

**MINERAL WELLS REGIONAL AIRPORT  
MASTER PLANNING & DEVELOPMENT OPTION AGREEMENT**

This Airport Master Planning & Development Option Agreement (the "Agreement") is entered into as of the 1st day of June 2021 (the "Effective Date") by and between the City of Mineral Wells, Texas (the "City"), a Texas home-rule municipality, and PMG Development, LLC ("PMG"), a Texas limited liability company.

18th *RP* *RJG*

**RECITALS**

WHEREAS, the City is the owner of the Mineral Wells Regional Airport ("MWL"), which consists of approximately 505 acres of property with two runways and multiple aircraft operating areas; and

WHEREAS, PMG is a professional aviation planning and development firm; and

WHEREAS, PMG wishes to provide the City with master planning services to develop MWL at a reduced cost to the City in exchange for having the exclusive right to develop the MWL for a 10-year period; and

WHEREAS, the City finds that development of MWL is important to the future growth of Mineral Wells and that entering into an agreement with PMG would be beneficial to the City.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises of the parties herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and PMG agree as follows:

**AGREEMENT**

**ARTICLE I.  
GENERALLY**

1.1 **Definitions.**

"City" has the meaning set forth in the Preamble.

"Development Area" means the portion of the Mineral Wells Regional Airport reserved for development under this Agreement and identified in Exhibit A, including the Existing Leases.

"Commencement Date" has the meaning set forth in Section 3.1 of this Agreement.

"Effective Date" has the meaning set forth in the Preamble.

"Environmental Claim" means any action, governmental order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any person or entity alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural

resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, release of, or exposure to, any hazardous materials; or (b) any non-compliance with any Environmental Law or term or condition of any Environmental Permit.

“Environmental Law” means any applicable law, and any governmental order or binding agreement with any governmental authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials.

“Environmental Notice” means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

“Environmental Permit” means any permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

“Existing Leases” means those leases in existence as of the date that the City and PMG enter into a Ground Lease, which involve real property or improvements located within the Development Area specified by such Ground Lease, that are not otherwise excluded from the Development Area by mutual agreement of the City and PMG.

“FAA” means the Federal Aviation Administration, or its successor agency.

“Hazardous Materials” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“MWL” means the Mineral Wells Regional Airport in Mineral Wells, Texas.

“PMG” has the meaning set forth in the Preamble.

## ARTICLE II. MASTER PLANNING SERVICES

2.1 PMG will provide the City with planning services regarding MWL under the Vision Development Phase, Airport Land Use Planning Phase, and Airport Layout Plan Update Guidance Phase, as described by Sections 2.2, 2.3, and 2.4, respectively (the “Planning Services”). City agrees to provide to PMG and its affiliates, representatives and agents, reasonable and timely access to the

City's personnel, advisors, systems, files, data, documents and information as PMG reasonably requests, in order for PMG to perform the Planning Services.

2.2 Vision Development Phase. PMG will review and evaluate key reports and trends in the region to develop an appropriate and unique vision for MWL that will form the basis of future land use planning. The Vision Development Phase will include the following activities:

2.2.1 *Review of City's Economic Development Strategic Plan.* PMG will conduct a targeted review of the City's recent Strategic Plan, specifically focused on areas that are related to the Airport.

2.2.2 *Review regional activities and trends.* PMG will review regional population and economic trends as well as other aviation activities and facilities that may be relevant to the development of MWL.

2.2.3 *Develop supporting themes.* PMG will create a set of vision themes based on the review of the Strategic Plan and regional activities and trends to create a "wide view" from which an appropriate vision can be derived.

2.2.4 *Draft MWL Vision 2030.* PMG will develop a vision for MWL in the year 2030 from the supporting themes.

2.2.5 *Workshop 1.* PMG will lead a vision workshop with City leaders and economic development interests, during which PMG will summarize its work on the MWL Vision 2030. PMG will request input on the MWL Vision 2030 and support for a final draft.

2.2.6 *Finalize MWL Vision 2030.* PMG will prepare a final vision to support airport development planning.

2.2.7 *Technical Memorandum I.* PMG will prepare a technical memorandum, in the form of a PowerPoint presentation and brief white paper, summarizing the work effort and analyses under the Vision Development Phase and documenting the proposed MWL Vision 2030.

2.3 Airport Land Use Planning Phase. After establishing the MWL Vision 2030, PMG will execute airport land use analyses to determine the most effective strategy for development of MWL. The Airport Land Use Planning Phase will include the following activities:

2.3.1 *Develop opportunities and constraints.* PMG will evaluate opportunities and constraints on MWL as well as those in the corridor between MWL and Mineral Wells, to understand the potential of various land parcels as well as potential barriers to development that should be avoided.

2.3.2 *Review historical land use requests.* Working with MWL management, PMG will review pending and historical requests for properties and facilities. PMG will cull a list of high value land uses (if any) that would be appropriate for various development alternatives.

2.3.3 *Evaluate airport access corridor opportunities.* PMG will evaluate existing land use and conditions along a designated roadway corridor which connects MWL to Mineral Wells in

order to plan possible development opportunities. The corridor to be evaluated will be determined by the City.

2.3.4 *Assemble land use alternatives.* PMG will prepare up to three (3) alternative land use conceptual schemes, including land uses on the designated access corridor, that have potential to support MWL and City development.

2.3.5 *Workshop 2.* PMG would conduct a development workshop with City and community leaders to review the land use alternatives and receive input and comment on them.

2.3.6 *Review, analyze, and finalize land use concepts.* Based on City and community input, PMG will finalize the concepts and recommend a preferred alternative, which would include recommendations for the MWL access corridor such as potential future zoning changes, and well as other development alternatives which may be documented to allow for flexibility in addressing future conditions.

2.3.7 *Technical Memorandum II.* PMG will prepare a technical memorandum, in the form of a PowerPoint presentation and brief white paper, summarizing the analyses and results of the Airport Land Use Planning Phase.

2.4 Airport Layout Plan Update Guidance Phase. Based upon the Vision Development and Airport Land Use Planning Phases, the City will engage a consultant, pursuant to Section 2.5.3 hereof, to prepare an Airport Layout Plan Update (the “ALP”), with PMG’s guidance, to document the proposed future development of MWL. PMG will provide such documentation prepared according to Sections 2.2 and 2.3 hereof, together with reasonable guidance, to the City’s consultant to incorporate the development plans into the Airport Layout Plan Update. PMG will review up to two (2) drafts of the Airport Layout Plan Update for consistency with PMG’s developments plans.

2.5 Phasing. PMG will begin the planning services described herein on the Effective Date and will continue such services to completion which shall occur as follows:

2.5.1 *Vision Development Phase.* The Vision Development Phase will begin on the Effective Date and will be complete within sixty (60) days of the Effective Date and presented to the City Council for approval by resolution.

2.5.2 *Airport Land Use Planning Phase.* The Airport Land Use Planning Phase will begin immediately after the completion of the Vision Development Phase and will be complete within sixty (60) days of initiation and presented to the City Council for approval by resolution.

2.5.3 *Airport Layout Plan Update Guidance Phase.* The Airport Layout Plan Update Guidance Phase will begin upon the completion of the Airport Land Use Planning Phase and continue for a period of six (6) months thereafter. The City agrees to engage a consultant to create the Airport Layout Plan prior to the completion of the Airport Land Use Planning Phase described in Section 2.5.2 hereof.

2.6 Compensation. In exchange for the Planning Services, the City agrees to compensate PMG in the amount of Seventy Thousand Dollars (\$70,000.00), according to the following schedule.

2.6.1 Upon completion of the Vision Development Phase, and upon receipt of a written invoice, the City will pay PMG Twenty-Five Thousand Dollars (\$25,000.00).

2.6.2 Upon completion of the Airport Land Use Planning Phase, and upon receipt of a written invoice, the City will pay PMG Forty Thousand Dollars (\$40,000.00).

2.6.3 Upon completion of the Airport Layout Plan Update Guidance Phase and upon receipt of a written invoice, the City will pay PMG Five Thousand Dollars (\$5,000.00).

2.7 Standard of Care. The Planning Services will be of a professional quality and conform to generally prevailing industry standards. In the event that the City gives PMG notice of default under Section 5.1 regarding the quality of the Planning Services, PMG, at its option, shall either (a) use commercially reasonable efforts to re-perform or correct the services or deliverable in a manner that conforms to the professional standard of care, or (b) refund the fees paid by the City for nonconforming services.

### ARTICLE III. DEVELOPMENT OPTION PERIOD

3.1 Development Option Period. The Development Option Period will commence on the earlier to occur of: (a) FAA approval of the ALP contemplated in Section 2.4; (b) 6 months following the date that the ALP is submitted to the FAA by the City's ALP consultant; or (c) FAA approval of any individual lease submitted in advance of FAA's approval of the ALP (the "Commencement Date") and will continue for a period of ten (10) years, unless terminated sooner according to the terms of this Agreement (the "Term"). The parties hereto, by mutual agreement, may elect to extend the Term.

3.2 Exclusive Right to Develop. In exchange for PMG performing the Planning Services at a reduced cost, the City agrees to grant PMG the exclusive right to develop the Development Area during the Development Option Period according to the terms of this Agreement. PMG will perform the services described in this Article III in a timely, professional and workmanlike manner, consistent with or exceeding the prevailing industry standards for projects similar in nature to the development services described in this Article III.

3.3 Development Plan. Within ninety (90) days of the Commencement Date, PMG shall present for the City's review and approval a summary development plan (the "Development Plan") for the Development Area, which Development Plan shall include, among other things, (a) identification of parcels of the Development Area to be developed in specified phases, (b) proposed uses of said parcels, (c) marketing strategies and proposed marketing materials to be used by PMG, and (d) any other information deemed relevant by PMG and the City. Thereafter and as each project described in the Development Plan is submitted, PMG shall provide to the City, to be part of the Development Plan (x) plans for construction, demolition or rehabilitation of existing improvements, if any, and (y) plans for infrastructure improvements in each phase. The City shall, in its reasonable discretion, consider the Development Plan for approval or conditional approval within thirty (30) days of receiving said plan and each update. However, if the City determines that the Development Plan is not reasonably and substantially consistent with the plans approved as set forth in Section 2.5, the

City may reject said Development Plan by written notice to PMG describing in reasonable detail, the inconsistencies and provide PMG a reasonable opportunity to present a conforming Development Plan or amendment or revision thereto.

3.4 Lease of Development Area.

3.4.1 On or before the effective date of any phases identified in the Development Plan, the City and PMG shall enter into a separate Ground Lease Agreement (the "Ground Lease"), substantially in the form attached as Exhibit B, for each phase of the Development Plan or for each parcel of the Development Area, as the City and PMG may agree.

3.4.2 It is specifically understood that any Ground Lease entered into under this Agreement constitutes a separate agreement and must be approved by the sole discretion of the City Council acting in good faith.

3.4.3 Initial rent applicable to each Ground Lease entered into between the City and PMG shall initially be set at no more than \$0.06 per square foot per year and shall increase by 2% annually, beginning on the sixth year of the Ground Lease. For Ground Leases executed after the fifth anniversary of the Effective Date, the initial annual rent will be equal to 102% of \$0.06 per square foot, and on each anniversary of the Effective Date thereafter, the initial annual rent will be increased by 2%.

3.4.4 Each Ground Lease entered into under this Agreement shall have an initial term not to exceed forty (40) years, plus up to two (2) renewal terms of five (5) years each on the same terms and conditions as the initial term of the applicable Ground Lease.

3.4.5 Each Ground Lease shall provide that PMG may assign, sublet the Ground Lease and the property leased by PMG thereunder, in its sole discretion.

3.4.6 Each Ground Lease shall provide that the lease may be pledged as security for financing to construct the improvements on the property, or for permanent financing thereafter.

3.4.7. Each Ground Lease will provide for usual and customary non-disturbance of such Ground Lease tenants, provided, that PMG is not in default.

3.4.7 Each Ground Lease will be subject to any Existing Lease, which involves real property or improvements located within the property description covered by the Ground Lease, including any rights, privileges or encumbrances in favor of such Existing Lease, provided that PMG will receive, with respect to each Ground Lease, all rights and privileges of the City, under such Existing Leases, as if it were the original landlord under such Existing Lease. The City and PMG shall enter into an appropriate lease assignment and assumption with respect to such Existing Leases. Any subsequent modification or renewal of an Existing Lease shall be at the sole discretion of PMG, in accordance with the terms of the applicable Ground Lease.

3.5 Costs of Development. All costs to develop the Development Area shall be borne solely by PMG unless otherwise agreed to by the City and PMG in writing. This includes costs of marketing, construction and/or rehabilitation of structures, utility connection, and installation of infrastructure and nominal fees imposed by the City regarding permits, zoning requests, and/or utility service fees; provided, however that such fees may be waived if agreed by the parties.

3.6 Financial Matters. During the Term, the City agrees to use reasonable efforts to assist PMG in connection with PMG's efforts to coordinate, request and appropriate federal state or county funding, or any combination thereof, to develop the Development Area ("Funding"). Funding will be managed and administered by PMG and may be used for no other purposes. PMG may charge a fee to be payable out of the Funding, which fee shall be reasonable and shall in no case be greater than the maximum administrative fee established by the funding agency, for managing and administering the Funding.

3.7 Failure to Initiate Development. In the event PMG has not entered into a Ground Lease Agreement with the City for at least one phase of the Development Plan or at least one parcel or project of the Development Area within two (2) years of the Commencement Date, and such failure is not primarily due to the actions or omissions of the City or other third party, which are beyond the reasonable control of PMG, then this Agreement shall terminate without liability to either party upon written notice by the City to PMG.

#### ARTICLE IV. USE AND CONDITION OF MWL PROPERTY

4.1 Access to MWL by PMG Representatives. In addition to its rights under each Ground Lease, and in order for PMG to perform its obligations under this Agreement, PMG shall have the right of ingress to and egress from MWL, including the Development Area, for purposes of developing the Development Area, for PMG's employees, agents, contractors, guests, invitees, licensees, suppliers of materials and providers of service (the "PMG Representatives"), and its or their equipment, vehicles, machinery, and other property provided the PMG Representatives adhere to the City's security requirements for use of MWL. Such right of access by PMG Representatives shall not prevent the City from (a) requiring such persons using MWL through PMG's access rights to comply with the rules regarding access to MWL, (b) restricting access by the PMG Representatives to MWL on a temporary basis for security reasons, or (c) accessing the Development Area, in each case, in a manner designed to reduce disruption of PMG's intended use of the Development Area.

4.2 Encumbrances on Development Area. PMG's rights granted under this Agreement are subject to any and all existing easements or other encumbrances, and the City shall have the right, at its cost and expense, to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections, water, oil, or gas pipelines, and telephone power lines and such other appliances and appurtenances necessary or convenient in connection therewith, over, in, upon, through, across, and along the Development Area, or any part thereof, and to enter thereupon for any and all such purposes (each a "Right to Enter"), as may be reasonable under the circumstances and with as little interruption as possible to the use and development of the Development Area by PMG; provided in no event shall the exercise of such right negatively impact in a material manner the then-known intended use or development of the Development Area by PMG. Notwithstanding the forgoing, in the event that the City (or its assignees) desire to exercise any Right

to Enter, then it shall first provide reasonable written notice to PMG, along with a proposed schedule and mitigation plan, and provide PMG a reasonable response and recommendation period. PMG may elect, to the extent of any material proposed Right to Enter, deduct from the affected Development Area or Ground Lease, those areas impacted by the exercise of such right, and receive an equitable rent reduction. To the extent the proposed Right to Enter is material to the Development Area, PMG shall have the right to terminate the applicable Ground Lease or this Agreement; provided, however that no material Right to Enter may be exercised without PMG's consent, at its sole discretion, following approval and funding of the City-approved Development Plan. The City shall be responsible for damage caused to PMG or any Ground Lease subtenant resulting from its exercise of any Right to Enter.

**4.3 Compliance with Laws.** PMG agrees to comply with all applicable federal, state, and local laws, ordinances, rules, and regulations. If the City notifies PMG of any violation of this Section 4.3, PMG shall, as soon as commercially reasonable, desist from and correct the violation.

**4.4 Environmental Issues.** The City represents and warrants that as of the Effective Date, solely with respect to the Development Area, (a) the City is currently and has been in compliance with all Environmental Laws, and the City has not received from any person or entity, any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to any Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Effective Date, (b) the City has no knowledge of any condition, event or circumstance that would likely, with the passage of time or discovery, give rise to a violation or breach of any Environmental Law, and (c) there are no active or abandoned underground storage tanks. In the event that following the Effective Date, the City becomes aware of any condition, event or circumstance with respect to the Development Area that is, or is likely to give rise to, a violation or breach of any Environmental Law, and to the extent caused by the City or its agents, then the City, as between PMG and the City, and to the extent allowed by law, shall hold PMG and its agents harmless and be solely responsible for all costs and expenses of such violation, damage, clean-up, or other remedy; provided that PMG's mere discovery of such condition, event or circumstance shall not be deemed to be a condition or event caused by PMG. The parties agree that each Ground Lease will include substantially similar City representations, warranties and covenants as of the date of such lease.

## ARTICLE V. DEFAULT; TERMINATION

**5.1 Default.** A default shall exist if either party fails to comply in all material respects with any provision of this Agreement. The non-defaulting party shall immediately notify the defaulting party in writing upon becoming aware of any change in the existence of any condition or event which would constitute a default or, with the giving of notice or passage of time, or both, would constitute a default under this Agreement. Such notice shall specify the nature and the period of existence thereof and what action, if any, the non-defaulting party requires or proposes with respect to curing the default.

**5.2 Termination for Default.** If a default shall occur and continue after thirty (30) days' notice to cure, the non-defaulting party may, at its option, terminate this Agreement by providing written notice to the defaulting party (after complying with Section 5.3, below) and may pursue any and all remedies it may be entitled to, at law or in equity, in accordance with Texas law, without the necessity of further notice or demand upon the defaulting party. The non-defaulting party shall not, however, pursue

remedies for as long as the defaulting party proceeds in good faith and with due diligence to remedy and correct the default, provided that the defaulting party has commenced to cure such default within the thirty (30) days following its receipt of notice.

5.3 Informal Dispute Resolution. At the expiration of the thirty (30) day cure period, if the defaulting party has not materially cured or made a good faith effort to cure, both parties shall commence the resolution process and make a good faith effort, either through email, mail, phone conference, in person meetings, or other reasonable means to resolve any claim, dispute, breach or other matter in question that may arise out of, or in connection with this Agreement. If the parties fail to resolve the dispute within sixty (60) days of the date of receipt of the notice of the dispute, or if later, the date the defaulting party ceases to make progress to cure or remedy the default, then either party may, prior to pursuing other legal remedies including the filing of a lawsuit, submit the matter to non-binding mediation in Palo Pinto County, Texas, in accordance with the Industry Arbitration Rules of the American Arbitration Association (“AAA”) or other applicable rules governing mediation then in effect. The mediator shall be agreed to by the parties and in the event the parties cannot so agree, then the AAA will select a mediator. Each party shall be liable for its own expenses, including attorney’s fees; however, the parties shall share equally in the costs of the mediator. If the parties cannot resolve the dispute through not less than one (1) day of mediation, then either party shall have the right to exercise any and all remedies available under law regarding the dispute. Notwithstanding the fact that the parties may be attempting to resolve a dispute in accordance with this informal dispute resolution process, the parties agree to continue, without delay, all of their respective duties and obligations under this Agreement not affected by the dispute. Either party may, before, during or following the exercise of the informal dispute resolution process set forth herein, apply to a court having jurisdiction for a temporary restraining order or preliminary injunction where such relief is necessary to protect its interests.

5.4 Termination by Mutual Consent. This Agreement may be terminated in whole or in part by the mutual agreement, evidenced in writing, of the City and PMG. In the event of such termination, all rights, powers, and privileges of PMG cease and terminate without necessity of further action; provided, however that any payment obligations arising prior to such termination will remain due and owing. Neither the City nor PMG will make any claim of any kind whatsoever against the other party, its officers, agents, representatives, and employees, by reason of a termination by mutual consent or any act incident thereto. The provisions of this section survive termination of this Agreement.

ARTICLE VI.  
INSURANCE; INDEMNIFICATION

6.1 Liability. PMG SHALL BE LIABLE AND RESPONSIBLE FOR ANY AND ALL TANGIBLE PROPERTY LOSS OR DAMAGE, AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF ANY KIND OF CHARACTER, TO THE EXTENT PRIMARILY CAUSED BY THE NEGLIGENT, GROSS NEGLIGENT, OR RECKLESS ACT(S) OR OMISSION(S), MALFEASANCE, OR INTENTIONAL MISCONDUCT OF PMG, ITS OFFICERS, AGENTS, SERVANTS, OR EMPLOYEES.

6.2 General Indemnification, Release and Hold Harmless. PMG AGREES TO AND SHALL FULLY DEFEND (WITH COUNSEL SELECTED BY PMG AND REASONABLY ACCEPTABLE TO CITY), INDEMNIFY AND HOLD HARMLESS THE CITY AND ITS ELECTED OFFICIALS, OFFICERS, EMPLOYEES, AGENTS, REPRESENTATIVES, INDIVIDUALLY OR COLLECTIVELY, IN BOTH THEIR OFFICIAL AND PRIVATE CAPACITIES (THE CITY AND ITS ELECTED OFFICIALS, OFFICERS, EMPLOYEES, REPRESENTATIVES, EACH BEING A "CITY PERSON" AND COLLECTIVELY THE "CITY PERSONS") FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, PROCEEDINGS, CAUSES OF ACTION, DEMANDS, LOSSES, LIENS, HARM, DAMAGES, PENALTIES, FINES, LIABILITIES, EXPENSES, LAWSUITS, JUDGMENTS, COSTS, AND FEES (INCLUDING REASONABLE ATTORNEY FEES AND COURT COSTS) OF ANY KIND AND NATURE WHATSOEVER MADE UPON, INCURRED BY, SUFFERED BY, OR ASSERTED AGAINST ANY CITY PERSON, WHETHER DIRECTLY OR INDIRECTLY, (COLLECTIVELY FOR PURPOSES OF THIS PARAGRAPH, "DAMAGES"), THAT RESULT FROM, RELATE TO, OR ARISE OUT OF, IN WHOLE OR IN PART, THE GROSS NEGLIGENCE ACT(S) OR OMISSION(S), MALFEASANCE, OR INTENTIONAL MISCONDUCT OF PMG OR BY ANY OF PMG'S OWNERS, PARTNERS, MANAGERS, OFFICERS, EMPLOYEES, AGENTS, REPRESENTATIVES, CONTRACTORS, LICENSEES AND INVITEES (COLLECTIVELY, "PMG PERSONS").

HOWEVER, PMG'S LIABILITY UNDER THIS CLAUSE SHALL BE REDUCED BY THAT PORTION OF THE TOTAL AMOUNT OF THE DAMAGES (EXCLUDING DEFENSE FEES AND COSTS) EQUAL TO THE CITY PERSON'S PROPORTIONATE SHARE OF THE NEGLIGENCE, OR CONDUCT THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, THAT CAUSED THE LOSS. LIKEWISE, PMG'S LIABILITY FOR ANY CITY PERSON'S DEFENSE COSTS AND ATTORNEYS' FEES SHALL BE REDUCED BY THAT PORTION OF THE DEFENSE COSTS AND ATTORNEYS' FEES EQUAL TO THE CITY PERSON'S PROPORTIONATE SHARE OF THE NEGLIGENCE, OR CONDUCT THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, THAT CAUSED THE LOSS.

PMG SHALL PROMPTLY, UPON BECOMING AWARE, ADVISE THE CITY, IN WRITING, OF ANY CLAIM OR DEMAND AGAINST THE CITY OR ANY CITY PERSON RELATED TO OR ARISING OUT OF PMG'S ACTIVITIES UNDER THIS AGREEMENT AND THE DEVELOPMENT OPTION PERIOD AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT PMG'S SOLE COST AND EXPENSE. THE CITY PERSONS SHALL HAVE THE RIGHT, AT THEIR OPTION AND AT THEIR OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING PMG OF ANY OF ITS OBLIGATIONS HEREUNDER.

IN NO EVENT SHALL EITHER PARTY HERETO OR ITS AFFILIATES BE LIABLE FOR, AND EACH PARTY HEREBY WAIVES AS TO THE OTHER PARTY, ITS OWNERS, OFFICERS, EMPLOYEES AND AGENTS, TO THE EXTENT PERMITTED BY LAW, ANY INDIRECT, PUNITIVE, EXEMPLARY, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, OR DAMAGES FOR LOSS OF PROFITS OR

GOODWILL OR OTHER PECUNIARY LOSS TO THE OTHER PARTY ARISING OUT OF, OR AS A RESULT OF, THIS AGREEMENT, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THESE LIMITATIONS APPLY WHETHER OR NOT SUCH LOSSES OR DAMAGES ARE BASED IN CONTRACT, WARRANTY, TORT, NEGLIGENCE, STRICT LIABILITY, INDEMNITY, OR OTHERWISE.

6.3 Insurance Requirements. PMG will provide the City with certificate(s) of insurance documenting policies of the minimum coverage limits described by this Section 6.3 that are to be in effect prior to commencement of the Planning Services and to remain in effect through the Development Option Period. Certificates of insurance evidencing that PMG has obtained all required insurance shall be delivered to the City prior to commencement of the Planning Services. All policies except Worker's Compensation and Professional Liability shall be endorsed to name the City as an additional insured thereon, as its interests may appear. Any failure on the part of the City to request required insurance documentation shall not constitute a waiver of the insurance requirement. A minimum of thirty (30) days' notice of cancellation or reduction in limits of coverage shall be provided to the City. Ten (10) days' notice shall be acceptable in the event of non-payment of premium. Such terms shall be endorsed onto PMG's insurance policies.

6.3.1 Commercial General Liability.

\$1,000,000 Each Occurrence  
\$2,000,000 Aggregate

6.3.2 Automobile Liability

\$1,000,000 Each accident on a combined single limit basis or  
\$250,000 Bodily injury per person  
\$500,000 Bodily injury per occurrence  
\$100,000 Property damage

Coverage shall be on any vehicle (owned, hired, or non-owned) used by PMG, its employees, agents, and representatives in the course of providing services and carrying on activities under this Agreement.

6.3.3 Statutory Worker's Compensation and Employers' Liability Insurance. The City agrees to waive this requirement upon receipt of sufficient documentation from PMG certifying that PMG is not required to maintain the requisite coverage in accordance with the statute.

6.3.4 Professional Liability (Errors & Omissions)

\$1,000,000 Each Claim Limit  
\$1,000,000 Aggregate Limit

Professional liability coverage may be provided through an endorsement to the Commercial General Liability (CGL) policy, or a separate policy specific to Professional E&O. Either is acceptable if coverage meets all other requirements. Coverage shall be claims-made and maintained for the duration of the Agreement. An annual certificate of insurance shall be submitted to the City to evidence coverage.

**ARTICLE VII.**  
**STATUS OF PARTIES**

7.1 **Governmental Body.** It is understood and agreed that by execution of this Agreement, the City does not waive, surrender, or delegate any of its governmental powers and does not waive, surrender, or delegate its governmental immunity.

7.2 **Independent Status.** It is expressly understood and agreed that PMG shall operate as an independent contractor as to all rights and privileges granted in this Agreement, and not as agent, representative, or employee of the City. Subject to and in accordance with the conditions and provisions of this Agreement, PMG shall have the exclusive right to control the details of its operations and activities and be solely responsible for the acts and omissions of its officers, agents, servants, employees, consultants, and subcontractors. PMG acknowledges that the doctrine of *respondeat superior* shall not apply as between the City, its officers, agents, servants, and employees, and PMG, its officers, agents, employees, servants, consultants, and subcontractors. PMG further agrees that nothing herein shall be construed as the creation of a partnership or joint enterprise between the City and PMG. Neither PMG, nor any of PMG's employees or agents, shall be entitled to any benefits accorded to the City's employees, including without limitation worker's compensation, disability insurance, vacation, or sick pay.

**ARTICLE VIII.**  
**GENERAL PROVISIONS**

8.1 **Notice.** Notices required pursuant to the provisions of this Agreement shall be conclusively determined to have been delivered when (1) hand-delivered to the representative of the other party described below, (2) delivered by facsimile with electronic confirmation of the transmission, or (3) received by the other party by United States Mail, registered, return receipt requested, addressed as follows:

To the City:

City of Mineral Wells  
Attn: City Manager  
115 S.W. 1<sup>st</sup> Street  
Mineral Wells, Texas 76067

With a Copy to (which shall not constitute notice):

Messer, Fort & McDonald PLLC  
Attn: Wm. Andrew Messer  
6371 Preston Road, Suite 200  
Frisco, Texas 76034

To PMG:

PMG Development, LLC  
Attn: Clay Paslay, Manager  
Attn: John Terrell, President  
209 West 2<sup>nd</sup> Street, Suite 309  
Fort Worth, Texas 76102-4905

With a Copy to (which shall not constitute notice):

Munsch Hard Kopf & Harr, P.C.  
Attn: Mark Girtz, Esq.  
500 N. Akard Street, Suite 3800  
Dallas, Texas 75201

8.2 Solicitation of Employees. Neither the City nor PMG shall, directly or indirectly, during the Term and for a period of one (1) year after its termination or expiration, solicit for employment or employ, whether as employee or independent contractor, any person who is or has been during the twelve (12) month period prior to such solicitation employment date, employed by the other or their affiliates, without the prior written consent of the person's employer.

8.3 Waiver. The failure of the City or PMG to insist upon the performance of any term of provision of this Agreement or to exercise any right granted herein shall not constitute a waiver of the City's or PMG's respective right to insist upon appropriate performance or to assert any such right on any future occasion.

8.4 Warranty Waiver. CITY ACKNOWLEDGES AND AGREES THAT OTHER THAN AS EXPRESSLY PROVIDED HEREIN, THE SERVICES PROVIDED BY PMG UNDER THIS AGREEMENT ARE BEING MADE AVAILABLE TO CITY ON AN "AS IS" BASIS. THE PARTIES NEGOTIATED THIS AGREEMENT WITH DUE REGARD FOR THE PARTIES' BUSINESS RISK ASSOCIATED WITH PROVISION OF THE SERVICES. THUS, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW AND NOTWITHSTANDING ANY FAILURE OF ANY LIMITED REMEDY, PMG PROVIDES NO ADDITIONAL WARRANTIES, EXPRESS AND IMPLIED, OTHER THAN THOSE EXPRESSLY SET FORTH HEREIN, AND HEREBY DISCLAIMS, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY PMG OR ANY OF ITS EMPLOYEES, AGENTS, OR OFFICERS, WILL IN ANY WAY INCREASE THE SCOPE OF THIS WARRANTY.

8.5 Governing Law/Venue. This Agreement shall be construed in accordance with the laws of the State of Texas. If any action, whether real or asserted, at law or in equity, is brought on the basis of this Agreement, venue for such action shall lie in state courts located in Palo Pinto County, Texas or the United States District Court for the Northern District of Texas, Fort Worth Division. The parties agree that the laws of the state of Texas shall govern and apply to the interpretation, validity, and enforcement of this Agreement. With respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of the state of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity, and enforcement of this Agreement.

8.6 Severability. If any provision of this Agreement is held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

8.7 Force Majeure. The City and PMG shall exercise their commercially reasonable best efforts to meet their respective duties and obligations as set forth in this Agreement, but shall not be held liable for any delay or omission in performance due to force majeure or other causes beyond their reasonable control, including, but not limited to, compliance with any government law, ordinance, or regulation; acts of God; acts of public enemy; fires; strikes; lockouts; natural disasters; wars; riots; material or labor restrictions by any governmental authority; pandemics; and/or any other similar causes.

8.8 Headings Not Controlling. Headings and titles used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

8.9 Review of Counsel. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rules of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or exhibits hereto.

8.10 Amendments; Modifications; Extensions. No amendment, modification, or extension of this Agreement shall be binding upon a party hereto unless such amendment, modification, or extension is set forth in a written instrument which is executed by an authorized representative and delivered on behalf of such a party.

8.11 Entirety of Agreement. This Agreement, including any exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the City and PMG and their assigns and successors in interest as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provision of this Agreement.

8.12 Counterparts. This Agreement may be executed in one or more counterparts and each counterpart shall, for all purposes, be deemed an original, but all such counterparts together constitute one and the same instrument. This Agreement or any counterpart hereof, may be executed and delivered by email PDR or any reliable electronic means.

8.13 Immigration Nationality Act. The City actively supports the Immigration & Nationality Act (INA), which includes provisions addressing employment eligibility, employment verification, and nondiscrimination. PMG shall verify the identity and employment eligibility of all employees who perform work under this Agreement. PMG shall complete the Employment Eligibility Verification Form (I-9), maintain photocopies of all supporting employment eligibility and identity documentation for all employees, and, upon request, provide the City with copies of all I-9 forms and supporting eligibility documentation for each employee who performs work under this Agreement. PMG shall establish appropriate procedures and controls so that no services will be performed by any employee who is not legally eligible to perform such services. PMG shall provide the City, at its request, with a certification letter that it has complied with the verification requirements required by this Agreement. PMG shall indemnify the City from any penalties or liabilities due to violations of this provision. The City shall have the right to terminate this Agreement, following notice and a reasonable opportunity to cure, for violations of this provision by PMG.

8.14 No Boycott of Israel. As required by Chapter 2271 of the Texas Government Code, PMG certifies that it does not boycott Israel and agrees that, during the term of this Agreement, it will not boycott Israel.

8.15 Authority. Each person signing this Agreement hereby warrants that he/she has the legal authority to execute this Agreement on behalf of his/her respective party, and that such binding authority has been granted by proper order, resolution, ordinance, or other authorization of the entity. The other party is fully entitled to rely on this warranty and representation in entering into this Agreement.

8.16 Survival. Notwithstanding the termination or expiration of this Agreement, the provisions of Sections 3 through 8.2 and 8.5 of this Agreement shall survive and be binding on the parties.

EXECUTED on this the 1st day of June 2021.



ATTEST:

Peggy Clifton  
Peggy Clifton, City Secretary

CITY OF MINERAL WELLS

Regan Johnson

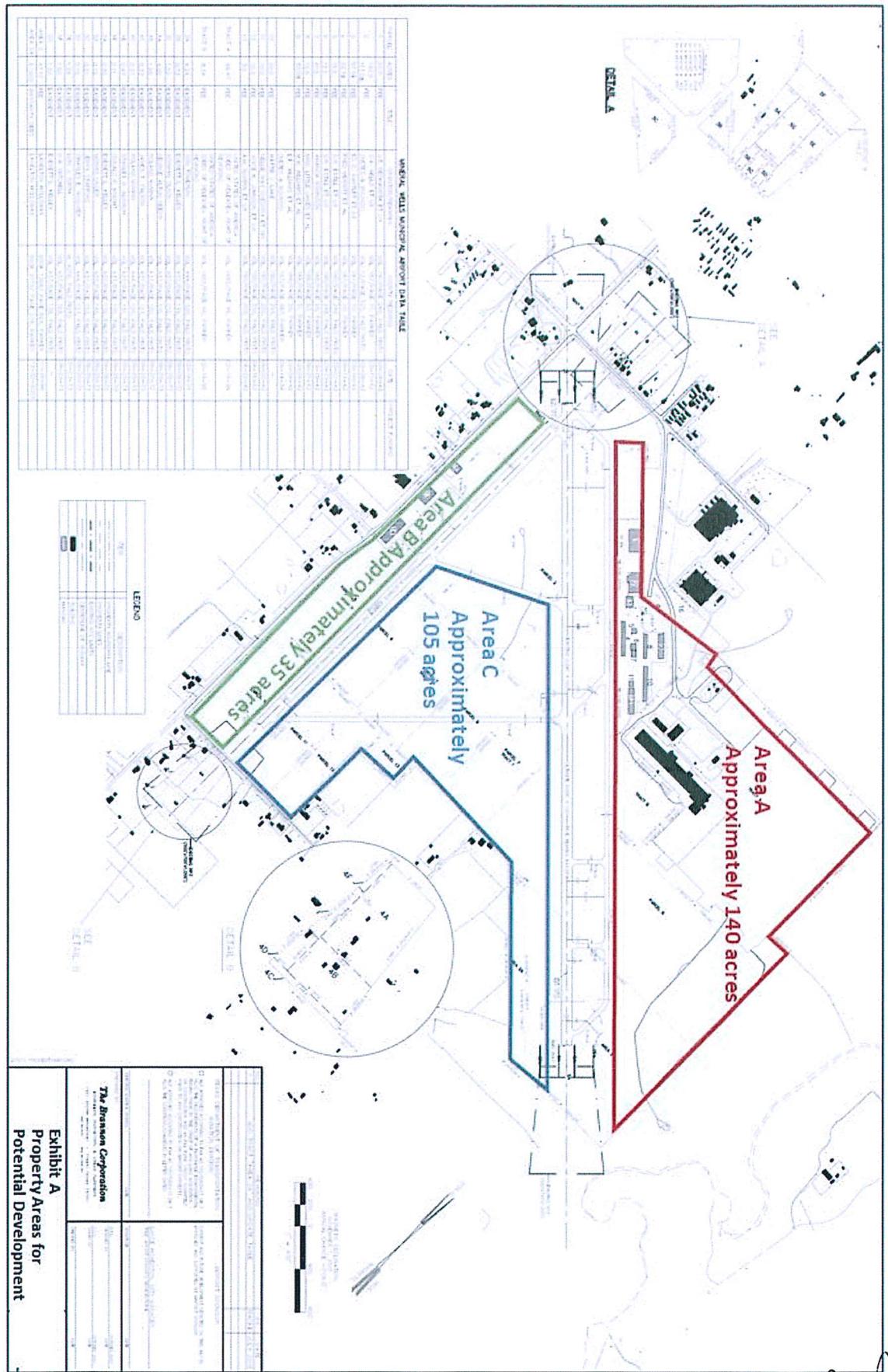
Regan Johnson, Mayor

PMG DEVELOPMENT, LLC

By: R. Clay Paslay  
R. Clay Paslay, Manager

**EXHIBIT A**

Development Area Description



## Property Areas for Potential Development

**EXHIBIT B**

Ground Lease Form

*WHD*

*DMW*

## Mineral Wells Regional Airport

### GROUND LEASE

This Ground Lease ("Lease") is entered into between the City of Mineral Wells, a Texas home-rule city ("City" or "Lessor") and \_\_\_\_\_ ("Lessee").

**WHEREAS**, the City owns and operates the Mineral Wells Regional Airport (the "Airport"), which is more particularly described on Exhibit A, attached hereto; and

**WHEREAS**, the City and Lessee desire to enter into this Lease for the use and occupancy of certain areas at the Airport; and

**WHEREAS**, the City desires to accommodate, promote and enhance the development at the Airport; and

**NOW THEREFORE**, in consideration of the mutual covenants, promises and obligations contained herein, the parties agree as follows:

#### SECTION 1. PREMISES

The City does hereby lease to Lessee and Lessee does hereby lease from the City the Premises located at the Airport, as described in Exhibit B attached hereto and incorporated herein for all purposes (the "Premises"), which contain approximately \_\_\_\_\_ square feet.

Lessor covenants that Lessee shall and may peaceably and quietly have, hold and enjoy the Premises and enjoy all rights herein granted free from interference, eviction or disturbance by Lessor or by any other person or persons, provided that Lessee is not in default of this Lease.

#### SECTION 2. TERM

- A. Initial Term.** This Lease shall be for a term of forty (40) years [NOTE: Unless Lessee and Lessor agree to a shorter term for any specific Ground Lease.] (the "Initial Term"), commencing on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Commencement Date") and ending on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, unless earlier terminated in accordance with the terms of this Lease. Upon termination of the Lease, any structures and improvements on the Premises become the property of Lessor.
- B. Renewal.** Provided there is then no uncured material default by Lessee hereunder, upon expiration of the Initial Term, Lessee shall have the option to renew the Lease for 2 additional five-year periods (each a "Renewal Term"). In order to exercise an option to renew, Lessee shall notify Lessor in writing of its desire to renew this Lease no less than ninety (90) days and no more than one hundred eighty (180) days prior to the expiration of the Initial Term or any Renewal Term. Each Renewal Term shall be on the same terms and conditions that are set forth in this Lease for the Initial Term, except as to length of term and number of extensions remaining. As used herein, the Initial Term plus any Renewal Term exercised by Lessee shall be referred to as the "Term".

### **SECTION 3. RENT**

- A.** In consideration for the lease of the Premises, Lessee hereby agrees to pay Lessor annual rent in the sum of \$0.06/square foot of the Premises per annum. [NOTE: For Ground Leases executed after the fifth anniversary of the execution of the Master Planning & Development Option Agreement, the beginning annual rent will be equal to 102% of \$0.06/square foot, and on each anniversary thereafter, the beginning annual rent for new Ground Leases will increase by 2%.] Lessee shall pay Lessor rent in monthly installments. The first such monthly installment is due and payable on or before the Commencement Date, and subsequent installments are due and payable on or before the first day of each succeeding calendar month during the Term; provided that if the Commencement Date is not the first day of a month, then a pro rata portion of a monthly installment of rent shall be payable for such partial month. Rent shall be paid by personal delivery or certified mail, without demand, set-off, or notice from Lessor to Lessee, in lawful currency of the United States made payable to the City of Mineral Wells, Texas. Lessor and Lessee acknowledge and agree that the annual rent is adequate consideration for the leasehold created by this Lease.
- B.** Beginning on the sixth anniversary of the Commencement Date and annually thereafter, the annual rent shall increase by 2%.
- C.** Lessee agrees that upon each Renewal Term, the annual rent due each year during the Renewal Term will be equal to 102% of the then-current annual rent due for the Initial Term (or the preceding Renewal Term, as applicable), and will increase by 2% annually during the Renewal Term.
- D.** In the event Lessee fails to remit any payments when due, interest at the rate of eight percent (8%) per annum shall be charged by Lessor beginning on the tenth (10<sup>th</sup>) day after the date the payment is due and such interest shall continue to accrue against such delinquent payment until the payment plus any and all interest is received by Lessor.
- E.** If Lessee holds over after the expiration of the Initial Term or any Renewal Term, the holding over will create a month-to-month tenancy which tenancy may be terminated by either party by thirty (30) days' notice to the other party. Holdover rent shall be due at the rate of 150% of the annual rent then in effect.

### **SECTION 4. USE, CONSTRUCTION, AND MAINTENANCE OF PREMISES**

- A.** Lessee may only use the Premises for \_\_\_\_\_, which must be made known to and agreed upon by Lessor, and for no other purposes without Lessor's consent, which consent will not be unreasonably withheld, conditioned or delayed.
- B.** Lessee may, at Lessee's expense, raze any improvements on the Premises and construct on the Premises any improvements and parking areas, and make such repairs, additions, alterations and improvements as Lessee may deem desirable. Lessee's improvements will be subject to Lessor's prior written approval to the extent they materially conflict with the approved airport layout plan in effect from time to time. Lessor agrees not to consent to any changes in the airport layout plan that would materially adversely affect Lessee without Lessee's prior written consent. Lessor agrees to cooperate with and assist Lessee in applying for any and all approvals, consents, permits, licenses, certificates, variances or other entitlements that Lessee finds necessary or desirable to construct Lessee's improvements and associated common area improvements on the Premises ("Permits"). Without limiting the foregoing, Lessor and Lessee shall cooperate with and assist Lessee (at no cost to Lessor) in (i) arranging for the release and/or relocation and/or the granting of

any utility easements as may be required by Lessee and (ii) obtaining the permits to erect sign(s) on the Premises. Lessor appoints Lessee its agent for applying for and processing said Permits.

- C. Lessee may (i) install in the Premises such fixtures and equipment as Lessee deems desirable, and (ii) paint, erect, or authorize signs in, on, or about the Premises, and all of said items shall remain Lessee's property whether or not affixed or attached to the Premises, subject to Lessor's reasonable approval, which shall not be unreasonably withheld, conditioned, or delayed. Notwithstanding the foregoing, Lessor hereby approves the signage for the Premises attached hereto as Exhibit C (the "Approved Signage"). Lessee has the option to remove such items from the Premises no later than the expiration of the Term or thirty (30) days after the date of any earlier termination of this Lease but shall repair any damage that is caused by removal.
- D. Lessor agrees to maintain the common areas of the Airport in good condition and repair and will not make any alterations or changes to the common areas that will materially adversely affect Lessee's access or use of the Premises. Lessor hereby grants Lessee a non-exclusive license to use all of the common areas on the Airport, including drives, parking lots, and sidewalks during the Term and agrees to maintain such common areas in good condition and repair.
- E. Upon termination of this Lease or the expiration of the Term, Lessee shall peaceably vacate the Premises, including removal of all personal property.

## **SECTION 5. TAXES, ASSESSMENTS, INSURANCE, AND UTILITIES**

- A. Lessee shall be liable for any and all federal, state or local taxes or assessments which may lawfully be levied against Lessee due to Lessee's use or occupancy of the Premises or any improvements or property placed on the Premises by Lessee as a result of its occupancy. Under no circumstances shall Lessor be liable for or be required to pay any tax or assessment owed by Lessee. Lessor shall provide insurance for all Lessor-owned real property located at the Airport under Lessor's policy which shall be for the sole benefit and protection of Lessor. Lessee shall provide liability insurance in a minimum amount of \$1 million dollars in the event of damage to the Premises or Airport for which Lessee is liable. Certificates of such required insurance shall be furnished by Lessee and certificates presently then in effect shall be on file with Lessor at all times.
- B. The annual rent shall be abated for any period during which the Premises cannot be reasonably utilized for the intended purpose.
- C. Lessee, at Lessee's sole cost and expense, shall be responsible for the installation and use of all utility services to all portions of the Premises and for all other related utility expenses, including, but not limited to, deposits and expenses required for the installation of meters. Lessee further agrees to pay all costs and expenses for any extension, maintenance, or repair of any and all utilities serving the Premises, other than any expenses incurred due to the negligence or willful misconduct of Lessor, or any of Lessor's agents, employees or contractors. Lessee must separately contract with third-party providers of utility services, as necessary, and pay all costs charged by the providers for those services.

## **SECTION 6. SUBLEASE, ASSIGNMENT, OR SALE**

Lessee may sublease, assign, sell, or transfer this Lease or any right hereunder or any interest herein to any person, corporation, or association without the prior express written approval of Lessor. In the event of assignment, Lessee shall be fully released as of the date of such assignment of any obligations under this Lease to be performed after the date of such assignment. Lessee shall retain all rights to any consideration

received from any assignee, subLessee, transferee or purchaser in connection with any assignment, sublease, transfer or sale of this Lease or any interest herein.

Lessor will, within thirty (30) days of the date of this Lease and in connection with any further loan obtained by Lessor, obtain a Subordination, Nondisturbance and Attornment Agreement (the "SNDA") in form reasonably acceptable to Lessee, signed by Lessee, Lessor and each mortgage holder from time to time.

## SECTION 7. DEFAULT

- A. If Lessee defaults in the performance of any covenant or agreement under this Lease and the default continues for thirty (30) days after receipt of Lessor's written notice that specifies the default or, if the default is of a type that is not reasonably curable within thirty (30) days, if Lessee fails to commence to cure the default within thirty (30) days after receipt of the notice or fails to diligently pursue the curing of the default to completion, then Lessor, so long as the default continues, may incur any reasonable expense that is needed to perform the covenant or agreement and seek reimbursement from Lessee by written demand that is accompanied by documentation that evidences the expense. If Lessee fails to reimburse Lessor for such expense within fifteen (15) days after receipt of Lessor's written demand therefor, then Lessor may seek any remedies available at law or in equity.
- B. If Lessor defaults in the performance of any covenant or agreement under this Lease and the default continues for thirty (30) days after receipt of Lessee's written notice that specifies the default or, if the default is of a type that is not reasonably curable within thirty (30) days, if Lessor fails to commence to cure the default within thirty (30) days after receipt of the notice or fails to diligently pursue the curing of the default to completion, then Lessee, so long as the default continues, may pursue any remedies available at law or in equity. In addition, Lessee may incur any reasonable expense that is needed to perform the covenant or agreement and seek reimbursement from Lessor by written demand that is accompanied by documentation that evidences the expense, which reimbursement must be paid within fifteen (15) days after receipt of Lessee's written demand. The performance of each and every covenant and agreement by Lessor that is contained in this Lease shall be a condition precedent to Lessor's right to collect any sums that are payable by Lessee under this Lease or to enforce this Lease. Upon notifying Lessor of its default, Lessee may simultaneously give notice to all mortgagees or trust deed beneficiaries of record of which Lessee has received notice from Lessor.
- C. In no event will either Lessee or Lessor ever be liable for special, consequential or punitive damages hereunder.
- D. Lessor hereby waives all contractual or statutory liens it may have against Lessee's property.

## SECTION 8. INDEMNIFICATION

**EXCEPT FOR DAMAGE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LESSOR, LESSEE HEREBY ASSUMES ALL LIABILITY AND RESPONSIBILITY FOR PROPERTY LOSS, PROPERTY DAMAGE AND/OR PERSONAL INJURY OF ANY KIND, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF ANY KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH LESSEE'S OCCUPANCY OR USE OF THE PREMISES OR FROM ANY ACT OR OMISSION OF LESSEE OR ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES, OR INVITEES.**

DURING THE TERM OF THIS LEASE, LESSEE COVENANTS AND AGREES TO, AND DOES TO THE EXTENT ALLOWED BY LAW, WITHOUT WAIVING ANY DEFENSES PROVIDED BY LAW, HEREBY INDEMNIFY, HOLD HARMLESS AND DEFEND LESSOR, ITS OFFICERS, AGENTS, SERVANTS AND EMPLOYEES, FROM AND AGAINST ANY AND ALL CLAIMS OR LAWSUITS FOR EITHER PROPERTY DAMAGE OR LOSS, INCLUDING ALLEGED DAMAGE OR LOSS TO LESSEE'S BUSINESS AND ANY RESULTING LOST PROFITS, AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF ANY KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH LESSEE'S OCCUPANCY OR USE OF THE PREMISES OR FROM ANY ACT OR OMISSION OF LESSEE OR ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES, OR INVITEES, EXCEPT FOR ANY CLAIMS ARISING DUE TO LESSOR'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LESSOR.

LESSEE ASSUMES ALL RESPONSIBILITY AND AGREES TO PAY LESSOR FOR ANY AND ALL INJURIES OR DAMAGES TO LESSOR'S PROPERTY WHICH ARISE OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OR OMISSIONS OF LESSEE, ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES OR INVITEES EXCEPT FOR ANY INJURIES OR DAMAGES ARISING DUE TO LESSOR'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LESSOR.

LESSOR DOES NOT GUARANTEE POLICE PROTECTION TO LESSEE, ANY SUBLICENSEES OR THEIR PROPERTY. LESSOR IS OBLIGATED ONLY TO PROVIDE SECURITY ADEQUATE TO MAINTAIN LESSOR'S CERTIFICATION UNDER FAA REGULATIONS. LESSEE SHALL COMPLY WITH ALL APPLICABLE REGULATIONS OF THE FAA RELATING TO AIRPORT SECURITY. LESSEE SHALL PAY ALL FINES IMPOSED BY THE FAA ON LESSOR OR LESSEE RESULTING FROM LESSEE'S OR ANY SUBLICENSEES' FAILURE TO COMPLY WITH SUCH FAA REGULATIONS OR FAILURE TO PREVENT UNAUTHORIZED PERSONS OR PARTIES FROM OBTAINING ACCESS TO THE AIR OPERATIONS AREA OF THE AIRPORT FROM THE PREMISES, UNLESS SUCH FINE OR FAILURE IS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LESSOR.

## SECTION 9. LESSOR MAINTENANCE AND COVENANTS

Lessor will, during the Term, maintain the Airport to at least the minimum standards as recommended by the FAA and/or the Texas Department of Transportation, including the public use areas at the Airport, in accordance with all applicable laws. Further, Lessor understands that Lessee is relying on Lessor's continued operation of the Airport in connection with Lessee's development of the Premises. Therefore, to the extent that Lessor ceases operating the Airport as an airport during the Term of the Lease, whether due to a change in law or governmental order or otherwise, Lessor agrees that Lessee may, by written notice, terminate this Lease and, within twenty (20) days of such termination, Lessor will pay to Lessee an amount equal to the unamortized cost paid by Lessee of the improvements made to the Premises and any leasing commissions paid by Lessee with respect to this Lease or any sublease. To the extent allowed by law, Lessor will defend, indemnify and hold Lessee harmless from any costs and expenses incurred by Lessee in connection with such cessation.

## SECTION 10. MISCELLANEOUS PROVISIONS

- A. This Lease contains the complete agreement of the parties with respect to the matters set forth herein and cannot be varied except by written agreement of the parties. The parties agree that there are no oral agreements, representations or warranties that are not expressly set forth in this Lease.
- B. For the purpose of this Lease, the singular number shall include the plural and the masculine shall include the feminine and vice versa, whenever the context so admits or requires.
- C. The captions and headings included in this Lease are solely for the convenience of reference and are not part of nor intended to govern, limit, or aid in the construction of any provision hereof.
- D. It is not a waiver of or consent to default if the non-defaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any rights or remedies set forth in this Lease does not preclude pursuit of any other rights or remedies provided by law, in equity, or otherwise.
- E. Lessor may enter the Premises during normal business hours and conduct inspections of the Premises for compliance with the provisions of this Lease, provided however that Lessor may not materially interfere with Lessee's operation of its business on the Premises during such periods of access.
- F. If a court of competent jurisdiction holds any provision of this Lease invalid, the remainder of the Lease remains in effect.
- G. Lessee and its employees and agents will not use or knowingly allow any other person to use the Premises in violation of any federal, state, county, or local regulation, order, law or ordinance, as amended, applicable to the Premises and its use.
- H. This Lease shall be governed and construed under the laws of the State of Texas, without regard to its conflict of laws. Exclusive venue for any suit, matter, claim, or proceeding arising out of or related to this Lease shall be in the state or federal courts located in Palo Pinto County, Texas, and each of the parties hereto hereby submits to the personal jurisdiction of such court for such purpose.
- I. The undersigned persons are the properly authorized representatives of each of the respective parties and have the necessary authority to execute this Lease on behalf of the parties hereto.

[Signatures on following page.]

**IN WITNESS WHEREOF**, the parties hereto have executed this Ground Lease as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_.

**LESSOR:**

CITY OF MINERAL WELLS, TEXAS

By: \_\_\_\_\_

\_\_\_\_\_, City Manager  
\_\_\_\_\_  
\_\_\_\_\_

**LESSEE:**

[PMG Development],  
a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/St/Zip: \_\_\_\_\_

Phone No: \_\_\_\_\_

**EXHIBIT A**

Description of the Airport

**EXHIBIT B**

Premises

**EXHIBIT C**

Approved Signage