

STATE OF TEXAS

COUNTY OF BELL

LEASE AGREEMENT

This lease is made and entered into by and between the City of Killeen, a Municipal corporation of Bell County, Texas, hereinafter referred to as "Airport"; and National Car Rental System Inc., Killeen Licensee, hereinafter referred to as "Tenant".

ARTICLE I

Description of Leased Premises

1. The Airport, in consideration of the rents and concessions herein to be performed by the Tenant, does hereby lease and let unto Tenant that area designated as Room 111 and Room No. 112, hereinafter referred to as "Leased Premises", located in the Passenger Terminal Building of the Killeen Municipal Airport; as specified in Exhibit "A", attached hereto and made a part hereof by reference.
2. Included in the Leased Premises described herein, are twenty-four (24) vehicle parking spaces numbered 8, and 1-4, and 10-24, and 117-120 inclusive; located in the car rental agencies' parking lot adjacent to the east side of the passenger terminal building, as depicted in Exhibit "B", attached hereto and made a part hereof by reference.
3. Additional parking space may be made available to the Tenant for "overflow" vehicle parking on a space available basis. The rate for such additional parking space will be as specified in Exhibit "C". If the Tenant desires "overflow" parking space, a letter of agreement between the Tenant and the airport's Director of Aviation will be utilized to identify the exact amount and location of the area to be used.

ARTICLE II

Description of Concession Granted

1. The Airport grants Tenant the right to engage in the activities of a car rental agency and the necessary activities in conjunction with a commercial car leasing operation.
2. Tenant agrees and understands that the concession granted by this agreement is not an exclusive concession. The Airport shall have the right to deal with and perfect arrangements with any other individual, company, or corporation for engaging in like activity on the airport premises subject to the same conditions, prerequisites, and terms binding Tenant herein.

ARTICLE III

Obligations of the Airport

1. The Airport shall maintain and repair the non-leased portion of the areas surrounding the Leased Premises depicted in Exhibits "A" and "B".
2. The Airport shall provide adequate access to the Leased Premises so long as Airport, Federal Aviation Administration, and pertinent Federal Aviation Regulation security practices are not violated. This access includes the main terminal ingress/egress routes during times when the terminal building is open to the public.
3. The Airport will keep the main terminal building open 30 minutes before the first scheduled flight of the day until 30 minutes after the last scheduled flight of the day.
4. Parking will be provided for Tenant's employees in the designated employee parking lot. Upon authorization by the Tenant's local manager, parking lot vehicle access cards will be issued by the Airport for a non-refundable fee of-\$5.00. A charge of \$10.00 will be levied for replacement of lost or stolen cards, as specified in Exhibit "D", attached hereto and made a part hereof by reference.
Only one (1) access card will be issued to an individual. Loaning of the access card to any other party is prohibited. This prohibition is a matter of particular concern to the Airport, and Tenant agrees to instruct all employees regarding this policy. Any loaning of the access card to an unauthorized person with knowledge or approval by Tenant shall constitute a breach of this agreement. It shall be the Tenant's responsibility to ensure that employees who leave the employment of the Tenant turn in their vehicle access cards; otherwise, Tenant will be charged for the unreturned card. All parking lot access cards will be reconciled between the Airport and the Tenant at least once every three months.
5. If the Leased Premises are destroyed or damaged by any means which are not fully the fault of the Tenant, to the extent that the Tenant will be unable to conduct any substantial portion/s of the business contemplated by this lease, either party may cancel this lease and the Tenant will stand charged only with the rent specified in ARTICLE VI up to the time of such damage or destruction.

If the repair of the damage can be reasonably accomplished by the Airport in less than ninety (90) days, the Airport shall make such repairs with the rental to be abated in proportion to the space usable to the Tenant during the repair period. All repair work shall be done in a good and workmanlike manner, which is in concert with the City of Killeen requirements.

6. The Airport shall provide heating and air conditioning in all leased areas. The Airport shall provide general lighting already existing in the Leased Premises. The Airport has provided the initial supply of overhead fluorescent light bulbs for these fixtures; however, subsequent replacement of such bulbs will be made by the Airport with bulb replacement costs passed on to the Tenant as specified in Exhibit "C". Light/sign fixtures used solely for premise enhancement / advertisement shall be maintained by the Tenant.
7. The Airport shall keep the car rental agencies parking lot and the overflow parking area in suitable repair, and provide general lighting for these areas.
8. The Airport will provide, at Tenant's election, janitorial and cleaning service under separate agreement on a month-to-month or infrequent basis; otherwise ARTICLE IV, Paragraph 2 shall apply.
9. The Airport shall furnish appropriate communications demarcation panels in the secured area for termination of telephone and computer circuits.
10. The Airport shall furnish and maintain appropriate public address system paging station equipment.
11. The Airport reserves the right, but shall not be obligated to the Tenant, to maintain and keep in repair the landing area of the airport, together with the right to direct and control all activities of the Tenant in this regard.
12. After reasonable notice to Tenant (when practical), the Airport reserves the right to temporarily close the airport or any other facilities thereon for maintenance, improvements, or for the safety of the public.
13. The Airport has furnished, at no initial cost to Tenant, keys to a post office box (mail delivery) located in the main terminal lobby. Lost key replacement will be charged to Tenant in accordance with the Rents and Fees Schedule depicted on Exhibit "C".
14. The Airport normally has master keys to all passageways in the terminal building, for use in emergencies. If Tenant elects to utilize private locks and has sole access to the leased premises; Tenant agrees to bear the cost of changing the locks and to bear the cost of repairs to the premises should it become necessary to enter the premises in case of fire or other emergency during Tenant's absence. Private lock control and/or replacement shall be Tenant's responsibility and cost.

ARTICLE IV

Obligations of the Tenant

1. Tenant agrees that it will not assign this lease or sublet the Leased Premises or any part thereof, without prior written consent of the Director of Aviation.
2. Tenant agrees to keep the Leased Premises clean and shall provide its own janitorial services. See ARTICLE III, Paragraph 8.
3. Tenant shall be responsible for disposal of its own trash accumulations by depositing it in the nearest exterior trash dumpster on a daily basis. Trash receptacles inside the terminal building are for customer use only. Tenant also agrees to participate in the City of Killeen's recycling program by depositing all recyclable products in the appropriate outside recycling container in lieu of the trash dumpster.
4. Tenant agrees that it shall not engage in any business or activity within the confines of the Killeen Municipal Airport other than those expressly authorized in writing by the Airport.
5. Tenant shall operate the Leased Premises, except the parking lot areas, without cost to the Airport, and will maintain all of the equipment, appliances and furnishings.
6. Tenant shall keep the leased parking area free of debris and will maintain all Tenant installed signs/pavement markings in good repair. Tenant will obtain approval of the Director of Aviation for all signs/pavement markings or modifications to the leased parking area.
7. Tenant agrees that vehicular cleaning will be conducted only in designated areas as depicted on Exhibit "B".
8. Tenant agrees that its employees, while performing the duties associated with the concession granted in ARTICLE II, will be neatly groomed and attired and conduct themselves in a courteous, professional, and businesslike manner while providing responsible and reliable service to the public.
9. Tenant shall provide and maintain an adequate staff of employees with skills, licenses, and certificates appropriate to the activities conducted.
10. Upon vacating, Tenant shall leave the Leased Premises in as good condition and substantially as they were before removal; ordinary wear and tear excepted. Tenant shall make no structural changes, additions or improvements to the Leased Premises without prior written consent of the Director of Aviation, and appropriate building permits obtained from the City of Killeen Building and Developments Services Department. Any such structural changes / improvements become property of the Airport, unless otherwise agreed upon in writing before such work begins.

11. If Tenant installs modern telephone equipment such as frequency modulated tone/pulse/voice systems, it shall be installed so as to prevent interference to existing FM systems.
12. Tenant agrees that it will abide by the Airport Rules and Regulations, attached hereto as Exhibit "D" and incorporated herein by reference; as well as the Minimum Standards for Commercial Aeronautical Activities at Killeen Municipal Airport; attached hereto as Exhibit "E" and incorporated herein by reference.
13. Tenant's employees shall observe and comply with all posted restrictions on parking or standing vehicles on the airport properties.
14. Tenant shall, not later than ten (10) days after the end of each month, provide the Airport with a statement reflecting the number of vehicle rentals contracted through its airport office during the previous month.

ARTICLE V

Terms of Agreement

1. The Airport hereby grants unto the said Tenant, for a period of one year beginning October 1, 2000 and ending September 30, 2001, the right to operate a car rental agency, as previously described, at the Killeen Municipal Airport.
2. If Tenant is not in default of the terms hereunder, Tenant will have the option to enter into a new one (1) year lease agreement under the terms and fees as set by the City Council of the City of Killeen, providing it gives notice of its option at least thirty (30) days, but no sooner than sixty (60) days, prior to the termination date hereof.
3. Any holding over by the Tenant on the expiration of the term of this lease shall not constitute a renewal thereof but shall constitute only a tenancy on a month-to-month basis. Any such holding over may be allowed by the Director of Aviation, if such holding over is in the best interest of the Airport and if the Tenant is otherwise in good standing with the Airport. The Tenant must request holding over in writing and must have received written authorization to hold over from the Director of Aviation, prior to the expiration of the term of this lease.
4. As consideration for this lease, Tenant promises to pay to the Airport, at the office of the Director of Aviation in Killeen, Bell County, Texas, the sum prescribed in ARTICLE VI, said sum payable without demand in monthly installments in advance on or before the tenth day of each and every month during the term of this lease.

ARTICLE VI

Rentals, Fees, and Accounting Records

1. Tenant shall pay to the Airport \$2,075.00 per month for the Leased Premises in accordance with the fee schedule described in Exhibit "C". The rental rate for any overflow parking area that the Tenant agrees to rent when such space is available will be in accordance with the fee schedule described in Exhibit "C", for the amount of area specified in the letter of agreement.
2. The Airport makes copy machine service available to all tenants. Charges for copy service will be forwarded along with each monthly statement.
3. Tenant shall pay to the Airport a late payment penalty of five percent (5%) of total monthly rentals and sundry charges due, in addition to monthly payments, for any month where the monthly payment is received by the Airport after the tenth day of that month. This penalty shall increase to ten percent (10%) if the monthly payment is received by the Airport after the last day of the month in which the monthly rental payment is due.
4. If Tenant defaults in the payment of rent, fees, or any part thereof, and such default shall continue for thirty (30) days after written notice by the Airport to the Tenant to pay, the Airport shall, without further notice, have the right to re-enter the Leased Premises to remove the Tenant and all persons holding over it and to terminate this lease and repossess the premises. Such repossession shall not constitute a waiver by the Airport for any other rights it may have to enforce collection of rents for the balance of the term or to recover damages from the Tenant for default in payment of rents.
5. If the Tenant holds over beyond the term of the lease on a month-to-month basis, all basic rents, as listed in Exhibit "C", increase by 15%. Beginning with the fourth month in a hold over status, basic rents will increase by 20%. Beginning with the seventh month in a hold over status, basic rents will increase by 25%. Sundry charges will be at the current rates in effect for that month as approved by the City Council.

ARTICLE VII

Rights of Inspection

The Airport reserves the right to inspect the Leased Premises, equipment, and services at any reasonable time for the purpose of assuring compliance with this lease, public safety or welfare, or the Airport's general rights and duties as lessor.

ARTICLE VIII

Non-Discrimination Covenants

1. The Tenant for itself, its personal and legal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agrees as a covenant running with the land that:
 - a. No persons on the grounds of race, color, religion, sex, age, disability, or national origin shall be unlawfully excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities and the privileges provided herein.
 - b. That in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, religion, sex, age, disability, or national origin shall be unlawfully excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination.
 - c. That the Tenant shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Department of Transportation, Subtitle A, Office of the Secretary, Nondiscrimination in Federally Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.
2. Tenant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, disability, or sex be unlawfully excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Tenant assures that no person shall be unlawfully excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by the subpart. The Tenant assures that it will require that its covered suborganizations provide assurances to the Airport that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required, by 14 CFR Part 152, Subpart E, to the same effect.
3. That in the event of breach of any of the preceding nondiscrimination covenants, the Airport shall have the right to terminate this lease and the privileges herein, and hold the same as if said lease had never been made or issued.
4. Tenant in the conduct of its authorized business activities on said Leased Premises and on said airport shall furnish good, prompt, and efficient service adequate to meet the demands for its services at the airport and shall furnish such services on a fair, equal, and non-discriminatory price for each service. Tenant shall be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions for volume purchasers.

5. Tenant shall have the right and privilege of engaging in and conducting a business on the Leased Premises of the Killeen Municipal Airport. This agreement shall not be construed in any manner to grant to Tenant of those claiming under it the exclusive right to the use of any premises or facilities of said airport other than those leased to the Tenant hereunder.

ARTICLE IX

Indemnification and Insurance

1. Tenant shall carry Worker's Compensation for its employees as required by applicable statutes, along with products and public liability coverage for the protection of the Airport, its employees and to any one person, for personal injuries or death growing out of any one accident or disaster in a minimum amount of \$300,000.00 each occurrence, \$1,000,000.00 aggregate, with no exception; and shall provide property damage liability insurance for property damage growing out of any one accident or disaster in a minimum amount of \$300,000.00 each occurrence, \$1,000,000.00 aggregate, with no exclusion. The "City of Killeen" shall be named an additional insured and shall be furnished with Certificate of Insurance of all policies in force.

The Tenant shall provide the Airport with written proof of coverage with the signed lease and at any time during the lease period that the Tenant may change or extend coverage. Current period proof of coverage must be on file with the Airport at all times.

The Airport reserves the right to increase the minimum required insurance to be effective thirty (30) days after notice is sent to the address provided herein.

The Airport and the Tenant shall be liable for their own acts of negligence, and each agrees to indemnify the other for any losses, damages, costs or expenses, including attorney fees and litigation expenses, paid or sustained by reason of the sole negligence of the indemnifying party.

2. The Tenant shall hold the Director of Aviation and all other Department of Aviation personnel, and the officers, elected officials and employees of the City harmless from and against all suits, claims, demands, damages, actions, and/or causes of action of any kind or nature in any way arising out of, or resulting from its tenancy and activities, and shall pay all expenses in defending any claims against the city.
3. The Tenant shall be solely liable and responsible for civil penalties imposed upon the Airport as a result of negligent acts and/or violations of Federal, State or local regulations or laws by the Tenant, especially when the Airport has made good faith efforts to establish rules and procedures for compliance with such regulations.

ARTICLE X

General Provisions

1. Neither the failure of the Airport to strictly enforce all of the terms of this lease nor the acceptance of rent by the Airport after any breach by the Tenant nor any delay on the part of the Airport to strictly enforce the provisions hereof shall operate or be deemed a waiver of any rights or remedies accruing to the Airport by reasons of any subsequent breach. In any legal proceedings under this lease, the successful party shall be reimbursed by the other party for costs, expenses and reasonable attorney's fees, which shall be incurred in such proceedings.
2. Notices to the Airport shall be sufficient if sent by registered mail, postage paid, addressed to the Director of Aviation, Killeen Municipal Airport, 1525 Airport Drive, Box A, Killeen, Texas 76543, and notices to the Tenant shall be sufficient if sent by registered mail, postage paid, addressed to National Car Rental System, 1525 Airport Drive, Box F, Killeen, Texas 76543. The parties may designate other addresses from time to time in writing.
3. This lease is made upon the express condition that if Tenant fails to keep and perform any of the covenants or agreements contained in this indenture, then this lease shall become void at the option of the Airport provided, the Airport shall first give the Tenant at least thirty (30) days written notice of intention to forfeit this lease, and shall set forth therein the specific breach of lease and of Airport's intention to re-enter the Leased Premises and declare this lease forfeited, if such breach be continued. Such notice shall be served in the manner heretofore provided and after the expiration of said thirty (30) days notice this lease shall be void, provided the Tenant is then in default and the Airport shall then be entitled to the possession of the Leased Premises.
4. In the event of the appointment of a Trustee due to a voluntary or involuntary bankruptcy on the part of Tenant, or the appointment of a receiver for the Tenant, or a voluntary assignment for creditors by the Tenant, or if this lease shall, by operation of law or otherwise, devolve upon or pass to a person or corporation other than the Tenant, then in no case shall the Leased Premises be used for any purpose other than those contained in ARTICLE II, herein.
5. The Airport reserves the right to further develop or improve the Airport as it sees fit, regardless of the desires or views of Tenant and without interference or hindrance by Tenant; however, all developments and improvements of the Airport will be coordinated with Tenant.
6. Airport reserves the right to take action it considers necessary to protect the aerial approaches of the airport against obstructions, together with the right to prevent Tenant from erecting or permitting to be erected any building or other structure, or the conduct of any activity, on the airport which, in the opinion of the Airport, would interfere with the operations of the airport or constitute a hazard to aircraft.

7. This lease agreement shall be subordinate to the current or future Airport rules, regulations and standards, and City Ordinances, as well as applicable State and Federal regulations and laws. It is herein agreed between the Airport and the Tenant that the Airport Rules and Regulations now in effect and hereafter adopted or amended by the City shall not be altered or impaired in any respect by this lease agreement, but said rules and regulations shall remain in effect and be applicable to the Tenant during the term of this lease.

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 the City of Killeen, Texas, constituting agreements between the City and the United States of America and its agents including, but not limited to, the Federal Aviation Administration (FAA) and all regulations now and hereafter imposed upon the City and that the Airport shall not be liable to Tenant on account of any of the foregoing matters and all of such contracts, agreements, resolutions, laws, 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 the Airport's option.

8. The Tenant, its successors, and assigns will not make or permit any use of the property which would interfere with landing or taking off of aircraft at the airport, or otherwise constitute an airport hazard. This includes such items as electrical or electronic equipment, creation of smoke or dust, or glaring or misleading lights.
9. The costs and expenses of any additional equipment, installation or modification to the Leased Premises, as required by an order of an agency of the U.S. Government (including 49 CFR Part 27.71 and 14 CFR Part 382), or an agency of the State of Texas, in order to accommodate Tenant's handicapped passengers, shall be amortized over a reasonable period of time, which time shall be determined by good faith negotiations between Tenant and Airport, and be charged to Tenant as additional rental. In the event that the Leased Premises or a portion thereof are joint-use areas for Tenant and others, then Tenant shall only be charged with its pro-rata share of said costs and expenses; said share to be determined in accordance with the number of tenants required to participate. Said additional rentals are due and payable on or before the 10th day of the month following the completion of such modification or the installation of such equipment. Airport shall give Tenant prompt notice of the receipt of all government orders to undertake such modifications or installations. Nothing herein shall prevent Tenant from undertaking such modifications or installation at its own expense, upon prior written approval of the Airport.

IN WITNESS WHEREOF, the parties have executed this lease in duplicate on this ____ day of _____, 2000.

ATTEST:

CITY OF KILLEEN:

Paula Miller
City Secretary

David Blackburn
City Manager

ATTEST:

NATIONAL CAR RENTAL SYSTEM
KILLEEN LICENSEE

Secretary

Ted C. Connell, President

CITY OF KILLEEN AND NATIONAL CAR RENTAL SYSTEM

Rentals and Accounting Records

BASIC RENT

Rooms 111 and 112 \$2,075.00 (flat rate)

Payment includes rental of twenty-four (24) automobile parking spaces in the car rental agencies' parking lot.

OVERFLOW LOT

Overflow parking area (When Available) - \$.07 sq. ft.

Sundry Charges

Employee Parking lot access card - \$ 5.00

Parking lot card replacement - \$10.00

Photo copies - .12/each

Light bulb replacement - \$ 3.00

Key Replacement - \$10.00

Janitorial services performed by the Airport (if used)- \$19.25 per hour.

Late Payment Penalty

Late payment penalties shall be assessed on the total monthly payment:

5% of total monthly fees if paid after the tenth day of the month.

10% of total monthly fees if paid after the last day of the month in which due.

EXHIBIT "C"