

CITY OF PORT ARANSAS, TEXAS

AGENDA

AIRPORT ADVISORY BOARD MEETING

Wednesday, October 30, 2013 @ 2:00 pm

Port Aransas City Hall, 710 W. Avenue A

Port Aransas, Texas 78373

This meeting is being conducted in accordance with the Americans with Disabilities Act [42 USC 12101 (1991)]. The facility is wheelchair accessible and handicap parking is available. Requests for interpretive services are available with 48 hours prior notice to meeting time. To make arrangements, please call 749-4111, M-F, 8-12, 1-5 p.m.

The City of Port Aransas does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in the employment, meetings, or provision of services.

1. **CALL TO ORDER**
2. Consider and take appropriate action approving the Airport Advisory Board minutes from the August 28, 2013 meeting
3. Administer the Oath of Office and Statement of Appointed Officer to new Board Member, Robert Stluka
4. Take action to appoint a Chairman and a Vice-Chairman of the Airport Advisory Board
5. Public Comments
6. Airport Manager's Report
 - A. Aircraft Count
 - B. Overnight Fees
 - C. Fuel Pump Update
 - D. Waitlist Update
7. City Manager's Report
 - A. CIP Project Update
8. Discussion and take appropriate action regarding potential lease disposal/auction/sealed bid options for the vacant area between hangars B and C.
9. Discussion and take appropriate action on hangar construction proposal from Jason Towns DBA Skydive South Texas.
10. Discussion and take appropriate action on sublease agreement for Hangar G-2.
11. Airport Advisory Board member comments and items for future consideration
 - A. Set date for the next Airport Advisory Board meeting
12. **ADJOURNMENT**

In compliance with the Americans with Disabilities Act, the City of Port Aransas will provide for reasonable accommodations for persons attending City Council meetings. To better serve you, requests should be received 24 hours prior to the meetings. Please contact the City Secretary at 361-749-4111.

CERTIFICATION

I, certify that a copy of the October 30, 2013 agenda of items to be considered by the Port Aransas City Council was posted on the City Hall bulletin board on October 25, 2013 @ 4:45 p.m.

Irma G. Parker, City Secretary

I certify that the attached notice and agenda of items to be considered by the City Council was removed by me from the City Hall bulletin board on the _____ day of _____, 2013.

By: _____ Title: _____

STATE OF TEXAS

AIRPORT ADVISORY BOARD MEETING

COUNTY OF NUECES

CITY HALL – 2:00 P.M.

CITY OF PORT ARANSAS

WEDNESDAY, August 28, 2013

1. **CALL TO ORDER:** The Airport Advisory Board meeting was called to order at 2:00PM, Wednesday, August 28, 2013, at City Hall, Port Aransas, Nueces County, Texas with the following members present; to wit:

BOARD MEMBERS PRESENT

Ed Wiatt, Chairman
Randy Johns, Vice-Chairman
Mark Creighton
Patrick McKeever
Claude Lamoureux

BOARD MEMBER(S) ABSENT

Keith Donley, Alternate

STAFF MEMBERS PRESENT

City Manager David Parsons
Airport Manager Randy Hansen
Executive Assistant Jennifer Shafer

STAFF MEMBER(S) ABSENT

2. **APPROVAL OF MINUTES:** June 26, 2013

MOTION: A motion to approve the minutes, with the no changes, from June 26, 2013 was made by Claude Lamoureux and seconded by Randy Johns.

Name	Yes	No	Abstain	Absent
Ed Wiatt	X			
Randy Johns	X			
Mark Creighton	X			
Patrick McKeever	X			
Claude Lamoureux	X			
Keith Donley (Alternate)				X

3. **PUBLIC COMMENTS:**

- Dan Campbell, of Camtronics Aviation, currently leases space at San Patricio County but wants to move to Mustang Beach to run his business. He spoke in favor of the airport developments and improvements.
- Sandy Stokes, of Stokes Aviation, asked for consideration in waiving the overnight parking fees for his plane because of the amount of fuel he has purchased from Mustang Beach.
- Jason Towns, of Skydive South Texas, suggested a street sweeper go through the airport areas as well as a banner towing business and sightseeing business.



4. **MANAGER'S REPORT**
- A. **Aircraft Count:** Randy Hansen has counted 1450 planes that have visited Mustang Beach Airport this year. This is 25% higher than the same time last year, with only 1204 last year.
 - B. **Overnight Fees:** From January 11, 2013 through August 27, 2013, we have collected \$5,610.00 in overnight fees. There are still outstanding payments due; this number reflects monies collected.
 - C. **Vehicle Parking Incident:** Randy Hansen updated the board on an incident that occurred on August 4, 2013. There was a truck parked on the taxiway without license plates. The owners of the truck were fishing on the other side of the runway but the truck was blocking access to the hangars. FAA and FBI are investigating radio traffic that occurred at the same time. David Parsons is to obtain and place a 'No Parking' sign near the last hangar. He also made a suggestion to identify a valid parking area and adequately sign it.

5. **CITY MANAGER'S REPORT**
- A. **Budget Update:** David Parsons advised the Board that the Council approved the Capital Improvement Plan during the adopting of the budget on September 11, 2013. They included the \$88K necessary for FY14/15 as well as included half of the local portion for FY15/16 along with a promise to budget the other half next year.
 - B. **CIP Project Update:** Recent change was made to increase the value by approximately \$3K to upgrade to LED lighting.
 - C. **Fuel Tank Update:** Bassco has completed the installation of the new tank and they are currently working on the electrical work and pump.
 - D. **Lease Procedures Update:** Lease procedures were sent to Michael Morris, City Attorney for his opinion.

6. **DISCUSSION AND TAKE APPROPRIATE ACTION REGARDING TXDOT-AVIATION DIVISION USAGE PERCENTAGE REQUIREMENTS IN HANGARS**

Mr. Bill Gunn, Director of Systems and Training for TxDot-Aviation Division gave a brief presentation on the required uses of airport property. In order to receive funds from TxDot Aviation, the City must confirm that airport property, including hangars, is used for the purposes of aviation and to promote aviation.

Staff will send certified letters to the hangar owners requesting an inspection of their hangar and will address making an addendum to the minimum standards of Mustang beach Airport.

7. **DISCUSSION AND TAKE APPROPRIATE ACTION ON POTENTIAL LEASE OPTIONS FOR THE VACANT AREA BETWEEN HANGARS B AND C.**

After a brief discussion it was decided Staff would analyze the uses of thoroughfare for space available between hangars B and C to include access to additional hangars for possible construction.

8. **DISCUSSION AND TAKE APPROPRIATE ACTION ON THE GLO LEASE, ALLOWABLE TERMS AND CONDITIONS**



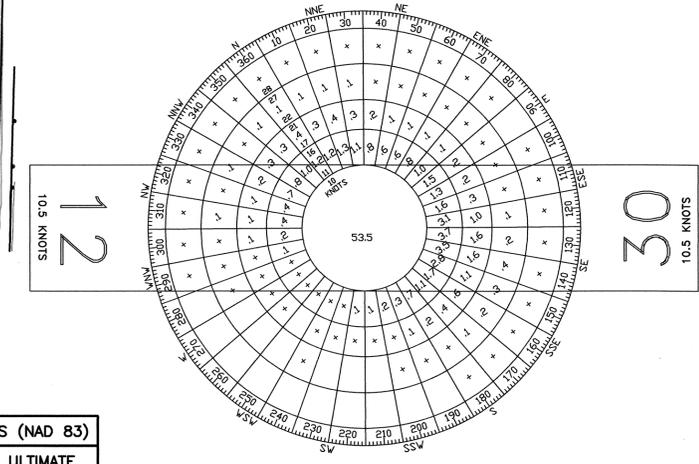
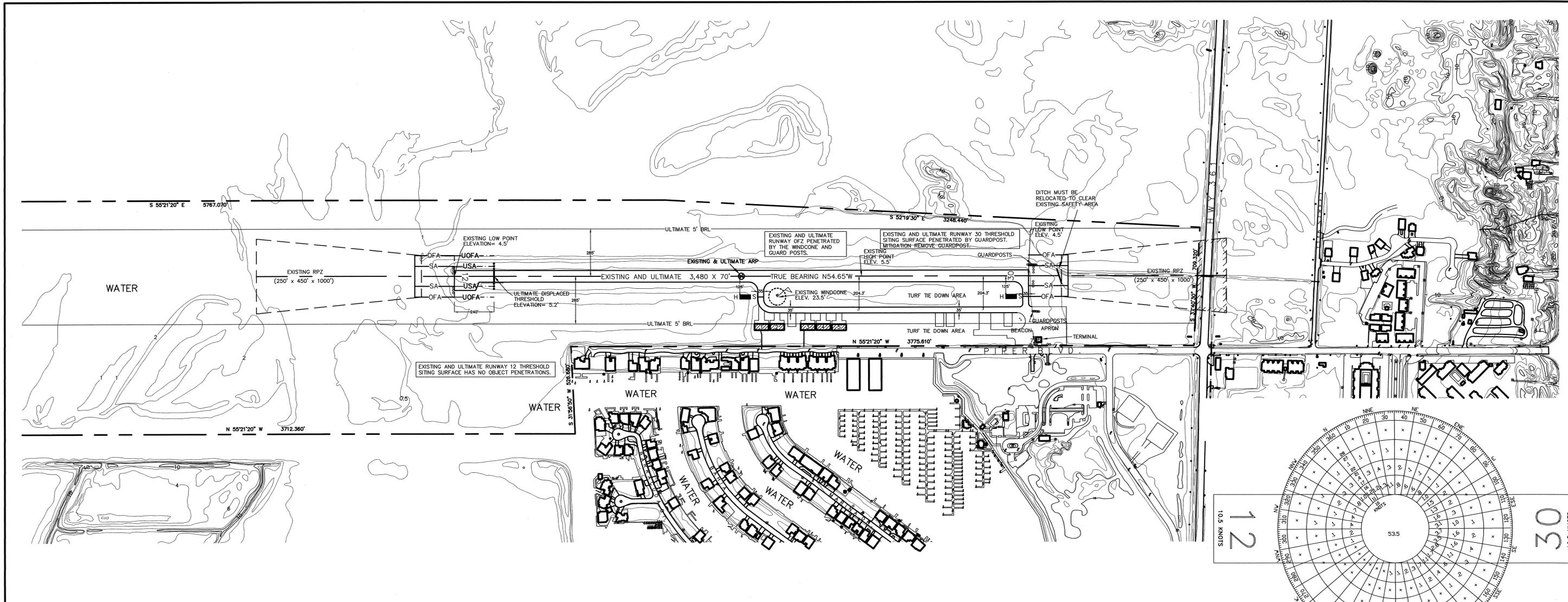
David Parsons read Section 4. Use of the GLO Lease Agreement with emphasis on commercial operations being authorized by the Lessee.

9. **AIRPORT BOARD MEMBER COMMENTS AND ITEMS FOR FUTURE CONSIDERATION:**

- ◆ Next meeting will be a workshop for the Airport Development Plan. David Parsons will obtain diagrams and/or back-up from Bob Pettit from the last workshop.
- ◆ A suggestion was made for the City to spray the airport for mosquitos, at least, behind the hangars and at the fuel area, and possibly even on the runway.
- ◆ Ed Wiatt made everyone aware of a fly-in being held as a luau at the beach on September 18-20, 2013.
- ◆ Next meeting is scheduled for September 25, 2013.

10. **ADJOURNMENT:** A motion was made to adjourn the meeting by Ed Wiatt at 3:45 PM.





MUSTANG AIRPORT WIND DATA
 10.5 KNOT CROSSWIND
 SOURCE: CORPUS CHRISTI MUNICIPAL AIRPORT
 PERIOD: 1988 - 1997 (ALL WEATHER)
 WIND COVERAGE: 86.68%, 10.5 KNOTS
 PERCENT CALM: 5.26%, 0-3.5 KNOTS

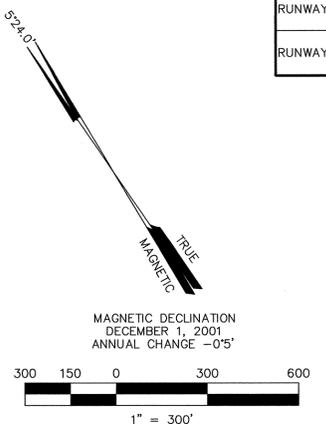
NOTE:
 EXISTING RUNWAY 12-30 THRESHOLD SITING SURFACE REQUIREMENTS ARE BASED ON AC 150/5300-13 CHG 6 APPENDIX 2 PARAGRAPH 5b.
 ULTIMATE RUNWAY 12 THRESHOLD SITING SURFACE REQUIREMENTS ARE BASED ON AC 150/5300-13 CHG 6 APPENDIX 2 PARAGRAPH 5c.
 ULTIMATE RUNWAY 30 THRESHOLD SITING SURFACE REQUIREMENTS ARE BASED ON AC 150/5300-13 CHG 6 APPENDIX 2 PARAGRAPH 5c.

RUNWAY END COORDINATES (NAD 83)			
RUNWAY	EXISTING	ULTIMATE	
RUNWAY 12	LATITUDE	27°48'52.510" N	27°48'52.510" N
	LONGITUDE	97°05'35.333" W	97°05'35.333" W
RUNWAY 30	LATITUDE	27°48'32.576" N	27°48'32.576" N
	LONGITUDE	97°05'03.725" W	97°05'03.725" W

DISPLACED THRESHOLD COORDINATES (NAD 83)		
RUNWAY	EXISTING	ULTIMATE
RUNWAY 12	LATITUDE	27°48'51.136" N
	LONGITUDE	97°05'33.153" W

BUILDINGS/FACILITIES			
EXISTING	ULTIMATE	ELEVATION	DESCRIPTION
1		24.8	HANGAR
2		25.0	HANGAR
3		24.6	HANGAR
4		24.4	HANGAR
5		24.4	HANGAR
6		21.6	TERMINAL
7		36.7	BEACON

AIRPORT DATA TABLE		
ITEM	EXISTING	ULTIMATE
AIRPORT DESIGN	BU II	BU II
AIRPORT REFERENCE CODE	B-I	B-I
AIRPORT ELEVATION, FEET MSL	5.5'	5.5'
MEAN MAXIMUM TEMPERATURE OF HOTTEST MONTH (JULY)	94° F	94° F
AIRPORT REFERENCE POINT (ARP) NAD 83	LATITUDE 27°48'42.54" N LONGITUDE 97°05'19.53" W	LATITUDE 27°48'42.54" N LONGITUDE 97°05'19.53" W
AIRPORT/TERMINAL VISUAL AIDS	ROTATING BEACON	ROTATING BEACON
AIRPORT/TERMINAL NAVIGATIONAL AIDS	NONE	GPS



NOTES
 1. DEPICTION OF FEATURES AND OBJECTS, INCLUDING RELATED ELEVATIONS AND CLEARANCES, WITHIN THE RUNWAY PROTECTION ZONES ARE DEPICTED ON THE INNER APPROACH PLANS.
 2. RECOMMENDED LAND USES WITHIN THE AIRPORT ENVIRONS ARE DEPICTED ON THE AIRPORT LAND USE PLAN.
 3. BUILDING RESTRICTION LINE (BRL) IS ESTABLISHED IN ACCORDANCE WITH F.A.R. PART 77 CRITERIA. BUILDING HEIGHT SHOWN IS HEIGHT ABOVE THE ADJACENT RUNWAY CENTER LINE ELEVATION.

LEGEND		
EXISTING	ULTIMATE	ITEM
⊕	⊕	PROPERTY LINES
⊙	⊙	AIRPORT REFERENCE POINT
⊗	⊗	ROTATING BEACON
▨	▨	AVIGATION EASEMENT (IF APPLICABLE)
▨	▨	BUILDING CONSTRUCTION
—BRL—	—BRL—	BUILDING RESTRICTION LINE (BRL)
—	—	FACILITY CONSTRUCTION
—X—	—X—	FENCING
○○○○ ○○○○	●●●● ●●●●	THRESHOLD LIGHTS
—SA—	—USA—	SAFETY AREA
—OFA—	—UOFA—	TOPOGRAPHY
—OFA—	—UOFA—	OBJECT FREE AREA
⊙	⊙	WIND CONE AND SEGMENTED CIRCLE
H □ S	H □ S	HOLD SIGNS

RUNWAY DATA	RUNWAY 12-30	
	EXISTING	ULTIMATE
APPROACH CATEGORY	B-I	B-I
APPROACH VISIBILITY MINIMUMS	VIS/VIS	1 MILE/1 MILE
RUNWAY DIMENSIONS, FEET	3,480' x 70'	3,480' x 70'
RUNWAY APPROACH SURFACE	20:1	20:1
SAFETY AREA, FEET	3,960' x 120'	3,720' x 120'
OBJECT FREE AREA, FEET	3,960' x 250'	3,720' x 250'
OBSTACLE FREE ZONE, FEET	3,880' x 250'	3,640' x 250'
TAKE OFF RUN AVAILABLE (TORA)	3,480'-3,480'	3,480'-3,480'
TAKE OFF DISTANCE AVAILABLE (TODA)	3,480'-3,480'	3,480'-3,480'
ACCELERATE -STOP DISTANCE AVAILABLE (ASDA)	3,480'-3,480'	3,480'-3,240'
LANDING DISTANCE AVAILABLE (LDA)	3,480'-3,480'	3,240'-3,240'
PAVEMENT MATERIAL	ASPHALT	ASPHALT
PAVEMENT STRENGTH (SW) LBS.	12,500	12,500
RUNWAY EFFECTIVE GRADIENT, %	0	0
TOUCHDOWN ZONE	5.5'/5.5'	5.5'/5.5'
MARKING	NPI	NPI
LIGHTING	LIRL	MIRL
VISUAL APPROACH AIDS	NONE	NONE
TAXIWAY LIGHTING	NONE	NONE
TAXIWAY MARKING	STD.	STD.
RUNWAY NAVIGATIONAL AIDS	NONE	GPS

NO.	REVISIONS	BY	CHK'D	DATE

TEXAS DEPARTMENT OF TRANSPORTATION AVIATION DIVISION	AIRPORT SPONSOR
<input checked="" type="checkbox"/> ALP APPROVED ACCORDING TO FAA AC 150/5300-13 CH 6 PLUS THE REQUIREMENTS OF A FAVORABLE ENVIRONMENTAL FINDING PRIOR TO THE START OF ANY LAND ACQUISITION OR CONSTRUCTION AND AN FAA FORM 7460-1 SUBMITTED PRIOR TO ANY CONSTRUCTION ON AIRPORT PROPERTY	CURRENT AND FUTURE DEVELOPMENT DEPICTED ON THIS ALP IS APPROVED AND SUPPORTED BY AIRPORT SPONSOR
<input type="checkbox"/> ALP APPROVED ACCORDING TO FAA AC 150/5300-13 CH 6 PLUS THE CONDITIONS/COMMENTS IN LETTER DATED:	TOMMY M. BROOKS, CITY MANAGER TITLE: AIRPORT SPONSOR'S REPRESENTATIVE
<i>D.S.F.</i> 10/1/02 DIRECTOR, AVIATION DIVISION DATE	<i>Tommy M. Brooks</i> 9/16/02 SIGNATURE DATE
PREPARED BY: The Brannon Corporation ENGINEERS, SURVEYORS, & URBAN PLANNERS 1321 SOUTH BROADWAY • TYLER, TEXAS 75701 (940) 487-4112 (940) 487-2546 FAX	B.F.L. DESIGNED BY: _____ MAY 2002 DATE C.D.C. DRAWN BY: _____ MAY 2002 DATE CHECKED BY: _____ DATE







3



LAND LEASE/ HANGAR CONSTRUCTION PROPOSAL

Ladies & Gentleman and City Staff,

Safe-6 Aviation LLC and its dba *Skydive South Texas*, does hereby make the following proposal to sublease approximately 4400 square feet of land from the State of Texas and City of Port Aransas for the purpose of building at its own expense an aircraft hangar for **commercial aviation enterprise**.

Dimensions/ Location

Our proposed hangar will be the same width (100 feet) as existing aircraft hangar building "H", but nine feet deeper (44 feet). It will be erected on the land immediately southeast of the existing row of hangars, but offset approximately 81 feet southwest abutting Piper Boulevard. (See appendices A & D.) Overall aesthetics and color will be similar to the existing structures. Door height will be 14 feet.

The additional 81 foot offset from the centerline of the runway (a total of 366 feet) allows increased height along the 7:1 clearance plane in accordance with Federal Aviation Regulation Part 77 Section 25 (*Civilian Airport Imaginary Surfaces*) Paragraph e: *Transitional Surface* (Appendix B). This increase in height will allow the structure to accommodate much larger aircraft than the existing hangars. However, the total height will not exceed 40 feet due to the restrictions of FAA Directive 6560.20B (Appendix C) which designates limitations required by the AWOS wind sensor 500 feet away.

Usage

Skydive South Texas will obviously use a portion of the proposed hangar for its very successful and well-established commercial parachute operation, which requires student reception and briefing areas, administrative space, parachute packing space, a restroom and of course aircraft storage.

Our parent corporation, Safe-6 Aviation LLC, already conducts aviation support at the airport and a larger facility will allow us to expand on those endeavors. We have a network of pilots who support local companies such as Orion Drilling, Gulf Coast Cranes, Tim Burdick Photography, Bay Limited, Skye FBO, Journey Aviation and Crowley Maritime. We currently provide assistance to visiting pilots in Port Aransas on a daily basis, including free tie-down straps and chocks, oil sold at cost, tools, a portable restroom on the west end of the parking area, and a golf-cart we lease at a very reasonable rate to aviators only. We are also broadly connected to various aircraft mechanics in South Texas, and are frequently asked to assist with emergency maintenance support and logistics. A portion of this new hangar will be dedicated solely to maintenance workspace, tool storage and spare-part supplies for ourselves and "on-call" mechanics. Finally, as the only full-time personnel on the airport, we are contacted almost weekly by pilots from around the country requesting hangar-space for overnight or week-long visits to the Island. A facility of our own will allow us to better accommodate all these services in addition to storage of our own aircraft.

Lease Terms

Safe-6 Aviation LLC (heretofore referred to as “*sublessee*”) requests a lease equivalent to those already in place for the other 9 hangar structures, with the following exceptions:

1. Safe-6 Aviation LLC offers the City of Port Aransas a rate equivalent—by square footage-- to the existing hangar ground lease rates, resulting in an annual payment of \$1173 for a lease period of 25 years beginning upon completion of construction.
2. Lease shall include access to a reasonable amount of space (approximately 2000 square feet) surrounding the facility for utilities, landscaping, storage and patio/ picnic areas. Sublessee will be responsible for maintenance and landscaping of these areas and will improve upon them to the aesthetic benefit of the airport.
3. At the expiration of said lease term, rent may be increased to \$500 per month on the facility.
4. Lease shall be transferrable to any potential buyer for use in commercial aeronautical service.
5. Sublessee shall have the right to sub-lease hangar space on a daily, weekly, or monthly basis for storage of visiting or home-based aircraft without prior consent from the City for each instance. *Home-based airplane owners on the City’s “Hangar Waiting List” shall have priority.*
6. Sublessee shall have the right to erect or paint signage on the structure as necessary in the promotion of aviation business and in keeping with Port Aransas Sign Ordinances.
7. Should sublessee wish to make improvements or additions after completion of the structure agreed on, specifications and lease terms shall be renegotiated with the City of Port Aransas.
8. Commercial General Liability Insurance shall be acquired for the premises meeting all requirements found in Article 6 of the existing hangar lease agreements, and the City of Port Aransas shall be an additional named insured.

Justifications

We request approval of this proposal in a timely manner so construction may begin as soon as possible. The benefits to our company and the City are innumerable, but a few facts which weigh heavily are as follows:

1. Safe-6 Aviation is already the top purchaser of fuel from the City of Port Aransas, consuming approximately 4000 gallons per year, far exceeding that of any other corporation or individual. This benefit to City coffers is easy to comprehend and facilitation of our presence on the airport will allow us to continue using the City as our primary fuel vendor.
2. Skydive South Texas has grown into a significant contributor to the Island economy. We have served over 720 skydiving students this year alone, half of which visited Port Aransas solely for the purpose of making a parachute jump. Each student typically brings 2-3 friends or family members with them to the Island. This benefits commerce throughout our community. Additionally, we provide part-time employment for up to 15 local staff during peak operation, most of them young people who benefit greatly from the teamwork our business fosters. Skydive South Texas is also rated the Number 3 attraction on TripAdvisor.com for Mustang Island/ Port Aransas. This website is a major influence on travelers throughout the country.

3. Our organization positively promotes the airport and visitation throughout the year. We spearheaded the first annual “Mustang Beach Airport Open House” in April 2013, safely coordinating the arrival and parking of 87 aircraft and, with help from other Airport Board members, provided entertainment and catering to over 300 visitors. We also manage the “Mustang Beach Airport” Facebook page and hold advertising on Airnav.com and Flightplan.com-- both very popular aviator websites.
4. There are currently no hangars capable of storing the larger aircraft which increasingly visit our Airport. The building we are proposing would have some such capability, enhancing the service available to these affluent visitors.
5. Skydiving/ Parachuting is not a service we plan to offer forever. Construction of a facility per this proposal will allow us to transcend to alternative services in the future such as Aircraft Management, Flight Training, Charter Service, Aerial Advertising (banner towing) and Airplane Maintenance; such services are common at most airports, yet Port Aransas currently has none.
6. Although there are draft plans in the works for additional aircraft parking and maybe hangars to be constructed in 2015, we are a commercial aviation business already in daily operation at a State Funded Airport. Requiring us to wait for future facilities for which no details are yet known will severely hinder the likelihood of our ability to remain in business in Port Aransas. We ask the City make reasonable efforts to accommodate us sooner rather than later.
7. The City of Port Aransas is required by law to manage the airport in compliance with FAA Order 5190.6B, the “Airport Compliance Manual”. This order states “the sponsor of any airport developed with federal financial assistance is required to operate the airport for the use and benefit of the public and to *make it available to all types, kinds, and classes of aeronautical activity on reasonable terms...*”

The overarching principle of this and many of the regulations found in Federal/ TXDot Grant Assurances is to ensure the supported airports are “open for business”, enhancing the airport’s economic impact and path to self-sufficiency, thereby justifying the allotted funds. Acceptance of our proposal will be instrumental in demonstrating to both agencies that this is the case in Port Aransas, paving the way for further State and Federal grants.

Detractors

As with any proposed change or new project, there are always some downsides. Those already considered by our company and the potential resolutions are as follows:

1. The City will lose one of its transient aircraft parking spaces as our structure will be placed immediately behind it. However, this space is known to flood with about 5 inches of water during heavy rain and is therefore undesirable to most pilots anyway. Additionally, the revenue the City will receive on our proposed land-lease behind the space certainly outweighs the spot’s potential of \$5 to \$10 per day when rarely occupied.
2. Our operations may increase congestion in the southwest corner of the aircraft parking apron. However, our staff already offer assistance and marshalling (aka “wingtip walkers”) in this area

whenever we're open and will continue to do so. When our facility is closed, the entire area will be accessible much as it is today.

3. This project may "bump" individuals who have requested similar land-leases. Our argument is that we are an established, successful aviation business already benefitting the City's bottom line and the local economy and will continue to do so if accommodated. Additionally, all existing airport buildings are currently specified as private-use only; at least one area/ facility needs to be commercially-designated in order to maintain State Grant Compliance.
4. Some could argue that construction of this facility would detract from the demand/ value of future improvements and facilities. We strongly disagree. We spend more hours per week on the airport than anyone and assure you the demand for space and service will continue to increase at a rate well beyond the speed of this and any future projects.
5. Although there have been a handful of complaints regarding our skydiving operations, we remind the City of the FAA & TXDot Aviation standings on the issue, stated plainly in FAA Advisory Circular 5190-7, *Minimum Standards for Commercial Aeronautical Activities*: "Skydiving is an aeronautical activity. Any restriction, limitation, or ban on skydiving on the airport must be based on the grant assurance that provides that the airport sponsor may prohibit or limit aeronautical use for the safe operation of the airport (subject to FAA approval)." Objectors need only do minimum research to discover dozens of municipal airports across the country which safely host parachute activities (and benefit from the arrangement!) City Staff should simply refer complainants directly to the Fort Worth Office of the FAA, which has procedures and staff in place to deal with such issues.
6. Our proposal will necessitate altering the master plan for airport fencing, but we will work with City Staff to accommodate any changes. As the proposed fence is very basic in its design-- and construction has not yet begun-- this issue should be easy to resolve and the changes minor.

Conclusions

We request this proposal be reviewed by the Airport Advisory Board at the first possible juncture and a motion made to recommend City Council approval, thereby directing City Staff to work the final details, architectural plans, codes and restrictions directly with Safe-6 Aviation and a final lease agreement drafted as soon as possible. We hope to begin construction by January 15th 2014.

It shall be the sublessee's responsibility to ensure construction is planned and conducted in accordance with GLO, TXDot, FAA and Municipal Code restrictions and demonstrate to City Staff it has done so. Any conflicts which are unable to be resolved between the City Manager and sublessee may be brought back to the Board and/or Council for consideration only if absolutely necessary.

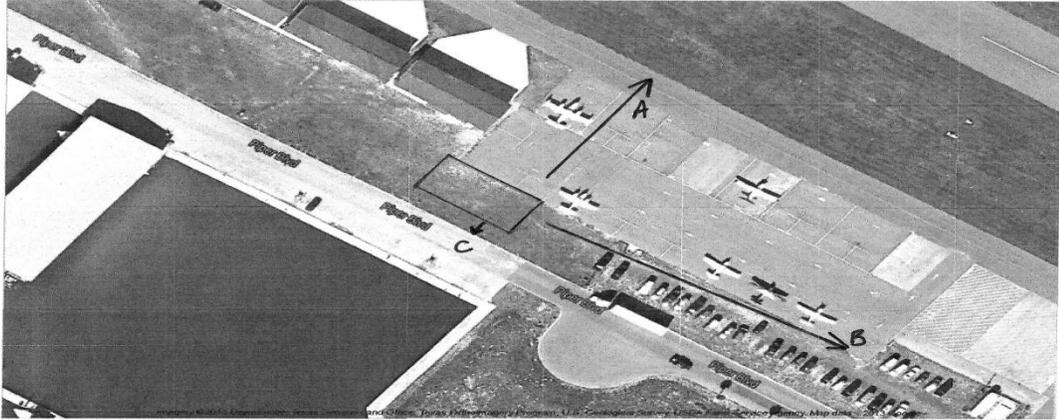
Thank you for your consideration.

Michael J. Towns, President
Safe-6 Aviation LLC

Gaylan Tucker, Project Manager

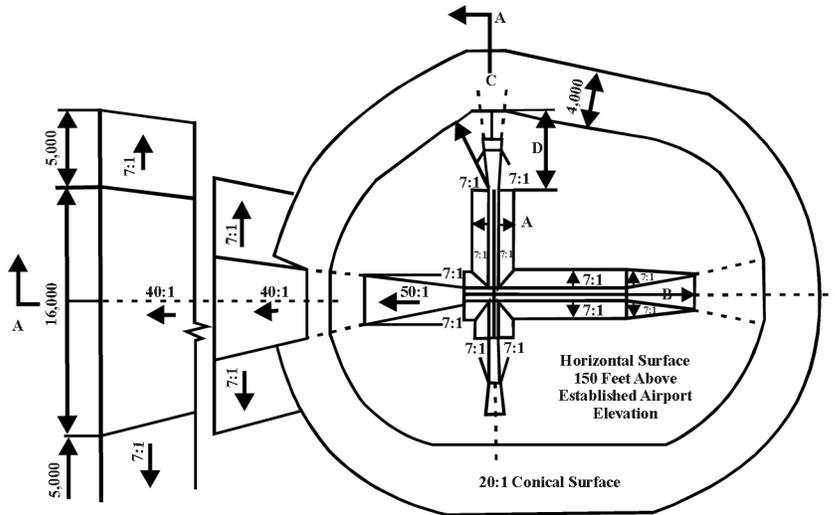
Google

To see all the details that are visible on the screen, use the "Print" link next to the map.

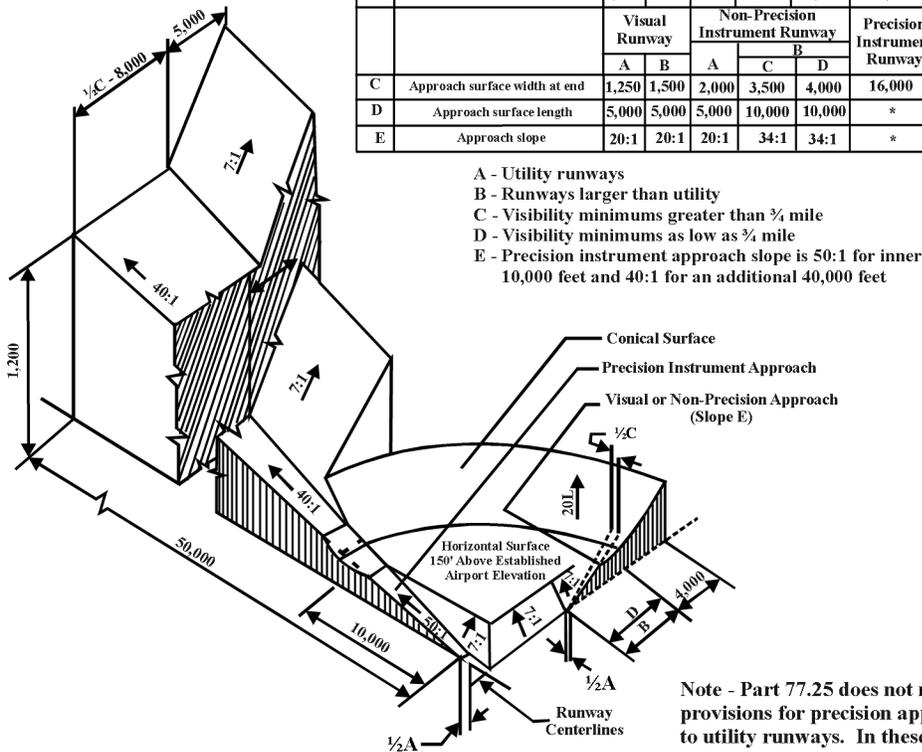


A: TO RUNWAY CENTERLINE: 366'
B: TO AWOS WIND SENSOR: 500'
C: TO PIPER BLVD: 20'

APPENDIX A: Approximate Location of New Hangar between Piper Blvd and westernmost transient aircraft spot.



DIM	ITEM	Dimensional Standards (Feet)					
		Visual Runway		Non-Precision Instrument Runway			Precision Instrument Runway
		A	B	A	B		
A	Width of primary surface and approach surface width at inner end	250	500	500	500	1,000	1,000
B	Radius of horizontal surface	5,000	5,000	5,000	10,000	10,000	10,000
		Visual Runway		Non-Precision Instrument Runway			Precision Instrument Runway
		A	B	A	B		
C	Approach surface width at end	1,250	1,500	2,000	3,500	4,000	16,000
D	Approach surface length	5,000	5,000	5,000	10,000	10,000	*
E	Approach slope	20:1	20:1	20:1	34:1	34:1	*



- A - Utility runways
- B - Runways larger than utility
- C - Visibility minimums greater than 1/4 mile
- D - Visibility minimums as low as 1/4 mile
- E - Precision instrument approach slope is 50:1 for inner 10,000 feet and 40:1 for an additional 40,000 feet

Note - Part 77.25 does not make provisions for precision approaches to utility runways. In these situations, use precision standards for other than utility runways to develop the primary, approach, and transition surfaces.

APPENDIX B: "Imaginary Surfaces for Civilian Airports" 7:1 Transitional Planes

2.5 WIND SENSOR

This sensor (wind speed and wind direction) will be oriented with respect to true north. The surveyor point used to establish the AWOS wind direction orientation will be permanently installed and marked as a reference benchmark for future use. The system software will be used to make required adjustments to magnetic north. The site should be relatively level, but small gradual slopes are acceptable. The sensor should be mounted at 30 to 33 feet (9 to 10 meters) above the average ground height within a radius of 500 feet (150 meters). It is desired that all obstructions (e.g., vegetation, buildings., etc.) be at least 15 feet lower than the height of the sensor within the 500 foot radius and be no greater than 10 feet above the sensor from 500 to 1000 feet. Where this desired location and clearance is difficult to achieve due to physical or economic reasons, the following definitions should be followed. An object will become a sheltering obstruction if the distance between the sensor and the object is less than ten times the height of the object and the lateral angle from the sensor to the ends of the object exceeds 10 degrees. Sheltering obstructions should be avoided by location choice or removed from the location if possible. Again, if difficult to achieve, a less desirable location may have to be selected; but, after installation, the sensor(s) must demonstrate that accurate and reliable information is being provided. If the wind information is not accurate and reliable, resolution is required. Resolution may require that the sensors be relocated or turned off. Additional wind sensor siting location information is covered in paragraphs 3.2.2 and 3.2.3.1 of this order.

Exception: The height of a wind sensor installed on the Instrument Landing System (ILS) glide slope antenna tower or on a separate tower in area "A," figure 1, section 3, will be reduced, as necessary, such that the height of the complete wind sensor installation (i.e., to include any required air terminal(s) and obstruction lights) does not exceed the height of the glide slope antenna installation. The minimum acceptable height for the wind sensor in this situation is 20 feet (6 meters). If side mounting (i.e., perpendicular to a tower) is necessary, a boom will be used to permit installation of the sensor at a minimum of 3 feet (1 meter) laterally from the tower. Side mounting is to be utilized only if top mounting is not practicable and the tower is of open design to allow for free air flow.

APPENDIX D- Preliminary Sketch of Proposed Hangar & Surroundings

- Requires a foundation approximately 6 inches higher than the adjoining/ existing asphalt apron and a concrete "ramp" to roll aircraft into the structure.
- Will overlap slightly behind Hangar I-2 to allow for more aircraft and office/ restroom space.
- Eliminates one transient parking spot (currently occupied by an abandoned Cessna 421). Lessee will relocate this aircraft to a location of the City's choosing.
- Lessee will request permission to alter the curb along a portion of Piper Blvd to allow street access, helping to eliminate traffic on the airport parking aprons.
- Future airport fencing may abut outer walls of the structure if the City desires. Lessee may wish to install a pedestrian gate on the west side at their own expense.
- Landscaping surrounding the facility is necessary to eliminate propagation of "sand burrs" and other nuisance weeds.
- May hold as many as 5 small aircraft (Cessna 172, Piper Archer, RV-8 etc) or two large aircraft (Cessna 421 or KingAir.)

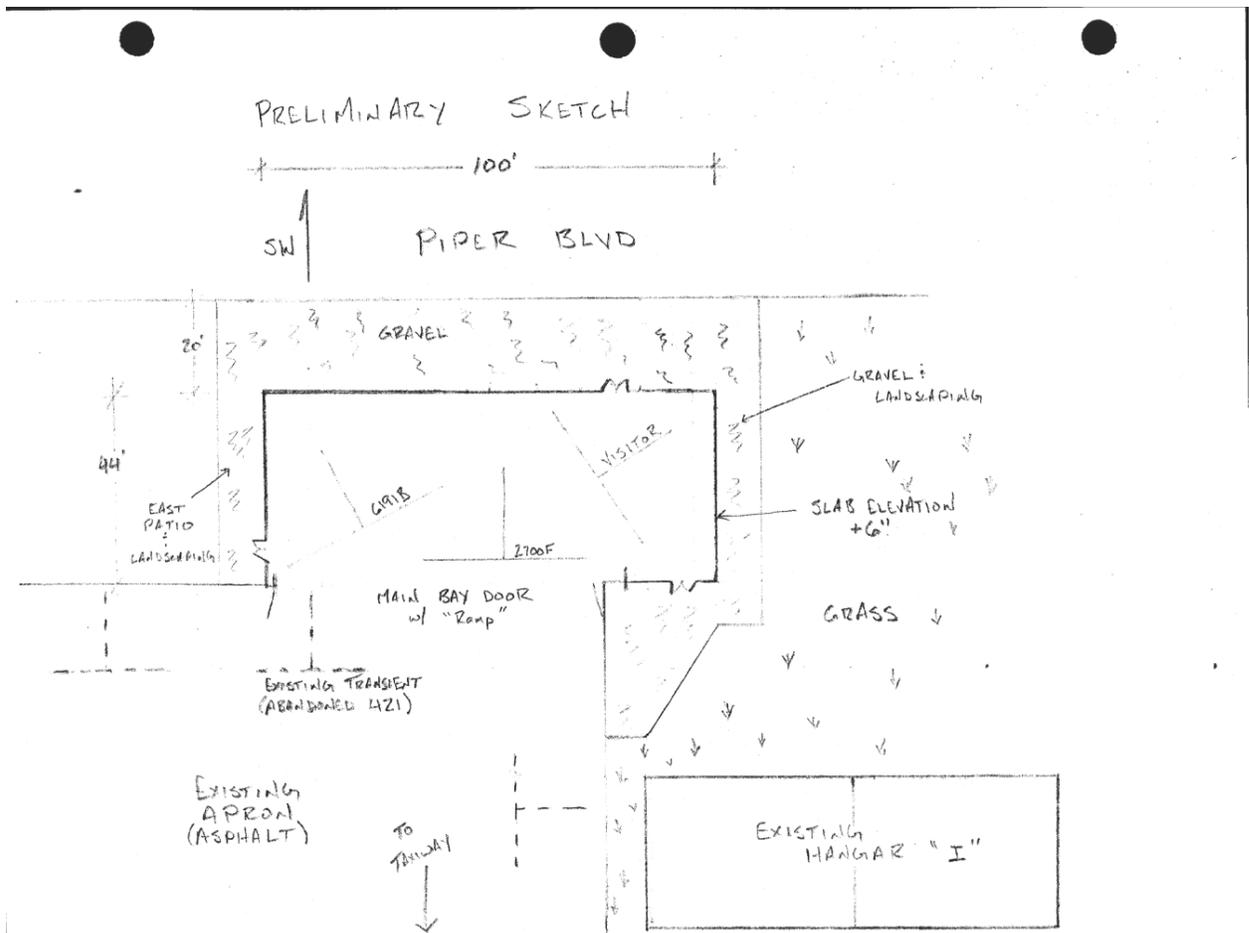


TABLE OF CONTENTS

HALF HANGAR

SUBLEASE AGREEMENT

Description

ARTICLE 1.	STATE LEASE STIPULATION
ARTICLE 2.	DEMISE AND PROPERTY DESCRIPTION
ARTICLE 3.	TERM
3.01.	Term of Lease.
3.02.	Automatic Termination - State Lease.
3.03.	Holdover.
ARTICLE 4.	CONSTRUCTION
ARTICLE 5.	RENT
5.01.	Definitions.
5.02.	Rent First Two Lease Years.
5.03.	Rent Balance of Term.
5.04.	Rent Adjustment.
5.05.	Interest.
5.06.	Rent Return.
ARTICLE 6.	INSURANCE
6.01.	Fire and Extended Coverage.
6.02.	General Liability
6.03.	Miscellaneous

ARTICLE 7. USE OF PREMISES

- 7.01. Permitted Use.
- 7.02. Insurance Hazards.
- 7.03. Waste, Nuisance, or Illegal Uses.
- 7.04. Use of Common Areas.
- 7.05. Consideration for Other Users.
- 7.06. State Lease.
- 7.07. Governmental Rules and Regulations.
- 7.08. Signage and Esthetics.

ARTICLE 8. SERVICES, MAINTENANCE, AND SURRENDER

- 8.01. Utilities.
- 8.02. Maintenance and Surrender by Lessee.

ARTICLE 9. CONDEMNATION AND TAXES

- 9.01. Taxes.
- 9.02 . Condemnation.

ARTICLE 10. ALTERATIONS, ADDITIONS, IMPROVEMENTS AND FIXTURES

- 10.01. Consent of Lessor.
- 10.02. Property of Lessor.
- 10.03. Trade Fixtures.

ARTICLE 11. DAMAGE OR DESTRUCTION

- 11.01. Notice to Lessor.
- 11.02. Destruction.

ARTICLE 12. INSPECTION BY LESSOR

ARTICLE 13.	LIENS
ARTICLE 14.	INDEMNITY AND WAIVER
14.01.	Subrogation.
14.02.	Indemnity.
ARTICLE 15.	ASSIGNMENT AND SUBLEASE
15.01.	Assignment and Subletting by Lessee.
15.02.	Assignment by Lessor.
ARTICLE 16.	DEFAULT
16.01.	Lessee's Default.
16.02.	Lessor's Remedies.
16.03.	Lessor's Lien.
16.04.	Cumulative Remedies.
16.05.	Waiver of Default.
16.06.	Surrender of Premises.
ARTICLE 17.	MISCELLANEOUS
17.01.	State Lease.
17.02.	Notices and Addresses.
17.03.	Parties Bound.
17.04.	Texas Law to Apply.
17.05.	Legal Construction.
17.06.	Prior Agreement Superceded.
17.07.	Amendment.
17.08.	Joint and Several Liability.

- 17.09. Rights and Remedies Cumulative.
 - 17.10. Waiver of Default.
 - 17.11. Attorney's Fees and Costs.
 - 17.12. Force Majeure.
 - 17.13. Time of Essence.
 - 17.14. Date of Sublease.
- Exhibit A - Drawing of the real property which is the subject
of this Sublease.

SUBLEASE AGREEMENT

This Sublease is made and entered into by and between the City of Port Aransas, Nueces County, Texas, a Texas Home Rule Municipality, referred to in this lease as "Lessor," and _____ referred to in this lease as "Lessee."

Terms used in this lease are defined in articles and sections of this sublease as follows:

1. "Lessor" is defined above in the introduction.
2. "Lessee" is defined above in the introduction.
3. "Airport Property" is defined under Article 1.
4. "Subleased Premises" and "Premises" mean the same thing and are defined under Article 2.
5. "Commencement Date" and "Date of this Sublease" mean the same thing and are defined at Section 3.01.
6. "Annual Anniversary Date" and "Anniversary Date of this Sublease" mean the same thing and are defined at Section 5.01.
7. "Sublease Year" is defined at Section 5.01.

ARTICLE 1. STATE LEASE STIPULATION

Lessee and Lessor stipulate and acknowledge as follows. The City is Tenant in that one certain Lease Agreement by and between the State of Texas, as Landlord, and the City, as Tenant, signed by the City on February 26, 1991, and by the State on March 4, 1991,

covering real property, including the real property which is the subject of the Sublease Agreement, which lease by and between the State and City has been amended by extending the term of the lease to March 3, 2029, at which time it will expire, unless the State and the City agree to further extend it. The City received written permission from the State for the construction of airplane hangars, which is the subject of this Sublease Agreement, from the State by letter dated July 14, 2003. This Sublease is subject to said Lease Agreement. To the extent of any conflict between the two, the Lease Agreement shall prevail. A reference in this Sublease to "Airport Property" means all the property and facilities constituting the City airport facility, including the property which is the subject of this Sublease.

ARTICLE 2. DEMISE AND PROPERTY DESCRIPTION

IN CONSIDERATION of the mutual covenants and agreements set forth in this Sublease, and other good and valuable consideration, Lessor does hereby demise and lease to Lessee, and Lessee does hereby lease from Lessor, the hereinafter described unimproved real property located in Port Aransas, Nueces County, Texas, to-wit: A portion of the real property, which is the subject of the hereinabove mentioned Lease Agreement between the City and the State, said portion being 45 feet wide and 35 feet long and being within a rectangular tract one hundred feet (100')

wide and four hundred eighty feet (480') long, abutting the airport airplane taxi area, as depicted on the drawing hereto attached as Exhibit A. The property hereby subleased, including the improvements to be constructed by Lessee, is hereinafter referred to as "Subleased Premises" or "Premises."

ARTICLE 3. TERM

3.01. Term of Sublease. The term of this Sublease shall be twenty-five (25) years and shall commence on the date this Sublease is signed by the last party to sign same (said date is hereinafter referred to as the "Commencement Date" or the "Date of this Sublease"), and shall end twenty-five (25) years after said Commencement Date, unless sooner terminated as elsewhere provided in this Sublease.

3.02. Automatic Termination - State Lease. The City's lease with the State expire March 3, 2029, and provides for conditions upon the occurrence of which it may be terminated earlier. If, for any reason, the City-State Lease expires or is terminated before this Sublease expires, this Sublease shall automatically terminate simultaneously upon termination or expiration of said City-State Lease.

3.03. Holdover. If Lessee holds over and continues in possession of the Subleased Premises after expiration or termination of the term of this Sublease, Lessee will be deemed to

be occupying the Premises on the basis of a month-to-month tenancy, subject to all of the terms and conditions of this Sublease, except that rent shall be paid monthly in advance and each monthly rental payment shall be a sum equal to one-fourth of the annual rental then applicable, but in no event less than \$200.00 per month.

ARTICLE 4. CONSTRUCTION

Lessee covenants to construct upon the Subleased Premises one (1) building, which will contain two (2) airplane hangar units, pursuant to plans and specifications approved in writing by Lessor, in the location on the Subleased Premises shown on said plans and specifications and, in any event, in accordance with the City land use regulations. Lessee may not deviate from said plans and specifications in any respect without the prior written consent of Lessor. Lessee will commence construction within six (6) months after the Commencement Date of this Sublease and complete said construction within one (1) year after said date, failing either of which, Lessor may terminate this Sublease. The improvements shall be owned by Lessee, until termination or expiration of this Sublease, at which time ownership of said improvements shall, at Lessor's option, revert to Lessor.

ARTICLE 5. RENT

5.01. Definitions. The Commencement Date or the Date of this Sublease is defined at Section 3.01 above. The "Annual Anniversary Date" or "Anniversary Date of this Sublease" is the same month and day as the Commencement Date of any year during its term. A "Sublease Year" is any twelve (12) month period during the term commencing on the Commencement Date or any anniversary date thereof and ending one (1) year thereafter.

5.02. Rent First Two Sublease Years. During the first two (2) Sublease Years, rent shall be \$400.00 per annum, payable in advance, but until the construction of the building is completed, there will be no rent. Upon completion of construction of the building, the annual rent, prorated for the balance of the Sublease Year then in effect, shall be immediately due and payable.

5.03. Rent Balance of Term. Commencing on the first (1st) day of the third Sublease Year, annual rent shall be \$400.00 per annum and commencing on said first (1st) day and continuing on the first (1st) day of each Sublease Year thereafter the annual rental of \$400.00, adjusted as hereinafter provided, shall be due and payable, in advance.

5.04. Rent Adjustment. Rent shall be increased at the conclusion of every fifth (5th) Sublease Year throughout the term of this Sublease to an amount agreed upon by Lessor and Lessee. If the parties fail to agree upon an increase on any such occasion,

then the Rent shall be the following sum: An amount equal to the Rent payable for the last Sublease Year of the five (5) year period then ending increased five percent (5%).

5.05. Interest. All rental, including additional rent, and any and all other sums due by Lessee to Lessor hereunder, shall bear interest from the date when said payment is due until paid, at the rate of eighteen percent (18%) per annum.

5.06. Rent Return. In the event this Sublease terminates prior to the end of its term, because Lessee opts to terminate as a result of a casualty causing damage to the improvements, or, because the City-State Sublease expires or is terminated, any rent paid in advance, prorated for the Sublease Year then in effect to the date of termination, shall be returned to Lessee.

ARTICLE 6. INSURANCE

6.01. Fire and Extended Coverage. Lessee, at Lessee's sole cost and expense, as additional rent, shall procure and maintain, throughout the term of this Sublease, a policy of fire and extended coverage insurance on the improvements in such amount as would be required to replace the improvements in the event of total loss, naming thereon, the State of Texas, Lessor and Lessee and named co-insureds.

6.02. General Liability. Lessee, at Lessee's sole cost and expense, as additional rent, shall procure and maintain,

throughout the term of this Sublease, a policy of comprehensive general liability insurance, insuring Lessor (as a named insured) as well as Lessee, from and against all claims, demands, or actions arising out of Lessee's use and occupancy of the Subleased Premises and ways adjacent thereto, the bodily injury liability coverage to have limits of liability of not less than \$1,000,000.00 for each occurrence and \$1,000,000.00 aggregate, if applicable, and the property damage liability coverage to have limits of liability of not less than \$500,000.00 for each occurrence and \$500,000.00 aggregate, if applicable. Said limits shall be increased at the conclusion of every fifth (5th) Sublease Year in proportion to and at the same time as the increase in rent.

6.03. Miscellaneous. All such insurance shall be carried with companies satisfactory to Lessor. Lessee shall obtain a written obligation on the part of each insurance company to notify Lessor in writing at least ten (10) days prior to cancellation of such insurance. Such policies, or duly executed certificates of insurance, shall be delivered to Lessor prior to the commencement of Lessee's occupancy hereunder and renewals thereof as required shall be delivered to Lessor at least thirty (30) days prior to the expiration of the respective policy terms, except that fire and extended coverage insurance on improvements, shall be obtained as and when each unit is constructed. Lessee will not alter or cancel same without the Lessor's prior written consent.

ARTICLE 7. USE OF PREMISES

7.01. Permitted Use. Lessee will use the Subleased Premises only for the construction, use, rental and management of the building containing two (2) airplane hangar units for the storage of airplanes, unless Lessor shall give Lessee prior written consent for a different use.

7.02. Insurance Hazards. Lessee shall not use, or permit the use of, the premises in any manner that will cause a cancellation of, or an increase in, the existing rates for fire, liability, or other insurance policies insuring airport property or any improvements on the airport property, or insuring Lessor for any liability in connection with the airport property and/or operations.

7.03. Waste, Nuisance, or Illegal Uses. Lessee shall not use, or permit the use of, the premises in any manner that results in waste of the premises or constitutes a nuisance. Nor shall Lessee use, or permit the use of, the premises for any illegal purpose.

7.04. Use of Common Areas. The taxi area upon which the Lease Premises fronts and all other parts of Lessor's airport property are for the use of the general public. Lessee and his officers, employees, agents, and invitees will use such areas in a reasonable and orderly manner in cooperation with all others.

7.05. Consideration for Other Users. Lessee will conduct himself, and will cause his officers, employees, agents, and invitees to conduct themselves, with full regard for the rights, convenience, and welfare of all uses.

7.06. State Lease. Lessee will not do, cause or allow anything to be done which constitutes a violation or breach of the Lessor's Lease with the State.

7.07. Governmental Rules and Regulations. Lessee and Lessee's officers, employees, agents, and invitees will comply fully with all of the rules and regulations, laws, ordinances, and orders promulgated by any governmental authority with jurisdiction, including Lessor, and Lessee shall be responsible for the compliance of his officers, employees, agents, and invitees with same.

7.08. Signage and Esthetics. No signage will be allowed and no changes will be made to or paint applied to the exterior of the improvements Lessee constructs on the premises without the prior written consent of Lessor.

ARTICLE 8. SERVICES, MAINTENANCE, AND SURRENDER

8.01. Utilities. Lessee shall be responsible for bringing and securing to the Subleased Premises all utility services and shall pay all utility charges and fees. As to water, Lessee will be allowed to tap into an available City line. All installation

and construction shall be in accordance with applicable rules and regulations and at Lessee's sole cost and expense. Lessee shall install a water meter, which must accurately record and measure the amount of water being used by Lessee. Lessee shall not use more than 1,000.00 gallons of water in any given month. Lessee's water allowance shall not be cumulative. Lessee may use more water in any given month only with the prior written consent of Lessor. If such consent is given, Lessee shall pay to Lessor a sum, which is no less than the amount necessary to reimburse Lessor the cost to Lessor for said water, provided that Lessor shall not be limited to said amount and may charge more.

8.02. Maintenance and Surrender by Lessee. Lessee shall maintain the Subleased Premises throughout the Sublease term, and any extensions of that term, and keep them free from waste or nuisance. At the termination of the Sublease, Lessee shall yield up and deliver to Lessor the premises in good condition, reasonable wear and tear and damage by fire, tornado, or other casualty excepted, and shall immediately remove all of Lessee's personal property from the Premises. In the event Lessee should neglect to reasonably maintain the Subleased Premises and improvements, Lessor shall have the right, but not the obligation, to cause repairs or corrections to be made, and any reasonable costs incurred for such repairs or corrections for which Lessee is responsible under this section shall be payable by Lessee to Lessor as additional rental

on demand.

ARTICLE 9. CONDEMNATION AND TAXES

9.01. Taxes. Lessee shall be liable for all taxes levied or assessed against real or personal property, furniture, or fixtures placed by Lessee in or on the premises.

9.02. Condemnation. In the event any portion of the Subleased Premises shall be taken by condemnation or the right of eminent domain, then this Sublease, at the option of the Lessor, shall terminate and expire as of the date of such taking, and the rent shall be apportioned as of the date of such taking or conveyance and any unearned rents shall be refunded to Lessee. Should any part of the Subleased Premises be so taken or condemned, Lessor and Lessee shall be entitled to receive and retain all sums awarded for the taking in accordance with their interests.

**ARTICLE 10. ALTERATIONS, ADDITIONS,
IMPROVEMENTS, AND FIXTURES**

10.01. Consent of Lessor. Lessee shall not make any alterations, additions, or improvements to the Subleased Premises without the prior written consent of Lessor.

10.02. Property of Lessor. All alterations, additions, or improvements made by Lessee shall become the property of Lessor at the termination of this Sublease; however, Lessee shall promptly

remove, if Lessor so elects, all alterations, additions, and improvements, and any other property placed in or on the premises by Lessee, and Lessee shall repair any damage caused by such removal.

10.03. Trade Fixtures. Lessee shall have the right at all times to erect or install furniture and fixtures, provided that Lessee complies with all applicable governmental laws, ordinances, and regulations. Lessee shall have the right to remove such items at the termination of this Sublease, provided Lessee is not in default at that time and the fixtures can be removed without structural damage to the premises. Prior to the termination of this Sublease, Lessee must repair any damage caused by removal of any fixtures. Any furniture or fixtures that have not been removed by Lessee at the termination of this Sublease shall be deemed abandoned by Lessee and shall automatically become the property of Lessor.

ARTICLE 11. DAMAGE OR DESTRUCTION

11.01. Notice to Lessor. If the Subleased Premises, or any structures or improvements on the Leased Premises, should be damaged or destroyed by fire, tornado, or other casualty, Lessee shall give immediate written notice of the damage or destruction to Lessor, including a description of the damage and, as far as known to Lessee, the cause of damage.

11.02. Destruction. If any of the improvements constructed by Lessee are damaged or destroyed by fire, tornado, windstorm, hurricane, flood waters, or other casualty, not the fault of Lessee or any person in or about the premises with the express or implied consent of Lessee, Lessee shall be obligated to reconstruct, repair, and restore the premises to the condition it was in, before said casualty, and said construction must be completed within six (6) months after the date of said casualty. However, Lessee may, instead, terminate this Sublease by giving written notice to Lessor within sixty (60) days after said casualty that Lessee terminates the Sublease. Said termination shall be effective on the sixtieth (60th) day of said casualty. Except as elsewhere in this Sublease provided, rent shall not abate or reduce due to any event addressed in this section. If Lessee opts to restore and repair, all insurance proceeds payable by reason of said occurrence, shall be used to pay the costs of said restoration or repair. If Lessee opts to terminate this Sublease, Lessee shall have no further right, title or interest in or to any such insurance proceeds.

ARTICLE 12. INSPECTION BY LESSOR

Lessor and its officers, agents and employees, and representatives shall have the right to enter into and upon any and all parts of the Subleased Premises at all reasonable hours for purposes of inspection. Lessee shall not be entitled to any

abatement or reduction of rent by any reason of the entry of Lessor or any of its officers, agents, representatives, or employees pursuant to this article, nor shall such entry be deemed an actual or constructive eviction.

ARTICLE 13. LIENS

Lessee will not permit any mechanic's lien or liens to be placed upon the Subleased Premises or upon improvements on the premises. If a mechanic's lien is filed on the Subleased Premises or on improvements on the Subleased Premises, Lessee will promptly pay the lien or post a bond for payment of same satisfactory to Lessor and in accordance with the Texas Property Code. If default in payment of the lien or posting of the bond continues for twenty (20) days after written notice from Lessor to Lessee, Lessor may, at its option, pay the lien or any portion of it without inquiry as to its validity. Any amounts paid by Lessor to remove a mechanic's lien caused to be filed against the premises or against improvements on the premises by Lessee, including expenses and interest, shall be due from Lessee to Lessor and shall be repaid to Lessor immediately on rendition of notice, together with interest at eighteen percent (18%) per annum until paid.

ARTICLE 14. INDEMNITY AND WAIVER

14.01. SUBROGATION. LESSOR WAIVES ANY RIGHT OF RECOVERY

THAT LESSOR MAY HAVE AGAINST LESSEE FOR THE LOSS OR DAMAGE TO ANY OF LESSOR'S PROPERTY RESULTING FROM ANY CAUSE WHATSOEVER TO THE EXTENT LESSOR COLLECTS FOR SUCH LOSS OR DAMAGE UNDER AN INSURANCE POLICY OR POLICIES IN EFFECT AT THE TIME SUCH LOSS OR DAMAGE OCCURS; AND LESSEE HEREBY WAIVES ANY RIGHT OF RECOVERY THAT LESSEE MAY HAVE AGAINST LESSOR FOR THE LOSS OR DAMAGE TO ANY OF LESSEE'S PROPERTY RESULTING FROM ANY CAUSE WHATSOEVER, TO THE EXTENT THAT LESSEE COLLECTS FOR SUCH LOSS OR DAMAGE UNDER INSURANCE POLICIES IN EFFECT AT THE TIME OF SUCH LOSS OR DAMAGE OCCURS.

14.02. INDEMNITY. LESSEE COVENANTS AND AGREES TO INDEMNIFY, PROTECT AND HOLD LESSOR AND LESSOR'S LEGAL REPRESENTATIVES, AGENTS, EMPLOYEES, OFFICERS, SUCCESSORS AND ASSIGNS HARMLESS FROM AND AGAINST ALL CLAIMS FOR DAMAGES OR INJURIES TO PERSONS OR PROPERTY ARISING ON OR ABOUT THE SUBLEASED PREMISES OR IN ANY MANNER ARISING OUT OF OR PERTAINING TO LESSEE'S USE OF OCCUPANCY TO THE SUBLEASED PREMISES, INCLUDING ALL COSTS, ATTORNEY'S FEES, COURT COSTS, EXPENSES, AND LIABILITIES INCURRED IN CONNECTION WITH SUCH CLAIM OR ACTION, EXCEPT IN THE CASE OF LESSOR'S WILLFUL ACT. LESSEE AGREES THAT LESSEE'S USE AND OCCUPANCY OF THE SUBLEASED PREMISES SHALL BE WHOLLY AND ONLY AT LESSEE'S OWN RISK AND LESSOR SHALL HAVE NO LIABILITY FOR LOSS OR DAMAGE TO PERSONS OR PROPERTY OF LESSEE, OR THOSE CLAIMING UNDER LESSEE FROM WHATEVER CAUSE AND WHETHER BY REASON OF THEFT, VANDALISM, WINDSTORM, TIDES, RISING WATERS, FIRE

OR OTHER CASUALTY OF THE BURSTING, STOPPING LEAKING OF WATER, GAS, SEWER PIPES OR OTHERWISE.

ARTICLE 15. ASSIGNMENT AND SUBLEASE

15.01. Assignment and Subletting by Lessee. Lessee shall have the right, but only with the prior written consent of Lessor, to assign this Sublease, or any interest in the Sublease, or to sublet the Subleased Premises, or any part of them, or any right or privilege pertinent to the Sublease or the Subleased Premises, provided, each assignee and Sublessee assumes in writing all of the Lessee's obligation under this Sublease, and Lessee shall remain liable for each and every obligation under the Sublease. All such assignees and sublessees take subject to this Sublease.

15.02. Assignment by Lessor. Lessor has the right to assign any or all of its interest in this Sublease.

ARTICLE 16. DEFAULT

16.01. Lessee's Default. The following events shall be deemed to be events of default by Lessee under this Sublease.

- (a) Lessee fails to pay any installment of rent due under this Sublease.
- (b) Lessee fails to comply with any term, provision, or covenant of this Sublease, other than the payment of rent, and does not cure the failure within ten (10) days

after written notice of the failure to Lessee.

(c) Lessee makes an assignment for the benefit of creditors.

16.02. Lessor's Remedies. Upon the occurrence of any event of default specified in Section 16.01, Lessor shall have the option to pursue any one or more of the following remedies:

(a) Lessor may terminate the Sublease, in which event Lessee shall immediately surrender the premises to Lessor, and if Lessee fails to do so, Lessor may, without prejudice to any other remedy that it may have for possession or arrearages in rent, enter and take possession and expel or remove Lessee and any other person who may be occupying the premises or any part of them, by force if necessary, without being liable for prosecution or any claim of damages for such entrance and expulsion or removal. Lessee agrees to pay Lessor on demand the amount of all loss and damage that Lessor suffers by reason of such termination, whether through inability to relet the premises on satisfactory terms or otherwise.

(b) Lessor may enter upon and take possession of the premises and expel or remove Lessee and any other person who may be occupying the premises or any part of them, by force if necessary, without being liable for prosecution or any claim for damages for such entrance and expulsion or removal, relet the premises on such terms as Lessor deems

advisable, and receive the rent for the reletting.

Lessee agrees to pay Lessor on demand any deficiency that may arise by reason of such reletting.

(c) Lessor may enter upon the premises, by force if necessary, without being liable for prosecution or any claim for damages for such entry, and do whatever Lessee is obligated to do under the terms of this Sublease to correct the default. Lessee agrees to reimburse Lessor on demand for any expenses that Lessor may incur in effecting compliance with Lessee's obligations under this Sublease in this manner, and Lessee further agrees that Lessor shall not be liable for any damages resulting to Lessee from such action. No reentry or taking possession of the premises by Lessor shall be construed as an election on its part to terminate this Sublease, unless a written notice of such intention be given to Lessee. Notwithstanding any such reletting or reentry or taking possession, Lessor may at any time thereafter elect to terminate this lease for a previous default. The loss or damage that Lessor may suffer by reason of termination of this Sublease, or the deficiency from any reletting as provided for above, shall include the expense of repossession.

(d) Lessor shall be entitled to retain all prepaid rents

without proration. Lessor shall be entitled to recover from Lessee all costs and expenses, including attorney's fees, incurred in the enforcement of its rights under this Sublease.

16.03. Lessor's Lien. Lessor shall have at all times, a valid security interest to secure payment of all rentals and other sums of money becoming due under the Sublease from Lessee, and to secure payment of any damages or loss that Lessor may suffer by reason of the breach by Lessee of any covenant, agreement, or condition contained in this Sublease, upon all airplanes, goods, wares, equipment, fixtures, furniture, and other personal property of Lessee which is now on the premises or which is placed on the premises at some later date, and all proceeds from them. This property shall not be removed from the premises without the consent of Lessor until all arrearages in rent and all other sums of money then due to Lessor under this Sublease have been paid and discharged, and all the covenants, agreements, and condition of this Sublease have been fully complied with and performed by Lessee. Upon the occurrence of an event of default by Lessee, Lessor may, in addition to any other remedies provided in this lease or by law, after giving reasonable notice of the intent to take possession and giving an opportunity for a hearing on the issue, enter upon the premises and take possession of any and all goods, wares, equipment, airplanes, fixtures, furniture, and other

personal property of Lessee situated on the premises, without liability for trespass or conversion, and sell the same at public or private sale, with or without having such property at the sale, after giving Lessee reasonable notice of the time and place of any public sale or of the time after which any private sale is to be made. Lessor or its assigns may purchase any items to be sold at such a sale unless they are prohibited by doing so by law. Unless otherwise provided by law, and without intending to exclude any other manner of giving Lessee reasonable notice, the requirement of reasonable notice shall be met if such notice is given at least five (5) days before the time of sale. The proceeds from any such disposition, less any and all expenses connected with the taking of possession, holding, and selling of the property (including reasonable attorney's fees and other expenses), shall be applied as a credit against the indebtedness secured by the security interest granted in this section. Any surplus shall be paid to Lessee or as otherwise required by law; and Lessee shall pay any deficiencies immediately. Upon request by Lessor, Lessee agrees to execute and deliver to Lessor a financing statement in form sufficient to perfect the security interest of Lessor in the aforementioned property and proceeds under the provision of the Uniform Commercial Code in force in the State of Texas. The statutory lien for rents is not waived, the security interest granted in this article being in addition, and supplementary, to that lien. Lessee shall, upon

request made by Lessor, make, execute, and deliver to Lessor any and all such documents as may be reasonably requested by Lessor, in order to make, create, fix, and/or perfect a lien or security interest of Lessor in any property upon which Lessor's lien, security interest or mortgage is intended to be placed by this Section 16.03, and said request may be made at any time during the term of this lease.

16.04. Cumulative Remedies. Pursuit to any of the remedies provided in this Sublease shall not preclude pursuit of any of the other remedies provided in this Sublease. Pursuit of any remedy provided in this Sublease or by law by either party shall not constitute a forfeiture or waiver of any damages accruing to either party by reason of the violation of any of the terms, provisions, and covenants contained in this Sublease. Nor shall pursuit of any remedies provided in this Sublease by Lessor constitute a waiver or forfeiture of any rent due to Lessor under this Sublease.

16.05. Waiver of Default. No waiver by either party of any default or violation or breach of any of the terms, provisions, and covenants contained in this Sublease shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions, and covenants of the Sublease. Forbearance by either party to enforce one or more of the remedies provided in this Sublease or by law upon an event of default shall not be deemed or construed to constitute a waiver of such default.

Lessor's acceptance of rent following an event of default under this Sublease shall not be construed as Lessor's waiver of the default.

16.06. Surrender of Premises. No act or thing done by Lessor or its agents during the Sublease term shall be deemed an acceptance of a surrender of the premises, and no agreement to accept a surrender of the premises shall be valid unless the same is in writing and subscribed by Lessor.

ARTICLE 17. MISCELLANEOUS

17.01. State Lease. Lessee accepts this Sublease subject to the City/State of Texas Lease hereinabove described as it now exists and as it may hereafter be modified. Lessee must, on demand, execute any instruments or documents that are reasonably required by the State of Texas.

17.02. Notices and Addresses. All notices to be given under this agreement shall be given by certified mail or registered mail, addressed to the proper party at the following address:

LESSOR:

CITY OF PORT ARANSAS
710 W. AVENUE A
PORT ARANSAS, TEXAS 78373-4128
TELEPHONE NO. (361) 749-4111

LESSEE:

Either party may change the address to which notices are to be sent it by giving the other party notice of the new address in the manner provided in this section.

17.03. Parties Bound. This agreement shall be binding upon, and inure to the benefit of, the parties to the agreement and their respective heirs, executors, administrators, legal representatives, successors, and assigns when permitted by this agreement.

17.04. Texas Law to Apply. This agreement shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the parties created by this agreement are performable in Nueces County, Texas.

17.05. Legal Construction. In case any one or more of the

provisions contained in this agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of the agreement, and this agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been included in the agreement.

17.06. Prior Agreement Superseded. This agreement constitutes the sole and only agreement of the parties to the agreement and supercedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this agreement.

17.07. Amendment. No amendment, modification, or alteration of the terms of this agreement shall be binding unless the same is in writing, dated subsequent to the date of this agreement, and duly executed by the parties to this agreement.

17.08. Joint and Several Liability. If there is more than one Lessee, the obligations imposed upon Lessees by virtue of this lease shall be joint and several. If there is a guarantor of Lessee's obligations under this lease, the obligations imposed upon Lessee shall be the joint and several obligations of Lessee and the guarantor. Lessor need not first proceed against Lessee before proceeding against the guarantor, nor shall any such guarantor be released from its guaranty for any reason whatsoever.

17.09. Rights and Remedies Cumulative. The rights and

remedies provided by this lease agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. These rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

17.10. Waiver of Default. No waiver by either party of any default or breach of any term, condition, or covenant of this lease shall be deemed to be waiver of any other breach of the same or an other term, condition, or covenant of the lease.

17.11. Attorney's Fees and Costs. If, as a result of a breach of this agreement by either party, the other party employs an attorney or attorneys to enforce its rights under this lease, then the breaching or defaulting party agrees to pay the other party the reasonable attorney's fees and costs incurred to enforce the lease.

17.12. Force Majeure. Neither Lessor nor Lessee shall be required to perform any term, condition, or covenant in this Sublease so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riot, hurricanes, floods, and any other cause not reasonably within the control of Lessor or Lessee and which by the exercise of due diligence Lessor or Lessee is unable, wholly or in part, to prevent

or overcome.

17.13. Time of Essence. Time is of the essence of this Agreement.

17.14. Date of Sublease. The date of this Sublease is the date it is signed by the last party name to sign.

The undersigned Lessor and Lessee execute this agreement on the _____ day of _____, 2004, at Port Aransas, Nueces County, Texas.

LESSOR:

Signed on _____, 2004

The City of Port Aransas, Texas

By: _____
Michael Kovacs, City Manager

CITY OF PORT ARANSAS
710 W. AVENUE A
PORT ARANSAS, TEXAS 78373-4128
TELEPHONE NO. (361) 749-4111

Physical Address:

CITY OF PORT ARANSAS
710 West Avenue A
Port Aransas, Texas 78373

LESSEE:

Signed on _____, 2004

Lessee Printed Name

Signature of Lessee

Exhibit A - Drawing of the real property which is the subject

of this Sublease. See Article 2 above.

SUBLEASE AGREEMENT

Exhibit A -

Drawing of the Real Property which is the Subject of
this Sublease.

See Article 2 above.