

## AIRCRAFT MANAGEMENT AGREEMENT

**THIS AIRCRAFT MANAGEMENT AGREEMENT** is entered into as of **June 1, 2014** by and between **XYZ Aviation**, a **Texas** entity with an office at **123 Street. Lovely TX, 75601** (“manager”) and **\_\_\_\_\_** a **\_\_\_\_\_** Limited Liability Company with an office at **\_\_\_\_\_** (“Client”).

**XYZ Aviation** will manage Client’s aircraft described below (the “Aircraft”) in accordance with the terms and conditions of this Agreement.

### **SPECIFIC TERMS**

#### **I. Aircraft Identification**

- Aircraft Make and Model:  
**\_\_\_\_\_**
- **Manufacturer’s Serial Number**
- **Aircraft Registration Number:**

#### **II. Management Fee**

Monthly Management fee: **\$X000**

#### **III Term**

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Effective Date: August 1<sup>st</sup>, 2017

Expiration Date and Time: July 31<sup>st</sup>,  
2017 at 23:59 CST

#### IV. Notices

To Client:

John Doe

P.O. Box 123

Lovely TX, 75653

Telephone: (555) 555-5555

E-mail: JohnD@mail.com

To XYZ Aviation:

Captain Awesome

123 Street

Lovely TX, 75601

Telephone: (111) 111-1111

E-mail: XYZAviation@gmail.com

#### V. Aircraft Operating Base

The Aircraft will be based at the Lovely Regional Airport (KABC)

### **GENERAL TERMS**

#### **1. Management**

- 1.1 Management Services. In consideration of the fees paid by Client, the manager will perform the following functions on behalf of Client:

- (a) Engagement and supervision of flight and maintenance personnel assigned to the Aircraft;
- (b) Aircraft maintenance at the Operating Base, maintenance management at contract facilities, and related maintenance support functions;
- (c) Aircraft hangar, office, and shop facilities at the Operating Base and other airport locations, as required;
- (d) Record keeping, reporting, and payment with the client's payment vehicle of choice on behalf of Client of Aircraft-related invoices and other administrative requirements;
- (e) Aircraft, passenger, and Flight Support Personnel (as defined in Paragraph 2.1) scheduling support services for Client and Client's passengers; and
- (f) Management supervision of the operation and maintenance of the Aircraft by Client.

1.2 Part 91 Operations. All flight operations by Client under this Agreement will be conducted under Part 91 of the Federal Aviation Regulations, as amended (the "FAR's"), and in accordance with any other laws and rules pertaining to the operation of the Aircraft. Client acknowledges that services to be provided by the manager to Client under this Agreement are intended to assist Client in the operation by Client of its Aircraft under Part 91 of the FAR's in the conduct of Client's business, and shall be undertaken by the manager consistent with such intentions and only for such purposes.



(b) International operations will be subject to international pay rate increase

(c) Two crewmembers may be necessary to conduct safe operations and will be appointed at the discretion of the manager.

2.3 Monitoring and Reviews. the manager will monitor the qualifications and performance of Flight Support Personnel through a process of record keeping, performance reviews, direct supervision and flight checks. Client will provide reasonable access to the Aircraft, subject to Client's prior permission, for the manager supervisory personnel to conduct required training and flight checks to observe Flight Support Personnel performance.

2.4 Termination or Replacement. the manager reserves the right to terminate or replace Flight Support Personnel for any reason. If the credentials or performance of any Flight Support Personnel are unsatisfactory to Client, manager agrees that upon notice to that effect from Client, it shall reassign and replace such Flight Support Personnel as quickly as possible with another qualified individual acceptable to Client.

### **3. Aircraft Maintenance**

3.1 Maintenance Obligations. Notwithstanding anything in this Agreement to the contrary, manager shall, on Client's behalf, cause the Aircraft to be maintained at Client's expense in a manner that satisfies all of the requirements of the Aircraft.

3.2 Maintenance Program. On Client's behalf and at Client's expense, manager will cause the Aircraft to be enrolled on an FAA-approved inspection program under Part 91 of the FAR's, and will conduct, contract for and/or supervise Aircraft maintenance

services to cause the Aircraft to be maintained in accordance with the requirements of the approved inspection program and the FAR.

- 3.3 Records. On Client's behalf, manager will coordinate with the maintenance facility of the Clients choosing to ensure records on the Aircraft, engines and systems in accordance with the applicable FAR's.
- 3.4 Maintenance Scheduling. Client will cooperate with manager to schedule all maintenance requirements. manager will schedule maintenance, to the extent practicable, to minimize conflicts with Client's use of the Aircraft. manager will keep Client apprised of the Aircraft's maintenance schedule.
- 3.5 Appointment as Agent. Client appoints manager as its agent for the purpose of executing, for and behalf of Client, any documentation required in connection with any maintenance program, maintenance service plan and/or maintenance inspection agreements as may be necessary in order for the manager to fulfill its maintenance obligations under this Agreement. Client agrees to indemnify and hold the manager harmless from and against any claims, damages, losses and expenses arising pursuant to any maintenance program, maintenance service plan and/or maintenance inspection agreements entered into in accordance with the terms of this Agreement.

#### **4. Flight Scheduling**

- 4.1 Services. On behalf of Client, the manager will perform the following services related to scheduling by Client of the Aircraft:
- (a) Assist Client in scheduling the Aircraft;
  - (b) Receive trip notices from Client and produce an itinerary for each trip giving the pertinent details of the trip;

- (c) Coordinate with Client's internal staff to arrange ground transportation requirements for Aircraft passengers;
- (d) Schedule Flight Support Personnel;
- (e) Arrange for Aircraft catering per Client's request;
- (f) Arrange for landing permits, clearances, and handling for domestic and international destinations; and
- (g) Coordinate the Aircraft's movements to support Client's travel schedule.

4.2 Client Information. Client will give the manager the most up-to-date and complete information available on the Aircraft's proposed travel schedule. This includes timely scheduling of the aircraft as allowable. the manager agrees to hold in confidence any information that it may gain regarding Client's travel, business and security arrangements, subject in all respects to applicable laws, regulations and rules of the New York Stock Exchange.

## 5. **Records and Administration**

5.1 Record Keeping. the manager will maintain facilities and personnel at its office for Aircraft record keeping, operations supervision, and scheduling assistance. the manager will keep all flight, passenger, maintenance, and operational logbook records up to date and in accordance with good accounting practice and all of the requirements of the FAR and all other applicable laws and regulations.

- 5.2 Reports. the manager will supply Client with an annual and monthly reports summarizing flight and maintenance activity.
- 5.3 Record Retention. All records pertaining to the performance of the manager's services hereunder will be open for inspection and audit by Client at the manager's office upon not less than 48 hours' notice throughout the term of this Agreement, and for the period ending four (4) years after the termination hereof. the manager will not destroy such records prior to the time when Client's right to inspect and audit terminates. The provisions of this Paragraph 5.3 will survive the termination or expiration of this Agreement.

## **6. Hangar and Office at Operating Base**

- 6.1 Hangarage. the manager will assist in locating and contracting hanger facilities for all the Client's aircraft within appropriate hangar, office, and shop space at the Aircraft's Operating Base (as specified in Section V of the Specific Terms) and at other airport locations as may be required from time to time. Client shall be responsible for the cost of hangarage at all locations payable in accordance with Paragraph 7.5.
- 6.2 Provisioning. the manager will provision the Operating Base to support the operation and maintenance of the Aircraft, subject to budget approval by Client.

## **7. Fees, Expenses, Deposits and Billing Procedures**

- 7.1 Management Fee. The annual Management Fee to be charged to Client specified in Section II of the Specific Terms will be billed to and payable by Client in monthly installments in advance.



- 7.2 Certain Fixed Expenses. Client shall pay directly the cost of the insurance coverage required to be maintained by Client under Paragraph 8.
- 7.3 Operating Expenses. Client shall be responsible for all Operating Expenses relating to the Aircraft (to be paid in accordance with Paragraph 8.5). Operating Expenses include, but are not limited to, the following items:
- (a) Fuel, oil, and additives;
  - (b) Replacement and consumable parts (including shipping costs and core charges for parts and components), maintenance labor (other than the cost of maintenance labor performed by Flight Support Personnel), and third-party service fees for technical support of the Aircraft;
  - (c) Engine and airframe maintenance service plan fees, as applicable, and all other expenses under Paragraph 3;
  - (d) Landing, parking, handling, customs, airways and overflight fees, hangarage fees at locations other than the Operating Base, and computer flight plans;
  - (e) Navigation, operations, and maintenance publications;
  - (f) Catering, supplies, and in-flight entertainment materials;
  - (g) Flight Support Personnel and the manager supervisory personnel travel expenses incurred in support of Client's operation of the Aircraft;

- (h) Communications charges and outside computer services related to Aircraft operations and maintenance;
- (i) Passenger ground transportation; and
- (j) Substitute flight support personnel (day rate) in accordance with Paragraph 2.2.

7.4 Non-recurring Expenses. Non-recurring Expenses relating to the Aircraft shall be the responsibility of Client (to be paid in accordance with Paragraph 7.5). Non-recurring Expenses include, but are not limited to, such items as Aircraft paint and refurbishing, major maintenance items such as engine overhaul and airframe modifications, maintenance ground support equipment, initial spare parts provisioning and inventories, office and shop equipment, and communications and computer equipment at the Operating Base.

7.5 Payment of Expenses. To the extent reasonably practicable, Client will pay all amounts for which it is responsible under this Agreement directly to the applicable vendor, supplier or provider. To the extent the manager incurs any such expenses on Client's behalf, within 15 days after the end of each calendar month during the term of this Agreement, commencing with the calendar month ending [REDACTED], the manager will issue invoices detailing all charges reasonably and properly incurred on Client's behalf pursuant to the terms of this Agreement for that calendar month. Invoices will be due 15 days from date of receipt. All goods, support services, parts, labor, fuel, materials and any other items Purchased by the manager on behalf of Client will be passed on to Client at the manager's actual cost, with no markup, rebate, commission or other fee received or retained by the manager. the manager will attempt to secure discounts on all purchases made on behalf of Client, and all such discounts will be credited in full to Client's account.

7.6 Post-Termination Expenses. Notwithstanding the expiration or termination of this Agreement, Client will promptly reimburse the manager upon receipt of invoices from time to time until all remaining Aircraft expenses reasonably and properly incurred by the manager on Client's behalf pursuant to the terms of this Agreement are paid. The provisions of this Paragraph 8.6 will survive the termination or expiration of this Agreement.

7.7 Overdue Amounts. Overdue amounts payable pursuant to this Agreement shall bear interest at a monthly rate equal to the lesser of 1.25% or the highest lawful rate allowable under applicable law.

## **8. Insurance and Indemnity**

8.1 General. During the term of the Agreement, and notwithstanding anything in this Agreement to the contrary, Client will procure and maintain at its sole cost and expense aircraft insurance (the "Policy").

8.2 Policy Provisions. The Policy will provide that:

- (a) the manager and its affiliates and each of their respective members, managers, shareholders, officers, directors, partners, employees, agents, licensees and guests are designated as additional insureds (without responsibility for premiums) with respect to the liability coverage.
- (b) The insurer waives any right of set-off and any right of subrogation against any of the additional insureds.
- (c) No cancellation or substantial change in coverage of the policy shall be effective as to the additional insureds for 30 days (seven days, in the case of

war risk or allied perils) after receipt by the manager of written notice from the insurer of any such cancellation or substantial change in coverage of the policy;

- (d) All coverages will be primary, not subject to any co-insurance clause, not contributory or subject to offset with respect to any other policies in force; and
- (e) The insurance will include a severability of interest clause providing that such policy will operate in the same manner to give each insured the same protection as if there were a separate policy issued to each insured except for the limit of liability.
- (f) The “Approved Pilots” section will require all pilots to be approved by the manager and the “Territory” section will provide Worldwide Coverage.

8.3 Certificate of Insurance. On or before the Effective Date, Client will provide the manager with a certificate of insurance evidencing all coverages in compliance with the requirements of this Agreement.

8.4 Cross Indemnities. Without limiting their respective obligations hereunder, each party (in each case, the “Indemnitor”) hereby indemnifies and holds harmless the other party and its respective officers, directors, partners, employees, shareholders, members, managers and affiliates (in each case, collectively, the “Indemnitee”) for any claim, damage, loss, or reasonable expense, including reasonable attorneys’ fees (an “Indemnified Loss”), resulting from bodily injury or property damage arising out of the ownership, maintenance or use of the Aircraft which results from gross negligence or willful misconduct of such party; provided, however, that neither party will be liable for any Indemnified Loss to the extent:

- (a) Such loss is covered by the insurance policies described in this Paragraph 8 (the “Policies”);
- (b) Such loss is covered by the Policies but the amount of such loss exceeds the policy limits specified by Client; or
- (c) Such loss consists of expenses incurred in connection with any loss covered in whole or in part by the Policies but such expenses are not fully covered by the Policies.
- (d) Such loss is caused by the gross negligence or willful misconduct of the Indemnitee.

For purposes of this Agreement, (i) Client and its affiliates (other than the manager and its affiliates), if any, shall be the Indemnitees in any case in which the manager is the Indemnitor; and (ii) the manager and its officers, directors, employees, shareholders and affiliates (excluding Client and its members and managers, if any) shall be the Indemnitees in any case in which Client is the Indemnitor.

8.5 LIMITATION ON LIABILITY. EACH PARTY ACKNOWLEDGES AND AGREES THAT:

- (a) THE PROCEEDS OF INSURANCE TO WHICH IT IS ENTITLED;
- (b) ITS RIGHTS TO INDEMNIFICATION FROM THE OTHER PARTY UNDER PARAGRAPH 8.5; AND

- (c) ITS RIGHT TO DIRECT DAMAGES ARISING IN CONTRACT FROM A BREACH OF THE OTHER PARTY'S OBLIGATIONS UNDER THIS AGREEMENT ARE THE SOLE REMEDIES FOR ANY DAMAGE, LOSS, OR EXPENSE ARISING OUT OF THIS AGREEMENT OR THE SERVICES PROVIDED HEREUNDER OR CONTEMPLATED HEREBY.

EXCEPT AS EXPRESSLY SET FORTH IN THIS PARAGRAPH 9.6, EACH PARTY WAIVES ANY RIGHT TO RECOVER ANY DAMAGE, LOSS OR EXPENSE ARISING OUT OF THIS AGREEMENT OR THE SERVICES PROVIDED HEREUNDER OR CONTEMPLATED HEREBY. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR OR HAVE ANY DUTY FOR INDEMNIFICATION OR CONTRIBUTION TO THE OTHER PARTY FOR ANY CLAIMED INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, OR FOR ANY DAMAGES CONSISTING OF DAMAGES FOR LOSS OF USE, REVENUE, PROFIT, BUSINESS OPPORTUNITIES AND THE LIKE, OR DEPRECIATION OF VALUE OF THE AIRCRAFT, OR INSURANCE DEDUCTIBLE, EVEN IF THE PARTY HAD BEEN ADVISED, OR KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.

- 8.6 Survival. The provisions of Paragraphs 8.5 and 8.6 will survive the termination or expiration of this Agreement.

## **9. Duration, Notification, and Termination**

- 9.1 Term. The Term of the Agreement is as set forth in Section III of the Specific Terms. Notwithstanding anything herein to the contrary, this Agreement shall terminate upon the occurrence of an Event of Default, or upon the expiration or earlier termination of the Agreement. The term of this Agreement may be extended by mutual written agreement of the parties.

- 9.2 Right of Termination. Notwithstanding anything herein to the contrary, either party may terminate this Agreement at any time upon not less than 30 days prior written notification to the other.
- 9.3 Notices. All notices or other communications delivered or given under this Agreement shall be in writing and shall be deemed to have been duly given if hand-delivered, sent by certified or registered mail, return receipt requested, or nationally-utilized overnight delivery service, Portable Document Format (“PDF”) or confirmed facsimile transmission, as the case may be. Such notices shall be addressed to the parties at the addresses set forth in Section IV of the Specific Terms, or to such other address as may be designated by any party in a writing delivered to the other in the manner set forth in this Paragraph 10.3. Notices sent by certified or registered mail shall be deemed received three business days after being mailed. All other notices shall be deemed received on the date delivered. Routine communications may be made by e-mail or fax to the addresses set forth therein.
- 9.4 Default. In addition to the termination provisions set forth in the second sentence of Paragraph 9.1 and in Paragraph 9.2, this Agreement may be terminated immediately by the party not in default (without prejudice to any other rights that such party may have) upon written notice to the defaulting party in the event of any of the following:
- (a) failure of the defaulting party to make payments due hereunder within five business days of a notice from the non-defaulting party that such payment was not timely made when due;
  - (b) except as provided in Paragraph 9.4(c)-(e), violation or default of any term, obligation or condition of a non-monetary nature set forth in this Agreement, together with a failure to cure within ten days after receipt of written notice of such violation;

- (c) breach of any material warranty or provision, or falsity of any material representation, made by Client or the manager in connection with this Agreement.
- (d if the Aircraft is operated by or maintained in violation of any law, regulation,  
) directive or order of any governmental authority or in violation of any provision of any insurance policy contemplated by this Agreement;
- (e) lapse of insurance coverage required to be kept in force by either party; or
- (f) if Client or the manager shall make a general assignment for the benefit of creditors, or be declared insolvent or bankrupt under any bankruptcy, insolvency or other similar law, or commence a voluntary proceeding seeking liquidation, reorganization or other relief under any such law or seeking the appointment of a receiver or liquidator over any substantial portion of their respective assets.

## **10. Force Majeure**

10. General. Neither party will be deemed to be in breach of its obligations hereunder or  
1 have any liability for any delay, cancellation, or damage arising in whole or in part from any act of God, act of nature, acts of civil or military authority, civil unrest, war, terrorism, strike or labor dispute, mechanical failure, lack of essential supplies or parts, or for any cause, whether similar or dissimilar to any of the foregoing, beyond the reasonable control of such party. The time required for any performance hereunder shall be extended by the duration of any such event(s).

## **11. Liens**



11. No Liens. the manager agrees that it shall not lien or otherwise encumber, or create or  
1 place any lien or other encumbrance of any kind whatsoever, on or against the  
Aircraft for any reason. the manager also will ensure that no liens or encumbrances of  
any kind whatsoever are created or placed against the Aircraft for claims against the  
manager or by the manager. In the event that any mechanic's liens or other  
encumbrances are created or placed against the Aircraft by a third party, the manager  
shall take all necessary action to discharge such liens at Client's expense as quickly  
as possible.

## 12. **Miscellaneous**

12. Governing Law. This Agreement shall be governed by and construed in accordance  
1 with the laws of the State of Texas, without regard to any provisions of law regarding  
conflicts of laws. If any provision of this Agreement conflicts with any statute or  
rule of law of the State of Texas or is otherwise unenforceable, such provision shall  
be deemed null and void only to the extent of such conflict or unenforceability and  
shall be deemed separate from and shall not invalidate any other provision of this  
Agreement, and said provisions shall be amended to the least extent possible to make  
the provision compliant with law.

12. Headings. Captions and paragraph headings in this Agreement are inserted only as a  
2 matter of convenience, and in no way define, limit, extend or interpret the scope of  
this Agreement or of any particular section.

12. Modification. This Agreement shall not be modified or amended or any provision  
3 waived except by an instrument in writing signed by authorized representatives of the  
parties.

12. Legal Fees and Other Costs and Expenses. In the event of any dispute, litigation or  
4 arbitration between the parties with respect to the subject matter of this Agreement, the unsuccessful party to such dispute, litigation or arbitration shall pay to the successful party all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred therein by the successful party, all of which shall be included in and as a part of the judgment or award rendered in such dispute, litigation or arbitration. For purposes of this Agreement, the term "successful party" shall mean the party which achieves substantially the relief sought, whether by judgment, order, settlement or otherwise.

12.5 Successors and Assigns. Neither party shall have the right to assign this Agreement without the prior written consent of the other party. This Agreement shall be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns, and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

12.6 Counterparts. This Agreement may for all purposes be executed in several counterparts, each of which shall be deemed an original, and all such counterparts, taken together, shall constitute the same instrument, even though all parties may not have executed the same counterpart of this Agreement. Each party may transmit its signature by confirmed facsimile or PDF transmission, and such signatures shall have the same force and effect as an original signature.

12.7 Jurisdiction and Venue. Any legal action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby may be instituted in any state or federal court in the State of Texas. Each party waives any objection which such party may now or hereinafter have to the laying of the venue in Dallas County, Texas in any such action, suit or proceeding, and irrevocably submits to the jurisdiction of the State of Texas, and of any such court in any such action, suit or proceeding.

12.8 Integration. This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all other agreements, understandings, communications, representations or negotiations, whether oral or written, between the parties with respect to the management of the Aircraft. There are no other agreements, representations or warranties, whether oral or written, express or implied, relating to the management of the Aircraft that are not expressly set forth in this Agreement.

12.9 No Partnership or Joint Venture. Nothing contained in this Agreement will in any way create any partnership or joint venture relationship between the manager and Client or be construed as evidence of the intention of the parties to constitute such.

**(the remainder of this page has been left blank)**

IN WITNESS WHEREOF, the parties have executed this Aircraft Management Agreement as of the Effective Date shown in Section III of the Specific Terms.

**XYZ Aviation**

By:       /s/        
\_\_\_\_\_

By:       /s/        
\_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_