions of the National Fire Protection Association (NFPA), Manual 407 "Aircraft Fuel Servicing, 1990" or as revised, available from the National Fire Protection Association, 1 Batterymarch Park, P.O. Box 9101, Quincy, MA 02269-9101, shall prevail.

Rule 55. Non-Aviation Uses -- Lessee agrees that it will not operate any nonaviation-related business or activity on the Leased Premises without the express written consent of Lessor in advance. Any such nonaviation-related business or activity must be so established by a separate contract whose term does not exceed eighteen (18) months.

Rule 56. Right of Entry -- Lessee agrees Lessor and Lessor's authorized representatives shall have the right, during normal business hours, to enter the Leased Premises (a) to inspect the general condition and state of repair thereof, (b) to make repairs permitted under this Lease, (c) to show the Leased Premises to any prospective Lessee or purchaser or (d) for any other reasonable and lawful purpose. Further, Lessee agrees that during the final one hundred eighty (180) days of the term hereof, Lessor and Lessor's authorized representatives shall have the right to erect and maintain on or about the Leased Premises customary signs advertising the Leased Premises for lease or for sale.

Rule 57. Through the Fence Operations -- No private individual, partnership, FBO, company, corporation, or body politic shall be permitted direct ground access to the Airport by their aircraft, customers' aircraft, or private vehicle from property adjacent to or in the immediate vicinity of the Airport. Furthermore, no private individual, partnership, company, corporation, body politic, or customers' aircraft or service vehicle shall be permitted direct ground access to property from the Airport - a practice commonly known as a "through the fence operation". Under extenuating circumstances, the Board may allow certain through the fence operations on a case-by-case basis.

Rule 58. Insurance -- Lessee shall during the term hereof maintain at Lessee's sole cost and expense insurance relating to the Leased Premises as follows:

- A.** Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Lessor or Lessee from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Lessor, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.
- B.** General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to Lessor of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one accident and not less than \$200,000.00 with respect to property damage.
- C.** Worker's compensation insurance covering all persons employed by Lessee in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against Lessor or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.
- D.** If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.
- E.** Such other insurance on improvements in such amounts and against such other insurable hazard, which at the time are commonly obtained in the case of property similar to such improvements.
- F.** Hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Lessee if the Lessee does not own all the aircraft stored in his hangar.
- G.** All such policies of insurance (A) shall be issued by insurance companies acceptable to Lessor, (B) shall name Lessor as an additional insured or loss payee, as the case may be, and (C) shall provide for at least ten (10) days written notice to Lessor prior to cancellation or modification. Lessee shall provide Lessor with duplicate originals of all insurance policies required by this paragraph.

Additionally, the Board reserves the right to review and amend said insurance limits/requirements, as it deems necessary. Any insurance limit change will be enforced at the expiration of the current policy or within one year, whichever comes first.

Rule 59. Hold Harmless -- Lessor shall not be liable to Lessee or Lessee's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damages to property on or about the Leased Premises or any adjacent area owned by Lessor caused by Lessee, Lessee's employees, servants, customers, invitees, licensees or any other person entering the Leased Premises and the conduct of Lessee's business thereon, or arising out of any breach or default by Lessee in the performance of the Lessee's obligations hereunder; and Lessee hereby agrees to indemnify Lessor and hold Lessor harmless from any loss, expense or claim arising out of such damage or injury.

Lessee agrees to save and hold harmless Lessor and its agents, servants, and employees of and from any and all liabilities, expenses, causes of action, damages, and/or Attorney's fees resulting from or as a result of any of Lessee's businesses, operation, occupancy, or use of the Airport or from any act or omission of Lessee's agents, servants, or employees.

Rule 60. Arbitration and Cost -- Any dispute, controversy or question of interpretation arising under, out of, in connection with or in relation to any Lease or any breach or default, shall be submitted to, and determined and settled by arbitration in accordance with the applicable rules of the American Arbitration Association in effect as of the date hereof. Any award rendered thereon shall be final and binding on Lessor and Lessee, and judgment may be entered thereon in any court having jurisdiction thereof.

Rule 61. Legal Fees and Expenses -- In the event of any dispute or legal action relating to this Lease Agreement, the prevailing party shall be entitled to receive from the other party, reimbursement for reasonable attorney's fees, costs and expenses incurred.

Section 3. KNOWLEDGE OF RULES IMPLIED -- By publication and adoption of these Rules and Regulations, all persons shall be deemed to have knowledge of its contents. However, the Director is directed to have copies of these Rules and Regulations printed and posted where appropriate. Copies shall be available at all times in the Director's office, and copies shall be furnished to all owners and operators of aircraft based at the Airport.

Section 4. CONFLICT OF RULES AND REGULATIONS -- If and where there are conflicts in these Rules and Regulations and the FAA's Federal Aviation Regulations (FAR), the latter shall prevail. If and where there exists a conflict between any of these Rules or Regulations and any applicable Board rule or regulation applicable to the same area, the more stringent limitation or requirement shall govern and prevail

Section 5. PENALTY FOR VIOLATION -- The Director may deny use of the Airport for a period not exceeding fifteen (15) days for any person violating or refusing to comply with any of

these Rules or Regulations pending a hearing by the Board. Upon such hearing, such person may be deprived of further use of the Airport and its facilities for a period of time as may appear necessary for the protection of life and property. Any violation shall be a misdemeanor, and upon conviction, be punishable by a fine not exceeding two hundred (\$200) dollars, and each day a violation continues to exist shall constitute a separate offense. This section is cumulative of all other penalties for violation of Federal, State and local laws, rules, regulations, ordinances and orders. Citation for violation or issuance of a violation ticket of any of these Rules and Regulations may be made by any authorized police officer. The Director or the Board may request authorized police officers to investigate any suspected violation of these Rules and Regulations.

Section 6. SEVERABILITY -- If any of the provisions of these Rules and Regulations or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of these Rules and Regulations which can be given effect without the invalid provision or application, and to this end the provisions of these Rules and Regulations are declared to be severable.

Read, passed, and adopted by a vote of the Grayson County Airport Board, on the _____ day of _____, 2000. _____ Members voting **Aye**; _____ Members voting **Nay**.

GRAYSON COUNTY AIRPORT BOARD

BY _____
Ellis Olmstead, Its Chairman