

**SCHOLES INTERNATIONAL AIRPORT**

**1997 MINIMUM STANDARDS FOR**

**FIXED BASE OPERATORS**

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**FOR**

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Minimum Standards, adopted and amended by Galveston's City Council, are necessary to provide guidelines and criteria for a Fixed Base Operator (FBO). The following Minimum Standards have been revised in an effort to update the previous Standards to meet the current needs of Galveston aviation interests.

The following minimum standards and requirements for commercial, aeronautical activities have been established in the public interest for the safe and efficient operation of the Scholes International Airport; to enhance its orderly growth; to preclude the granting of an exclusive right to conduct an aeronautical activity in violation of Section 308(a) of the Federal Aviation Act of 1958; to conform to the Title VI of the civil Rights Act of 1964 and Part 21 of the Department of Transportation Regulations; and to assure to all lessee the availability of airport property on fair and reasonable terms and without unjust discrimination.

1. A Fixed Base Operator is defined as any person, partnership, corporation or other business entity that sells aircraft fuels and lubricants on the airport premises. No person, partnership, corporation or other business entity shall engage in any commercial activity and be deemed a Fixed Base Operator as herein defined unless the same is done in full compliance with the standards, rules and regulations herein set forth.

2. A Fixed Base Operator shall satisfy the Lessor that it is technically and financially able to perform the services of a Fixed Base Operator by providing an audited profit and loss statement and/or corporate income tax return for the previous year acceptable to the City Finance Director. This shall include the responsibility for demonstrating continued financial solvency and business ability by the submitting of an annual balance sheet, credit references and any other proof that the Lessor may require from time to time. In cases of doubt by the Lessor of such ability of a Fixed Base Operator, the Lessor may require a financial auditor to determine appropriate action. In each instance, the Lessor shall be the final judge as to the qualifications and financial ability of the Lessee.

a. The Airport will not accept an original request to lease land area unless the proposed Lessee put forth in writing a proposal which sets forth the scope of operation he proposes including the following:

1. The services the FBO will offer.
2. The amount of land the FBO desires to lease.
3. The building space the FBO will construct or lease.
4. The number of aircraft the FBO will provide.
5. The number of persons the FBO will employ.
6. The hours of proposed operation.
7. The amount and types of insurance coverage the FBO will maintain.
8. Evidence of his financial capability to perform and provide the above services and facilities.

3. Any person, partnership, corporation or other business entity capable of meeting the minimum standards set forth herein for any of the stated Fixed Base Operator categories is eligible to become a Fixed Base Operator at the airport, subject to the execution of a written lease for not less five (5) years containing such terms and conditions as may be determined by the City.

a. A Fixed Base Operator shall not engage in any business or activity on the airport other than that authorized under the FBO's particular category or categories. Any Fixed Base Operator desiring to extend their operation into more than three activities or to discontinue operations in a category, shall first apply in writing to the Airport Director for permission to do so, setting forth in detail the reasons and conditions for the request. The Airport Director shall then grant or deny the request on such terms and conditions as the City deems to be reasonable under the circumstances.

b. Each Fixed Base Operator shall lease or provide a building, personnel and equipment and other requirements as here in stated upon land leased from the lease.

4. All Fixed Base Operators at said Airport shall provide ample lounges and rest rooms for their customers as business warrants and shall make telephone service conveniently and readily available for public use. Telephone service must be available for after hours use with sufficient lighting. The telephone numbers for after-hours service must be current and visibly displayed.

5. All construction required of such operators shall be in accordance with design and construction standards required or established by the City for the facility or activity involved. The FBO must procure all necessary permits. Title to any and all buildings and improvements built on City property shall revert to the Airport upon termination of the lease.

6. The rates or charges for any and all activities and services of such operators shall be determined by the FBO, subject to the approval of the City and subject further to the requirement that all such rates or charges shall be reasonable and be equally and fairly applied to all users of the services.

7. All operators at the airport shall be full time, financially sound and progress business enterprises with adequately manned and equipped facilities including ample office facilities and who observe normal or specifically required business hours.

8. All Fixed Base Operators shall at their own expense pay all taxes and assessments against any buildings or other structures placed on the premises by them as well as all taxes and assessments against the arsenal property used by them in their operation.

9. All operators shall abide by and comply with all Federal, State, county and city laws and ordinances, the rules and regulations of the airport and the rules and regulations of the State and Federal Aviation Administration (FAA).

10. All operators shall provide and pay for all lights, gas, electrical current, water, sewer charges and garbage collection charges used or incurred anywhere in or about the leased premises and shall pay the charges made therefor by the suppliers thereof promptly when due.

11. All contracts and leases between such operators and the Airport shall be subordinate to the provisions of any existing or future agreement(s) between the Airport and the United States or the Airport and the State of Texas relative to the operation or maintenance of the Airport.

12. No Fixed Base Operators shall sublease or sublet any premise leased by such operator from the Airport or assign any such lease to another business enterprise without the prior written approval of the City and such subletting or assignment shall be subject to all of the minimum standards herein set forth.

13. In the event the Lessee sublets any portion of his leases, the sublessee must agree to assume the full obligations of the lease as set out herein and must agree to fully cooperate with the Airport in seeing that these standards are complied with. The sublessee shall immediately comply with any reasonable request or direction of the Airport as it relates to the enforcement of these standards.

14. In the event that the Lessee or sublessee fails to comply fully with these standards or fails to comply with the reasonable request or direction of the Airport as it relates to these standards, said Lessee or sublessee shall be in default. If said default continues for more than thirty (30) days after notice of said default the City may terminate the lease. Said Lessee is reasonable for the performance of the sublessees. Notwithstanding the above, if Lessee defaults in insurance provisions required under these standards including proof of all renewals and changes in coverage, this shall constitute a material breach of these standards if the default continues past one (1) business day after written demand by the City to cure the default. In the event there is a lapse in coverage, the City can pursue action to close the business until the proper insurance is on file.

15. Fixed Base Operators shall have the right to use common areas and facilities of the Airport including runways, taxiways, aprons, roadways, floodlights, landing lights, signals and other conveniences for the takeoff, flying and landing of Lessee's aircraft.

16. Lessee will at all time during the continuance of the term of the lease and any renewal or extension thereof, conduct, operate and maintain for the benefit of the flying public, the Fixed Base Operation provided for and described therein, and provide all parts and services as defined and set forth, Lessee will make all such services available tot he public and it will devote its best efforts for the accomplishment of such purposes. Lessee will at all times charge fair, reasonable and nondiscriminatory prices to patrons and customers for all merchandise or materials and services furnished or rendered.

a. Notwithstanding anything contained in a lease that may be or appear tot he contrary, it is expressly understood and agreed that the rights grated thereunder are nonexclusive and the Lessor reserves the right to grant similar privileges to another operator or operators upon formal application by that operator and upon demonstration of compliance with these minimum standards.

17. All contracts and leases between such operators and the Airport during time of war or national emergency to lease the landing area or any part thereof to the United States Government for military or naval use and if any such lease is executed, the provisions of any contracts or leases between such operators and the Airport insofar as they are inconsistent with the provisions of the lease to the Government, shall be suspended.

18. Upon adoption of these standards, all leases entered into and any amendments to existing leases shall be in accordance with the standards. Present lease holders shall be granted twelve (10) months to comply with all standards set forth. Requests for exceptions to the standards shall be made in writing to the Airport Director.

19. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right forbidden by Section 308(a) of the Federal Aviation Act of 1958 or for aeronautical activities such as, but not limited to:

- a. Charter operations
- b. Pilot training
- c. Aircraft rental
- d. Aerial photography
- e. Crop dusting
- f. Sale of aviation petroleum products
- g. Air carrier operations
- h. Aircraft sales and services incidental thereto

i. any other activity which because of its direct relationship to the operation of aircraft can be regarded as an aeronautical activity.

20. Lessor reserves the right in a reasonable and nondiscriminatory manner to further develop or improve the landing area of the airport as it sees fit regardless of the desires or view of Lessee and without interference or hindrance. However, Lessor shall notify Lessee in writing sixty (60) days prior to planned development in the event that the development affects the operations of the Lessee.

21. Lessor shall have the right but not the obligation to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of Lessee in this regard.

22. All hangars, buildings, properties or land on the airport, leased or used by the FBO, shall be maintained in a neat, clean, attractive, weed-free, well-painted, junk-free condition, including but not limited to removal of non-flyable aircraft, vehicles and aircraft parts. Trash removal, grass mowing and landscape maintenance within the operator's leased premises shall also be the operator's responsibility.

23. Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstructions together with the right to prevent the erection of any building or other structure on or adjacent to the airport which would limit the usefulness of the airport or constitute a hazard to aircraft.

24. At all times, each Lessee shall have in effect liability and any other type of insurance as deemed necessary by City Council for all of Lessee's operations in the amounts for the particular activity in question as negotiated and set forth in the lease. Such insurance policies shall further name the Lessor as additional insured. Certificates of such insurance and renewal shall be furnished by Lessee to the Lessor and a certificate presently then in effect shall be on file at all times. The City reserves the right to increase and expand the minimum liability insurance as set forth in the lease whenever the liability of the City under the Texas Tort Claims Act increases or areas of risk are expanded.

Failure to maintain the proper insurance coverage as required under these standards or failure to provide proof of coverage including proof of all renewals and changes in coverage shall constitute a material breach of these standards if the default continues past one (1) business day after written demand by the City to cure the default. In the event there is a lapse in coverage, the City can pursue action to close the business until the proper insurance is on file.

26. Lessee is required to notify the City in writing at least thirty (30) days prior to selling or transferring fifty percent (50%) or more of Lessee's assets to another person, partnership, corporation or business entity.

## **Mandatory Requirements of FBO**

An FBO is required to perform the following functions and abide by the following rules:

1. An FBO must, at the minimum, supply the following three services:
  - a. Aircraft fuel and lubricant dispensing
  - b. Airframe, power plant and accessory repair
  - c. Operation of a ground frequency
2. An FBO must install, operate, maintain, repair and store all equipment necessary for the conduct of the FBO's business.
3. An FBO may use with others so authorized any common areas or equipment on the airport including but not limited to the runways, taxiways, public aircraft parking aprons, roadways and navigational aids.
4. Upon termination of the lease, FBO shall return leased property to the airport owner in the same condition as it was at the start of the lease, normal wear excluded. Any improvements or additions made to real property during the term of the lease will become the property of the airport owner at such time the additions are made. Lessee shall have use of the additions subject to the terms of the lease.
5. FBO agrees it will not prevent any person, company, or employee of a company from servicing, maintaining, or fueling their own aircraft which might be parked or hangared at the airport.
6. FBO shall make its business open to all forms and classes of aeronautical use.
7. FBO shall submit and abide by periodic safety inspections by the Airport owner, the FAA, and/or the Texas Department of Transportation.
8. FBO shall maintain the leased areas and the interior and exterior of any leased or constructed buildings in an acceptable manner.
9. FBO shall remove and properly dispose of any trash including non-flyable aircraft, vehicles, aircraft parts, etc. from the leased property, but not to infringe on the airport property without airport owner approval.
10. FBO shall notify and gain approval of the airport owner of any intended reduction of services which are included in the FBO's lease agreement.

11. FBO shall furnish all applicable services in a fair, equal, and nondiscriminatory manner to all airport users.
12. FBO shall abide by any and all rules, requirements, or mandates placed upon the airport owner by the FAA or the State of Texas including, but not limited to, the Grant Assurances of FAA grants and the Terms and Conditions of State of Texas grants.
13. An FBO does not have the right to perform any service or business on the Airport unless such service or business is included in a current lease agreement with the airport owner.
14. An FBO's rights do not supersede the airport owner's rights and obligations.

A. Aircraft Fuel and Dispensing

1. Buildings and Land - Lessee must provide a building, either of new construction or the leasing of, at least 5,000 sq. ft. for the fueling and servicing of anticipated traffic with adjacent parking space for ten (10) vehicles. Leased space shall be in good condition as approved by the Airport Director. Airport Management may require completed refurbishing of an existing lease space by Lessee.

a. FBO shall construct a new building or if necessary, renovate an existing facility, subject to City Codes. Construction must be completed with one hundred and eighty (180) days from the lease commencement date. Permits and approvals will not be unreasonably withheld by the City. The building must provide a public-use telephone, restrooms and other areas accessible to passengers and crews to adequately meet normal operations. Building, restrooms and other equipment as well as sufficient personnel shall not necessarily be accumulative for each service provided. For example, if an FBO provides both flight instruction and aircraft sales, both functions could be serviced by the same building including restrooms and telephone. The actual contract agreement between an FBO and the airport owner shall spell out the required services of each FBO and the square footage for optional services. The building must be kept in a clean and sanitary manner.

b. Lessee will provide adequate means (ropes, cables) to tie-down aircraft as business warrants.

2. Personnel - A minimum of one trained person during operating hours will be located at the FBO facility for servicing aircraft seven (7) days per week for twelve (12) hours per day a business warrants. Personnel used to dispense aircraft fuels and lubricants will be trained and certified in the proper recognition of aircraft fuel tank markings, kinds and grades of aircraft fuels and lubricants, and safety precautions necessary for fuel handling. such personnel must ei-

ther be in uniform while servicing aircraft or wear sufficient distinguishing clothing so that the public may know which person is authorized to dispense petroleum products.

3. Aircraft Service Equipment - Lessee must provide standard starting equipment, fire extinguishers, adequate loading and towing equipment to safely and efficiently move aircraft as necessary.

4. Services - Lessee must provide fuel (Jet A and 100LL Octane), aircraft parking and adequate tie-down facilities and equipment including ropes, chains and other types of restraining devices and wheel chocks, washing aircraft and aircraft windows, proper and approved equipment for repairing and inflating aircraft tires, changing of aircraft engine oil, servicing struts, and recharging or energizing discharged aircraft batteries and starters and minor repairs. Lessee will as necessary call for ground transportation (cab or rental vehicles) to accommodate pilot needs.

5. Fueling Facilities - Lessee must provide adequate, above-ground fuel storage and dispensing facilities up to code for both Jet A and 100LL Octane, properly maintained fuel trucks with filtering devices, meters, and fire suppression/spark arresting equipment and separate pumps and filters for each type of fuel.

6. Hours of Operation - Fuel and lubricants shall be available twenty-four (24) hours a day, seven (7) days per week. After hours fueling may be operated on an on-call basis provided that outside telephone facilities, lighted, marked and easily accessible are available with the telephone number of the person who can be reached for after-hours service. A response time of one (1) hour is required.

7. Insurance - At all times, each Lessee shall have in effect liability and any other type of insurance as deemed necessary by City council for all of Lessee's operations in the amounts for the particular activity in question as negotiated and set forth in the lease. Such insurance policies shall further name the Lessor as additional insured. Certificates of such insurance and renewal shall be furnished by Lessee to the Lessor and a certificate presently then in effect shall be on file at all times. The City reserves the right to increase and expand the minimum liability insurance as set forth in the lease whenever the liability of the City under the Texas Tort Claims Act increases or areas of risk are expanded.

Failure to maintain the proper insurance coverage as required under these standards or failure to provide proof of coverage including proof of all renewals and changes in coverage shall constitute a material breach of these standards if the default continues past one (1) business day after written demand by the City to cure the default. In the event there is a lapse in coverage, the City can pursue action to close the business until the proper insurance is on file.

## B. Airframe, Power Plant and Accessory Repair

1. Buildings and Land - Lessee must provide a building, either of new construction or the leasing of, at least 5,000 sq. ft. for the fueling and servicing anticipated traffic with adjacent parking space for ten (10) vehicles. Leased space shall be in good condition as approved by the Airport Director. Airport Management may require completed refurbishing of an existing lease space by Lessee.

a. FBO shall construct a new building or if necessary, renovate an existing facility, subject to City Codes. Construction must be completed with one hundred and eighty (180) days from the lease commencement date. Permits and approvals will not be unreasonably withheld by the City. The building must provide a public-use telephone, restrooms and other areas accessible to passengers and crews to adequately meet normal operations. Building, restrooms and other equipment as well as sufficient personnel shall not necessarily be accumulative for each service provided. For example, if an FBO provides both flight instruction and aircraft sales, both functions could be serviced by the same building including restrooms and telephone. The actual contract agreement between an FBO and the airport owner shall spell out the required services of each FBO and the square footage for optional services. The building must be kept in a clean and sanitary manner.

b. Lessee will provide adequate means (ropes, cables) to tie-down aircraft as business warrants.

2. Personnel - A minimum of one, A&P or IA-qualified and certified by the Federal Aviation Administration, mechanic shall be available on an on-call basis with a response time of approximately one (1) hour. The FBO shall determine the on-call available hours as business warrants.

3. Equipment - Lessee shall maintain sufficient tools, supplies and parts or be able to obtain same in the normal course of business or as business warrants.

4. Hours of Operation - Mechanic on an on-call basis with an hour response time during the hours business warrants.

5. Insurance - At all times, each Lessee shall have in effect liability and any other type of insurance as deemed necessary by City council for all of Lessee's operations in the amounts for the particular activity in question as negotiated and set forth in the lease. Such insurance policies shall further name the Lessor as additional insured. Certificates of such insurance and renewal shall be furnished by Lessee to the Lessor and a certificate presently then in effect shall be on file at all times. The City reserves the right to increase and expand the minimum liability insurance as set forth in the lease whenever the liability of the City under the Texas Tort Claims Act increases or areas of risk are expanded.

Failure to maintain the proper insurance coverage as required under these standards or failure to provide proof of coverage including proof of all renewals and changes in coverage shall constitute a material breach of these standards if the default continues past one (1) business day after written demand by the City to cure the default. In the event there is a lapse in coverage, the City can pursue action to close the business until the proper insurance is on file.

C. Operation of a Ground Frequency

1. Lessee must apply in accordance with Part 87 of the Federal Communications Commission's rules for a ground frequency to provide air-to-ground and ground-to-air communications during normal operating hours.

## Optional Services

### A. Air Taxi and Charter

1. Building - Lessee must provide hangar space, either of new construction or the leasing of, at least 2,000 sq. ft. to hangar charter aircraft for service, maintenance and repair of anticipated traffic with adjacent parking space. Hangar space, shop areas, restrooms, and other equipment as well as sufficient personnel shall not necessarily be accumulative for each service provided. For example, if an FBO provides both flight instruction and aircraft sales, both functions could be serviced by the same building including restrooms and telephone. The actual contract agreement between an FBO and the airport owner shall spell out the required services of each FBO and the square footage, number of personnel, etc. which must be provided by that FBO. The building must be kept in a clean and sanitary manner.

2. Personnel - One Federal Aviation Administration-certified commercial pilot who is appropriately rated to conduct the air taxi service offered.

3. Aircraft - A minimum of one, four-place aircraft meeting all requirements of the Air Taxi-Commercial Operator Certificate held.

4. Hours of Operation - Will be set by FBO as business warrants. Aircraft should be available to meet the general need.

5. Insurance - At all times, each Lessee shall have in effect liability and any other type of insurance as deemed necessary by City council for all of Lessee's operations in the amounts for the particular activity in question as negotiated and set forth in the lease. Such insurance policies shall further name the Lessor as additional insured. Certificates of such insurance and renewal shall be furnished by Lessee to the Lessor and a certificate presently then in effect shall be on file at all times. The City reserves the right to increase and expand the minimum liability insurance as set forth in the lease whenever the liability of the City under the Texas Tort Claims Act increases or areas of risk are expanded.

Failure to maintain the proper insurance coverage as required under these standards or failure to provide proof of coverage including proof of all renewals and changes in coverage shall constitute a material breach of these standards if the default continues past one (1) business day after written demand by the City to cure the default. In the event there is a lapse in coverage, the City can pursue action to close the business until the proper insurance is on file.

### B. Radio, Instrument or Propeller Repair

1. Building - Lessee must provide hangar space, either of new construction or the leasing of, at least 2,000 sq. ft. for service, maintenance and repair of anticipated traffic with adjacent parking space. Hangar space, shop areas, restrooms, and other equipment as well as sufficient personnel shall not necessarily be accumulative for each service provided. For example, if an FBO provides both flight instruction and aircraft sales, both functions could be serviced by the same building including restrooms and telephone. The actual contract agreement between an FBO and the airport owner shall spell out the required services of each FBO and the square footage, number of personnel, etc. which must be provided by that FBO. The building must be kept in a clean and sanitary manner.

2. Personnel - One Federal Aviation Administration-certified repairman qualified in accordance with the terms of the Repair Station Certificate for the services to be provided.

3. Certification - See Personnel.

4. Hours of Operation - Will be set by FBO as business warrants.

5. Insurance - At all times, each Lessee shall have in effect liability and any other type of insurance as deemed necessary by City council for all of Lessee's operations in the amounts for the particular activity in question as negotiated and set forth in the lease. Such insurance policies shall further name the Lessor as additional insured. Certificates of such insurance and renewal shall be furnished by Lessee to the Lessor and a certificate presently then in effect shall be on file at all times. The City reserves the right to increase and expand the minimum liability insurance as set forth in the lease whenever the liability of the City under the Texas Tort Claims Act increases or areas of risk are expanded.

Failure to maintain the proper insurance coverage as required under these standards or failure to provide proof of coverage including proof of all renewals and changes in coverage shall constitute a material breach of these standards if the default continues past one (1) business day after written demand by the City to cure the default. In the event there is a lapse in coverage, the City can pursue action to close the business until the proper insurance is on file.

### C. Flight Training

1. Building - Lessee must provide hangar space, either of new construction or the leasing of, at least 2,000 sq. ft. to hangar charter aircraft for service, maintenance and repair of anticipated traffic with adjacent adequate parking space. Hangar space, shop areas, restrooms, and other equipment as well as sufficient personnel shall not necessarily be accumulative for each service provided. For example, if an FBO provides both flight instruction and aircraft sales, both functions could be serviced by the same building including restrooms and telephone. The actual contract agreement between an FBO and the airport owner shall spell out the required services of each FBO and the square footage, number of personnel, etc. which must be provided by that FBO. The building must be kept in a clean and sanitary manner.

2. Personnel - One person certified by the Federal Aviation Administration, as a flight instructor to provide the type of training offered.

3. Aircraft - Lessee shall own or have leased in writing one certified aircraft for flight instruction according to Federal Aviation Administration Regulations.

4. Hours of Operation - Will be set by FBO as business warrants, six (6) days per week.

5. Insurance - At all times, each Lessee shall have in effect liability and any other type of insurance as deemed necessary by City council for all of Lessee's operations in the amounts for the particular activity in question as negotiated and set forth in the lease. Such insurance policies shall further name the Lessor as additional insured. Certificates of such insurance and renewal shall be furnished by Lessee to the Lessor and a certificate presently then in effect shall be on file at all times. The City reserves the right to increase and expand the minimum liability insurance as set forth in the lease whenever the liability of the City under the Texas Tort Claims Act increases or areas of risk are expanded.

Failure to maintain the proper insurance coverage as required under these standards or failure to provide proof of coverage including proof of all renewals and changes in coverage shall constitute a material breach of these standards if the default continues past one (1) business day after written demand by the City to cure the default. In the event there is a lapse in coverage, the City can pursue action to close the business until the proper insurance is on file.

#### D. Aircraft Rental

1. Land - Lessee must lease a tract of land to construct a hangar of at least 2,000 square feet for storage and display of aircraft and to accommodate ten (10) temporary parking spaces.

2. Building - Lessee must provide hangar space, either of new construction or the leasing of, at least 2,000 sq. ft. to hangar charter aircraft for service, maintenance and repair of anticipated traffic with adjacent adequate parking space. Hangar space, shop areas, restrooms, and other equipment as well as sufficient personnel shall not necessarily be accumulative for each service provided. For example, if an FBO provides both flight instruction and aircraft sales, both functions could be serviced by the same building including restrooms and telephone. The actual contract agreement between an FBO and the airport owner shall spell out the required services of each FBO and the square footage, number of personnel, etc. which must be provided by that FBO. The building must be kept in a clean and sanitary manner.

3. Personnel - One person having current, commercial pilot certification with appropriate ratings.

4. Aircraft - One air-worthy aircraft owned or leased in writing must be available.

5. Hours of Operation - Hours set as business warrants, six (6) days per week.

6. Insurance - At all times, each Lessee shall have in effect liability and any other type of insurance as deemed necessary by City council for all of Lessee's operations in the amounts for the particular activity in question as negotiated and set forth in the lease. Such insurance policies shall further name the Lessor as additional insured. Certificates of such insurance and renewal shall be furnished by Lessee to the Lessor and a certificate presently then in effect shall be on file at all times. The City reserves the right to increase and expand the minimum liability insurance as set forth in the lease whenever the liability of the City under the Texas Tort Claims Act increases or areas of risk are expanded.

Failure to maintain the proper insurance coverage as required under these standards or failure to provide proof of coverage including proof of all renewals and changes in coverage shall constitute a material breach of these standards if the default continues past one (1) business day after written demand by the City to cure the default. In the event there is a lapse in coverage, the City can pursue action to close the business until the proper insurance is on file.

#### E. Aircraft Sales

1. Land - Lessee must lease a tract of land to construct or lease existing 2,000 square feet building for storage and display of aircraft.

2. Building - Lessee must provide hangar space, either of new construction or the leasing of, at least 2,000 sq. ft. to adequately display aircraft for sales, service, maintenance and repair of anticipated traffic with adjacent adequate parking space. Hangar space, shop areas, restrooms, and other equipment as well as sufficient personnel shall not necessarily be accumulative for each service provided. For example, if an FBO provides both flight instruction and aircraft sales, both functions could be serviced by the same building including restrooms and telephone. The actual contract agreement between an FBO and the airport owner shall spell out the required services of each FBO and the square footage, number of personnel, etc. which must be provided by that FBO. The building must be kept in a clean and sanitary manner.

3. Personnel - One person with current, commercial pilot certificate with ratings appropriate for types of aircraft demonstrated.

4. Dealership - Authorized factory or subdealership with license or permit as required by the State and City.

5. Aircraft - Available or on-call one, current-model aircraft for demonstrations.
6. Services - Adequate servicing and accessories during warranty periods.
7. Hours of Operation - Will be set by FBO as business warrants., five (5) days per week.

8. Insurance - At all times, each Lessee shall have in effect liability and any other type of insurance as deemed necessary by City council for all of Lessee's operations in the amounts for the particular activity in question as negotiated and set forth in the lease. Such insurance policies shall further name the Lessor as additional insured. Certificates of such insurance and renewal shall be furnished by Lessee to the Lessor and a certificate presently then in effect shall be on file at all times. The City reserves the right to increase and expand the minimum liability insurance as set forth in the lease whenever the liability of the City under the Texas Tort Claims Act increases or areas of risk are expanded.

Failure to maintain the proper insurance coverage as required under these standards or failure to provide proof of coverage including proof of all renewals and changes in coverage shall constitute a material breach of these standards if the default continues past one (1) business day after written demand by the City to cure the default. In the event there is a lapse in coverage, the City can pursue action to close the business until the proper insurance is on file.

#### F. Flying Clubs

1. A flying club operating on the Airport must be a non-profit entity organized for the sole purpose of providing only its members with aircraft for personal use and enjoyment.
2. Ownership of flying club aircraft must be vested in the flying club or owned pro-rata by its members.
3. The property rights of the members of a flying club must be equal and no part of the net earnings of the club may be paid to any member in the form of salaries, wages, or bonuses.
4. A flying club may not derive greater revenue from the use of its aircraft than the amount necessary for the operations, maintenance, and replacement of its aircraft.
5. A flying club may not offer or conduct charter, air taxi, or rental of aircraft. It may not conduct aircraft flight instruction except for instruction of regular members. Such instruction will not be allowed if the student is required to pay for the instruction, unless the instructor is operating as a representative of a lessee based on the Airport. Only members may operate the aircraft except for ferry or flight testing by a non-member hired to perform maintenance for the club.

6. Flying clubs are prohibited from the retail selling of goods and services on the Airport. Flying clubs can only provide fuel for the aircraft specifically owned by the flying club. Members of this flying club may not obtain fuel from the flying club for aircraft that they own or lease individually. The flying club is not to be in competition with the FBO for fuel sales or any other activity.

7. The flying club with its permit request shall furnish the Airport Management:

a. a copy of its charter and by-laws, articles of association, partnership agreement or other documentation supporting its existence;

b. a roster or list of its members including names of offices and directors and investment share held by each member to be revised on a semi-annual basis.

c. evidence of liability and any other type of insurance as deemed necessary by City council for all of Lessee's operations in the amounts for the particular activity in question as negotiated and set forth in the lease. Such insurance policies shall further name the Lessor as additional insured. Certificates of such insurance and renewal shall be furnished by Lessee to the Lessor and a certificate presently then in effect shall be on file at all times. The City reserves the right to increase and expand the minimum liability insurance as set forth in the lease whenever the liability of the City under the Texas Tort Claims Act increases or areas of risk are expanded.

Failure to maintain the proper insurance coverage as required under these standards or failure to provide proof of coverage including proof of all renewals and changes in coverage shall constitute a material breach of these standards if the default continues past one (1) business day after written demand by the City to cure the default. In the event there is a lapse in coverage, the City can pursue action to close the business until the proper insurance is on file.

d. number and type of aircraft;

e. evidence that aircraft are properly certificated;

f. evidence that ownership is vested in the club;

g. and operating rules of the club.

h. In addition, the club shall maintain a set of books showing all club income and expenses. Said books shall be available for inspection by Airport Management to determine compliance with this provision.

8. A flying club which violates any of the foregoing or permits one or more members to do so will be notified in writing of the violation and given ten (10) days in which to correct said violation. Should such violation not be corrected with ten (10) days, a public hearing will be held for the purpose of considering termination of tenancy.