

# Model Lease Agreement

This "Model Lease Agreement" is offered as a guide for the leasing of land, a hangar, hangar space, T-hangar, building, or office at a publicly owned airport.

STATE OF \_\_\_\_\_ )

) KNOW ALL PERSONS BY THESE PRESENTS:

CITY/COUNTY OF \_\_\_\_\_ )

This lease is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between the City/County of \_\_\_\_\_, hereinafter referred to as the "Lessor" and is the owner of the \_\_\_\_\_ Airport, hereinafter referred to as "Airport" and \_\_\_\_\_ (a corporation, partnership, or sole proprietor), hereinafter referred to as "Lessee" who covenant and agree as follows:

**WHEREAS**, Lessor and Lessee are committed to the proper operation, improvement, and continued development of the Airport; and

**WHEREAS**, Lessor deems it advantageous to itself and to the operation of the Airport to lease to Lessee certain land/hangar/building/office as stated herein;

**NOW THEREFORE**, in consideration of the terms, considerations, and privileges listed herein, Lessor and Lessee covenant and agree as follows:

## Section 1. Leased Area

- A. Land - Lessor does hereby lease to Lessee approximately \_\_\_\_\_ sq. ft. of land more particularly described as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

and as shown on the "Plat of Land" which is attached hereto and incorporated herein, and hereinafter referred to as the "Land" and located on the Airport. Lessee hereby leases the said Land from the Lessor subject to the terms, considerations, and privileges stated herein.

- B. Hangar/Building/Office - Lessor does hereby lease to Lessee Hangar/T-hangar/Building/Office No. \_\_\_\_\_ more particularly described as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

and as shown on "Plat/Description of Hangar/Building/Office" which is attached hereto and incorporated herein, all hereafter referred to as the "Hangar/Building/Office" and

located on the Airport. Lessee hereby leases the said Hangar/Building/Office from Lessor subject to the terms, considerations, and privileges stated herein.

**Section 2. Term**

This lease shall be for the term of \_\_\_\_\_ months/years, not to exceed twenty (20) years, except in the event Lessee intends to and has provided sufficient evidence toward construction a structure on the Land/making improvements to the Hangar/Building/Office and has applied for and secured a loan for such structure/improvements for a period of time longer than twenty (20) years and is required by the bank, person, or lending institution making the loan to hold the lease for the duration of the loan payments and as agreed upon by Lessor, commencing on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ and ending on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_. Thereafter, this lease may be renewed for a subsequent \_\_\_\_\_ year extension upon giving of written notice by Lessee to Lessor not more than one hundred eighty (180) nor less than sixty (60) days prior to the expiration of the preceding \_\_\_\_\_ year lease term and upon mutual and written agreement by Lessor.

**Section 3. Consideration**

- A. In consideration for the lease of the Land/Hangar/Building/Office referenced herein, Lessee hereby agrees to pay monthly/yearly the sum of \$ \_\_\_\_\_. The first month's/year's payment to be made in advance. Thereafter, all future payments shall be made on or before the first working day of the month/year due for the term of this contract plus any extensions thereto.
- B. Lessee agrees that the lease payment listed herein shall be subject to review and adjustment by Lessor at five (5) year intervals throughout the term of the lease and prior to any extensions granted. Any adjustment to the lease payment shall be based on the U.S. Department of Commerce's Consumer Price Index (CPI) and shall be by an amount agreed upon by Lessee and Lessor at the commencement of this lease which will be \_\_\_\_\_. The adjusted lease fee shall be calculated on the fifth (5<sup>th</sup>) year anniversary of this lease and recalculated at subsequent five (5) year intervals. Such increase in the lease payment shall begin immediately upon request from Lessor and continue at that rate until the next five year anniversary. Upon review, if the CPI shall have decreased as compared to the previous review date, the lease fee for the subject Land/Hangar/Building/Office shall not be decreased, but shall remain at the same level as was charged during the preceding five (5) year period.
- C. All lease fees shall be paid as the same becomes due, without demand, in lawful currency of the United States made payable to the City/County of \_\_\_\_\_, by mail or delivery.
- D. In the event Lessee fails to remit any payments when the same are due, interest at the rate of \_\_\_\_\_ % shall be charged by Lessor beginning on the tenth (10) day after the date the payment is due and such interest shall continue to accrue against such delinquent payment until the payment plus interest is received by Lessor. In the event Lessee shall become delinquent for more than \_\_\_\_\_ days, this lease may be terminated by Lessor as further defined in Section 7. -- Termination.
- E. Lessee agrees that he will at all times keep the premises of the Land/Hangar/Building/Office, including the inside and the outside of the

Hangar/Building/Office, clean and free of trash, litter tall grass, weeds, junked automobiles, and scrap aircraft parts. Lessee shall abide by all applicable rules and recommendations of the Environmental Protection Agency, the Commission on Environmental Quality, the Department of Agriculture, the Department of Transportation, and any other public agency concerning the use, storage, and disposal of hazardous chemicals, fuel, and/or oil. Lessee further agrees to abide by the manufacturer's directions in regards to the use, storage, and disposal of all pesticides, herbicides, and other chemicals plus their containers used at the airport. Should Lessee fail to keep the leased Land/Hangar/Building/Office clean and free of hazards, Lessor may, after \_\_\_\_\_ days written notice, arrange for the cleanup of the littered or hazardous area. Such cleanup shall be charged to Lessee and payable on demand. Failure to render proper payment for such cleanup and/or general disregard for the considerations and restrictions listed in this lease agreement are grounds for Lessor to terminate this lease.

- F. Taxes, Fees, Insurance, and Bond -- Lessee shall be liable for all taxes and fees owed on or by his personal business or himself. Under no circumstances shall Lessor be liable for or be required to pay any tax or fee owed by Lessee. 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 should provide his own insurance coverage for any personal property located in or on the Land/Hangar/Building/Office and is required herein to provide business liability insurance in an amount of \$ \_\_\_\_\_. Lessee shall be bonded in the amount of \$ \_\_\_\_\_ with Lessor listed as beneficiary in the event of damage to the Airport for which Lessee is liable and cannot or will not rectify. Certificates of such required insurance and bond shall be furnished by Lessee to Lessor and certificates presently then in effect shall be on file at all times. Any changes in those certificates must have prior written approval of Lessor.

#### **Section 4. Permitted Use**

- A. Lessee agrees that the leased Land/Hangar/Building/Office may be used for any noncommercial aeronautical activity which must be made known to and agreed upon by Lessor and for no other purposes.
- B. Lessee may park his and/or his passenger's privately owned automobile(s) inside the Hangar, but only while on a flight which originated at the Airport.
- C. Lessee may store up to a maximum of \_\_\_\_\_ one (1) quart containers of aviation oil inside the Hangar for use in his aircraft so long, and only so long, as such oil is contained in marked, approved containers. Such storage will be at the discretion of and with written approval from the local fire marshal if such storage is allowed under local fire codes.

#### **Section 5. Restricted Use**

- A. Lessee agrees that the usage of the Land/Hangar plus any associated apron shall be limited to the parking/hangaring of his personal/company owned aircraft. No automobile, bus, truck, or other transportation mode may be permanently or habitually parked or stored on/in the Land/Hangar except in approved automobile parking areas and as agreed upon by Lessor.
- B. Lessee agrees that he will not conduct any commercial activity such as pilot instruction,

aerial spraying, charter flights, air taxi, sight seeing, aerial photography, aircraft engine or airframe repair, avionics repair, or any other at the Airport without the written consent of Lessor. Any such approved commercial operation must be in accordance with a separate contract agreement with Lessor.

- C. Lessee agrees that he will not store or permit the storage of any fuel or hazardous, volatile, and/or dangerous chemicals on/inside the Land/Hangar/Building/Office except as authorized in Section 4.c. without the written consent of Lessor.
- D. Lessee agrees not to fuel or defuel any aircraft parked inside the Hangar.
- E. Lessee agrees to have a sufficient number of fire extinguishers of acceptable size as determined by the local fire marshal inside the Hangar/Building/Office. Such fire extinguisher(s) shall be readily accessible in the event of a fire.
- F. Lessee agrees not to make any additions or modifications to the Land/Hangar/Building/Office unless agreed upon by both parties in writing. In event of such consent, all improvements or modifications shall be made at the expense of Lessee and, at the expiration of this Lease and any extensions to this lease, shall become the property of the Lessor.
- G. Lessee agrees that he will not operate any nonaviation related business or activity on/in the Land/Hangar/Building/Office without the expressed written consent of Lessor. Any such nonaviation related business or activity must be so established by a separate contract.

#### **Section 6. Sublease, Assignment, or Sale**

The Manager shall not sublease, assign, sell, or transfer this contract agreement or any right hereunder to any person, corporation, or association. Any such sublease, assignment, sale, or transfer shall be grounds, at the option of the Sponsor, for the Sponsor to immediately terminate this contract agreement.

#### **Section 7. Termination**

- A. This contract agreement may be prematurely terminated by Lessor or Lessee if either fails to abide by the terms and conditions expressed herein and due the complainant and so decreed by a court of competent jurisdiction. Should Lessee be declared bankrupt, incompetent, or become deceased, this contract agreement shall immediately terminate and shall not be considered as part of Lessee's estate and shall not become an asset of any appointed or assigned guardian, trustee, or receiver. In the event Lessee fails to make timely payments of all taxes or fees, fails to provide proof of required insurance or bond, uses the Airport property or permits the Airport property to be used for any illegal or unauthorized purpose, files bankruptcy, abandons or leaves the property vacant or unoccupied for \_\_\_\_\_ consecutive days, or violates any of the terms and conditions of this contract agreement, Lessor has the right to terminate this contract agreement and retake possession of any Airport property leased to or under the control of Lessee.
- B. Lessee agrees and understands that Lessor reserves the right to further expand, develop, or improve the airport, including the termination of this lease agreement, in such instance that the continued leasing of the Land/Hangar/Building/Office would have a negative impact on any proposed development or improvements at the Airport. This

contract agreement may be terminated regardless of the desires, wishes, or views of Lessee and without interference or hindrance from Lessee, but only so long as such expansion, development, or improvements are shown on a Texas Department of Transportation and/or FAA approved Airport Layout Plan or Master Plan.

- C. This contract may be prematurely terminated by mutual agreement and consent of both parties in writing. Such termination by mutual agreement shall cause both Lessor and Lessee to be free of any and all requirements of this contract, except as contained in paragraph 7.D. hereunder, and neither Lessor nor Lessee shall have any derogatory remarks or entries made upon their resumés or upon any public or private records which would indicate failure to successfully fulfill the conditions of this contract.
- D. At the termination of this contract agreement, either by normal expiration, premature termination, or mutual agreement, Lessee shall peaceably vacate the premises. Should Lessee be in default of any monies owed to Lessor, Lessor may take possession of any personal property owned by Lessee and located at the Airport and hold until the monetary default is settled. In such case that Lessee cannot or will not settle any claims against him owed to Lessor, Lessor may liquidate any personal property seized, subject to the disposition of a court of competent jurisdiction. Lessee shall be liable for any and all expenses incurred by Lessor in such action.

#### **Section 8. Hold Harmless**

Lessee agrees to save and hold harmless Lessor and its agents, servants, and employees of and from any and all liabilities, expenses, causes of action, damages, and/or attorney's fees resulting from or as a result of any of Lessee's businesses, operation, occupancy, or use of the Airport or from any act or omission of Lessee's agents, servants, or employees. This indemnity agreement shall apply and protect Lessor and its agents, servants, and employees even though it be contended, or even established, that said Lessor or its agents, servants, or employees were negligent or that their conduct or omission in any way caused or contributed to any such liability, expense, cause of action, damage, and/or attorney's fees.

#### **Section 9. Maintenance of Landing Area**

Lessee understands and agrees that Lessor reserves the right, but not the obligation, to maintain the Airport to at least the minimum standards as recommended by the FAA and/or the . Such right includes the right to maintain and keep in repair all public use areas at the Airport and the right to direct and control all activities as necessary at the Airport. Lessee also understands that Lessor is not obligated by this lease to continue operating the Airport as an airport and may close the Airport at any time and at its own discretion. Such closure shall immediately void this contract and no damages or monies or other compensation will be owed to the Lessee by Lessor.

#### **Section 10. Exclusions**

- A. This contract agreement embraces the entire lease agreement of the parties mentioned herein pertaining to the Land/Hangar/Building/Office and no statement, remark, agreement, or understanding, either oral or written, not contained herein shall be recognized or enforced as it pertains to the lease of the Land/Building/Hangar/Office, except that this contract agreement may be modified by written addendum agreed to and signed by all pertinent parties and attached hereto.

- B. For the purpose of this contract agreement, the singular number shall include the plural and the masculine shall include the feminine and vise-versa, whenever the context so admits or requires.
- C. The "Section" captions and headings are inserted 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. The parties to this contract agreement hereby acknowledge and agree that they are the principals to the contract agreement and have the power, right, and authority to enter into this contract agreement and have the power, right, and authority to enter into this contract agreement and are not acting as an agent for the benefit of any third party, except that Lessor is acting on behalf of the City/County of \_\_\_\_\_.
- E. This contract agreement shall be governed by the laws of the State of \_\_\_\_\_ and construed thereunder and venue of any action brought under this contract agreement shall be in \_\_\_\_\_ County, \_\_\_\_\_.
- F. If any section, paragraph, sentence, or phrase entered in this contract agreement is held to be illegal or unenforceable by a court of competent jurisdiction, such illegality or unenforceability shall not affect the remainder of this contract agreement and, to this end, the provisions of this contract agreement are declared to be severable.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.  
 Sponsor: City/County of \_\_\_\_\_

\_\_\_\_\_  
 Mayor/County Judge

\_\_\_\_\_  
 Manager

Approved as to Form:

\_\_\_\_\_  
 City/County Attorney

Attest: \_\_\_\_\_  
 City Secretary/County Clerk