



**REGULAR MEETING & WORK SESSION
OF THE CITY COUNCIL**

May 22, 2018

ADDISON TOWN HALL

**5300 BELT LINE RD., DALLAS, TX 75254
5:00 PM EXECUTIVE SESSION & WORK SESSION
7:30 PM REGULAR MEETING**

Closed (executive) session of the Addison City Council pursuant to:

Section 551.071, Tex. Gov. Code, to conduct a private consultation with its attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Tex. Gov. Code, pertaining to:

- **The ponds or lakes at Vitruvian Park located within the vicinity and east of the intersection of Vitruvian Way and Ponte Ave., and Farmers Branch Creek**

RECONVENE INTO REGULAR SESSION: In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matters discussed in Executive Session.

WORK SESSION

3. Present and Discuss the **Town of Addison's Adopt-A-Park Program in Partial Fulfillment of the Requirements Under the Texas Commission on Environmental Quality's (TCEQ) Small Municipal Separate Storm Sewer System (MS4) Permit.**

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4. Present and Discuss the Preliminary Design of the **Customs and Border Protection Facility at Addison Airport.**
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REGULAR MEETING

Pledge of Allegiance

Announcements and Acknowledgements regarding Town and Council Events and Activities

Discussion of Events/Meetings

Public Comment.

The City Council invites citizens to address the City Council on any topic not on this agenda. Please fill out a **City Council Appearance Card** and submit it to a city staff member prior to Public Participation. Speakers are allowed **up to three (3) minutes per speaker** with **fifteen (15) total minutes** on items of interest or concern and not on items that are on the current agenda. In accordance with the Texas Open Meetings Act, the City Council cannot take action on items not listed on the agenda. The Council may choose to place the item on a future agenda.

Consent Agenda:

All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.

6. Consider Action to Approve the **Minutes from the April 23, 2018, April 24, 2018, and May 15, 2018 City Council Meetings.**
 7. Consider Action to Approve a **Resolution to Give Consent to the Proposed Assignment of Ground Lease from Key Development, LLC, to StoneDome Real Estate, LLC, for the Property Located at 4500 Westgrove Drive at Addison Airport and Authorize the City Manager to Execute the Agreement.**
 8. Consider Action to Approve a **Resolution to Give Consent to the Sale and Assignment of Ground Lease from KPI Properties, Inc., to PSR Air Services, LLC, for the Property Located at 4554 Claire Chennault Drive at Addison Airport and to Authorize the City Manager to Execute the Agreement.**
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9. Consider Action to Approve a **Resolution for an Emergency Purchase for the Repair of the Airport's Engineered Materials Arresting System (EMAS) in the Amount of \$447,415.**

10. Consider Action to Approve a **Resolution Supporting a Dallas Area Rapid Transit (DART) Service Plan Amendment to Add a Fixed Guideway Route West of the Green Line on the Proposed Cotton Belt Regional Rail Corridor Alignment and Providing for Additional Requests to the DART Board.**

11. Consider Action to Approve a **Resolution Appointing Irma Parker to serve as the City Secretary for the Town of Addison.**

12. Consider Action to Approve a **Resolution Commemorating the Service of Michael Miles, Vice President of Government Relations, with Dallas Area Rapid Transit (DART) Upon his Retirement Effective June 1, 2018.**

13. Consider Action on a Resolution to **Reappoint Steve Mitchell, City of Richardson Council Member, as the Primary Representative and Ivan Hughes as the Alternate Representative to the Regional Transportation Council (RTC) of the North Central Texas Council of Governments.**

14. Consider Action to Approve a **Resolution Accepting the Resignation of Denise Quintanilla from the Planning and Zoning Commission.**

15. Consider Action to Approve a **Resolution for a Permanent Air Rights Easement Agreement with Urban Intown Homes, LTD to Allow Certain Townhome Units to Extend Over Public Easements Within the Addison Grove Development and to Authorize the City Manager to Execute the Agreement.**

Regular Items

16. Present, Discuss, and Consider Action on the **HVAC Improvements Bid for the Addison Athletic Club.**

 17. Hold a Public Hearing, Present, Discuss and Consider Action to Approve an **Ordinance Rezoning the Property Located at 16803 Dallas Parkway, North of Excel Parkway, Which Property is Currently Zoned Local Retail (LR), to A Commercial-1 (C-1) Zoning District.** Case 1775-Z/16803 Dallas Parkway.
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18. Hold a Public Hearing, Present, Discuss, and Consider Action on an **Ordinance Changing the Zoning on Property Located at 4980 Belt Line Road, Suite 250 and Suite 100A, at the Southwest Corner of Belt Line Road and Quorum Drive, Which Property is Currently Zoned Planned Development (PD), Through Ordinance 001-002, by Approving a New Special Use Permit for a Restaurant with the Sale of Alcoholic Beverages for On-Premises Consumption Only, in Order to Allow an Expansion in Floor Area.** Case 1776-SUP/The Improv.

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19. Present, Discuss, And Consider Action To Approve The **Location For One (1) Glass and Corten Steel Sculpture Located in the Northwest Corner of Bosque Park.**

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20. Present and Discuss the **Finance Department Quarterly Financial Report of the Town for the Quarter Ended March 31, 2018.**

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21. Present, Discuss, and Consider Action on a **Resolution for a Professional Services Agreement with Dannenbaum Engineering Corp., for the Design of the Basin I Sanitary Sewer Improvements Project and Authorize the City Manager to Execute the Agreement** in an Amount not to Exceed \$309,961.

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22. Present, Discuss, and Consider Action on the **Replacement Process to Fill One (1) Vacancy on the Planning and Zoning Commission.**

Adjourn Meeting

NOTE: The City Council reserves the right to meet in Executive Session closed to the public at any time in the course of this meeting to discuss matters listed on the agenda, as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551, including §551.071 (private consultation with the attorney for the City); §551.072 (purchase, exchange, lease or value of real property); §551.074 (personnel or to hear complaints against personnel); §551.076 (deployment, or specific occasions for implementation of security personnel or devices); and §551.087 (economic development negotiations). Any decision held on such matters will be taken or conducted in Open Session following the conclusion of the Executive Session.

Posted:
Christie Wilson, May 17, by 5:00 p.m.

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH DISABILITIES. PLEASE
CALL (972) 450-7090 AT LEAST
48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

AI-2545

3.

Work Session and Regular Meeting

Meeting Date: 05/22/2018

Department: Infrastructure- Development Services

AGENDA CAPTION:

Present and Discuss the **Town of Addison's Adopt-A-Park Program in Partial Fulfillment of the Requirements Under the Texas Commission on Environmental Quality's (TCEQ) Small Municipal Separate Storm Sewer System (MS4) Permit.**

BACKGROUND:

The Town of Addison is required to comply with the requirements of the Texas Commission on Environmental Quality's (TCEQ) Small Municipal Separate Storm Sewer System (MS4) program. The MS4 permit requires that the Town develop strategies for improving stormwater run-off in the following five Minimum Control Measures (MCMs) categories:

1. Public Education Outreach and Involvement
2. Illicit Discharge Detection and Elimination
3. Construction Site Stormwater Runoff Control
4. Post-Construction Stormwater Management in New and Redevelopment
5. Pollution Prevention and Good Housekeeping for Municipal Operations.

Under each MCM, the Town must implement an undefined number of Best Management Practices (BMPs) that will address each category.

At the start of each 5-year permit cycle, BMPs are selected by staff that address each of the five MCMs. For the current permit cycle, the Adopt-a-Park program was selected to address the Public Education Outreach and Involvement MCM.

Staff will provide a briefing on the requirements of the MS4 permit, in general, and the specifics of the Adopt-a-Park program. The presentation is attached.

RECOMMENDATION:

Information only, no action required.

Attachments

Presentation - Adopt-A-Park Program



May 22, 2018

What is Adopt-A-Park?



Adopt-A-Park is a **Parks Department** program that addresses **stormwater requirements** and is facilitated by **Addison Addvocates**.

MS4 Importance



- Small Municipal Separate Storm Sewer System (MS4) Stormwater (SW) Federal Permit
 - Regulated by the Texas Commission on Environmental Quality (TCEQ)
- Requires Stormwater Management Plan (SWMP) to include five minimum control measures (MCMs)
 - Public Education, Outreach, & Involvement
 - Illicit Discharge, Detection, & Elimination
 - Construction Site Stormwater Runoff Control
 - Post Construction Stormwater Management in New Development and Redevelopment
 - Pollution Prevention and Good Housekeeping for Municipal Operations
- Each MCM is fulfilled by implementing an undefined number of best management practices (BMPs)

Illustration of MCM and BMP Relationship



MCM Public Education and Outreach	MCM Illicit Discharge Detection and Elimination (IDDE)	MCM Construction Site Stormwater Runoff Control
BMPs: Adopt-A-Park Regional Partnerships Stormwater Education	BMPs: Dry Weather Field Screenings Education and Training on IDDEs Public Reporting and Response Procedures	BMPs: Construction Site SW Training Site Inspection and Enforcement Plan Review Procedures

Adopt-A-Park Origination



- Each permit cycle of the MS4 lasts 5 years
- At the start of each permit cycle:
 - BMPs are selected by the Town
- Shortly before the start of Year 1 (January 1, 2014-January 15, 2015) of the permit cycle, the BMP of “Adopt-A-Park” was selected per the recommendation of our stormwater annual report consultant, TNP, and staff agreement
 - According to the permit schedule, Adopt-A-Park was slated to start in Year 4, 2016-2017

Creation of Adopt-A-Park



- Year 4, 2016-2017, of the stormwater permit cycle triggered the creation of Adopt-A-Park
- The measurable goal definition of Adopt-A-Park (AAP) requires the Town to:
 - Provide the AAP program in Year 4 (2016-2017)
 - Advertise the AAP program on the Town website in Year 4 & 5 (2016-2017 and 2017-2018)
 - Track the areas adopted in Year 4 & 5 (2016-2017 and 2017-2018)

Implementation Process



- Infrastructure (IDS) met with the Parks Department on 3/3/17 to discuss ideas for launching the program
 - Using [The City of McKinney](#) as a model
- IDS received direction from Parks to coordinate with Marketing and Volunteer Services
- Upon discussion of developing the program, it was discovered Volunteer Services was already tracking the required information for the MS4 permit
- Implementation then shifted from creating a program to merely merging Adopt-A-Park with Addison Advocates current operating procedures and giving AAP a logo for identification purposes

Adopt-A-Park Operating Procedures



- AAP has a Town [webpage](#) which is located on the Parks website
- The AAP webpage reroutes interested parties to the Addison Advocates application
- Once the application is complete, volunteers are delegated volunteer opportunities by the Volunteer Coordinator to participate in Town programs
 - For example Kaboom Town, ACAP, and Parks beautification efforts
 - Adopt-A-Park hours are counted as the Addison Advocates “Parks” category
- These hours are tracked and recorded by the Volunteer Coordinator

Importance of Registration with Addison Advocates



- To maintain a centralized location to serve as a gateway for volunteers
- Enables the Volunteer Coordinator to verify accurate application information
- To conduct background checks
 - Adds legitimacy to the Town's due diligence efforts in screening volunteers
- Allows Town Staff to create volunteer schedules and delegate Town personnel to supervise volunteer activity
- Utilize hours to:
 - Track community involvement (individuals and groups)
 - Justify positions such as the volunteer coordinator
- Abide by the Town's policy manual for volunteer programs
- To validate the fulfillment of the stormwater permit reporting requirements with measurable data

Questions?



AI-2700

4.

Work Session and Regular Meeting

Meeting Date: 05/22/2018

Department: Infrastructure- Development Services

AGENDA CAPTION:

Present and Discuss the Preliminary Design of the **Customs and Border Protection Facility at Addison Airport.**

BACKGROUND:

The preliminary design of the Customs and Border Council will be presented to Council to solicit input.

At the April 24, 2018 meeting, Council directed staff to develop the design of the two-story Customs and Border Protection (CBP) facility with the inclusion of the airport administration office at the mid-field site in the vicinity of 4553 Jimmy Doolittle on Addison Airport. Page, Southerland, Page, Inc., the design architect, and staff will provide an overview of the conceptual design in order to solicit, receive, and incorporate Council's comments into the final design.

The preliminary design incorporates CBP's space, Information Technology, and security requirements, as well as adequate space for the airport administration office and function. The square footage for the portion of the facility that is devoted to Customs and regulated garbage is 4,503 square feet and the airport administration portion is 6,452 square feet that includes the stairway and elevator portion. Also included in the design is the airfield and landside pavement improvements, required parking spaces, space for the disposal of United States Department of Agriculture (USDA) regulated garbage, security fencing, and landscaping improvements.

RECOMMENDATION:

Information only, no action required.

Attachments

Presentation - Customs Facility Preliminary Design

Map - Site Alternatives

Customs and Border Protection Facility Design

May 22, 2018

The logo for ADDISON is a white circle containing the word "ADDISON" in blue, uppercase, sans-serif font. The circle is positioned on the right side of the slide, overlapping a blue and grey geometric background.

ADDISON

Project Background

- May 2015 – Non-compliance letter received from U.S. Customs and Border Protection
 - “...must satisfy Customs and Border Protection facility standards...”
 - Several areas of deficiencies noted
 - Changes required to maintain service
 - If not made, subject to 120-day termination of Customs service
- Options to reach compliance:
 - Retrofit an existing building; or
 - construct a new facility (current facility cannot be made compliant)

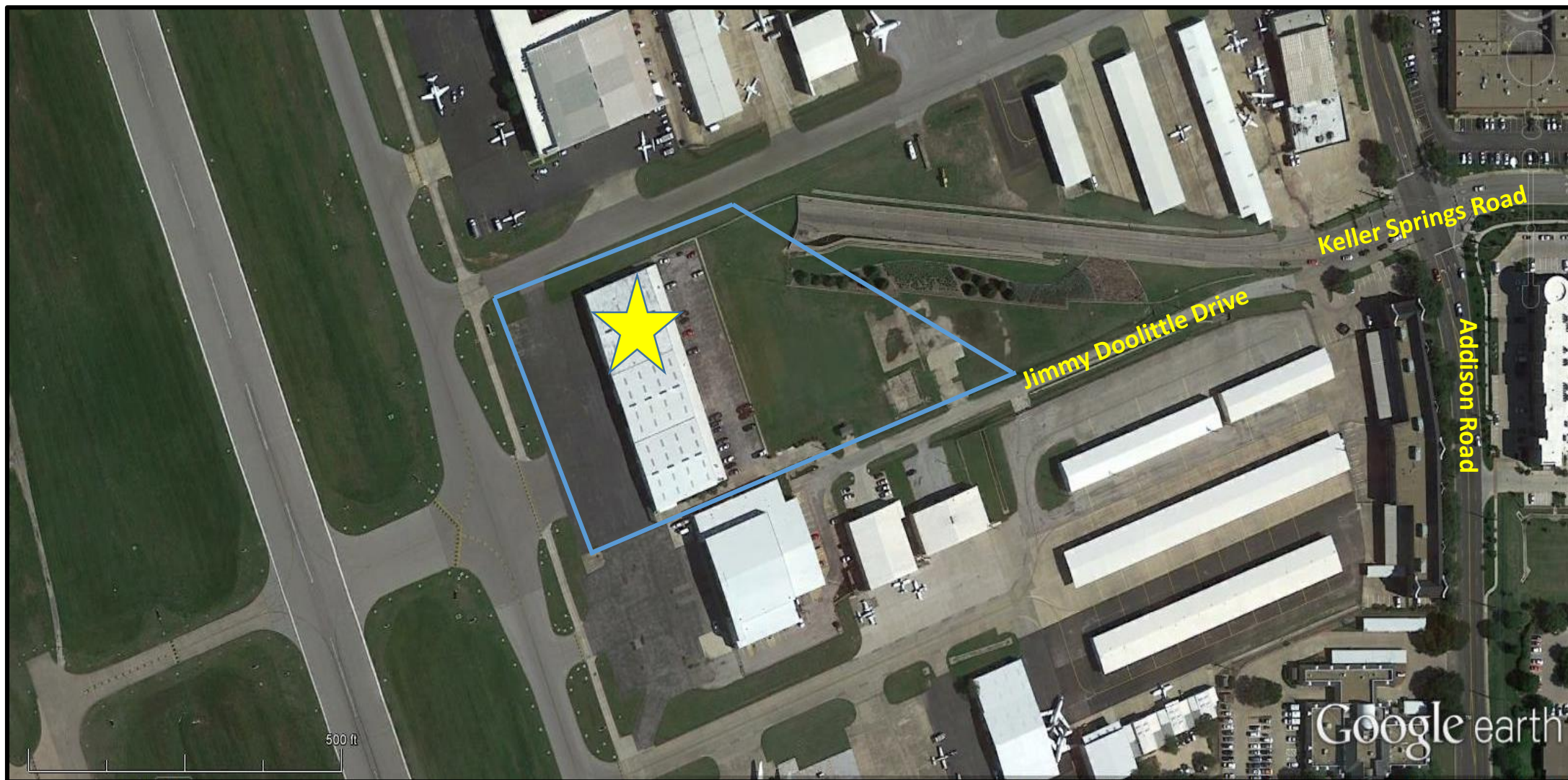
Project Background

- October 11, 2016 – Council directed staff to explore three site alternatives for a new Customs facility
- February 28, 2017 – Page, Southerland, Page, Inc., selected to conduct site analysis and provide facility cost estimates
- July 11, 2017 – Council selected the mid-field site for the construction of a Customs facility with the possible addition of airport administration offices as a stand-alone building or combined with the Customs facility

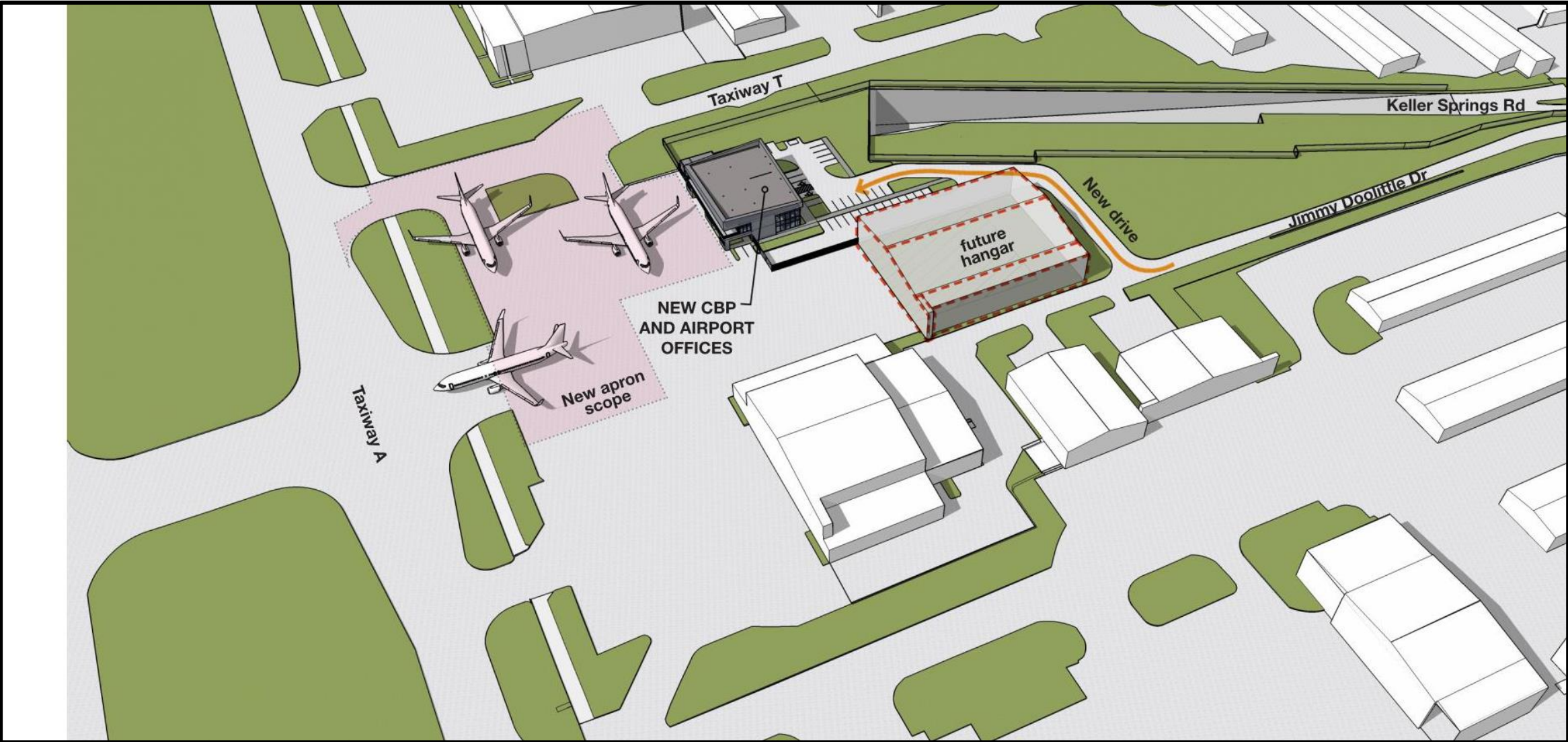
Project Background

- January 9, 2018 – Council approved a contract with Page to design the Customs facility on the mid-field site and to develop cost estimates for the Customs facility and the airport office
 - Decision on whether to include airport administration office to be made when schematic design is complete
- April 24, 2018 – Council approved the design of a two-story Customs facility combined with airport administration offices to be funded with debt financing

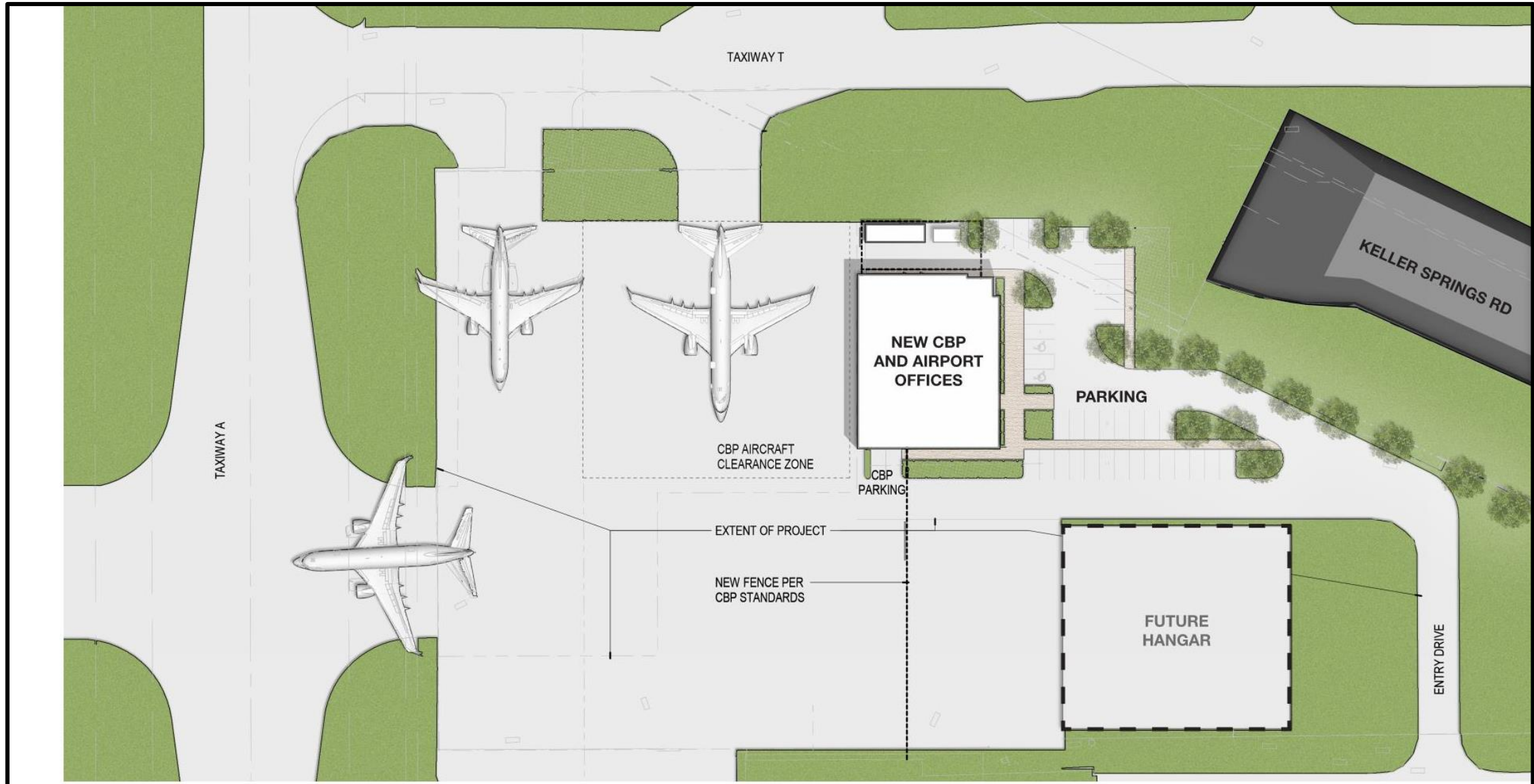
U.S. Customs and Border Protection Midfield Site



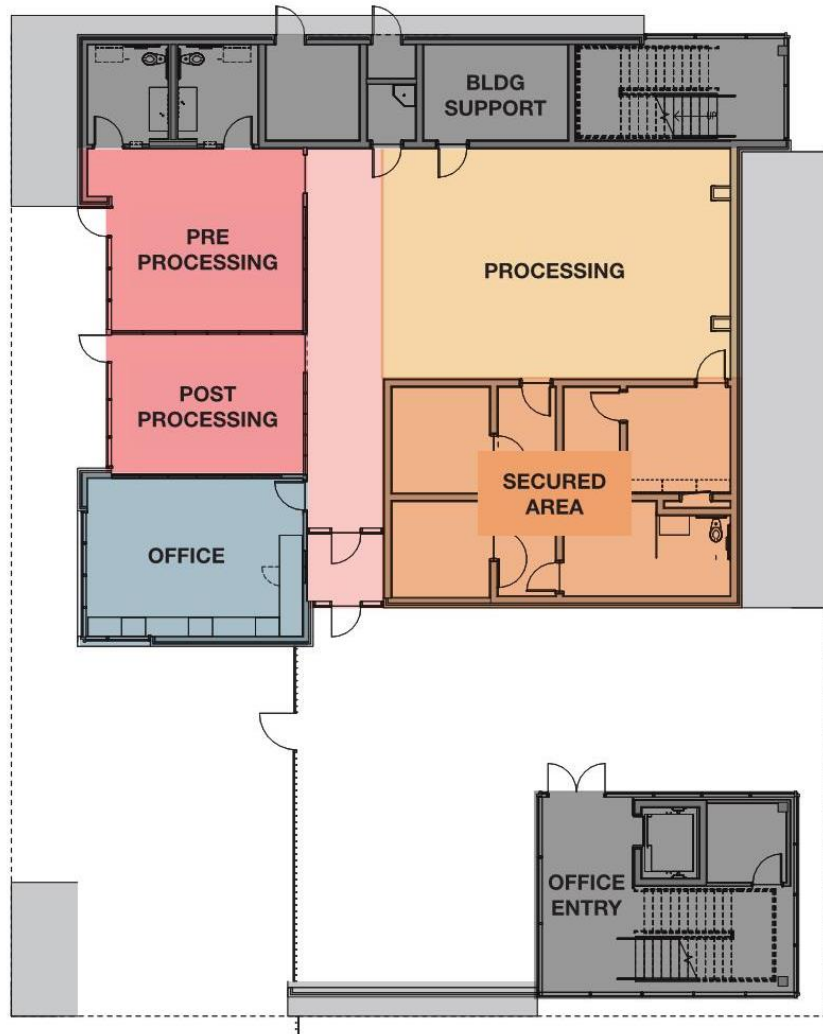
Site Aerial View



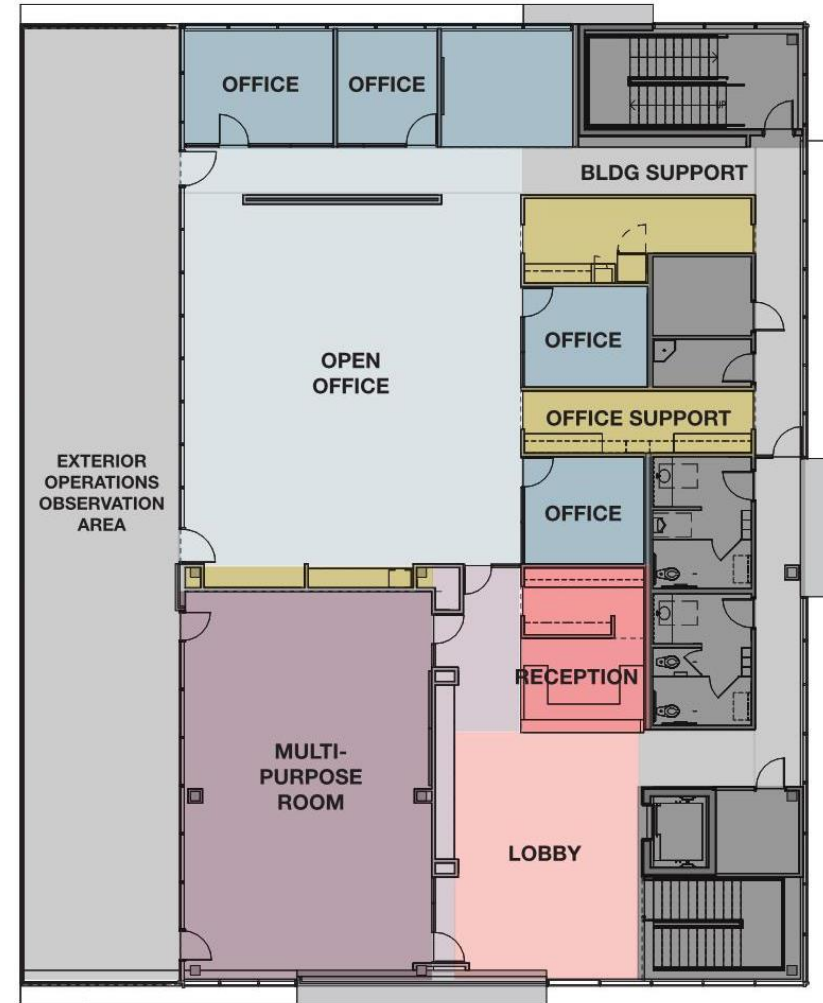
Site Plan



Floor Plans



FIRST FLOOR PLAN



SECOND FLOOR PLAN

Air side view

ADDISON



Land side view

ADDISON



Next Steps

- Design Development underway now
- August 2018 - Demolition package to be advertised
- July 2018 – Design Development complete
- October 2018 - Construction documents complete
- October 2018 - Construction advertised on BidSync
- December 2018 - Construction to begin - 18 months duration

Questions?



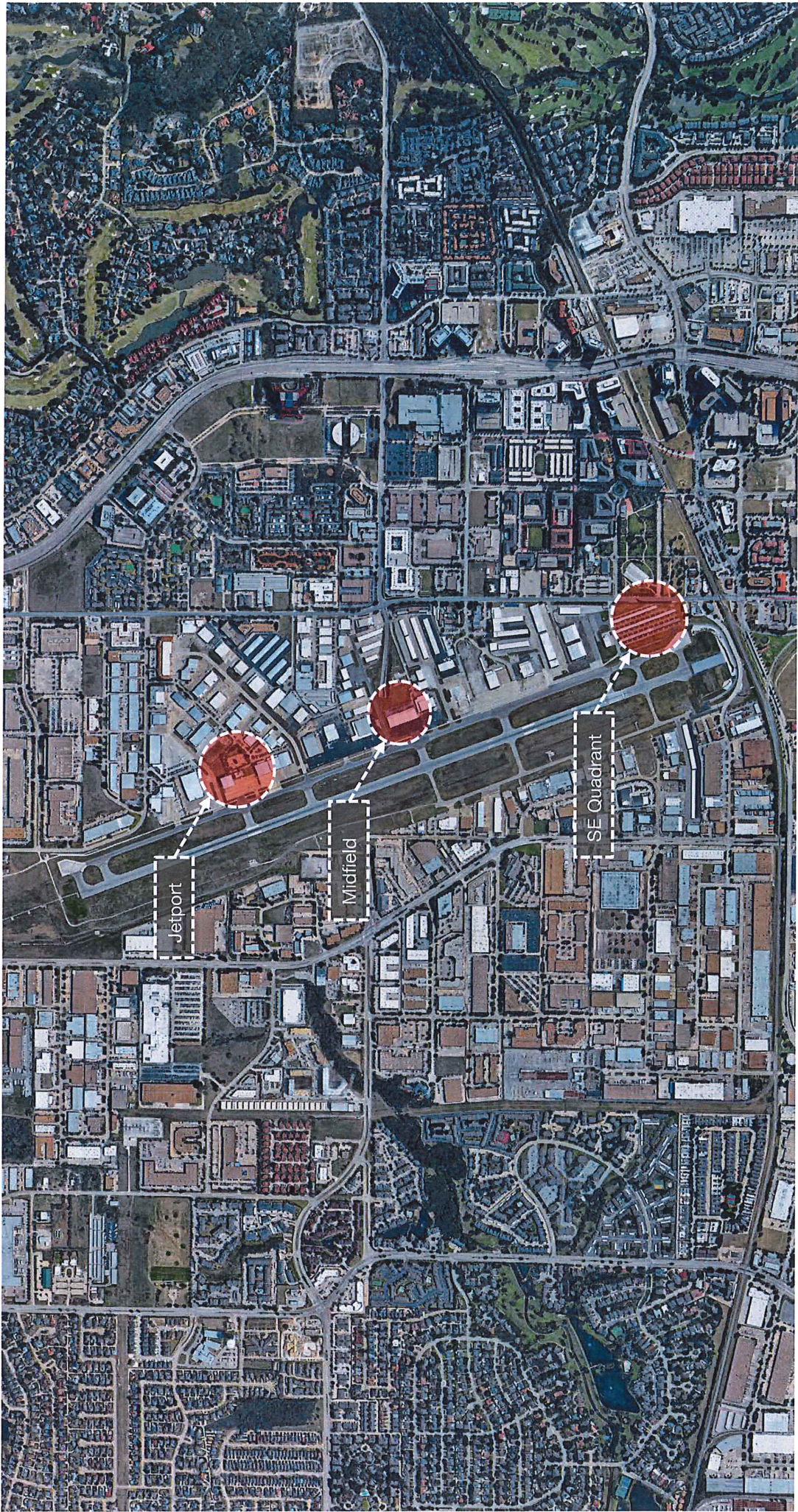


Exhibit A - ADS FIS Site Options

AI-2692

6.

Work Session and Regular Meeting

Meeting Date: 05/22/2018

Department: City Secretary

AGENDA CAPTION:

Consider Action to Approve the Minutes from the April 23, 2018, April 24, 2018, and May 15, 2018 City Council Meetings.

BACKGROUND:

The City Secretary prepared the meeting minutes for approval.

RECOMMENDATION:

Administration recommends approval.

Attachments

Minutes- April 23, 2018

Minutes- May 15, 2018

Minutes- April 24, 2018

DRAFT

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL SPECIAL EXECUTIVE SESSION

April 23, 2018

4:00 P.M.

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254

Present: Mayor Joe Chow; Mayor Pro Tempore Ivan Hughes; Deputy Mayor Pro Tempore Jim Duffy; Councilmember Al Angell; Councilmember Tom Braun; Councilmember Paul Walden; Councilmember Lori Ward

EXECUTIVE SESSION 1. Closed (executive) session of the Addison City Council pursuant to: Section 551.074, Tex. Gov. Code, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, pertaining to:

- City Secretary Candidate Interviews

Executive Session was convened at 4:06 p.m.

Recess was taken from 5:15 p.m. to 5:30 p.m.

2. RECONVENE INTO REGULAR SESSION: In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matters discussed in Executive Session.

Open Session Reconvened at 7:04 p.m. There was no action taken.

The meeting was adjourned at 7:04 p.m.

Mayor Joe Chow

Attest:

Christie Wilson, Interim City Secretary

DRAFT

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL SPECIAL MEETING

Addison Town Hall
5300 Belt Line Rd.
Dallas, TX 75254
5:00 p.m.
May 15, 2018

Present: Mayor Joe Chow; Mayor Pro Tempore Ivan Hughes; Deputy Mayor Pro Tempore Jim Duffy; Councilmember Al Angell; Councilmember Tom Braun; Councilmember Paul Walden; Councilmember Lori Ward

PLEDGE OF ALLEGIANCE

SPECIAL MEETING

1. Present, Discuss and Consider Action on an **Ordinance Canvassing the Returns of the May 5, 2018 General Election for Three (3) Council Members.**

Mayor Chow read the results of the May 5, 2018 City Council Election as follows:

<u>Name of Candidates</u>	<u>Total Votes</u>
Leslie A. Gray	366
Mike White	32
Sheila Barkofske	441
Paul Walden	606
Guillermo Quintanilla	615

John Price 443

Marlin Willesen 506

He stated that Paul Walden, Guillermo Quintanilla, and Marlin Willesen received the most votes.

Motion to approve- Councilmember Braun; second by Mayor Pro Tem Hughes; motion passed with a vote of 7-0.

2. Present **Recognition Plaques to Outgoing Council Members.**

Mayor Chow expressed his thanks and appreciation to Jim Duffy and Al Angel for their service on the Addison City Council. He offered both an opportunity to speak. Mr. Duffy expressed his appreciation to the Council members, staff and City Manager Wes Pierson. Mr. Angel also expressed his sentiments to the other Council members, the City Manager, and his wife, Lynn, for her support during his time on Council. Mayor Chow then presented Mr. Duffy and Mr. Angel plaques of appreciation from the Town of Addison.

3. Administer the **Oaths of Office to Elected Council Members.**

Mayor Chow administered the Oath of Office first to seated Council member Paul Walden, then to Guillermo Quintanilla and Marlin Willesen.

4. Present, Discuss and Consider **Nominations and Appointment of the Mayor Pro Tem and Deputy Mayor Pro Tem.**

Mayor Chow thanked Ivan Hughes for his service as Mayor Pro Tem and Jim Duffy for his service as Deputy Mayor Pro Tem over the past year. Mayor Chow pointed out that Council members' wives are appreciated as well for the role they play in support of the Council members.

Mayor Chow made a motion to appoint Paul Walden as Mayor Pro Tem and Tom Braun as Deputy Mayor Pro Tem; second by Councilmember Hughes; motion passed with a vote of 7-0.

Mayor Chow noted that this weekend is the Taste Addison event as well as a Wildflower Festival in Richardson.

At this time City Manager Pierson expressed his appreciation to both out-going Council members for their experience and helpfulness to him in the past.

Meeting was adjourned at 5:18 p.m.

Joe Chow, Mayor

Attest:

Christie Wilson, Interim City Secretary

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL

April 24, 2018

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254

5:00 p.m. Executive Session & Work Session

7:30 Regular Meeting

Present: Mayor Joe Chow; Mayor Pro Tempore Ivan Hughes; Deputy Mayor Pro Tempore Jim Duffy; Councilmember Al Angell; Councilmember Tom Braun; Councilmember Paul Walden; Councilmember Lori Ward

1. Closed (executive) session of the Addison City Council pursuant to:

Section 551.071, Tex. Gov. Code, to conduct a private consultation with its attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Tex. Gov. Code, pertaining to:

- **The ponds or lakes at Vitruvian Park located within the vicinity and east of the intersection of Vitruvian Way and Ponte Ave., and Farmers Branch Creek**
- **The letter from the City of Farmers Branch terminating the unmetered sanitary sewer flow for the Sanitary Sewer Basin I that is located in the vicinity west of Inwood Road, south of Belt Line Road, and along Beltway Drive to Midway Road effective May 25, 2018**

Section 551.074, Tex. Gov. Code, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, pertaining to:

- **City Secretary**

Executive Session convened at 5:05 p.m.

2. RECONVENE INTO REGULAR SESSION: In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matters discussed in Executive Session.

Open Session reconvened at 6:55 p.m.

There was no action taken on **The letter from the City of Farmers Branch terminating the unmetered sanitary sewer flow for the Sanitary Sewer Basin I that is location in the**

vicinity west of Inwood Road, south of Belt Line Road, and along Beltway Drive to Midway Road effective May 25, 2018.

The following motion was made regarding **Section 551.074, Tex. Gov. Code, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, pertaining to: City Secretary:**

I move that we appoint Irma Parker as city secretary as discussed in Executive Session- Mayor Pro Tem Hughes; second by Councilmember Angell; motion passed with a vote of 7-0.

Work Session began at 7:01 p.m.

WORK SESSION

3. Present and Discuss the **Town of Addison's Joint Effort with the Cities of Carrollton, Coppell, and Farmers Branch to Solicit Two Requests for Proposals (RFPs) for Debris Removal and Debris Monitoring Services.**

Development Services Management Assistant Marissa Paz presented this item to the Council. She explained that the Town had an opportunity to participate with neighboring cities (Carrollton, Coppell and Farmers Branch) on development of a Request for Proposals (RFP) for Debris Removal and Monitoring Services. Staff from the four cities are ready to move forward issuing the RFP if Council is in agreement to do so. Ms. Paz further explained that contracting with a vendor for debris removal services would be on a standby basis and no charges would be incurred unless the Town activated the service. She reviewed the circumstances around the December 2015 tornado that affected multiple cities in the Dallas area, and how having a service like this in place could only be beneficial should that ever occur in or near Addison. The monitoring portion of the RFP ensures that State and Federal regulations are followed.

Council members spoke in favor of moving forward with the plan.

-
4. Present and Discuss the **Process for Updating the Town's Development Regulations.**

Assistant Director of Development Services Charles Goff reviewed with the Council that the City Council's Strategic Plan for Fiscal Year (FY) 2018 includes a milestone to review Town ordinances and regulations with a focus on modernization in order to facilitate redevelopment. It was estimated that \$350,000 would be needed over two years to complete such a project. Accordingly, \$175,000 was budgeted in the current fiscal year with the same amount contemplated to be budgeted for FY 2019.

A Request for Proposals was issued with four (4) responses. Discussions with the preferred consultant revealed that since the Town does not have a Future Land Use Map it would be helpful to add that to the scope of work at an additional cost of \$85,000. Mr. Goff explained that a Future Land Use Map identifies desirable locations for different types of uses, provides general direction for new development and redevelopment, directs future growth, identifies areas for preservation, and can suggest high level design standards. It was noted that a Future Land Use Map is typically included as a part of a city's Comprehensive Plan, however the Town has never had one.

Council was requested to provide direction from three (3) options: 1) Continue the development regulation review without a Future Land Use Map; 2) Revise the scope of the development regulation review to incorporate development of a Future Land Use Map; 3) Do nothing. He provided the Pros and Cons of each option.

During Council's discussion it was pointed out that given the size of Addison and the limited amount of undeveloped areas, it might be better to allow development to be developer driven, allowing for consideration of any type of request. City Manager Wes Pierson added that a Future Land Use Map could be developed now as part of the review process or when the Town's Comprehensive Plan is updated in the future. Mr. Goff explained that without the map the development review would be similar to special area studies that have been implemented in the past.

The general consensus of Council was to move forward with the development regulation review without developing a Future Land Use Map.

Work Session concluded at 7:33 p.m.

Regular Session convened at 7:40 p.m.

REGULAR MEETING

Pledge of Allegiance

Announcements and Acknowledgements regarding Town and Council Events and Activities

City Manager Wes Pierson reminded everyone that early voting is on-going through May 1st. There will be no regular City Council meeting on May 8th and a special meeting will be held the following week to canvass the election results. Mr. Pierson also recognized Addison's Municipal Court staff for having received Level 1 Court Clerk Certification. Those recognized were Administrator Paula Dale, and Deputy Court Clerks Cheryl Spriggs, Julie Wyatt, and Alice Ramirez. Mr. Pierson expressed congratulations and appreciation to these individuals.

Discussion of Events/Meetings

There will be a DART public hearing at the Renaissance Hotel on Monday May

14th, 6:30 - 8:30 p.m. regarding the Draft Environmental Impact Study for the Cotton Belt Rail Line. The study identifies all potential impacts surrounding the planned rail line.

5. Public Comment.

The City Council invites citizens to address the City Council on any topic not on this agenda. Please fill out a **City Council Appearance Card** and submit it to a city staff member prior to Public Participation. Speakers are allowed **up to three (3) minutes per speaker with fifteen (15) total minutes** on items of interest or concern and not on items that are on the current agenda. In accordance with the Texas Open Meetings Act, the City Council cannot take action on items not listed on the agenda. The Council may choose to place the item on a future agenda.

Benjamin Paquette addressed the Council requesting the Town add "Pickle Ball" lines to the outdoor tennis courts.

Consent Agenda:

All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.

6. Consider Action to Approve the **Minutes from the April 10, 2018 Council Meeting and the April 16, 2018 Town Meeting.**
-

7. Consider Action to Approve a **Resolution for an Agreement with Meggitt Training Systems, Inc. for the Indoor Shooting Range Improvements Located at the Addison Police Station and Authorize the City Manager to Execute the Agreement in an Amount not to Exceed \$95,368.65.**
-

8. Consider Action to Approve a **Resolution Finding that Oncor Electric Delivery Company LLC's Application for Approval of a Distribution Cost Recovery Factor Pursuant to 16 Tex. Admin. Code § 25.243 to Increase Distribution Rates within the City Should be Denied; Finding that the City's Reasonable Rate Case Expenses Shall be Reimbursed by the Company; Finding that the Meeting at Which this Resolution is Passed is Open to the Public as Required by Law; Requiring Notice of this Resolution to the Company and Legal Counsel.**
-

9. Consider Action to Approve the **Quarterly Update from the Finance Committee to the City Council for the Period from January 2018 to March 2018.**
-

10. Consider Action to Approve a **Resolution for Turnkey Landscape and Irrigation Maintenance of the Vitruvian Way Medians, Vitruvian Development Savoye 1 Streetscape, Park Road Right-of-way and Parking Lot Island, Vitruvian Development Savoye 2 Streetscape, Vitruvian Development Fiori Streetscape and related areas, Spring Valley Road/Loos Right-of-way, Spring Valley Road Medians, Redding Trail Connector and George W. Bush Elementary School to Carruther's Landscape Management and Authorize the City Manager to Execute the Agreement in an Amount not to Exceed \$57,600.**

Motion to approve consent agenda items 6-10- Mayor Pro Tem Hughes; second by Deputy Mayor Pro Tem Duffy; motion passed with a vote of 7-0.

Regular Items

11. Present, Discuss, and Consider Action on a **Resolution to Ratify the Agreement to Settle the Lawsuit between the Town of Addison and Landmark Structures I, L.P., Urban Green Energy, and Freese and Nichols, Inc.**

City Manager Wes Pierson advised that this resolution is to ratify the agreement that settled the lawsuit with Landmark Structures. He added that the wind turbines will be removed as soon as possible however, five (5) days of low-level wind speeds are needed for workers to safely work on the water tower as well as the availability of a crane. Mr. Pierson explained that the agreement's Exhibit for Scope of Work currently has some blank lines however staff is expecting a letter detailing exactly how the work will be completed in the near future.

Motion to approve- Councilmember Braun; second by Councilmember Ward; motion passed with a vote of 7-0.

12. Hold a Public Hearing, Present, Discuss, and Consider Action on an **Ordinance Establishing Standards of Care for Youth Recreation Programs Conducted by the Town for Elementary Age Children Ages 5 Through 13; Providing for Compliance with Section 42.041(b)(14) of the Texas Human Resources Code.**

Assistant Director of Recreation Randy Rogers explained that a Standards of Care public hearing and ordinance adoption are required yearly according to State law. Adoption of the minimum standards ordinance will allow the Town to conduct youth programs for ages 5 through 13 during the summer and spring break. The intent is to provide quality recreation programs to the youth and families of the Town.

The public hearing was opened at 8:00 p.m. Benjamin Paquette spoke saying he will provide a Pickle Ball class in the gym. The public hearing was closed at 8:01 p.m.

Motion to approve- Councilmember Walden; second by Deputy Mayor Pro Tem Duffy; motion passed with a vote of 7-0.

-
13. Present, Discuss, and Consider the **Schematic Design and Funding Alternatives for the Customs and Border Protection Federal Inspection Services Facility and Whether to Include the Airport Administration Offices in the Final Design.**

Director of Infrastructure and Development Services Lisa Pyle presented this item. On January 9, 2018, Council approved an agreement with Page Southerland Page, Inc., (Page) for architectural design services related to the design of a Customs and Border Protection Federal Inspection Services (Customs) facility at Addison Airport. The scope of work for the agreement included the following:

1. A schematic design of the Customs facility to include the airport administrative office combined with the Customs facility.
2. A schematic design of the Customs facility as a separate, stand-alone facility.
3. A detailed, comprehensive cost estimate for each schematic design alternative.

The schematic design for the two options, the customs facility with airport administrative offices or the customs facility as a stand-alone facility, is complete and the cost estimates for each alternative have been developed. The Finance Department has reviewed the cost estimates that Page developed and has provided possible alternatives for funding the facility.

Director Pyles asked for direction from Council on two questions:

1. Should the airport administration offices be included in the final design of the Customs facility?
2. How should the facility be funded?

Page has developed the schematic design for the two options as well as the cost estimates for three alternatives.

Option A: 2-story Customs facility, plus airport office.

Option B, Phase 1: Single-story stand-alone Customs facility.

Option B, Phase 1 & 2: Customs facility and airport administration in separate buildings, built concurrently.

The cost estimates for each option are included below. Included in the total cost is the Customs facility, landside site improvements, airport administration offices where appropriate, airfield ramp and taxiway improvements, demolition costs, Information Technology, security, furniture, and equipment.

Scope Cost

Option A: 2-story Customs, plus airport office \$6,186,248

Option B, Phase 1: Single-story, stand-alone Customs Facility \$3,817,254

Option B, Phase 1 & 2: Customs Facility and airport administration office in separate buildings, built concurrently \$6,297,340

The Finance Department has reviewed the funds that are available in the Airport

fund, accounting for the required 25% reserve balance. The Airport fund has \$3,000,000 in excess of the required 25% fund reserve. Therefore, the fund does not have the capacity to pay cash for any of the above options without additional funds from other sources. The Airport fund could support the debt service for any of the options listed from annual operating revenues.

Director Pyles recommended that Option A, 2-story Customs facility with Airport office on the second floor, be designed and built and that 20-year Certificates of Obligation be used to fund the construction of the facility for the following reasons:

- a. Using cash from the Airport fund would leave the fund with little ability to fund other priorities, such as local match for TxDOT grants and other capital improvements.
- b. Debt service can be supported using annual operating revenues.
- c. There is not currently a "front door" at the airport that is easily accessible to visitors and airport users.
- d. The airport administration is currently in leased office space that does not have visibility to the airfield, nor easy access to it.
- e. Airport administration's proximity to the Customs ramp will facilitate identification of the user and collection of a fee for Customs services.
- f. Option A provides the most efficient use of the space available and leaves space for a future hangar development.
- g. All of the options have a negative Net Present Value and negative cash flow because the revenue from the Customs fee alone will not pay for the expenditure. The Net Present Value of Option B, however, is more favorable than Option A by \$824,754, even though it is still negative. Option B also has less of an impact on the annual cash flow than Option A by \$83,330. Option B, however, does not achieve other goals.

Council discussion included the size of the proposed office space as well as the number of current airport employees who would office there. The Mayor spoke in favor of Option A using 20-year certificates of obligation. City Manager Pierson reminded Council that the airport is an Enterprise Fund, meaning it is self-sustaining. He added that there are other projects that the \$3,000,000 in the Airport fund could be used for and this will give that flexibility. He also reminded Council that there is a legal advertising process to notify the public that must be followed when issuing certificates of obligation.

Motion to approve Option A and funding the debt service out of the operating revenue- Councilmember Angell; second by Deputy Mayor Pro Tem Duffy; motion passed with a vote of 7-0.

-
14. Present, Discuss, and Consider Action on the **Design of Improvements to Sanitary Sewer Basin I that is Located in the Vicinity West of Inwood Road, South of Belt Line Road, and along Beltway Drive to Midway Road.**

Lisa Pyles, Director of Infrastructure and Development Services, presented this item. She advised that in 1964, an agreement between the Town of Addison and the City of Farmers Branch allowed Addison to direct its sanitary sewer flows through Farmers Branch's sanitary sewer lines to the Trinity River

Authority's (TRA) sewage treatment plant. The term of the agreement was 50 years, renewable for additional 50-year periods at Addison's option.

When Addison's west side began to develop, the Town asked Farmers Branch for additional flow capacity in the sanitary sewer lines to accommodate the development growth. Farmers Branch refused the request and the dispute resulted in a lawsuit between the two cities. Subsequently, Addison and Farmers Branch entered into discussions on an interim agreement that would allow Addison to continue to send its sewage flow to the Farmers Branch system and on the construction of a sewer tunnel that would convey the then current and future flows from both cities to the treatment plant. The agreements stipulated the amount of flow that Addison could send to the Farmers Branch system and the associated fee for that service that was based on 120% of the rate being charged to Farmers Branch by TRA. The agreement left in place one unmetered basin. For the right to send sewage from that basin through Farmers Branch's sanitary sewer system to TRA, Addison was required to pay Farmers Branch an amount equal to 80% of the amount of the customer accounts of water consumption, times the then current TRA rate. The last interim agreement expired on November 6, 1995. The sanitary sewer tunnel was completed in 1996.

Once the sewer tunnel went into service, Addison's west side sanitary sewer flow was directed into that facility except the flow in Basin I (then called the Beltwood portion of the Farmers Branch Creek Basin), which is bordered by Inwood Road to the east, Belt Line Road to the north, Beltwood Parkway to the west, and Addison's city limits to the south. An agreement for this portion of the basin was never executed but Addison has continued to pay Farmers Branch for the use of their system based on the formula as outlined in the last executed agreement.

In October 2017, Farmers Branch notified Addison that the unmetered flows in Basin I will need to be metered or a new agreement with Farmers Branch will be needed. On January 11, 2018, Addison requested to begin discussions with Farmers Branch on a new agreement to allow Addison's sewage to flow through Farmers Branch's system to Trinity River Authority.

On January 15, 2018, Farmers Branch notified Addison that the Town would need to work with TRA to install a metering station that would eliminate unmetered access points into their system. On March 24, 2018, Farmers Branch sent a letter to Addison requiring the Town to either divert the flow or install a TRA deduct meter by May 25th, at which time the line would be capped if either of these conditions are not met. Staff has been working with a consultant engineer to determine the best alternative for this improvement. Three alternatives have been considered:

Alternative	Description
A	A new TRA approved metering station to measure sanitary sewer flows discharged into the Farmers Branch system

B	A new gravity sewer collection line to re-route sewer flows away from the Farmers Branch system to adjacent Addison basin already connected to Trinity River Authority (TRA) meter station
C	A new lift station and force main pipeline to re-route sewer flows away from the Farmers Branch system into an adjacent Addison sewer basin that is connected to a TRA meter station

Staff considered two options in Alternative A, A-1 and A-2. Alternative A-1 involved the installation of a metering station at the current location where Addison’s flow enters the Farmers Branch system. Alternative A-2 involved a new metering station that would discharge metered sewage directly into TRA’s system. A-2 would necessitate negotiating with Farmers Branch for the use of their public right-of-way to connect to the TRA system. Therefore, this option was rejected and was not included in the cost estimating or the Business Case Evaluation.

There were two options in Alternative B also. B-1 involved constructing 4,654 linear feet of gravity line via an open cut in Beltway Drive to connect to Addison’s existing sanitary sewer system at Midway Road. B-2 involved constructing 3,405 linear feet of gravity line via trenchless construction behind buildings through easements that would need to be negotiated with the private property owners. The construction cost of B-2 was estimated but the option was not included in the Business Case Evaluation discussed below due to the uncertainty of the cost and time to obtain easements from the private property owners.

There were two options in Alternative C, with the only difference being the ultimate location of the lift station and subsequent length of piping needed. The construction cost of both options were developed and both were included in the Business Case Evaluation.

The estimated cost for each alternative is as follows:

Alternative	Description	Total Cost*
A-1	Construct metering station	\$1,377,388
B-1	Gravity flow using Beltway Drive	\$1,617,513
B-2	Gravity flow using easements to be acquired	\$1,466,714**
C	Lift station, gravity flow line, and force main line	\$746,603-\$772,764

*Cost includes capital costs and design of plans and specifications, contract administration, construction testing and inspection, estimated land acquisition, and associated costs.

**The cost of the easements on private property behind the buildings has not been estimated or included in this cost due to the uncertainty of the cost and time to obtain easements from the private property owners.

Staff considered several goals in analyzing the alternatives:

1. The alternative that presents the best business case
2. The alternative that redirects the flow out of the Farmers Branch system and into an existing TRA metered basin
3. The alternative that has the lowest life-cycle costs for on-going operations, maintenance, and refurbishment
4. The alternative that allows for future growth with no permission needed from other jurisdictions

Staff conducted a Business Case Evaluation that showed that Alternative B-1 is the most cost effective alternative, even though the initial cost is higher than the other alternatives. Alternative B-1 has the lowest life-cycle costs related to on-going operations, maintenance, and refurbishment costs. Ms. Pyles also presented non-financial factors for consideration that included construction time, noise level, maintenance and right-of-way issues, to name a few.

Based on the information presented, Director Pyles recommended Alternative B-1, the gravity flow using Beltway Drive be designed and constructed. If so directed, staff will bring an engineering design contract for the design of Alternative B-1 to Council for consideration on May 22, 2018. The design is expected to take six months with construction time being approximately ten months with anticipated completion being in the summer of 2019.

A question was raised as to the size of the line being installed. The design consultant who was present stated it will be a 15" line which will be large enough to handle future redevelopment of the Inwood area.

Motion to authorize [and concur with] Option B-1- Mayor Pro Tem Hughes; second by Councilmember Ward; motion passed with a vote of 7-0.

-
15. Present, Discuss, and Consider Action on an **Ordinance to Amend the Town's Annual Budget for the Fiscal Year Ending September 30, 2018 to Provide Funding for Construction of the Wing Aviation Apron Connector and the Claire Chennault Street Driveway Reconstruction at Addison Airport.**

Chief Financial Officer Olivia Riley reviewed the purpose of this budget amendment ordinance. Along with other adjustments within the Airport Fund, it will provide an additional \$186,000 funding from the Fund Balance of the Airport Fund for the construction of the Wing Aviation Apron and the Claire Chennault Street project.

Motion to approve- Councilmember Ward; second by Councilmember Angell; motion passed with a vote of 7-0.

-
16. Present, Discuss, and Consider Action on a **Resolution to Approve an Agreement with Advanced Transol Consultants, LLC, for the Construction of the Wing Aviation Apron Connector at 4555 Glenn Curtiss to Taxiway Uniform and 4554 Claire Chennault Street Driveway Reconstruction at Addison Airport and to Authorize the City Manager to Execute the Agreement in an Amount not to Exceed \$385,804.**

Airport Director Joel Jenkinson presented this item. He advised that at the February 28, 2017 Council meeting, Council approved a conventional hangar lease agreement between the Town and Wing Aviation Charter Services, LLC, for commercial aviation use on property located at 4555 Glenn Curtiss. There is no direct pavement connector from the hangar ramp to Taxilane Uniform; taxilane access is available only through the ramp of an adjoining property that is leased to another tenant. Because of this situation, and as a condition of the lease, the Airport agreed to construct a connector from the Wing Aviation hangar ramp to Taxilane Uniform within 18 months from the commencement date of the lease, which was March 1, 2017. The scope of the project will include the taxilane connector and storm drain improvements on the south side of Taxilane Uniform from the Wing Aviation ramp west to Taxiway Alpha.

While the design of the Wing Aviation connector was underway, the tenant at 4554 Claire Chennault notified the Airport management that the concrete driveway that serves the tenant's property had failed. Staff investigated and determined that repair of the driveway is the airport's responsibility. The pavement failure resulted from an inadequate and poorly designed drainage pipe running under the driveway. The scope of work includes concrete pavement and drainage improvements, which is similar to the work required for the Wing Aviation connector. In order to take advantage of economies of scale, staff decided to include this work in a single bid package with the Wing Aviation connector.

Plans and specifications for the project were released as Bid #18-22 and were due on February 6, 2018. The engineer's estimate for this project was \$448,536 for the Wing Aviation connector and \$68,046 for the driveway repair, for a total of \$516,582. Three bids were received with the lowest responsive bidder being Advanced Transol Consultants, LLC with an estimate of \$385,804. The Finance Department has reviewed the Airport Fund and determined there is approximately \$3,000,000 in excess of the required 25% reserve to use for projects. The budget amendment was approved in the previous agenda item No. 15 to allocate funds in FY 2018 for this project.

Motion to approve- Mayor Pro Tem Hughes; second by Councilmember Walden; motion passed with a vote of 7-0.

Meeting Adjourned at 8:58 p.m.

Mayor-Joe Chow

Attest:

Interim City Secretary- Christie Wilson

Work Session and Regular Meeting**Meeting Date:** 05/22/2018**Department:** Infrastructure- Development Services

AGENDA CAPTION:

Consider Action to Approve a **Resolution to Give Consent to the Proposed Assignment of Ground Lease from Key Development, LLC, to StoneDome Real Estate, LLC, for the Property Located at 4500 Westgrove Drive at Addison Airport and Authorize the City Manager to Execute the Agreement.**

BACKGROUND:

Key Development, LLC took assignment of the leasehold interest and building improvements located at 4500 Westgrove Drive at Addison Airport in 2006. Pursuant to the provisions of the Second and Third Amendments to the Ground Lease, the Tenant made substantial improvements to the Leased Premises in the amount of \$400,000, which allowed the Ground Lease to be extended to March 31, 2047.

Built in 1985, the Leased Premises consists of a 29,626 square-foot, three-story, multi-tenant office building with a parking garage and an attached 10,000 square-foot hangar. The proposed assignee, StoneDome Real Estate LLC, (StoneDome) a Texas limited liability company, plans to combine its experience in owning and managing multi-tenant commercial real estate with its extensive aviation experience to enhance this investment – maximizing rents and occupancy. StoneDome is managed by StoneDome Holdings, LLC, a Texas limited liability company, based in Southlake, Texas. Don Stone is the president, founder and co-owner of StoneDome, which primary businesses include Pet Specialty Services Group and StoneDome Real Estate.

StoneDome intends to create, subject to the Town's consent, a \$2,540,000 leasehold mortgage with Frost Bank for the acquisition of the property.

The city attorney has approved to form the Assignment of Ground Lease Agreement for the Town's purpose.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution - Assignment of Key Development Ground Lease to StoneDome

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING AN ASSIGNMENT OF GROUND LEASE BETWEEN KEY DEVELOPMENT, LLC AND STONEDOME REAL ESTATE, LLC FOR COMMERCIAL AVIATION USE ON PROPERTY LOCATED AT 4500 WESTGROVE DRIVE, AUTHORIZING THE CITY MANAGER TO EXECUTE THE CONSENT OF LANDLORD ATTACHED TO THE ASSIGNMENT AS REQUIRED BY THE GROUND LEASE, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Key Development, LLC is the tenant under an Assignment of Ground Lease dated September 15, 2006, and subsequently amended on September 15, 2006 (“First Amendment”), December 13, 2015 (“Second Amendment”) and December 13, 2016 (“Third Amendment”), for the property located at 4500 Westgrove Drive owned by the Town of Addison (collectively, the “Lease”); and

WHEREAS, Key Development, LLC desires to assign all of its rights, duties and obligations under the Lease to StoneDome Real Estate, LLC.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. The Assignment of Ground Lease between Key Development, LLC and StoneDome Real Estate, LLC for commercial aviation use on property located at 4500 Westgrove Drive, a copy of which is attached to this Resolution as **Exhibit A**, is hereby approved and the City Manager is authorized to execute the Consent of Landlord attached to the Assignment of Ground Lease as required by the Ground Lease.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 22nd day of May, 2018.

Joe Chow, Mayor

ATTEST:

By: _____
Christi Wilson, Interim City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

STATE OF TEXAS §
 § **ASSIGNMENT OF GROUND LEASE**
COUNTY OF DALLAS §

This Assignment of Ground Lease (the "Assignment") is entered into and made effective as of _____ 2018, at Addison, Texas, by and between **Key Development, LLC**, a Texas limited liability company, (herein referred to as "Assignor") and **StoneDome Real Estate, LLC**, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease, together with the Addendum to Ground Lease, was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI") as Landlord, and Lawson Ridgeway as Tenant, recorded in Volume 86022, Pages 0124-0133 of the Deed Records of Dallas County, Texas; and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway as Grantor and the City and AATI as Grantee, recorded as Instrument #198601697396 in Volume 861969, Pages 5742-5748 in the Deed Records of Dallas County, Texas, comprising the Ground Lease, as amended or modified, hereinafter referred to as the "Ground Lease" and described in that certain boundary survey dated June 6, 2006, (being more specifically described in Exhibit "A" attached hereto and incorporated herein) by the terms the real property now commonly known as 4500 Westgrove Drive at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and AATI), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations of the Landlord under the Lease; and

WHEREAS, the said Base Lease has expired and the City alone is the Landlord under the Ground Lease; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169, Pages 5724-5748 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613, in Volume 88189, Pages 1182-1201 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE, INC., as assignee; and

WHEREAS, by that Substitute Trustee's Deed, dated September 7, 1988, recorded as Instrument #198801897613 in Volume 88178, Pages 1420-1425 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from TARFIVE, INC., as assignor to the beneficiary, MCORP MANAGEMENT SOLUTIONS, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 in Volume 89004, Pages 577-580 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation, as assignor, to REALTY ALLIANCE OF TEXAS. LTD., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 in Volume 90054, Pages 1648-1687 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 in Volume 99063, Pages 1763-1767 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 L.L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 in Volume 2000132, Pages 07549-07556 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from AIR 276 L.L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated September 15, 2006, recorded as Instrument #200600346255 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development LLC, a Texas limited liability company, as assignee; and

WHEREAS, by virtue of said assignments, Key Development, LLC, a Texas limited liability company, is the Tenant under the Ground Lease, as amended or modified as of the Effective Date given above for this Assignment; and

WHEREAS, the Ground Lease was modified by that First Amendment to Ground Lease made and entered into September 15, 2006 (hereinafter referred to as the "First Amendment"), recorded as Instrument #200600346256 of the Deed Records of Dallas County, Texas, modifying, among other things, the term of the Ground Lease by adding two hundred forty (240) months, (ending 3/31/2044); provided within eighteen (18) months of the effective date of the First Amendment Tenant completes the remodeling and renovation of approximately 10,000 sf. of office space and the construction of at least

5,000 sf. of additional hangar space (conditions detailed in Section 2, Paragraph A of the First Amendment); and

WHEREAS, by that certified letter to Tenant dated September 17, 2008, Landlord confirmed (i) the Ground Lease extension in accordance with the First Amendment and (ii) Tenant elected not to complete the Improvements as defined in Section 2, Paragraph A of the First Amendment and did not elect either of the alternate options as defined in Subparagraph (iii) of Section 2, Paragraph A of the First Amendment. Therefore, the Term of the Ground Lease was extended by one hundred eighty (180) months so that the Term of the Ground Lease shall end on March 31, 2039, still subject to the termination provisions of the Ground Lease as amended or modified; and

WHEREAS, the Ground Lease was modified by that Second Amendment to Ground Lease made effective December 3, 2015 (hereinafter referred to as the “Second Amendment”), extending the modified term of the Ground Lease by an additional ninety-six (96) months, (ending 3/31/2047), provided within twelve (12) months of the effective date of the Second Amendment Tenant completes scheduled Building Improvements set forth in Exhibit “B” pursuant to Section 2, Paragraph A of the Second Amendment; and

WHEREAS, the Ground Lease was modified by that Third Amendment to Ground Lease made effective December 13, 2016 (hereinafter referred to as the “Third Amendment”), extending the “Repair and Improvement Period” as defined by the Second Amendment Section A.1 (i) of the Ground Lease is amended, an additional eighteen (18) months to now expire on June 3, 2018; and

WHEREAS, the Ground Lease modified term was extended by an additional ninety-six (96) months to now expire on March 31, 2047 in the Memorandum of Lease recorded in Instrument #201700257081 in the Deed Records of Dallas County, Texas; and

WHEREAS, the Ground Lease provides in Section 9 thereof that, without the prior written consent of Landlord, Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the Assignee whereby the Assignee agrees to be bound by the terms and provisions of the Ground Lease; and

WHEREAS, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto each intend to be legally bound and agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above written, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease (attached hereto as Exhibit "B", and incorporated herein for all purposes), TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself, and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming any part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of One Thousand Dollars and no/100 (\$1,000.00) to Landlord.

3. Assignee hereby agrees to and shall be bound by and comply with all the terms, provisions, duties, conditions and obligations of Tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

StoneDome Real Estate, LLC
901 Quail Creek CT
Southlake, TX 76092

with copy sent to:

Jason Mahon
The Mahon Firm, P.C.
1330 N. White Chapel Blvd.
Suite 200
Southlake, Texas 76092

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease except as set forth herein.

5. This Assignment is subject to the consent and filing requirements of the Town of Addison, Texas.

6. The above and foregoing premises to this Assignment and all other statements made herein are true and correct, and Assignor and Assignee both warrant and represent that such premises and statements are true and correct, and that in giving its consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

7. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any

sums due to Landlord. No such collection by Landlord from any such Assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

8. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

ASSIGNOR:

KEY DEVELOPMENT, LLC, A TEXAS LIMITED COMPANY

By: _____

Printed Name: _____

Title: _____

ASSIGNEE:

STONEDOME REAL ESTATE, LLC, A TEXAS LIMITED LIABILITY COMPANY

By: _____

Printed Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keyes, president of Key Development, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2018.

[SEAL]

Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Don Stone, director for StoneDome Holdings, LLC, manager of StoneDome Real Estate, LLC, a Texas limited liability company known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 20____.

[SEAL]

Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and made effective _____ 2018, at Addison, Texas, by and between **Key Development, LLC**, a Texas limited liability company, (herein referred to as "Assignor") and _____, a _____ (herein referred to as "Assignee"). In executing this Consent of Landlord ("Consent of Landlord"), Landlord is relying upon the warranty and representations made in the aforementioned Assignment by both Assignor and Assignee, and in relying upon the same, Landlord hereby consents to the aforementioned Assignment from Assignor to Assignee.

Notwithstanding this Consent of Landlord, Landlord does not waive any of its rights under the Ground Lease to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, or responsibilities under or in connection with the Ground Lease, and Assignor shall remain liable and responsible for all such covenants obligations, duties, or responsibilities. In addition, notwithstanding any provisions of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent of Landlord shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This Consent of Landlord shall be and remain valid only if and provided that, by no later than **3:00 o'clock p.m. on August 31, 2018**:

(i) the Assignment has been executed and notarized by both Assignor and Assignee,

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of this Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001. Otherwise, and failing compliance with and satisfaction of both paragraphs (i) and (ii) above, this Consent of Landlord shall be null and void *ab initio* as if it had never been given and executed.

Signed this ____ day _____, 2018.

**LANDLORD:
TOWN OF ADDISON, TEXAS**

By: Wesley S. Pierson, City Manager

EXHIBIT "A"

Legal Description of Demised Premises

Legal Description

Being a 1.5538 acre tract of land in the Town of Addison, Texas, in the William Lomax Survey, Abstract No. 792, in Dallas County, Texas and being located on Addison Municipal Airport, Addison, Texas, same being part of Addison Airport, Town of Addison Addition, according to the plat thereof recorded in Volume 2005131, Page 0082, Deed Records, Dallas County, Texas, and being an Assignment of Lessee's Interest Under Ground Lease and Assumption Agreement to ADS Air 2000, LP., a Texas limited partnership by deed recorded in Volume 2000132, Page 07557, Deed Records, Dallas County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell" at the intersection of the South right-of-way line of Westgrove Road, (60 foot right-of-way) and the West right-of-way line of Claire Chennault, (a 60 foot ingress and egress easement) recorded in said Volume 2005131, Page 0082, Deed Records, Dallas County, Texas;

THENCE South 00 degrees 41 minutes 28 seconds East, along said Claire Chennault West right-of-way line, a distance of 260.10 feet to a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell";

THENCE South 89 degrees 27 minutes 43 seconds West, a distance of 260.60 feet to an "X" found;

THENCE North 00 degrees 33 minutes 43 seconds West, a distance of 259.96 feet to a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell" on aforementioned Westgrove Road South right-of-way line;

THENCE North 89 degrees 25 minutes 55 seconds East, along said Westgrove Road South right-of-way line, a distance of 260.01 feet to the POINT OF BEGINNING and containing 67,685.79 square feet or 1.5538 acres of land, more or less.

EXHIBIT “B”

See Next Page

Additionally, a true and correct copy of said Ground Lease in its entirety with all said assignments, amendments and/or modifications made thereto as of this date are on file with the Addison Airport Management Office.

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of March 2, 19 84, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and LAWSON RIDGEWAY and/or assigns to corporation (hereinafter referred to as "Tenant"). majority owned partnership or

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain Instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor at AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of April 1, 19 84, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of SIXTEEN HUNDRED SIXTY-THREE AND 58/100 per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price Index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefor.

6. **Use of Demised Premises and Construction of Improvements.** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

- 1 - Metal hangar approximately 140' wide by 80' long with attached office building. Office building will have on-grade underbuilding parking and two floors of office totaling 31,000 square feet. Also, associated aircraft ramp and vehicle parking.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises.** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law.** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. **Assignment, Subletting and Mortgaging of Leasehold Estate:**

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee becomes the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

C. All mortgages or deeds of trust whereby Tenant mortgages the leasehold estate created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

D. Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a leasehold mortgage and written notice to such effect has been given to Landlord, to give the holder of such leasehold mortgage at such address or addresses as may be specified in such written notice to Landlord for the giving of notices to the leasehold mortgagee, or as otherwise may be specified by the leasehold mortgagee to Landlord in writing, written notice of any default hereunder by Tenant, simultaneously with the giving of such notice to Tenant, and the holder of any such leasehold mortgage shall have the right, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make payment as may be necessary or appropriate to cure any such default so specified, it being the intention of the parties hereto that Landlord shall not exercise Landlord's right to terminate this Lease without first giving any such leasehold mortgagee the notice provided for herein and affording any such leasehold mortgagee the right to cure such default as provided for herein.

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgagee.

10. **Property Taxes and Assessments:** Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. **Alterations, Additions and Improvement.** After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed in a first class, workmanlike manner, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection therewith.

13. **Insurance.** Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one accident and not less than \$200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. Casually Damage or Destruction:

A. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant will promptly give written notice thereof to Landlord, generally describing the nature and extent of such damage and/or destruction.

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

C. All insurance proceeds, if any, payable on account of such damage to or destruction of the buildings, structures and equipment on the demised premises shall be held by Landlord. Landlord shall be protected in acting upon any certificate believed by Landlord to be genuine and to have been executed by the proper party and shall receive such certificate as conclusive evidence of any fact or as to any matter therein set forth. Such certificate shall be full warranty, authority and protection to Landlord in acting thereon, and Landlord shall be under no duty to take any action other than as set forth in this paragraph 14.

D. Insurance proceeds received by Landlord on account of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof (less the costs, fees and expenses incurred by Landlord and Tenant in the collection thereof, including, without limitation, adjuster's and attorney's fees and expenses) shall be applied as follows:

(i) Net insurance proceeds as above defined shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses to pay (or reimburse Tenant for) the cost of Restoration, upon written request of Tenant to Landlord accompanied by (a) certificate of a supervising architect or engineer approved by Landlord, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has theretofore been reimbursed, and specifying the additional amount, if any, necessary to complete the Restoration, and (b) an opinion of counsel satisfactory to Landlord that there exist no mechanics', materialmen's or similar liens for labor or materials except such, if any, as are discharged by the payment of the amount requested.

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

A. If during the term hereof, any part of the demised premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the demised premises is not susceptible to efficient and economic occupation and operation by Tenant, this Lease shall automatically terminate as of the date that said condemning authority takes possession of the demised premises, and Landlord shall refund to Tenant any prepaid but unaccrued rental less any sum then owing by Tenant to Landlord.

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

C. If this Lease is not terminated pursuant to Section A, Tenant shall promptly restore the improvements on the demised premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the demised premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant, as their interest may appear. If this Lease is terminated pursuant to Section A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

16. **Utilities.** Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electrically, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

17. **Common Facilities.** Tenant and Tenant's employees, agents, servants, customers and other invitees shall have the non-exclusive right to use all common facilities, improvements, equipment and services which may now exist or which may hereafter be provided by Landlord for the accommodation and convenience of Landlord's customers and tenants, including landing and takeoff facilities, means of ingress and egress to the demised premises, other airport installations, and all other reasonable services which may be provided without charge from time to time by Landlord in operating the Airport. All such common facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

18. **Rules and Regulations.** Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. **Signs and Equipment.** After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

20. **Landlord's Right of Entry.** Landlord and Landlord's authorized representatives shall have the right, during the normal business hours, to enter the demised premises (i) to inspect the general condition and state of repair thereof, (ii) to make repairs permitted under this Lease, (iii) to show the demised premises to any prospective tenant or purchaser or (iv) for any other reasonable and lawful purpose.

During the final one hundred eighty (180) days of the term hereof, Landlord and Landlord's authorized representatives shall have the right to erect and maintain on or about the demised premises customary signs advertising the demised premises for lease or for sale.

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

22. **Default by Tenant.** The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations.

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. **Remedies of Landlord.** Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

A. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on demand the amount of all loss and damages which Landlord may suffer by reason of such termination, whether through inability to relet the demised premises on satisfactory terms or otherwise.

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

demand from time to time any deficiency that may arise by reason of any such rental. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, remodeling expenses and other costs of the premises shall be subtracted from the amount of rent received under such letting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, conditions and covenants herein contained.

24. Default by Landlord. No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay rent) or grant Tenant any right of deduction, abatement, set-off or recoupment or entitle Tenant to take any action whatsoever with regard to the demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

(i) Proceed to cure such default and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding rental installment(s) due by Tenant to Landlord hereunder; or

(ii) Proceed to cure such default and bring suit against Landlord for the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum.

If any mortgagee of Landlord has given Tenant its address for notices and specifically requests such notice, Tenant agrees to give the notice required hereinabove to such mortgagee at the time Tenant gives same to Landlord, and to accept curative action, if any, undertaken by such mortgagee as if such curative action had been taken by Landlord.

25. Waiver of Subrogation. Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during the term of this Lease for any and all loss of, or damage to, any of such party's property located within or upon, or constituting a part of, the demised premises, which loss or damage is covered by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. Such mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the parties hereto. Inasmuch as such mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation or otherwise to an insurance company (or any other person), each party hereby agrees immediately to give to each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of such mutual waivers, and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation of such insurance coverages by reason of such waivers.

26. Title to Improvements. Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. Mechanics' and Materialmen's Liens. Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. Title. Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

29. Quiet Enjoyment and Subordination. Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall peaceably and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon the demised premises. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises; provided, however, any such subordination shall be upon the express conditions that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns, and perform all of the covenants and conditions required by the terms of this lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

30. Rent on Net Return Basis. Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, it is intended that the rent provided for in this Lease shall be an absolutely net return to Landlord for the term of this Lease, free of any loss, expenses or charges with respect to the demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. Holding Over. Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. Waiver of Default. No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Lease shall be deemed to be a waiver of any subsequent default or breach of the same or any other term, condition or covenant contained herein.

33. Release of Landlord Upon Transfer. All of Landlord's personal liability for the performance of the terms and provisions of this Lease (except for any liability accruing prior to such transfer) shall terminate upon a transfer of the demised premises by Landlord, provided that the obligations of Landlord under this Lease are covenants running with the land and shall be binding upon the transferee of Landlord's interest in this Lease and the demised premises.

34. Attorneys' Fees. If, on account of any breach or default by Landlord or Tenant of their respective obligations under this Lease, it shall become necessary for the other to employ an attorney to enforce or defend any of such party's rights or remedies hereunder, and should such party prevail, such party shall be entitled to collect reasonable attorneys' fees incurred in such connection from the other party.

35. Financial Information. Tenant agrees that Tenant will from time to time upon the written request of Landlord during the term of this Lease furnish to Landlord such credit and banking references as Landlord may reasonably request.

36. Estoppel Certificates. Tenant agrees that from time to time, upon not less than ten (10) days' prior written request by Landlord, Tenant will deliver to Landlord a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Landlord is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being furnished to Landlord's mortgagee and Landlord's mortgagee falls to cure such default within the curative period allowed Landlord under this Lease.

Landlord agrees that from time to time, upon not less than ten (10) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying that:

- A. This Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications).
- B. The dates to which rent and other charges have been paid.
- C. Tenant is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

37. Interest on Tenant's Obligations and Manner of Payment. All monetary obligations of Tenant to Landlord under this Lease remaining unpaid ten (10) days after the due date of the same (if no due date has been established under other provisions hereof, the "due date" shall be the date upon which Landlord demands payment from Tenant in writing) shall bear interest at the rate of ten percent (10%) per annum from and after said tenth (10th) day until paid. If more than twice during the term of the Lease Tenant's personal or corporate check is not paid by the bank on which it is drawn for whatever reason, Landlord may require by giving written notice to Tenant that the payment of all future monetary obligations of Tenant under this Lease are to be made on or before the due date by cash, cashier's check, certified check or money order, and the delivery of Tenant's personal or corporate check will no longer constitute payment of such monetary obligations. Any acceptance by Landlord of a personal or corporate check after such notice shall not be deemed or construed as a waiver or estoppel of Landlord to require other payments as required by said notice.

38. Independent Contractor. It is understood and agreed that in leasing and operating the demised premises, Tenant is acting as an independent contractor and is not acting as agent, partner, joint venturer or employee of Landlord.

39. Force Majeure. In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord is so delayed or hindered.

40. Exhibits. All exhibits, attachments, annexed instruments and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

41. Use of Language. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

42. Captions. The captions or headings or paragraphs in this Lease are inserted for convenience only, and shall not be considered in construing the provisions hereof if any question of intent should arise.

43. Successors. The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. All rights, powers, privileges, immunities and duties of Landlord under this Lease, including, but not limited to, any notices required or permitted to be delivered by Landlord to Tenant hereunder, may, at Landlord's option, be exercised or performed by Landlord's agent or attorney.

44. Severability. If any provision in this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

45. Notices. Any notice or document required or permitted to be delivered hereunder may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the parties at the addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Lawson Ridgeway
13601 Preston Road, Suite C-13
Dallas, Texas 75240

46. Fees or Commissions. Each party hereto hereby covenants and agrees with the other that such party shall be solely responsible for the payment of any brokers', agents' or finders' fees or commissions agreed to by such party arising from the execution of this Lease or the performance of the terms and provisions contained herein, and such party agrees to indemnify and hold the other party harmless from the payment of any such fees or commissions.

47. Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

48. Governing Law and Venue. This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas.

49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

EXECUTED as of the day month and year first above written.

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]

Its: [Signature]

CITY OF ADDISON, TEXAS

By: [Signature]

Its: _____

TENANT:

By: Lawson Ridgeway

Its: _____

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Henry Stuart
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Barth L. James
Notary Public
Dallas
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerry Redding
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12th day of April, 19 84.

Maue Sharp
Notary Public
Dallas
County, Texas



STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Laurson Redding
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Joe Renshaw
Notary Public
Dallas
County, Texas

**AGREEMENT FOR
OPERATION OF THE ADDISON AIRPORT
BETWEEN
THE CITY OF ADDISON, TEXAS
AND
ADDISON AIRPORT, INC.**

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

WITNESSETH:

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas, it being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto.

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof, and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

- (i) the land described in Exhibit "1" as the Property and the Improvements thereon owned by the City;
- (ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and
- (iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand (\$800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

Section 1. Definitions

(a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;

(b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereto on the Leased Premises.

(c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely affect the Gross Receipts shall first require the approval of the City.

Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

Section 5. Rent

(a) Company shall pay the City, on demand, the sum of \$100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise be liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City \$6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the Improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment: all levies, fees, water and sewer rents or other rents, rates and charges, permit fees, inspection fees and other charges, if any, in each case whether general and special, ordinary and extraordinary, which are lawfully imposed, whether or not the same were within the contemplation of the parties

hereto, together with any interest and penalty thereon, which imposed or levied upon or assessed against or in respect to this Agreement, or which may be a lien upon the Leased Premises. The Company shall pay all of the personal property taxes assessed by the City for the year 1976.

Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

- (i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;
- (ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;
- (iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;
- (iv) For the storage of fuel and for the fuelling of aircraft;
- (v) For the charter and leasing of aircraft;
- (vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;
- (vii) For the storage, parking, maintenance, servicing and fuelling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;
- (viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;
- (ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and
- (x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (1) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

Section 12. Delivery of Evidence of Insurance

Company shall deliver to the City at the execution and delivery of this Agreement the original or duplicate policies or satisfactory

evidence of insurance or insurance certificates. Insurance required in Section 10 hereof. The Company shall within ten days prior to the expiration of any such insurance, deliver in the place of expired policies other original or duplicate policies or other certificates of the Insurers endorsed as in above provided in Section 10 hereof evidencing renewal of such insurance.

Section 13. Casualty

If any improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the improvements, at its expense in conformity with the requirements of Section 14, in such manner as to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and improvements or any part thereof, in order to keep and maintain the Leased Premises and improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event be liable for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

Section 16. Alterations, Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvements, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

- (a) The Leased Premises or any part thereof,
- (b) City's ownership interest, or
- (c) the Rent or other sums payable by Company under this Agreement.

The existence of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lien, or any right in respect thereof shall not constitute a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lien(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to sublease such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be unreasonably withheld.

(c) The Company shall not enter into any sublease unless the term of such sublease, including any renewal or option provisions, expires and terminates on or before twenty years after the effective date of this Agreement, without the prior written consent of the City.

(d) Upon request by the Company, at any time to time, that a sublease is entered into by the Company, the City shall deliver to any such subtenant its estoppel certificate, certifying unto the subtenant that this Agreement is in full force and effect.

Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy or any part thereof.

Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgments of any nature whatsoever, arising from:

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the Improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leased Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 30 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublessee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other amounts payable by the Company hereunder.

(b) The City may terminate this Agreement.

(c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require activity over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, at its then fair market value, any personal property which the City deems essential.

Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company,

(i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,

(ii) until Company has paid all other sums due under this Agreement.

Section 38. Quiet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

Section 47. Covenant by Company

It is understood and agreed by the parties hereto, that the Company will not make any improvements, changes, alterations, modifications, or removals at the Airport, which will effectively destroy the ability of the Airport to render firstclass service to its customers and for the maximization of revenues.

Section 48. Record Keeping

The Company shall maintain in accordance with accepted accounting practice and make available to an authorized representative of the City for consideration records, books and its annual audit prepared by an independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably convenient to the Company.

Section 49. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed if to the City — The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company — Addison Airport, Inc., P. O. Box 34067, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

ATTEST:

Joyce H. Devers
SECRETARY

CITY OF ADDISON, TEXAS

BY: Jimmy Redding

APPROVED AS TO FORM:

Robert H. McCall
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:

Margaret E. Bunch
SECRETARY

BY: [Signature]

FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 69° 19' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.29 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 69° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 746.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50', a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2081.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 69° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 263.11 feet to a point;

THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.28 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

THENCE S. 75° 48' 25" W. a distance of 448.95 feet to a point;
 THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;
 THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;
 THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;
 THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;
 THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;
 THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;
 THENCE N. 20° 54' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;
 THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;
 THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;
 THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;
 THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;
 THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 365.340 acres of land, more or less, save and except the following 1 acre tract;

Beginning at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 56° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;

THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;
 THENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;
 THENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;
 THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.

Easements of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977
 Date

W. J. Wischmeyer
 W. J. Wischmeyer
 Registered Professional Engineer

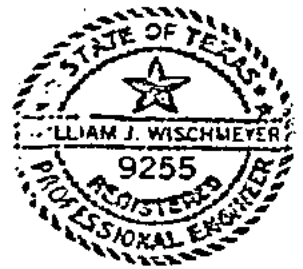


EXHIBIT "A"
 PROPERTY MAP
 ADDISON MUNICIPAL AIRPORT
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.
 CONSULTING ENGINEERS
 DALLAS TEXAS

DECEMBER 1976

EASEMENT AGREEMENT

This easement agreement by Lawson Ridgeway,
a Texas _____, (Grantor) witnesseth

Whereas, the City of Addison ("City") is the owner of a certain tract of real property in Dallas County, Texas, more particularly described in the attached Exhibit "A" and incorporated into this agreement for all purposes, and

Whereas, Grantor is the leasehold owner of a certain tract of real property located in Dallas County, Texas more particularly described in the attached Exhibit "B", which is incorporated into this agreement for all purposes ("Tract B"); and

Whereas Addison Airport of Texas, Inc. (AATI) leases the real property described in Exhibit "A" pursuant to an agreement titled "Agreement for Operations of the Addison Airport" (the "Base Lease"); and

Whereas, Grantor agrees that proper movement of aircraft, along with vehicle, equipment, and pedestrian traffic related to airport operations, is desirable and in the best interest of the City, AATI, and Grantor; and

Whereas, Grantor, in the interest of proper airport operation, wishes to create a common ramp upon a tract of land within the leasehold owned by it, more particularly described in the attached Exhibit "C" which is incorporated into this agreement for all purposes (referred to hereafter as "Ramp C");

NOW, THEREFORE, Grantor hereby agrees as follows:

ARTICLE I

Grant of Easements and Rights

Grantor, for itself and its successors and assigns, does hereby grant, sell, convey and deliver to the City and to AATI, their successors and assigns, a non-exclusive, perpetual and permanent right-of-way easement, for the purpose of aircraft, vehicular and pedestrian access over and across the Ramp C area and permanent rights of entry upon the Ramp C area for the purpose of maintaining and repairing the Improvements (hereinafter defined).

ARTICLE II

Improvements

Grantor hereby covenants and agrees to cause to be constructed, at its own expense, surface improvements on the Ramp C area, sufficient to provide a completely operable ramp meeting all standards for ramp construction configuration, and finish imposed by the City and AATI for ramp construction intended for similar use.

36169 5742

ARTICLE III

Maintenance of Improvements

3.01. Grantor hereby covenants and agrees to maintain and repair the ramp improvements located on the Ramp C area at its own expense. Such maintenance and repair shall include, but not be limited to, cleaning, sweeping, ice and snow removal, repair of paving and lighting, restriping of paving, and such other necessary maintenance and repairs, including the necessary safety measures, to the extent necessary to maintain the Improvements on the Ramp C area in a condition substantially equivalent to their condition and usefulness when newly constructed

2.02. Grantor's covenant to improve, repair and maintain the Improvements on the Ramp C Area shall be a covenant running with Tract B and shall be for the benefit of the City and AATI.

ARTICLE IV

Miscellaneous

4.01. Grantor agrees that no aircraft, vehicle or other equipment will be left unattended on the Ramp area, thereby hindering access to and from the Taxiway, other than during periods of normal loading, unloading or refueling.

4.02 Grantor agrees that if it or any future owner of the Ramp C area shall be in default of any of the easements, covenants, agreements, terms or restrictions contained herein, then the City or AATI shall have the right, but shall not be obligated, to cure such default, provided it is a curable default under this Agreement, and provided that such defaulting owner (hereinafter referred to as the "Defaulting Owner"), and any mortgagee having an interest in the Area upon which the default has occurred are notified in writing of such intended cure in the manner provided hereinafter at least ten (10) days prior to the date of effecting any curative action. All expenses and cost incurred by the City or AATI effecting such cure, together with reasonable attorneys' fees and costs for collecting such costs and interest thereon, shall be a demand obligation owing by the Defaulting Owner to the party effecting such cure and such demand obligation shall bear interest at the lesser of eighteen per cent (18%) per annum or the maximum rate then permitted under applicable law. The City, AATI or any mortgagee electing to effect such cure, its directors, officers, employees, agents, servants and workmen shall have the right of entry and ingress and egress upon that portion of the Area upon which such default occurred as is necessary for effecting any such cure. The Defaulting Owner hereby agrees to indemnify and hold harmless any such party so entering upon such Area from all claims, demands, liabilities and judgments arising from any such entry for the purpose of effecting any such cure. Additionally, the City, AATI or mortgagee effecting such cure, in the event that breach of such covenant, agreement or term is not subject to cure as provided herein, shall have the right to institute suit and obtain protective or mandatory injunction to prevent a continuing breach of or to enforce the continued observance by such Defaulting Owner of the covenants, agreements, terms, conditions and restrictions contained herein, and the City or AATI (but not such mortgagee) shall have the right to ordinary damages against such Defaulting Owner occasioned by any such continuing default under this Agreement.

4.03. Grantor covenants and agrees that the servitudes, easements, rights, rights-of-way, privileges, agreements, covenants and restrictions and all other terms hereof shall be binding upon their respective successors and assigns, and all other persons of entities having or hereafter acquiring any right, title or interest in Tract B, and all other persons and entities claiming by, through or under said owners and their respective successors and assigns. In the event any owner or future owner of all or any part of Tract B shall convey either all or any portion of such Tract, such owner so conveying shall automatically be freed and relieved, from and after the date of recording of such conveyance, of all liability for future performance of any covenants, agreements or obligations on the part of such owner which

are required by this Agreement to thereafter be performed with respect to any such Tract or the portion of any such Tract so conveyed, except as herein otherwise specified. It is intended hereby that the agreements and obligations contained in this Agreement shall be binding on such owner only as to that owner's period of ownership or subsequent periods of ownership, though such conveying owner shall remain liable after the date of recording of such conveyance for any obligations arising or incurred prior to such date of recording during such conveying owner's period of ownership.

4.09. A default under this Easement shall constitute and be deemed an event of default under Grantor's Ground Lease covering Tract B.

4.10. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and vice versa, and the words in masculine gender shall include the feminine and neuter genders and vice versa.

4.11. Every provision in this Agreement is intended to be severable. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remaining provisions of this Agreement.

IN WITNESS WHEREOF, Grantor has executed this Agreement as of the date hereinabove set forth.

By

[Signature]
Vice President

By

[Signature]

THE STATE OF TEXAS X

COUNTY OF DALLAS X

BEFORE ME, the undersigned authority, a Notary Public in and for said State, on this day personally appeared Lawson Ridgeway, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Lawson Ridgeway, and that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 1 day of April, 1983.

Robert L. Willet
Notary Public, State of Texas

Robert L. Willet
(Print Name)

My Commission Expires

12-31-85

THE STATE OF TEXAS X

COUNTY OF DALLAS X

BEFORE ME, the undersigned authority, a Notary Public in and for said State, on this day personally appeared Lawson Ridgeway, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Lawson Ridgeway, and that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 1st day of October, 1983.

Donnie L. Willet
Notary Public, State of Texas

Donnie L. Willet
(Print Name)

My Commission Expires

2-11-85

DESCRIPTION

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 ft. to a point in the West right-of-way of Claire Chennault (60-ft. ROW); said point being the Point Of Beginning;

THENCE, S 0°07'20" E. along the said West right-of-way a distance of 260.00 ft. to a point;

THENCE, West a distance of 260.55 ft. to a point;

THENCE, North a distance of 260.00 ft. to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 ft. to the Point Of Beginning, containing 1.554 Acres (67,679.8984 s.f.) of land, more or less.

I HEREBY certify that this survey was made on the ground, that this plat correctly represents the facts found at the time of the survey, and that this professional service conforms to the current Texas Surveyors Association Standards and Specifications.

Raeburn A. White
Registered Public Surveyor, #1394

WESTGROVE

ROAD

EAST ~ 260.0'

WEST 699.59'

POB

60'

CLAIRE CHENNAULT

S0°07'20"E - 260.0'

LAWSON RIDGEWAY
1.554 AC.

ALLAN CLARK

ADDISON AIRPORT

86169 5747

INGRESS/EGRESS
EASEMENT

INGRESS/EGRESS
EASEMENT

0.128 Ac
(552713 sq ft)

0.128 Ac
(552713 sq ft)

126.27'

54.08'

WEST ~ 260.55'

31.98'

DON FINN

PROPERTY



COUNTY CLERK'S MEMO
PORTIONS OF THIS /
DOCUMENT NOT
REPRODUCIBLE
WHEN RECORDED

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 23 day of October,
1985, at Addison, Texas, between LAWSON RIDGEWAY
, hereinafter called "Assignor",
and GREAT SOUTHWEST HOMES, INC. * 7396' 0 49.00 DEED
hereinafter called "Assignee". 2 02/29/86

WHEREAS, a lease executed on March 2, 1984, be-
tween CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the
Lessor, and the Assignor as Lessee, by the terms of which certain
real property located on the Addison Airport was leased to the
Assignor as Lessee upon the terms and conditions provided
therein; and

WHEREAS, the Assignor now desires to assign the lease to
Assignee, and the Assignee desires to accept the assignment
thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten
and no/100 Dollars (\$10.00), receipt of which is hereby
acknowledged, and the agreement of the Assignee, hereinafter set
forth, the Assignor hereby assigns and transfers to the Assignee,
its successors and assigns, all of his right, title and interest
in and to the lease hereinbefore described, a copy of which is
attached hereto as Exhibit A", and the Assignee hereby agrees to
and does accept the assignment, and in addition expressly assumes
and agrees to keep, perform and fulfill all the terms, covenants,
conditions and obligations required to be kept, performed and
fulfilled by the Assignor as the Lessee thereunder, including the
making of all payments due to or payable on behalf of the Lessor
under said lease when due and payable.

This agreement shall be binding on and inure to the benefit
of the parties hereto, their heirs, executors, administrators,
successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

Jesse Rodriguez

ASSIGNEE:

Jesse Rodriguez

President, Great Southwest Homes, Inc.

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By *Jerry Hedrick*

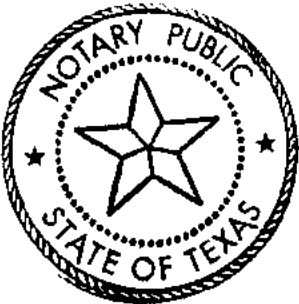
ADDISON AIRPORT OF TEXAS, INC.

By *[Signature]*

THE STATE OF TEXAS X

COUNTY OF DALLAS X

This instrument was acknowledged and sworn and subscribed to before me on this the 23rd day of October, 1985.



[Signature]
Notary Public, State of Texas

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 31st day of May, 1988, at Addison, Texas, between GREAT SOUTHWEST HOMES, INC., a Texas corporation, hereinafter called "Assignor", and TARFIVE, INC., a Texas corporation, hereinafter called "Assignee".

WHEREAS, a Lease executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the Lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit "A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above writtn.

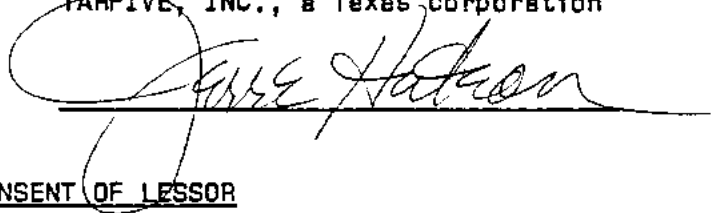
ASSIGNOR:

GREAT SOUTHWEST HOMES, INC., a
Texas corporation



ASSIGNEE:

TARFIVE, INC., a Texas corporation

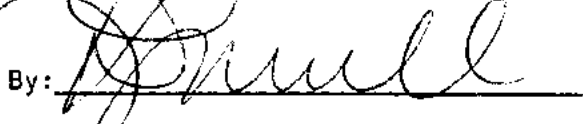


CONSENT OF LESSOR

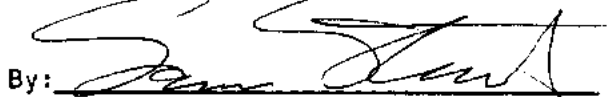
The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: 

ADDISON AIRPORT OF TEXAS, INC.

By: 

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared LAWSON RIDGEMAN
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 31st day of May, 19 88.



Notary Public, State of Texas
My Commission Expires 9-25-84

Diana Saucier
Notary Public DIANA SAUCIER

County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerre Huton
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9th day of June, 19 88.



Diana Saucier
Notary Public Diana Saucier

County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared D. LYNN SPRULL
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22 day of AUGUST, 19 88.



Gregory L. Dunham
Notary Public

County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Semi Stewart
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20th day of July, 19 88.

William Harris
Notary Public

Dallas
County, Texas

Commission Expires 08/16/89

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lawson Ridgeway and/or Assigns, Lessee, dated __-__-__, recorded in Volume 86022, Page 0124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 feet to a point in the West right-of-way line of Claire Chennault (60-foot R.O.W.); said point being the Point of Beginning;

THENCE, South 0 deg. 07 min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.55 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.554 acres of land, more or less.

When recorded, return to:

Kathryn Nicholson
Winstead, McQuinn, Secrest & Minick
5400 Paradise Tower
1201 Elm Street
Dallas, Texas 75270

COUNTY CLERK MORGAN
PORTIONS OF THIS
DOCUMENT NOT
RECORDED
MAY 1988

11:00 DEED
10/10/88

STATE OF TEXAS §
COUNTY OF DALLAS §

SUBSTITUTE TRUSTEE'S DEED

This SUBSTITUTE TRUSTEE'S DEED ("Deed") is executed as of the 7th day of September, 1988, by the Substitute Trustee.

W I T N E S S E S :

WHEREAS, GREAT SOUTHWEST HOMES, INC., a Texas corporation ("Grantor"), executed and delivered to DAVID T. OSGERFELL, as trustee ("Trustee"), for the benefit of MBANK DALLAS, NATIONAL ASSOCIATION ("MBank"), a Deed of Trust, Security Agreement and Assignment of Rents (as same may have been heretofore amended, the "Deed of Trust"), dated December 1, 1985, filed of record in Volume 86007, Page 0906 of the Deed of Trust Records of Dallas County, Texas, to secure those certain \$3,700,000.00 Industrial Development Revenue Bonds (Great Southwest Homes, Inc. Center 1 Project) Series 1985 issued by Addison Airport Improvement Authority, Inc., a Texas non-profit corporation (as same may have been heretofore amended, the "Note"); and

WHEREAS, the Deed of Trust conveyed to the said Trustee, in trust, the entire leasehold estate and interest of the lessee under the Ground Lease dated March 2, 1984, by and among the City of Addison, Texas, Addison Airport of Texas, Inc. and Lawson Ridgeway, which Ground Lease was assigned by Lawson Ridgeway, as lessee thereunder, to Grantor, covering certain land located in Dallas County, Texas, which is as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference for all purposes, together with all improvements thereon and appurtenances thereto (such land, improvements and appurtenances being hereinafter referred to as the "Real Property") and certain personal property ("Personal Property") situated on or related to the Real Property, which is more particularly described on Exhibit "B" attached hereto and incorporated herein by reference for all purposes, subject, however, to any and all exceptions, encumbrances or other matters affecting title to which the lien of the Deed of Trust is subordinate, whether by operation of law or otherwise (the Real Property, the Personal Property and any and all of Grantor's rights, titles and interests in any other property, whether real or personal, as described or otherwise included as collateral under the Deed of Trust are hereinafter, collectively, referred to as the "Mortgaged Property"); and

WHEREAS, the Note and the liens securing the same have been assigned to MCorp Management Solutions, Inc. ("Beneficiary"), by that certain Assignment of Loan Documents, Liens and Security Interests executed by MBank and dated as of January 1, 1988; and

WHEREAS, default has occurred under the terms of the Note and Deed of Trust and Beneficiary, as the current owner and holder of the Note and the beneficiary under the Deed of Trust, in accordance with the terms of the Deed of Trust, removed the Trustee, and the undersigned (the "Substitute Trustee"), was duly appointed as a substitute trustee of the trust created in the Deed

9/13/88 75
88078/1420

of Trust, pursuant to that certain Removal of Trustee and Appointment of Substitute Trustee, dated May 17, 1988, pursuant to which the Beneficiary authorized and directed the Substitute Trustee to sell the Mortgaged Property under the provisions of the Deed of Trust; and

WHEREAS, pursuant to said authorization and direction and fully in accordance with the terms of the Deed of Trust, the Substitute Trustee sold the Mortgaged Property at public auction at the Courthouse door of Dallas County, Texas between the hours of 10:00 a.m. and three (3) hours after such time, on Tuesday, the 5th day of September, 1988, after having given written notice pursuant to Notice of Substitute Trustee's Sale (the "Notice") of the time, place and terms of such proposed sale as prescribed by law and by the terms of the Deed of Trust, by means of (i) having posted or having caused to be posted the Notice for at least twenty-one (21) days preceding the date of sale at the Courthouse door of Dallas County, Texas, (ii) having filed or having caused to be filed the Notice with the Clerk of Dallas County, Texas at least twenty-one (21) days preceding the date of sale, and (iii) having served or having caused to be served a copy of the Notice by certified mail, return receipt requested, on each debtor obligated to pay the debt evidenced by the Note and Deed of Trust at the address for each such debtor according to the current records of Beneficiary, all in accordance with Tex. Prop. Code Ann. 551.002, as heretofore amended; and

WHEREAS, at such sale the Mortgaged Property was sold by the Substitute Trustee to Beneficiary (hereinafter referred to as the "Grantee") at the hour of 10:50 a.m. for and in consideration of the sum of THREE MILLION NINE HUNDRED TWENTY THOUSAND SEVEN HUNDRED TWENTY-THREE AND 80/100 DOLLARS (\$3,920,723.80), the Grantee being the best and highest bidder therefor, and said consideration being the best and highest bid therefor.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Substitute Trustee, by virtue of the powers granted to the Substitute Trustee by the Deed of Trust and the aforesaid Removal of Trustee and Appointment of Substitute Trustee and in consideration of the foregoing premises and of the value expressed above given to the Substitute Trustee, by the said Grantee, the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, SOLD and CONVEYED and by these presents does GRANT, SELL and CONVEY the Mortgaged Property unto the said Grantee.

TO HAVE AND TO HOLD the Mortgaged Property, together with all and singular, the rights and appurtenances thereto and in any wise belonging, to the said Grantee, its successors and assigns, forever; and for and on behalf of the said Grantor, and the successors and assigns of said Grantor, the Substitute Trustee does hereby bind the said Grantor, and the successors and assigns of said Grantor, to WARRANT and FOREVER DEFEND, all and singular, the Mortgaged Property, insofar as authorized by said Deed of Trust, unto the said Grantee, its successors and assigns, against every person whomever lawfully claiming or to claim the same or any part thereof.

WITNESS MY HAND this 7th day of September, 1988.

SUBSTITUTE TRUSTEE:

Kathryn Nicholson
KATHRYN NICHOLSON

STATE OF TEXAS §
COUNTY OF DALLAS §

The foregoing instrument was ACKNOWLEDGED on the 7th day of September, 1988, by KATHRYN NICHOLSON, the Substitute Trustee.

[S E A L]

Catherine M. DeGak
Notary Public, State of Texas

My Commission Expires:



ADDRESS OF GRANTEE
FOR TAX STATEMENTS

Management Solutions, Inc.
P.O. Box 224253
Dallas, Texas 75222-4253
ATTN: Ms. Kathy Rainy

430:00906888.90
090788CMG1

EXHIBIT "A"

BEING a tract of land situated in the William Lomas Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:
COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;
TRENCE, West along the South right-of-way line of Westgrove Road a distance of 739.39 ft. to a point in the West right-of-way of Claire Chennault (a 60 ft. ROW); said point being the Point of Beginning;

TRENCE, S 0° 07' 20" E, along the said West right-of-way a distance of 260.0 ft. to a point;
TRENCE West a distance of 260.33 ft. to a point;
TRENCE North a distance of 260.00 ft. to a point on the South right-of-way of Westgrove Road;
TRENCE East along the said South right of way a distance of 260.00 ft. to the Point of Beginning, containing 1.334 acres (67,670.9784 sq. ft.) of land, more or less.

Being the same real property conveyed by lease dated March 2, 1984 referenced in Deed of Trust, Securing Agreement and Assignment of Rents recorded in Volume 84220, Page 4794, Deed of Trust Records, Dallas County, Texas.

EXHIBIT "B"

Personal Property

1. All materials, supplies, equipment, apparatus and other items attached to, installed in or used (temporarily or permanently) in connection with any of the Real Property (as herein defined) at any time from and after the date of the Deed of Trust through and including the date of foreclosure of the lien of the Deed of Trust, and all renewals, replacements, and substitutions thereof and additions thereto, including but not limited to any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, generators, fans, blowers, vents, switchboards, elevators, mail conveyors, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, swimming pools, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas and electric equipment, disposals, dishwashers, washers, dryers, refrigerators and ranges, cafeteria equipment, and recreational equipment and facilities of all kinds.

2. All of the right, title and interest of Grantor in and to all personal property (other than fixtures) of any kind as defined in Chapter 9 of the Texas Uniform Commercial Code, including but not limited to all furniture, furnishings, equipment, machinery, goods, general intangibles, money, accounts, contract rights, and inventory, now or hereafter located upon, within or about the Real Property, together with all accessories, replacements and substitutions therefor and the proceeds thereof.

420:0090688B.90

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1988 SEP 13 11 8 AM

COUNTY OF DALLAS
STATE OF TEXAS
I hereby certify that this instrument was filed on the
date and time stamped herein by me and was duly re-
corded in the county and state of the named records
at Dallas County, Texas on Stamped Notice by me.

SEP 13 1988



Earl Pillsbury
COUNTY CLERK, Dallas County, Texas

ASSIGNMENT OF LEASE

THIS AGREEMENT is made as of this the 9th day of September, 1988, at Addison, Texas, between MCorp Management Solutions, INC., a Texas corporation, hereinafter called "Assignor", and REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignee."

TRUST DEED
11/2/89

WHEREAS, a lease was executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarfive, Inc., as Lessee upon the terms and conditions provided therein; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarfive, Inc. was transferred to Assignor; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described covering the property more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants,

89004/577

1/2/89

39004 0577

conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

MCORP MANAGEMENT SOLUTIONS, INC.,
a Texas corporation

By: [Signature]
Name: _____
Title: _____

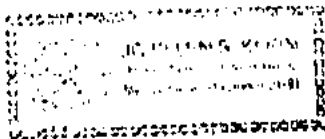
ASSIGNEE:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership
By: Texas Associated Realty, Inc.
(its General Partner)

By: [Signature]
Jerre Hutson Vice President

STATE OF TEXAS
COUNTY OF Dallas

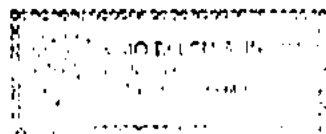
This instrument was acknowledged before me on 11-18-88 by Kathy Burgo Vice Pres. of MCorp Management Solutions, Inc. a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public Signature
Kathy S. Klein
Notary Public Printed or Typed Name
My commission expires: 9-21-91

STATE OF TEXAS
COUNTY OF Dallas

This instrument was acknowledged before me on 11-18-88 by Jerre Hutson Vice Pres. of Texas Associated Realty, Inc. a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public Signature
Kathy S. Klein
Notary Public Printed or Typed Name
My commission expires: 9-21-91

257:00924888.00
092788jdk1

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lessee, and/or Assigns, Lessee, dated 10-23-35, recorded in Volume 86022, Page 0124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.50 feet to a point in the West right-of-way line of Claire Chennault (60-foot R.O.W.); said point being the Point of Beginning;

THENCE, South 0 deg. 07 min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.35 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.554 acres of land, more or less.

Page 1 of 1

GSW Center

Return to:

Kathryn K. Marston
Winstead, McGuire, Beaufort & Merick
8400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270

89004 0579

STATE OF TEXAS
COUNTY CLERK
DALLAS COUNTY

Any person who fails to pay the amount of a
judgment or order rendered by a court of law
in this State shall be liable to the State of Texas
for a civil penalty of ten percent of the amount
of the judgment or order, plus the costs of
collection, to be paid to the State of Texas
by the County Clerk of the County in which
the judgment or order was rendered.

JAN 6 1980



Earl Paisley
COUNTY CLERK, Dallas County, Texas

60 18 117 9-1117 68

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1980

89004 0580

ASSIGNMENT OF GROUND LEASE

THIS AGREEMENT is made as of this the ^{7th} 15 day of March, 1990, at Addison, Texas, between REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignor", and ITALIX ACQUISITION CORPORATION, a Texas corporation, hereinafter called "Assignee."

WHEREAS, a lease (the "Lease") was executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarfive, Inc., as Lessee upon the terms and conditions provided therein;

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarfive, Inc. was transferred to MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation ("MSI");

WHEREAS, an Assignment of Lease was executed on September 8, 1988, by MSI and Assignor, as Lessee, upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the Lease to Assignee, and the Assignee desires to accept the assignment thereof.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the Lease hereinbefore described covering the property

more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said Lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership

By: Pine Valley Resources Corporation,
an Ohio corporation, its sole
general partner

By: _____
Name: Richard D. Wheeler
Title: Director

ASSIGNEE:

ITALIX ACQUISITION CORPORATION,
a Texas corporation

By: _____
Name: Richard D. Wheeler
Title: Director

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: [Signature]

Name: LYNN SPRUILL
Title: MAYOR

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]

Name: SAM STUART
Title: PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Jesse Watson, Vice President of PINE VALLEY RESOURCES CORPORATION, an Ohio corporation, sole general partner in REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

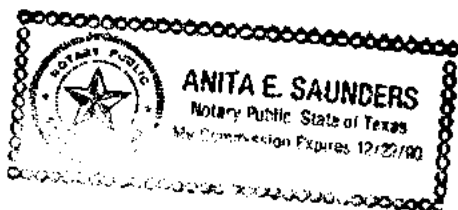
GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 20th day of February, 1990.

[Signature]
Notary Public - State of Texas

My Commission Expires:

12/22/90

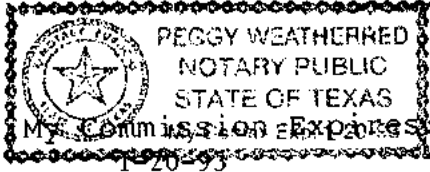
Anita E. Saunders
Printed/Typed Name of Notary Public



STATE OF TEXAS §
 §
COUNTY OF DALLAS §
 TARRANT

BEFORE ME, the undersigned Notary Public, on this day personally appeared Richard O. Wheeler, of ITALIX ACQUISITION CORPORATION, a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of February, 1990.



Peggy Weatherred
Notary Public - State of Texas
Peggy Weatherred

Printed/Typed Name of Notary Public

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Lynn Service, of the CITY OF ADDISON, a municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 15th day of February, 1990.

Gretchen S. Acevedo
Notary Public - State of Texas

My Commission Expires:
September 26, 1993

GRETCHEN S. ACEVEDO
Printed/Typed Name of Notary Public



STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Sam Stuart, of ADDISON AIRPORT OF TEXAS, INC., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 22nd day of February, 1990.

Willene Farris
Notary Public - State of Texas

My Commission Expires:
08/16/93

WILLENE FARRIS
Printed/Typed Name of Notary Public

257:0890410ZZZ.00
022090/lpl

ASSIGNMENT OF GROUND LEASE

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of March 31, 1999, at Addison, Texas, between ITALIX ACQUISITION CORPORATION ("Assignor") and AIR 276 I, L.P., a Texas limited partnership ("Assignee").

WHEREAS, Assignor is the Lessee under that certain GROUND LEASE as described and defined on Exhibit "A" attached hereto and made a part hereof for all purposes; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.
2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and No/100 (\$450.00) to Landlord.
3. Assignee hereby agrees to be bound by and to comply with the terms of this Ground Lease.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

ITALIX ACQUISITION CORPORATION

By: James D. Pratt
James D. Pratt, President

ASSIGNEE:

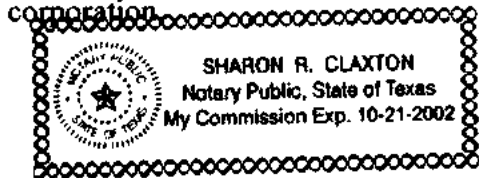
AIR 276 I, L.P., a Texas limited partnership

By: Air 276, Inc., a Texas corporation

By: *[Signature]*
Gary B. Crouch, President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by JAMES D. PRATT, President of ITALIX ACQUISITION CORP., a Texas corporation on behalf of said corporation.



My Commission Expires:
10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, general partner of AIR 276 I, LTD., a Texas limited partnership on behalf of said partnership.



My Commission Expires:
10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

ASSIGNOR

RW

LESSOR:

CITY OF ADDISON

By: *[Signature]*
 Name: RON WHITEHEAD
 Title: CITY MANAGER

ADDISON AIRPORT OF TEXAS, INC.

By: *[Signature]*
 Name: SAM STUART
 Title: President

STATE OF TEXAS §
 COUNTY OF DALLAS §

KNOW ALL PERSONS BY THESE PRESENTS:

THIS INSTRUMENT was acknowledged and sworn and subscribed to by RON WHITEHEAD, CITY MANAGER of the CITY OF ADDISON, TEXAS before me on this 30 day of March, 1999.

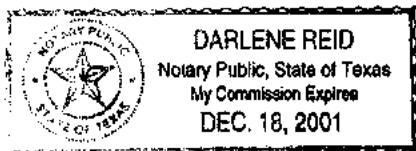


[Signature]
 Notary Public, State of Texas

STATE OF TEXAS §
 COUNTY OF DALLAS §

KNOW ALL PERSONS BY THESE PRESENTS:

THIS INSTRUMENT was acknowledged and sworn and subscribed to by SAM STUART, President of the ADDISON AIRPORT OF TEXAS before me on this 31st day of March, 1999.



[Signature]
 Notary Public, State of Texas

EXHIBIT "A"

LEGAL DESCRIPTION

Being a Leasehold Estate in and to the real property described below as created by that certain Ground Lease Agreement (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, collectively as Landlord and Lawson Ridgeway and/or assigns ("Lawson"), as Tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 I, L.P., by Assignment of Ground Lease dated March 30, 1999 and filed in the Deed Records of Dallas County, Texas.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right of way line of Claire Chennault (60-foot wide, undedicated right-of-way at this point) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING;

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

ASSIGNMENT OF GROUND LEASE

(Air 276 I, L.P., a Texas limited partnership to Fortune Capital, Inc. as to a 50% Interest)

THE STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership ("Assignor"), and FORTUNE CAPITAL, INC., a Texas corporation ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSI"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italix Acquisition Corporation ("Italix") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italix as assignor to Air 276 I, L.P.; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign an undivided fifty percent (50%) interest in and to the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, an undivided fifty percent (50%) interest in and to all of Assignor's rights, title and interest in and to the Ground Lease.

2. Prior to the effective date of this Assignment, Assignor agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars (\$450.00) to Landlord.

3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 I, L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: 
Gary B. Crouch, President

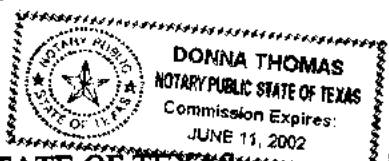
ASSIGNEE:

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: *[Signature]*
Yong Gang Shen, Vice President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

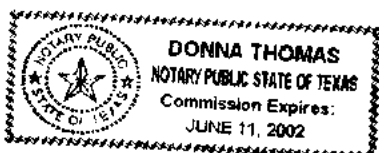
THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by YONG GANG SHEN, Vice President of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public, State of Texas

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Assignor or the Assignee.

LESSOR:

TOWN OF ADDISON

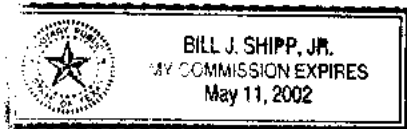
By: [Signature]
Name: ROD WHITEHEAD
Title: CITY MANAGER

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]
Name: SAM STUART
Title: President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

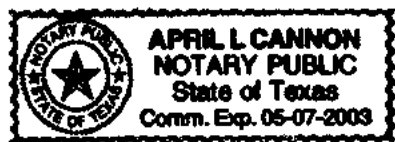
THIS INSTRUMENT was acknowledged before me on the 29TH day of JUNE, 2000, by ROD WHITEHEAD, CITY MANAGER of the TOWN OF ADDISON, TEXAS.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 20 day of June, 2000, by SAM STUART, President of the ADDISON AIRPORT OF TEXAS.



[Signature]
Notary Public, State of Texas

EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 L.L.P., by Assignment of Ground Lease dated March ____, 1999 and filed in the Deed Records of Dallas County, Texas.

Said Ground Lease covers a portion of the property encumbered by that certain lease entitled Agreement for the Operation of the Addison Airport (the "Operating Agreement") between the City of Addison and Addison Airport, Inc. dated December 30, 1976, as amended, filed October 22, 1997, recorded in Volume 97206, Page 5413, Deed Records of Dallas County, Texas. The terms of the Operating Agreement as they relate to premises covered by the Ground Lease (other than the payment of rent) are incorporated into the Ground Lease during the term of the Operating Agreement, and the interest of Addison Airport, Inc. has been assigned to Addison Airport of Texas, Inc.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a ½-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chennault (60-feet wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-feet right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a ½-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING:

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

STATE OF TEXAS §
 § **ASSIGNMENT OF GROUND LEASE**
COUNTY OF DALLAS §

This **ASSIGNMENT OF GROUND LEASE** (the "Assignment") is entered into and effective as of Sept 15 2006, at Addison, Texas, by and between **ADS AIR 2000, L.P.**, a Texas limited partnership (herein referred to as "Assignor") and **KEY DEVELOPMENT, LLC**, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease together with the Addendum To Ground Lease was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc., as Landlord, and Lawson Ridgeway, as Tenant, recorded in Volume 86022, Page 0124-0133 of the Deed Records of Dallas, County, Texas (the "Ground Lease", a true and correct copy of which Ground Lease is attached hereto as Exhibit A), by the terms of which certain real property now commonly referred to as 4444 Westgrove Dr. at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169 Page 5724-5748 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from Lawson Ridgeway, as assignor, to Great Southwest Homes, Inc., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613 Volume 88189 Page 1182-1201 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit C), the Ground Lease was assigned from Great Southwest Homes, as assignor, to TARFIVE, Inc., as assignee; and

WHEREAS, by that Substitute Trustee's Deed, recorded as Instrument #198801897613 Volume 88178 Page 1420-1425 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit D), the Ground Lease was assigned to the beneficiary, MCORP MANAGMEMENT SOLUTIONS, INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 Volume 89004 Page 577-580 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit E), the Ground Lease was assigned from MCORP MANAGMEMENT SOLUTIONS, INC., a Texas Corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., A Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 Volume 90054 Page 1648-1687 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit F), the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas Corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 Volume 99063 Page 1763-1767 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit G), the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 Volume 2000132 Page 07549-07556 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit H), the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and

WHEREAS, by virtue of such assignments, Assignor is the Tenant under the Ground Lease; and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

WHEREAS, the Ground Lease provides in Section 9 thereof that, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the assignee whereby the assignee agrees to be bound by the terms and provisions of the Ground Lease; and

WHEREAS, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as Exhibit A, TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming a part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 (\$450.00) to Landlord.

3. Assignee hereby agrees to and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is

Key Development, LLC
5907 Gladeside Court
Dallas, Texas 75248

with a copy sent to:

Ms. Terry Thornton, Esq.
Godwin Pappas Langley Ronquillo, LLP
1201 Elm Street, Suite 1700
Dallas, Texas 75270-2041

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein and in that certain First Amendment To Ground Lease dated 9/15, 2006 which is attached hereto as Exhibit I.

5. Upon execution, this Assignment shall be publicly recorded in the Deed Records of Dallas County, Texas as required by the Town of Addison.

6. The above and foregoing premises to this Assignment and all other statements made herein are true and correct, and Assignor and Assignee both warrant and represent that such premises and statements are true and correct, and that in giving its consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

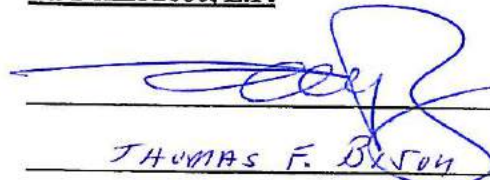
7. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

8. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from any such assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground lease.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

ASSIGNOR:

ADS AIR 2000, L.P.


By: THOMAS F. Bxson

ASSIGNEE:

KEY DEVELOPMENT, LLC

By: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Thomas F. Biju, President known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 14th day of September, 2006.

[SEAL]



Lori Susan Spencer
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2006.

[SEAL]

Notary Public, State of Texas

7. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

8. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from any such assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground lease.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

ASSIGNOR:

ADS AIR 2000, L.P.

By:

ASSIGNEE:

KEY DEVELOPMENT, LLC



By:

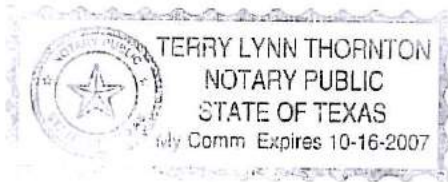
ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Kelly, President of Key Development, LLC known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 14th day of September, 2006.

[SEAL]



[Signature]
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2006.

[SEAL]

Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the above and foregoing Assignment. In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding the foregoing, Landlord does not release Assignor from its obligations under the Ground Lease. In addition, notwithstanding any provision of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

LANDLORD:

TOWN OF ADDISON, TEXAS


By: 
Ron Whitehead, City Manager

EXHIBIT A

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of March 2, 1984, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and LAWSON RIDGEWAY and/or assigns to corporation (hereinafter referred to as "Tenant"), majority owned partnership or

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor at AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of April 1, 1984, or the first day of the first calendar month after Tenant completes the construction hereinafter described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinafter provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of SIXTEEN HUNDRED SIXTY-THREE AND 58/100 per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price Index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefor.

6. **Use of Demised Premises and Construction of Improvements.** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

- 1 - Metal hangar approximately 140' wide by 80' long with attached office building. Office building will have on-grade underbuilding parking and two floors of office totaling 31,000 square feet. Also, associated aircraft ramp and vehicle parking.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises.** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law.** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises, and shall promptly comply with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. **Assignment, Subletting and Mortgaging of Leasehold Estate:**

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgage as hereinafter provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgages shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgages become the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgages shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

C. All mortgages or deeds of trust whereby Tenant mortgages the leasehold estate in which Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

D. Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a leasehold mortgage and written notice to such effect has been given to Landlord, to give the holder of such leasehold mortgagee at such address or addresses as may be specified in such written notice to Landlord for the giving of notices to the leasehold mortgagee, or as otherwise may be specified by the leasehold mortgagee to Landlord in writing, written notice of any default hereunder by Tenant, simultaneously with the giving of such notice to Tenant, and the holder of any such leasehold mortgage shall have the right, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make payment as may be necessary or appropriate to cure any such default so specified, it being the intention of the parties hereto that Landlord shall not exercise Landlord's right to terminate this Lease without first giving any such leasehold mortgagee the notice provided for herein and affording any such leasehold mortgagee the right to cure such default as provided for herein.

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgagee.

10. **Property Taxes and Assessments:** Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. **Maintenance and Repair of Demised Premises:**

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. **Alterations, Additions and Improvement.** After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed in a first class, workmanlike manner, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection therewith.

13. **Insurance.** Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one accident and not less than \$200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. **Casualty Damage or Destruction:**

A. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant will promptly give written notice thereof to Landlord, generally describing the nature and extent of such damage and/or destruction.

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

C. All insurance proceeds, if any, payable on account of such damage to or destruction of the buildings, structures and equipment on the demised premises shall be held by Landlord. Landlord shall be protected in acting upon any certificate believed by Landlord to be genuine and to have been executed by the proper party and shall receive such certificate as conclusive evidence of any fact or as to any matter therein set forth. Such certificate shall be full warranty, authority and protection to Landlord in acting thereon, and Landlord shall be under no duty to take any action other than as set forth in this paragraph 14.

D. Insurance proceeds received by Landlord on account of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof (less the costs, fees and expenses incurred by Landlord and Tenant in the collection thereof, including, without limitation, adjuster's and attorney's fees and expenses) shall be applied as follows:

(i) Net insurance proceeds as above defined shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses to pay (or reimburse Tenant for) the cost of Restoration, upon written request of Tenant to Landlord accompanied by (a) certificate of a supervising architect or engineer approved by Landlord, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has heretofore been reimbursed, and specifying the additional amount, if any, necessary to complete the Restoration, and (b) an opinion of counsel satisfactory to Landlord that there exist no mechanics', materialmen's or similar liens for labor or materials except such, if any, as are discharged by the payment of the amount requested.

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

A. If during the term hereof, any part of the demised premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the demised premises is not susceptible to efficient and economic occupation and operation by Tenant, this Lease shall automatically terminate as of the date that said condemning authority takes possession of the demised premises, and Landlord shall refund to Tenant any prepaid but unaccrued rental less any sum then owing by Tenant to Landlord.

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

C. If this Lease is not terminated pursuant to Section A, Tenant shall promptly restore the improvements on the demised premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the demised premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant, as their interest may appear. If this Lease is terminated pursuant to Section A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

17. Common Facilities. Tenant and Tenant's employees, agents, servants, customers and other invitees shall have the non-exclusive right to use all common facilities, improvements, equipment and services which may now exist or which may hereafter be provided by Landlord for the accommodation and convenience of Landlord's customers and tenants, including landing and takeoff facilities, means of ingress and egress to the demised premises, other airport installations, and all other reasonable services which may be provided without charge from time to time by Landlord in operating the Airport. All such common facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

20. Landlord's Right of Entry. Landlord and Landlord's authorized representatives shall have the right, during the normal business hours, to enter the demised premises (i) to inspect the general condition and state of repair thereof, (ii) to make repairs permitted under this Lease, (iii) to show the demised premises to any prospective tenant or purchaser or (iv) for any other reasonable and lawful purpose.

During the final one hundred eighty (180) days of the term hereof, Landlord and Landlord's authorized representatives shall have the right to erect and maintain on or about the demised premises customary signs advertising the demised premises for lease or for sale.

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

22. Default by Tenant. The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations.

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

A. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on demand the amount of all loss and damages which Landlord may suffer by reason of such termination, whether through inability to relet the demised premises on satisfactory terms or otherwise.

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

demand from time to time any deficiency that may arise by reason of any such rental, brokerage commissions, attorneys' fees, remodeling expenses and other costs of the premises. In determining the amount of such deficiency, received under such letting, shall be subtracted from the amount of rent.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, conditions and covenants herein contained.

24. Default by Landlord. No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay rent) or grant Tenant any right of deduction, abatement, set-off or recoupment or entitle Tenant to take any action whatsoever with regard to the demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default, in the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

(i) Proceed to cure such default and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding rental installment(s) due by Tenant to Landlord hereunder; or

(ii) Proceed to cure such default and bring suit against Landlord for the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum.

If any mortgagee of Landlord has given Tenant its address for notices and specifically requests such notice, Tenant agrees to give the notice required hereinabove to such mortgagee at the time Tenant gives same to Landlord, and to accept curative action, if any, undertaken by such mortgagee as if such curative action had been taken by Landlord.

25. Waiver of Subrogation. Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during the term of this Lease for any and all loss of, or damage to, any of such party's property located within or upon, or constituting a part of, the demised premises, which loss or damage is covered by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. Such mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the parties hereto. Inasmuch as such mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation or otherwise to an insurance company (or any other person), each party hereto agrees immediately to give to each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of such mutual waivers, and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation of such insurance coverages by reason of such waivers.

26. Title to Improvements. Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) If Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. Mechanics' and Materialmen's Liens. Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. Title. Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

29. Quiet Enjoyment and Subordination. Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall peaceably and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon the demised premises. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises; provided, however, any such subordination shall be upon the express conditions that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns, and perform all of the covenants and conditions required by the terms of this lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

30. Rent on Net Return Basis. Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, it is intended that the rent provided for in this Lease shall be an absolutely net return to Landlord for the term of this Lease, free of any loss, expenses or charges with respect to the demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. Holding Over. Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. Waiver of Default. No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Lease shall be deemed to be a waiver of any subsequent default or breach of the same or any other term, condition or covenant contained herein.

33. Release of Landlord Upon Transfer. All of Landlord's personal liability for the performance of the terms and provisions of this Lease (except for any liability accruing prior to such transfer) shall terminate upon a transfer of the demised premises by Landlord, provided that the obligations of Landlord under this Lease are covenants running with the land and shall be binding upon the transferee of Landlord's interest in this Lease and the demised premises.

34. Attorneys' Fees. If, on account of any breach or default by Landlord or Tenant of their respective obligations under this Lease, it shall become necessary for the other to employ an attorney to enforce or defend any of such party's rights or remedies hereunder, and should such party prevail, such party shall be entitled to collect reasonable attorneys' fees incurred in such connection from the other party.

35. Financial Information. Tenant agrees that Tenant will from time to time upon the written request of Landlord during the term of this Lease furnish to Landlord such credit and banking references as Landlord may reasonably request.

36. Estoppel Certificates. Tenant agrees that from time to time, upon not less than ten (10) days' prior written request by Landlord, Tenant will deliver to Landlord a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Landlord is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being furnished to Landlord's mortgagee and Landlord's mortgagee fails to cure such default within the curative period allowed Landlord under this Lease.

Landlord agrees that from time to time, upon not less than ten (10) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Tenant is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached hereto.

37. **Interest on Tenant's Obligations and Manner of Payment.** All monetary obligations of Tenant to Landlord under this Lease remaining unpaid ten (10) days after the due date of the same (if no due date has been established under other provisions hereof, the "due date" shall be the date upon which Landlord demands payment from Tenant in writing) shall bear interest at the rate of ten percent (10%) per annum from and after said tenth (10th) day until paid. If more than twice during the term of the Lease Tenant's personal or corporate check is not paid by the bank on which it is drawn for whatever reason, Landlord may require by giving written notice to Tenant that the payment of all future monetary obligations of Tenant under this Lease are to be made on or before the due date by cash, cashier's check, certified check or money order, and the delivery of Tenant's personal or corporate check will no longer constitute payment of such monetary obligations. Any acceptance by Landlord of a personal or corporate check after such notice shall not be deemed or construed as a waiver or estoppel of Landlord to require other payments as required by said notice.

38. **Independent Contractor.** It is understood and agreed that in leasing and operating the demised premises, Tenant is acting as an independent contractor and is not acting as agent, partner, joint venturer or employee of Landlord.

39. **Force Majeure.** In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord is so delayed or hindered.

40. **Exhibits.** All exhibits, attachments, annexed instruments and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

41. **Use of Language.** Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

42. **Captions.** The captions or headings or paragraphs in this Lease are inserted for convenience only, and shall not be considered in construing the provisions hereof if any question of intent should arise.

43. **Successors.** The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. All rights, powers, privileges, immunities and duties of Landlord under this Lease, including, but not limited to, any notices required or permitted to be delivered by Landlord to Tenant hereunder, may, at Landlord's option, be exercised or performed by Landlord's agent or attorney.

44. **Severability.** If any provision in this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

45. **Notices.** Any notice or document required or permitted to be delivered hereunder may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the parties at the addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Lawson Ridgeway
13601 Preston Road, Suite C-13
Dallas, Texas 75240

46. **Fees or Commissions.** Each party hereto hereby covenants and agrees with the other that such party shall be solely responsible for the payment of any brokers', agents' or finders' fees or commissions agreed to by such party arising from the execution of this Lease or the performance of the terms and provisions contained herein, and such party agrees to indemnify and hold the other party harmless from the payment of any such fees or commissions.

47. **Counterparts.** This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

48. **Governing Law and Venue.** This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas.

49. **Entire Agreement and Amendments.** This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

EXECUTED as of the day month and year first above written.

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: Pres

CITY OF ADDISON, TEXAS

By: 

Its: _____

TENANT:

By: Lawson Ridgeway

Its: _____

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Henry Stuart
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Orsoly L. James
Notary Public
Dallas
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerry Redding
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12th day of April, 19 84.

Maure Sharp
Notary Public
Dallas
County, Texas



STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Gaston Redgen
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Joe Renshaw
Notary Public
Dallas
County, Texas

AGREEMENT FOR
OPERATION OF THE ADDISON AIRPORT
BETWEEN
THE CITY OF ADDISON, TEXAS
AND
ADDISON AIRPORT, INC.

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

WITNESSETH:

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas, it being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto.

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof, and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

- (i) the land described in Exhibit "1" as the Property and the Improvements thereon owned by the City;
- (ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and
- (iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand (\$800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

Section 1. Definitions

(a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;

(b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereto on the Leased Premises.

(c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely effect the Gross Receipts shall first require the approval of the City.

Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

Section 5. Rent

(a) Company shall pay the City, on demand, the sum of \$100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise be liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City \$6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the Improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after the date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment: all levies, fees, water and sewer rents or other rents, rates and charges, permit fees, inspection fees and other charges, if any, in each case whether general and special, ordinary and extraordinary, which are lawfully imposed, whether or not the same were within the contemplation of the parties

hereto, together with any interest and penalty thereon, which imposed or levied upon or assessed against or in respect to this Agreement, or which may be a lien upon the Leased Premises. The Company shall pay all of the personal property taxes assessed by the City for the year 1976.

Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

- (i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;
- (ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;
- (iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;
- (iv) For the storage of fuel and for the fueling of aircraft;
- (v) For the charter and leasing of aircraft;
- (vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;
- (vii) For the storage, parking, maintenance, servicing and fueling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;
- (viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;
- (ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and
- (x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements.

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (1) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

Section 12. Delivery of Evidence of Insurance

Company shall deliver to the City at the execution and delivery of this Agreement the original or duplicate policies or satisfactory

evidence of insurance or insurance certificates. Insurance required in Section 10 hereof. The Company shall within ten days prior to the expiration of any such insurance, deliver in the place of expired policies other original or duplicate policies or other certificates of the insurers endorsed as in above provided in Section 10 hereof evidencing renewal of such insurance.

Section 13. Casualty

If any Improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the Improvements, at its expense in conformity with the requirements of Section 14. In such manner as to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the Improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the Improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and Improvements or any part thereof, in order to keep and maintain the Leased Premises and Improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event be liable for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

Section 16. Alterations, Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvement, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

- (a) The Leased Premises or any part thereof,
- (b) City's ownership interest, or
- (c) the Rent or other sums payable by Company under this Agreement.

The existence of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lien, or any right in respect thereof shall not constitute a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lien(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel (t)owage fee.

Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to sublease such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be unreasonably withheld.

(c) The Company shall not enter into any sublease unless the term of such sublease, including any renewal or option provisions, expires and terminates on or before twenty years after the effective date of this Agreement, without the prior written consent of the City.

(d) Upon request by the Company, 1 time to time, that a sublease is entered into the Company, the City shall deliver to any such subtenant its estoppel certificate, certifying unto the subtenant that this Agreement is in full force and effect.

Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy or any part thereof.

Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgments of any nature whatsoever, arising from:

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the Improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leased Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 30 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublessee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other amounts payable by the Company hereunder.

(b) The City may terminate this Agreement.

(c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require activity over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, at its then fair market value, any personal property which the City deems essential.

Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company,

(i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,

(ii) until Company has paid all other sums due under this Agreement.

Section 38. Quiet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

Section 47. Covenant by Company

It is understood and agreed by the parties hereto, that the Company will not make any improvements, changes, alterations, modifications, or removals at the Airport, which will effectively destroy the ability of the Airport to render first-class service to its customers and for the maximization of revenues.

Section 48. Record Keeping

The Company shall maintain in accordance with accepted accounting practice and make available to an authorized representative of the City for consideration records, books and its annual audit prepared by an Independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably convenient to the Company.

Section 49. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed if to the City — The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company — Addison Airport, Inc., P. O. Box 34067, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

ATTEST:

Joyce N. Devers
SECRETARY

CITY OF ADDISON, TEXAS

BY: Jimmy Redding

APPROVED AS TO FORM:

Robert L. McCall
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:

Margaret E. Bush
SECRETARY

BY: [Signature]

FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2158.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 69° 19' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.29 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 69° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 619.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 746.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50', a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2081.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 69° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 263.11 feet to a point;

THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.28 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

THENCE S. 75° 48' 25" W. a distance of 448.95 feet to a point;
 THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;
 THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;
 THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;
 THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;
 THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;
 THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;
 THENCE N. 20° 55' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;
 THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;
 THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;
 THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;
 THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;
 THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 365.340 acres of land, more or less, save and except the following 1 acre tract;

Beginning at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said point being S. 89° 56' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 56° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;

THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;
 THENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;
 THENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;
 THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.

Easements of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977

Date

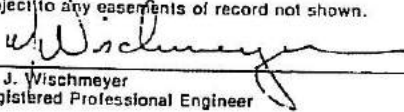

 W. J. Wischmeyer
 Registered Professional Engineer



EXHIBIT "A"
 PROPERTY MAP
 ADDISON MUNICIPAL AIRPORT
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.

CONSULTING ENGINEERS
 DALLAS TEXAS

DECEMBER 1976

EXHIBIT B

COUNTY CLERK'S MEMO
PORTIONS OF THIS
DOCUMENT NOT
REPRODUCIBLE
WHEN RECORDED

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 23 day of October,
1985, at Addison, Texas, between LAWSON RIDGEWAY
_____, hereinafter called "Assignor",
and GREAT SOUTHWEST HOMES, INC. A
7396' 0 49.00 DEED
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hereinafter called "Assignee".

WHEREAS, a lease executed on March 2, 1984, be-
tween CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the
Lessor, and the Assignor as Lessee, by the terms of which certain
real property located on the Addison Airport was leased to the
Assignor as Lessee upon the terms and conditions provided
therein; and

WHEREAS, the Assignor now desires to assign the lease to
Assignee, and the Assignee desires to accept the assignment
thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten
and no/100 Dollars (\$10.00), receipt of which is hereby
acknowledged, and the agreement of the Assignee, hereinafter set
forth, the Assignor hereby assigns and transfers to the Assignee,
its successors and assigns, all of his right, title and interest
in and to the lease hereinbefore described, a copy of which is
attached hereto as Exhibit A", and the Assignee hereby agrees to
and does accept the assignment, and in addition expressly assumes
and agrees to keep, perform and fulfill all the terms, covenants,
conditions and obligations required to be kept, performed and
fulfilled by the Assignor as the Lessee thereunder, including the
making of all payments due to or payable on behalf of the Lessor
under said lease when due and payable.

This agreement shall be binding on and inure to the benefit
of the parties hereto, their heirs, executors, administrators,
successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

James R. [Signature]

ASSIGNEE:

James R. [Signature]
President, Great Southwest Homes, Inc.
CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By *[Signature]*
ADDISON AIRPORT OF TEXAS, INC.

By *[Signature]*

THE STATE OF TEXAS |
COUNTY OF DALLAS |

This instrument was acknowledged and sworn and subscribed to before me on this the 23rd day of October, 1985.



[Signature]
Notary Public, State of Texas

EXHIBIT C

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 31st day of May, 1988, at Addison, Texas, between GREAT SOUTHWEST HOMES, INC., a Texas corporation, hereinafter called "Assignor", and TARFIVE, INC., a Texas corporation, hereinafter called "Assignee".

WHEREAS, a lease executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit "A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above writtn.

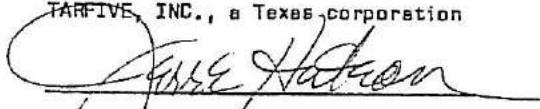
ASSIGNOR:

GREAT SOUTHWEST HOMES, INC., a
Texas corporation



ASSIGNEE:

TARFIVE, INC., a Texas corporation



CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: 

ADDISON AIRPORT OF TEXAS, INC.

By: 

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared LAWSON RIDGEWAY
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 31st day of May, 19 88.



Notary Public, State of Texas
My Commission Expires: 5-25-89

Diana Saucier
Notary Public DIANA SAUCIER
County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerre Hutson
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9th day of June, 19 88.

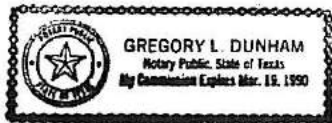


Diana Saucier
Notary Public Diana Saucier
County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared D. LYNN SPILL
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22 day of AUGUST, 19 88.



Gregory L. Dunham
Notary Public Dallas
County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Seni Sturte
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20th day of July, 19 88.

Shelley Harris
Notary Public Dallas
County, Texas
commission expires 8/16/89

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lawson Ridgeway and/or Assigns, Lessee, dated __-__-__, recorded in Volume 86022, Page 0124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:

COMMENCING at the Intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 feet to a point in the West right-of-way line of Claire Chennault (60-foot R.O.W.); said point being the Point of Beginning;

THENCE, South 0 deg. 07 min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.55 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.554 acres of land, more or less.

EXHIBIT D

When recorded, RETURN TO:

Kathryn Nicholson
W. H. McCreed, McGuire, Secrest & Minick
1422 Pennsylvania Tower
1201 Elm Street
Dallas, Texas 75270

COUNTY CLERK'S OFFICE
OFFICE OF THE
DEPARTMENT OF
TAXATION
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STATE OF TEXAS §
§
COUNTY OF DALLAS §

SUBSTITUTE TRUSTEE'S DEED

This SUBSTITUTE TRUSTEE'S DEED ("Deed") is executed as of the 7th day of September, 1988, by the Substitute Trustee.

W I T N E S S E T H :

WHEREAS, GREAT SOUTHWEST HOMES, INC., a Texas corporation ("Grantor"), executed and delivered to DAVID T. OBERFELL, as trustee ("Trustee"), for the benefit of MBANK DALLAS, NATIONAL ASSOCIATION ("MBank"), a Deed of Trust, Security Agreement and Assignment of Rents (as same may have been heretofore amended, the "Deed of Trust"), dated December 1, 1985, filed of record in Volume 86007, Page 0906 of the Deed of Trust Records of Dallas County, Texas, to secure those certain \$3,700,000.00 Industrial Development Revenue Bonds (Great Southwest Homes, Inc. Center 1 Project) Series 1985 issued by Addison Airport Improvement Authority, Inc., a Texas non-profit corporation (as same may have been heretofore amended, the "Note"); and

WHEREAS, the Deed of Trust conveyed to the said Trustee, in trust, the entire leasehold estate and interest of the lessee under the Ground Lease dated March 2, 1984, by and among the City of Addison, Texas, Addison Airport of Texas, Inc. and Lawson Ridgeway, which Ground Lease was assigned by Lawson Ridgeway, as lessee thereunder, to Grantor, covering certain land located in Dallas County, Texas, which is as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference for all purposes, together with all improvements thereon and appurtenances thereto (such land, improvements and appurtenances being hereinafter referred to as the "Real Property") and certain personal property ("Personal Property") situated on or related to the Real Property, which is more particularly described on Exhibit "B" attached hereto and incorporated herein by reference for all purposes, subject, however, to any and all exceptions, encumbrances or other matters affecting title to which the lien of the Deed of Trust is subordinate, whether by operation of law or otherwise (the Real Property, the Personal Property and any and all of Grantor's rights, titles and interests in any other property, whether real or personal, as described or otherwise included as collateral under the Deed of Trust are hereinafter, collectively, referred to as the "Mortgaged Property"); and

WHEREAS, the Note and the liens securing the same have been assigned to MCORP MANAGEMENT SOLUTIONS, INC. ("Beneficiary"), by that certain Assignment of Loan Documents, Liens and Security Interests executed by MBank and dated as of January 1, 1988; and

WHEREAS, default has occurred under the terms of the Note and Deed of Trust and Beneficiary, as the current owner and holder of the Note and the beneficiary under the Deed of Trust, in accordance with the terms of the Deed of Trust, removed the Trustee, and the undersigned (the "Substitute Trustee"), was duly appointed as a substitute trustee of the trust created in the Deed

SUBSTITUTE TRUSTEE'S DEED - Page 1

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of Trust, pursuant to that certain Removal of Trustee and Appointment of Substitute Trustee, dated May 17, 1988, pursuant to which the Beneficiary authorized and directed the Substitute Trustee to sell the Mortgaged Property under the provisions of the Deed of Trust; and

WHEREAS, pursuant to said authorization and direction and fully in accordance with the terms of the Deed of Trust, the Substitute Trustee sold the Mortgaged Property at public auction at the Courthouse door of Dallas County, Texas, between the hours of 10:00 a.m. and three (3) hours after such time, on Tuesday, the 6th day of September, 1988, after having given written notice pursuant to Notice of Substitute Trustee's Sale (the "Notice") of the time, place and terms of such proposed sale as prescribed by law and by the terms of the Deed of Trust, by means of (i) having posted or having caused to be posted the Notice for at least twenty-one (21) days preceding the date of sale at the Courthouse door of Dallas County, Texas, (ii) having filed or having caused to be filed the Notice with the Clerk of Dallas County, Texas, at least twenty-one (21) days preceding the date of sale, and (iii) having served or having caused to be served a copy of the Notice by certified mail, return receipt requested, on each debtor obligated to pay the debt evidenced by the Note and Deed of Trust at the address for each such debtor according to the current records of Beneficiary, all in accordance with TEX. PROP. CODE ANN. 551.002, as heretofore amended; and

WHEREAS, at such sale the Mortgaged Property was sold by the Substitute Trustee to Beneficiary (hereinafter referred to as the "Grantee") at the hour of 10:50 a.m. for and in consideration of the sum of THREE MILLION NINE HUNDRED TWENTY THOUSAND SEVEN HUNDRED TWENTY-THREE AND 80/100 DOLLARS (\$3,920,723.80), the Grantee being the best and highest bidder therefor, and said consideration being the best and highest bid therefor.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Substitute Trustee, by virtue of the powers granted to the Substitute Trustee by the Deed of Trust and the aforesaid Removal of Trustee and Appointment of Substitute Trustee and in consideration of the foregoing premises and of the value expressed above given to the Substitute Trustee, by the said Grantee, the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, SOLD and CONVEYED and by these presents does GRANT, SELL and CONVEY the Mortgaged Property unto the said Grantee.

TO HAVE AND TO HOLD the Mortgaged Property, together with all and singular, the rights and appurtenances thereto and in any wise belonging, to the said Grantee, its successors and assigns, forever; and for and on behalf of the said Grantor, and the successors and assigns of said Grantor, the Substitute Trustee does hereby bind the said Grantor, and the successors and assigns of said Grantor, to WARRANT and FOREVER DEFEND, all and singular, the Mortgaged Property, insofar as authorized by said Deed of Trust, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESS MY HAND this 7th day of September, 1988.

SUBSTITUTE TRUSTEE:

Kathryn Nicholson
KATHRYN NICHOLSON

STATE OF TEXAS §
COUNTY OF DALLAS §

The foregoing instrument was ACKNOWLEDGED on the 7th day of September, 1988, by KATHRYN NICHOLSON, the Substitute Trustee.

[S E A L]

Catherine M. St. Jacques
Notary Public, State of Texas

My Commission Expires:



ADDRESS OF GRANTEE
FOR TAX STATEMENTS

Management Solutions, Inc.
P.O. Box 224255
Dallas, Texas 75222-4255
ATTN: Ms. Kathy Rainy

4201D090688B.90
090788CMG1

EXHIBIT "A"

BEING a tract of land situated in the William Lomas Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows: COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road; THENCE, West along the South right-of-way line of Westgrove Road a distance of 739.39 ft. to a point in the West right-of-way of Claire Chennault (a 60 ft. ROU); said point being the Point of Beginning;

THENCE, S 0° 07' 20" E, along the said West right-of-way a distance of 260.0 ft. to a point; THENCE West a distance of 260.83 ft. to a point; THENCE North a distance of 260.00 ft. to a point on the South right-of-way of Westgrove Road; THENCE East along the said South right of way a distance of 260.00 ft. to the Point of Beginning, containing 1.534 acres (67,670.8984 sq. ft.) of land, more or less.

Being the same real property conveyed by lease dated March 2, 1984 referenced in Deed of Trust, Security Agreement and Assignment of Rent recorded in Volume 84220, Page 4784, Deed of Trust Records, Dallas County, Texas.

EXHIBIT "B"

Personal Property

1. All materials, supplies, equipment, apparatus and other items attached to, installed in or used (temporarily or permanently) in connection with any of the Real Property (as herein defined) at any time from and after the date of the Deed of Trust through and including the date of foreclosure of the lien of the Deed of Trust, and all renewals, replacements, and substitutions thereof and additions thereto, including but not limited to any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, generators, fans, blowers, vents, switchboards, elevators, mail conveyors, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, swimming pools, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas and electric equipment, disposal, dishwashers, washers, dryers, refrigerators and ranges, cafeteria equipment, and recreational equipment and facilities of all kinds.

2. All of the right, title and interest of Grantor in and to all personal property (other than fixtures) of any kind as defined in Chapter 9 of the Texas Uniform Commercial Code, including but not limited to all furniture, furnishings, equipment, machinery, goods, general intangibles, money, accounts, contract rights, and inventory, now or hereafter located upon, within or about the Real Property, together with all accessories, replacements and substitutions therefor and the proceeds thereof.

420:00906888.90

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1988 SEP 13 11 18 AM

COUNTY OF DALLAS
STATE OF TEXAS
I hereby certify that this instrument was filed on the
date and time stamped herein by me and was duly re-
corded in the public and state of the county and
of Dallas County, Texas as alleged therein by me.

SEP 13 1988



Earl B. ...
COUNTY CLERK, DALLAS COUNTY, TEXAS

EXHIBIT E

ASSIGNMENT OF LEASE

THIS AGREEMENT is made as of this the 9th day of September, 1988, at Addison, Texas, between MCONP MANAGEMENT SOLUTIONS, INC., a Texas corporation, hereinafter called "Assignor", and REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignee."

WHEREAS, a lease was executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on October 21, 1988, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarfive, Inc., as Lessee upon the terms and conditions provided therein; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarfive, Inc. was transferred to Assignor; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described covering the property more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants,

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1/8/89

39001 0577

conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

MCCORP MANAGEMENT SOLUTIONS, INC.,
a Texas corporation

By: [Signature]
Name: _____
Title: _____

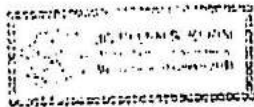
ASSIGNEE:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership

By: [Signature]
Name: Jerry Hutson
Title: Vice President

STATE OF TEXAS
COUNTY OF Dallas

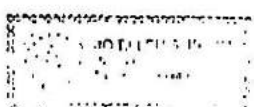
This instrument was acknowledged before me on 11-18-88 by Kathy Roney Vice Pres. of MCCorp Management Solutions, Inc. a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public Signature
Ellen S. Klein
Notary Public Printed or Typed Name
My commission expires: 9-21-91

STATE OF TEXAS
COUNTY OF Dallas

This instrument was acknowledged before me on 11-18-88 by Jerry Hutson Vice Pres. of Realty Alliance of Texas, Inc. a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public Signature
Ellen S. Klein
Notary Public Printed or Typed Name
My commission expires: 9-31-91

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097788jdbl

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Larson Riegway and/or Assigns, Lessee, dated 10-13-55, recorded in Volume 86022, Page 0124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.39 feet to a point in the West right-of-way line of Claire Chennault (60-foot R.O.W.); said point being the Point of Beginning;

THENCE, South 0 deg. 07 min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.35 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.554 acres of land, more or less.

Return to:

Kathryn R. Peterson
Winstead, McGuire, Searcy, & Minick
5400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270

WINSTEAD MCGUIRE
COUNTY CLERK

Any provision herein which purports to limit the amount of damages recoverable by a party in a lawsuit shall be deemed to be null and void.
STATE OF TEXAS
COUNTY CLERK, Dallas County, Texas
JAN 0 1981

 *Earl Paulding*
COUNTY CLERK, Dallas County, Texas

60 18 17 9-1117 60
JAN 10 1981

89004 0580

EXHIBIT F

ASSIGNMENT OF GROUND LEASE

THIS AGREEMENT is made as of this the th 15 day of March, 1990, at Addison, Texas, between REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignor", and ITALIX ACQUISITION CORPORATION, a Texas corporation, hereinafter called "Assignee."

WHEREAS, a lease (the "Lease") was executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarfive, Inc., as Lessee upon the terms and conditions provided therein;

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarfive, Inc. was transferred to MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation ("MSI");

WHEREAS, an Assignment of Lease was executed on September 8, 1988, by MSI and Assignor, as Lessee, upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the Lease to Assignee, and the Assignee desires to accept the assignment thereof.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the Lease hereinbefore described covering the property

more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said Lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership

By: Pine Valley Resources Corporation,
an Ohio corporation, its sole
general partner

By: [Signature]
Name: Richard D. Webster
Title: Director

ASSIGNEE:

ITALIX ACQUISITION CORPORATION,
a Texas corporation

By: [Signature]
Name: Richard D. Webster
Title: Director

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: [Signature]
Name: LYNN SPRUILL
Title: MAYOR

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]
Name: SAM STUART
Title: PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared James Watson, Vice President of PINE VALLEY RESOURCES CORPORATION, an Ohio corporation, sole general partner in REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 10th day of February, 1990.

[Signature]
Notary Public - State of Texas

My Commission Expires: 12/22/90

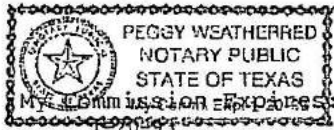
Anita E. Saunders
Printed/Typed Name of Notary Public



STATE OF TEXAS §
§
COUNTY OF ~~DALLAS~~ §
TARRANT

BEFORE ME, the undersigned Notary Public, on this day personally appeared Richard O. Wheeler of ITALIX ACQUISITION CORPORATION, a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of February, 1990.



Peggy Weatherred
Notary Public - State of Texas
Peggy Weatherred

Printed/Typed Name of Notary Public

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Lynn Swill of the CITY OF ADDISON, a municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and in the capacity therein stated.

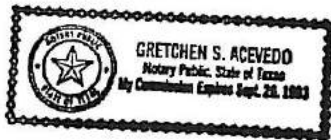
GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 15th day of February, 1990.

Gretchen S. Acevedo
Notary Public - State of Texas

My Commission Expires:

September 26, 1993

GRETCHEN S. ACEVEDO
Printed/Typed Name of Notary Public



STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Sam Stewart of ADDISON AIRPORT OF TEXAS, INC., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 22nd day of February, 1990.

My Commission Expires:
05/16/93

Willene Faris
Notary Public - State of Texas
WILLENE FARIS
Printed/Typed Name of Notary Public

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022090/1p1

EXHIBIT G

ASSIGNMENT OF GROUND LEASE

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of March 31, 1999, at Addison, Texas, between ITALIX ACQUISITION CORPORATION ("Assignor") and AIR 276 I, L.P., a Texas limited partnership ("Assignee").

WHEREAS, Assignor is the Lessee under that certain GROUND LEASE as described and defined on Exhibit "A" attached hereto and made a part hereof for all purposes; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.
2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and No/100 (\$450.00) to Landlord.
3. Assignee hereby agrees to be bound by and to comply with the terms of this Ground Lease.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

ITALIX ACQUISITION CORPORATION

By: James D. Pratt
James D. Pratt, President

ASSIGNEE:

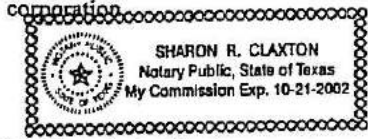
AIR 276 I, L.P., a Texas limited partnership

By: Air 276, Inc., a Texas corporation

By: *[Signature]*
Gary B. Crouch, President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by JAMES D. PRATT, President of ITALIX ACQUISITION CORP., a Texas corporation on behalf of said corporation



My Commission Expires:
10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, general partner of AIR 276 I, LTD., a Texas limited partnership on behalf of said partnership.



My Commission Expires:
10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

EXHIBIT "A"

LEGAL DESCRIPTION

Being a Leasehold Estate in and to the real property described below as created by that certain Ground Lease Agreement (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, collectively as Landlord and Lawson Ridgeway and/or assigns ("Lawson"), as Tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 I, L.P., by Assignment of Ground Lease dated March 30, 1999 and filed in the Deed Records of Dallas County, Texas.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right of way line of Claire Chennault (60-foot wide, undedicated right-of-way at this point) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING;

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

EXHIBIT H

ASSIGNMENT OF GROUND LEASE
(Air 276 I, L.P. and Fortune Capital, Inc. to ADS Air 2000, L.P.)

THE STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership, and FORTUNE CAPITAL, INC., a Texas corporation (collectively, "Assignor") and ADS AIR 2000, L.P., a Texas limited partnership ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSI"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italix Acquisition Corporation ("Italix") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italix as assignor to Air 276 I, L.P.; and

WHEREAS, by Assignment of Ground Lease dated of even date herewith an undivided fifty percent (50%) interest in and to the above described Ground Lease was assigned by Air 276 I, L.P., a Texas limited partnership, to Fortune Capital, Inc., a Texas corporation; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

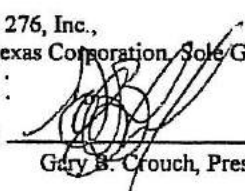
1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.
2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars (\$450.00) to Landlord.
3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 I, L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: 

Gary B. Crouch, President

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: [Signature]
Yong Gang Shen, Vice President

ASSIGNEE:

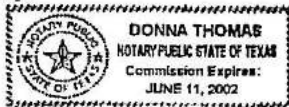
ADS AIR 2000, L.P.,
a Texas Limited Partnership

By: ADS 2000, Inc.
a Texas Corporation
Sole General Partner

By: [Signature]
Tom Bijou, President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §


THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by YONG GANG SHEN, Vice President of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 7th day of July, 2000, by TOM BIJOU, President of ADS 2000, Inc., a Texas corporation, Sole General Partner of ADS AIR 2000, L.P., a Texas limited partnership, on behalf of said limited partnership.



Notary Public, State of Texas

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Assignor or the Assignee.

LESSOR:

TOWN OF ADDISON

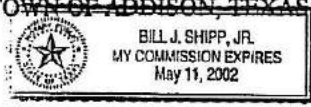
By: [Signature]
Name: RON WHITEHEAD
Title: CITY MANAGER

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]
Name: SAM STUART
Title: President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

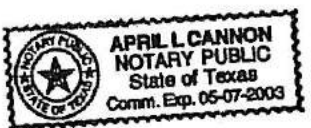
THIS INSTRUMENT was acknowledged before me on the 29th day of JUNE, 2000, by RON WHITEHEAD, CITY MANAGER of the TOWN OF ADDISON, TEXAS



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 28 day of June, 2000, by SAM STUART, President of the ADDISON AIRPORT OF TEXAS.



[Signature]
Notary Public, State of Texas

EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 L.L.P., by Assignment of Ground Lease dated March _____, 1999 and filed in the Deed Records of Dallas County, Texas.

Said Ground Lease covers a portion of the property encumbered by that certain lease entitled Agreement for the Operation of the Addison Airport (the "Operating Agreement") between the City of Addison and Addison Airport, Inc. dated December 30, 1976, as amended, filed October 22, 1997, recorded in Volume 97206, Page 5413, Deed Records of Dallas County, Texas. The terms of the Operating Agreement as they relate to premises covered by the Ground Lease (other than the payment of rent) are incorporated into the Ground Lease during the term of the Operating Agreement, and the interest of Addison Airport, Inc. has been assigned to Addison Airport of Texas, Inc.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chermault (60-foot wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chermault, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING:

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.



Post Office Box 9010 Addison, Texas 75001-9010 5300 Belt Line Road (972) 450-7000
FAX (972) 450-7043

July 26, 2000

Darlene Reid
Comptroller
Addison Airport
4505 Claire Chennault
Addison, TX 75001

Dear Ms. Reid:

Reference my earlier letter of July 13, 2000, and your letter of June 29, 2000, Item (4), I have enclosed copies for your records of the following on Air 276 I, L.P./Fortune Capital, Inc./ADS Air 2000, L.P.:

1. Assignment of Ground Lease (Air 276 I, L.P. and Fortune Capital, Inc. to ADS Air 2000, L.P.)
2. Assignment of Ground Lease (Air 276 I, L.P., a Texas limited partnership, to Fortune Capital, Inc. as to a 50% Interest)
3. Estoppel letter

If you have any questions, please do not hesitate to call me at (972) 450-7017.

Sincerely,

Bill Shipp
Administrative Assistant
Development Services

cc: Chris Terry

ASSIGNMENT OF GROUND LEASE

(Air 276 I, L.P., a Texas limited partnership to Fortune Capital, Inc. as to a 50% Interest)

THE STATE OF TEXAS
COUNTY OF DALLAS

§
§
§

KNOW ALL PERSONS BY THESE PRESENTS:

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership ("Assignor"), and FORTUNE CAPITAL, INC., a Texas corporation ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSF"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italex Acquisition Corporation ("Italex") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italex as assignor to Air 276 I, L.P.; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign an undivided fifty percent (50%) interest in and to the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

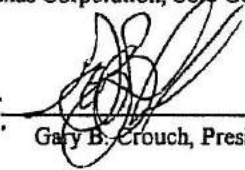
1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, an undivided fifty percent (50%) interest in and to all of Assignor's rights, title and interest in and to the Ground Lease.
2. Prior to the effective date of this Assignment, Assignor agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars (\$450.00) to Landlord.
3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 I, L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: 
Gary B. Crouch, President

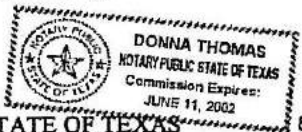
ASSIGNEE:

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: *[Signature]*
Yong Gang Shen, Vice President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

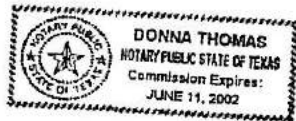
THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by YONG GANG SHEN, Vice President of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public, State of Texas

EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 L, L.P., by Assignment of Ground Lease dated March _____, 1999 and filed in the Deed Records of Dallas County, Texas.

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The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chennault (60-foot wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

Archon Financial
Agreement of Ground Lessor
4444 Westgrove

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road.

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING:

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

STATE OF TEXAS §
 §
 COUNTY OF DALLAS §

FIRST AMENDMENT TO GROUND LEASE

This FIRST AMENDMENT TO GROUND LEASE (hereinafter referred to as the "First Amendment to Ground Lease" or "Amendment") is entered into and effective as of Sept 15, 2006 (the "Effective Date") between the Town of Addison, Texas a Texas home-rule municipality (hereinafter sometimes referred to as "Addison" or the "Landlord"), and **Key Development, LLC**, a Texas limited liability company ("Tenant").

WHEREAS, a Ground Lease together with the Addendum To Ground Lease was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI"), as Landlord, and Lawson Ridgeway, as Tenant, recorded in Volume 86022, Page 0124-0133¹ of the Deed Records of Dallas County, Texas; and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway, as Grantor and the City and AATI recorded as Instrument #198601697396 in Volume 861969 Page 5742-5748 in the Deed of Records of Dallas County, Texas comprising the Ground Lease, as amended or modified and hereinafter referred to as the "Ground Lease," (a true and correct copy is attached hereto as Exhibit A) and described in that certain boundary survey dated June 6, 2006 (a true and correct copy is attached hereto as Exhibit K), by the terms of which certain real property now commonly referred to as 4444 Westgrove Dr. at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169 Page 5724-5748 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613 Volume 88189 Page 1182-1201 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit C), the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE, Inc., as assignee; and

Schedule of Exhibits

Exhibit A:	Copy of Ground Lease dated
Exhibit B:	Assignment of Lease Dated 10/23/1985 to Great Southwest Homes, Inc.
Exhibit C:	Assignment of Lease Dated May 31, 1988 to Tarfive, Inc.
Exhibit D:	Substitute Trustee's Deed to MCorp Management Solutions, Inc.
Exhibit E:	Assignment of Lease Dated September 8, 1988 to Realty Alliance of Texas, Ltd.
Exhibit F:	Assignment of Ground Lease Dated March 15, 1990 to Italk Acquisition Corporation
Exhibit G:	Assignment of Ground Lease Dated March 31, 1999 to AIR 276 I, L.P.
Exhibit H:	Assignment of Ground Lease Dated July 7, 2000 to ADS AIR 2000, L.P.
Exhibit I:	Assignment of Ground Lease Dated Sept 15, 2006 to Key Development, LLC
Exhibit J:	Building Maintenance Reserve
Exhibit K:	Survey Dated 06/05/2006 Doug Connally & Assoc., Inc.

¹ Appears to be first public recording of the Ground Lease, which includes the Assignment of Lease dated March 2, 1984 to Great Southwest Homes, Inc. which does not reflect the Landlord's consent.

WHEREAS, by that Substitute Trustee's Deed, dated September 7, 1988 recorded as Instrument #198801897613 Volume 88178 Page 1420-1425 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit D), the Ground Lease was assigned to the beneficiary, MCORP MANAGMEMENT SOLUTIONS, INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 Volume 89004 Page 577-580 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit E), the Ground Lease was assigned from MCORP MANAGMEMENT SOLUTIONS, INC., a Texas Corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 Volume 90054 Page 1648-1687 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit F), the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas Corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 Volume 99063 Page 1763-1767 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit G), the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 Volume 2000132 Page 07549-07556 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit H), the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated Sept 15, 2006, as consented to by Landlord (a true and correct copy of which is attached hereto as Exhibit I), the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development, LLC., a Texas limited liability company, as assignee; and

WHEREAS, by virtue of such assignments, Key Development, LLC, a Texas limited liability company, is the Tenant under the Ground Lease, as amended and modified, as of the effective date given above for this Agreement; and

WHEREAS, Tenant has proposed to construct certain additional improvements on the Demised Premises as described herein, and in connection therewith and as consideration therefore Landlord and Tenant desire to amend the Ground Lease in the manner set forth below, contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), the terms and conditions of this Amendment, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

AGREEMENT

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof.

Section 2. Amendments and Modifications to Ground Lease. Notwithstanding anything in the Lease (as amended) to the contrary, Tenant and its successors and assigns and Landlord agree as follows with respect to the Lease:

A. Term Adjustment. The Term of the Lease, currently scheduled to end on March 31, 2024, shall hereby be extended an additional **240 months** so it shall now end on March 31, 2044 (“the First Lease Extension Period”) but still subject to the termination provisions of the Ground Lease. The First Lease Extension Period shall become effective, provided Tenant first complies with each of the following terms and conditions:

- (i) Within eighteen (18) months of the Effective Date (the “Improvement Period”), Tenant shall have completed the remodeling and renovation of approximately 10,000 square feet of existing building area and, the construction upon the Demised Premises of at least 5,000 square feet of additional hangar area (the “Improvements”);
- (ii) Tenant shall, prior to the construction of the Improvements or any other facilities or improvements on the Demised Premises, present to Landlord for Landlord’s review and consideration of approval, the plans and specifications for the construction of the Improvements or any other improvements or facilities (the “Plans and Specifications”). For purposes of this subparagraph (ii), Plans and Specifications shall be approved by Landlord or by the Town of Addison City Manager’s designee, and all such approvals shall not be unreasonably withheld or delayed in any manner. All construction of the Improvements and any other facilities or improvements shall be substantially in accordance with the approved Plans and Specifications, and such construction shall be in a first class, workmanlike manner. Tenant shall promptly pay and discharge (or provide adequate bond or escrow funds with regard to any disputed amounts) all costs, expenses, claims for damages, liens and any and all other liabilities and obligations that arise in connection with any such construction;
- (iii) For the purpose herein, the Improvements shall be deemed completed upon the issuance by the Town of Addison, Texas of a Certificate of Occupancy for such Improvements, and the certification by Tenant’s architect that the Improvements have been completed in substantial conformance with the Plans and Specifications;
- (iv) Tenant agrees that it will contribute no less than \$250,000.00 to the cost of the construction of the Improvements. If Landlord requests, Tenant shall provide Landlord with reasonable evidence of the costs and expenses contributed by Tenant to the construction and completion of the Improvements up the completion of the Improvements;

- (v) Tenant shall not, at the time of the issuance of the letter described in subparagraph (ix) below, then be in default of any provisions of the Ground Lease beyond any applicable cure period;
- (vi) Upon the final completion of the Improvements as defined in this Section 2 and, if requested, the presentation of evidence satisfactory to Landlord of the cost of the completed Improvements, the terms and conditions prerequisite to the First Lease Extension Period as stated above shall be deemed to have been fulfilled, and the Lease Extension Period shall thereafter be in effect;
- (vii) If for any reason beyond the control of Tenant, the Plans and Specifications are not approved by the Landlord (or by any other regulating authority required of Tenant under Paragraph 8 of the Ground Lease and as amended herein) and cannot be constructed by Tenant in accordance with the Plans and Specifications, or completed in accordance herewith, Tenant shall at Tenant's sole discretion elect to either;
 - (a) propose an alternate to the Plans and Specifications for the Improvements acceptable to Landlord (and the other regulatory authorities) of comparable value and like-kind benefit to the Demised Premises. If Tenant elects to construct said Improvements under this option, the Improvement Period is hereby extended but not to exceed beyond twenty-four (24) months from the Effective Date of this Agreement unless otherwise mutually agreed to in writing by both parties, or
 - (b) elect to pay Landlord the cash sum of TWO HUNDRED AND THIRTY-FIVE THOUSAND dollars and no cents (\$235,000.00 US) on or before the expiration of the Improvement Period set forth in Section 2A(i).

Tenant's election of any one of the above options in this sub-paragraph must be delivered to Landlord in writing on or before the expiration of the Improvement Period set forth in Section 2A(i);

- (viii) Tenant's failure to complete the Improvements within the Improvement Period or, fail to exercise and fulfill either of the two options provided for in sub-paragraph (vii) of this Section 2 shall cause, without further action or notice by Landlord, the Term of the Lease to be extended by **180 months** so that the Term of the Ground Lease shall end on March 31, 2039 but still subject to the termination provisions of the Ground Lease as amended or modified; and
- (ix) Landlord or Tenant agree to execute and deliver a confirmation of the Lease Extension Period if requested by the other party, which may be filed in the deed records accordingly.

B. Amendment to Paragraph 4. Paragraph 4 is hereby amended so that it shall hereafter read as follows:

4. **Rental:** Subject to adjustments as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the Demised Premises at the rate of FOUR THOUSAND ONE-HUNDRED EIGHTY FOUR and 88/100 Dollars (\$4,184.88) per month in advance (the "Amended Rental)". The first of such monthly installments shall be due and payable on or before the first day of the calendar month following the Effective date of this Amendment and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof, subject to adjustment as provided for in Section 5 of the Ground Lease.

C. Amendment to Paragraph 5. Paragraph 5 is hereby amended so that it shall hereafter read as follows:

5. **Adjustment of Rental:** Commencing on April 1, 2008 and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i). Monthly rent shall be adjusted to reflect changes in the Consumers' Price Index - All Items for Dallas, Texas Metropolitan Area (hereinafter referred to as the "Consumer Price Index"), as quoted in the publication *Consumer Price Index for All Urban Consumers (CPI-U)* for the Dallas-Fort Worth Consolidated Metropolitan Statistical Area which is issued by the U.S. Department of Labor, Bureau of Labor Statistics. The basic index ("Basic Index") is the Consumer Price Index existing on the Rent Commencement Date. The current index ("Current Index") is the Consumer Price Index in effect on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii). Beginning with the first full month following the then applicable Adjustment Date, the monthly rent shall be adjusted so that it equals the product of the Base Amount multiplied by a fraction, the numerator of which is the Current Index and the denominator of which is the Basic Index (the "Adjusted Rental"), but in no event shall such monthly rent ever be decreased below the Base Rental set forth in Paragraph 4, as amended.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible (as determined by Landlord) shall be substituted therefor.

D. Amendment to Paragraph 6. Paragraph 6 is hereby amended so that it shall hereafter read as follows:

6. Use of Demised Premises: The Demised Premises shall be used and occupied by Tenant (or Tenant's sub-tenants provided for in Paragraph 9A and the Addendum To Ground Lease dated March 2, 1984 attached to and made a part of the Ground Lease) only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair, aircraft storage; aircraft training; aircraft charter; aircraft rentals; general office uses and not otherwise without the prior written consent of Landlord.

E. Amendment to Paragraph 7. Paragraph 7 is hereby amended so that it shall hereafter read as follows:

7. Acceptance of Demised Premises: Tenant acknowledges that Tenant has fully inspected the Demised Premises and accepts the Demised Premises as suitable for the purpose for which the same are leased in their present condition “**AS IS, WHERE IS**” and with all faults and defects, whether known or unknown to either Landlord or Tenant and without representation or warranty of any kind from Landlord as to the status or condition thereof, and further the Ground Lease is subject to any and all currently existing title exceptions or other matters of record or visible or apparent from an inspection affecting the Demised Premises. Without limiting the foregoing, **THERE IS NO WARRANTY, EXPRESS OR IMPLIED, OF SUITABILITY, MERCHANTABILITY, and HABITABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE GIVEN IN CONNECTION WITH THIS LEASE.**

F. Amendment to Paragraph 8. Paragraph 8 is hereby amended so that it shall hereafter read as follows:

8. Securing Governmental Approvals and Compliance with Law:

A. Tenant, at Tenant’s sole cost and expense, shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the Demised Premises. This Lease is subject to, and Tenant shall comply at all times with, all laws, ordinances, rules, regulations, directives, permits, or standards of any governmental authority, entity, or agency (including, without limitation, the Town of Addison, Texas, the Federal Aviation Administration, the Texas Department of Transportation, the United States Environmental Protection Agency, and the Texas Commission on Environmental Quality) applicable or related to, whether directly or indirectly, the use and occupation of the Demised Premises and whether in existence or hereafter enacted, adopted or imposed, and Tenant shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the Demised Premises, all at Tenant’s sole cost and expense, and shall comply with and be subject to (and this Lease is made and entered into subject to) any and all grant agreements or grant assurances now existing or as hereafter agreed to, adopted or imposed.

Tenant agrees that any construction or modification of improvements on the Demised Premises will comply with all standards and rules published by the Landlord or by any person or entity authorized by Landlord to manage and/or operate the Airport (“Airport Manager”), including, but not limited to, the Airport’s published “Construction/Maintenance Standards and Specifications,” will comply with the Town of Addison building codes and zoning requirements or any other laws, ordinances, permits, rules, regulations, or policies of the Town of Addison, Texas, and will meet or exceed all applicable state and federal standards, permits, laws, rules, or regulations. Tenant recognizes that the referenced

Construction/Maintenance Standards and Specifications, Town of Addison building codes and zoning requirements and other laws, ordinances, permits, rules, regulations or policies, and all applicable State and Federal standards, laws, rules, or regulations may be modified or amended from time to time and that compliance will be measured by such standards in effect at the time of a particular construction or modification of improvements. Tenant will properly and timely submit to the Federal Aviation Administration ("FAA"), the Texas Department of Transportation (TxDOT), and any other governmental entity or agency having jurisdiction regarding or related to Addison Airport, a Notice of Proposed Construction, when and as required. Tenant further agrees that the Landlord shall be authorized at all times during any project of construction to enter upon the Demised Premises, and all parts thereof, in order to observe the performance of such construction, and Tenant agrees to provide the Landlord a construction schedule setting out the time of commencement, final completion and completion of significant elements of the construction, which schedule shall be delivered to Landlord prior to the start of any construction project on the Demised Premises. Failure of Tenant to observe and comply with the requirements of this Section 8 shall be an Event of Default.

B. Tenant shall comply with noise abatement standards at the Airport at all times and shall notify any aircraft operator using any portion of the Demised Premises of such standards.

G. Amendments to Paragraph 9. Paragraph 9, subparagraphs A., B., and E. of the Ground Lease are hereby amended so that they shall hereafter read as follows:

A. Without the prior written consent of Landlord, Tenant shall have no power to and may not assign, sell, pledge, encumber, transfer, or otherwise convey (together, "assign" or "assignment") this Lease or any rights or obligations of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided and in accordance with all of the terms and conditions of this Lease) or sublet the whole or any part of the Demised Premises, and any such assignment or any subletting shall be null and void and may be deemed by Landlord (in Landlord's sole discretion) a default under Paragraph 22.B of this Lease. An assignment will be deemed to occur if the person or persons who own or have voting control of 51% or more of Tenant on the date of the First Amendment to Ground Lease cease to own or have voting control of 51% or more of Tenant at any time during the Term; Tenant shall provide to Landlord from time to time, as requested by Landlord and in a form acceptable to Landlord, a written certification as to the ownership of voting securities or voting control of Tenant. For purposes hereof, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities or partnership interests, by contract, or otherwise. Any assignment or any subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions

of Paragraph 6 pertaining to the use of the Demised Premises. In the event of any assignment or any subletting, Tenant shall not assign Tenant's rights hereunder or sublet the Demised Premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease (and Tenant shall provide a copy of such written agreement to Landlord). No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the Demised Premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee, transferee, pledgee, or person or entity to whom this Lease is otherwise conveyed or to such subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder. Tenant shall provide to Landlord the names and addresses of any subtenants and the make, model, aircraft type and "N" number of any aircraft stored or located on or in the Demised Premises.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of (i) obtaining funds for the construction of the improvements described in Paragraph 6, or (ii) for other construction upon the Demised Premises approved from time to time by Landlord in writing, or (iii) for other purposes which may be approved from time to time by Landlord in writing. In the event that Tenant, pursuant to mortgages or deeds of trust, mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee becomes the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder; provided, however, that notwithstanding the foregoing or any other provision of this Lease, such mortgagee shall not and does not have the right and shall not and does not

have the power to assign, sell, transfer, pledge, encumber, license, or otherwise convey this Lease, or any right, interest, obligation, or liability hereunder, or sublet the whole or any part of the Demised Premises without the prior written approval of the Landlord, and any such assignment, sale, transfer, pledge, encumbrance, license, or other conveyance and any such subletting without the prior written consent of Landlord shall be null and void and may be deemed a default under Paragraph 22.B. of this Lease, it being the intent of this provision that such mortgagee shall have no greater right than Tenant to assign, sell, transfer, pledge, encumber, license, or otherwise convey this Lease (or any right, interest, obligation, or liability hereunder), or to sublet the Demised Premises (or any portion thereof), or to use the Demised Premises. Landlord also agrees to reasonably consider the execution and delivery to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the Demised Premises to the mortgagee of such proposed leasehold mortgage.

H. Amendment to Paragraph 10. Paragraph 10 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

10. Property Taxes and Assessments: Tenant shall pay, before they become delinquent, any and all property taxes or assessments, and any other governmental charges, fees or expenses, levied or assessed on any improvements on the Demised Premises, the personal property and fixtures on the Demised Premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord "paid receipts" or other written evidence that all such taxes has been paid by Tenant. In the event Tenant shall fail to pay any such taxes, assessments, or charges prior to delinquency, Landlord shall have the right to pay (but not the obligation) to cause all taxes, assessments, or charges to be paid and the reasonable costs thereof expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand. Tenant may protest, appeal or institute other formal proceedings to effect a reduction or abatement of real estate taxes and assessments with respect to real estate taxes and assessments levied against the Improvements and/or the Lease for any tax fiscal year that ends after the Commencement Date of this Lease. Such protest, appeal or other proceedings may be conducted in the name of Landlord or Tenant, as Tenant may consider appropriate. To this end and at Tenant's expense, Tenant shall give Landlord written notice of any such protest or appeal and Landlord shall cooperate with Tenant and furnish to Tenant appropriate documents and information. If the protest, appeal or other proceedings are successful and any real estate taxes and assessments are refunded, Tenant is entitled to any such refund for which Tenant actually incurred the expense.

I. Amendment to Paragraph 11. Paragraph 11 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and in a first class condition (in accordance with, all applicable ordinances, rules, regulations, standards, and permits of the Town of Addison, Texas) all the Demised Premises and all the fixtures, equipment and personal property on the Demised Premises and keep them free from waste or nuisance. Tenant shall be fully responsible, at its expense, for all repair, maintenance and management services other than those, which are expressly assumed by Landlord.

B. Tenant, for itself and its successors and assigns, shall maintain a building maintenance reserve fund ("Reserve Fund") solely for the purpose of paying for unexpected and scheduled repairs and expenses, or for capital improvements to the Demised Premises, as they same may be needed or required from time to time pursuant to Exhibit J attached hereto and incorporated herein. Tenant's failure to routinely fund or properly account for the Reserve Fund as required herein, shall constitute a non-monetary default where in the event such failure continues without being cured within thirty (30) days after written notice thereof is given to Tenant in accordance with Paragraph 22 of this Ground Lease.—Upon the reasonable written request of Landlord, Tenant shall provide Landlord reasonable evidence of Tenant's access to such available funds for these purposes.

C. In the event Tenant shall fail to so maintain the Demised Premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in Paragraph 37 shall be paid by Tenant on demand.

D. At the expiration or termination of this Lease, Tenant shall deliver up the Demised Premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the Demised Premises in working order, reasonable wear and tear excepted.

J. Amendment to Paragraph 13. Paragraph 13 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

13. Insurance: Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the Demised Premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and all other risks from time to time included under standard extended

coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than one hundred percent (100%) of the full insurable value of the Demised Premises and any and all improvements thereon. The term “full insurable value” as used herein means actual replacement value at the time of such loss.

(ii) Commercial General Liability insurance against claims for bodily injury, death or property damage or destruction occurring on, in or about the Demised Premises, with limits of liability of not less than \$1,000,000.00 for each occurrence for coverage A (Bodily Injury and Property Damage) and coverage B (Personal and Advertising Injury) which policy shall contain the following provisions: independent Contractors Coverage; Blanket contractual liability coverage for liability assumed under the Lease; medical expense coverage with a limit of \$5,000 for any one person.

(iii) Statutory limits of workers compensation insurance and employer’s liability, if required by law, with limits of liability of not less than \$1,000,000.00.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$500,000.00 for damage to or destruction of property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard, which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangarkeeper’s Legal Liability insurance, at limits of \$1,000,000 per occurrence is required if Tenant is engaged in maintenance, repair, servicing of aircraft belonging to a third-party, or if Tenant is otherwise involved in any operation in which Tenant has care, custody, or control of an aircraft that belongs to a third-party.

(vii) During any period of construction, a Builder’s Risk Completed Value policy with an all risks endorsement.

(viii) Aircraft liability insurance against third party bodily injury or death and property damage or destruction at minimum limits required by regulatory agencies having jurisdiction at the Airport and which are acceptable to Landlord, but in any event not less than \$1,000,000 each occurrence (applies to the ownership, operation or use of aircraft by Tenant or any subtenant) for coverage of Bodily Injury and Property Damage and

\$1,000,000 for Personal and Advertising Injury, including contractual liability coverage for liability assumed under the Lease.

All such policies of insurance shall (i) be issued by insurance companies acceptable to Landlord and authorized to do business in Texas and in the standard form approved by the Texas Department of Insurance, (ii) name the Town of Addison, Texas, and Manager and their respective officials, officers, employees and agents as additional insureds or loss payees, as the case may be, (iii) in all liability policies, provide that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of activities conducted hereunder, (iv) contain a waiver of subrogation endorsement in favor of the Town of Addison, Texas, and (v) provide for at least thirty (30) days written notice to the Town of Addison, Texas prior to cancellation, non-renewal or material modification which affects this Lease. Certificates of insurance (together with the declaration page of such policies, along with the endorsement naming the Town of Addison, Texas and the Manager as an additional insured), satisfactory to Landlord, evidencing all coverage above, shall be promptly delivered to Landlord and updated as may be appropriate, with complete copies of such policies furnished to the Landlord upon request. Landlord reserves the right to review the insurance requirements contained herein and to reasonably adjust coverages and limits when deemed necessary and prudent by Landlord.

K. Amendment to Paragraph 18. Paragraph 18 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

18. Airport Minimum Standards and Rules and Regulations:

A. Landlord has adopted Minimum Standards for all operators at the Airport (hereinafter referred to as the "Minimum Standards"), which shall govern Tenant in the use of the Demised Premises and all common facilities, a copy of which has been furnished to Tenant. The Minimum Standards are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Minimum Standards. Landlord shall have the right to amend, modify and alter the Minimum Standards from time to time for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport.

B. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations"), which shall govern Tenant in the use of the Demised Premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, modify and alter the Rules and Regulations from time to time for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport.

L. Amendment to Paragraph 19. Paragraph 19 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

19. Signs and Equipment. After first securing Landlord's approval, which approval shall not be unreasonably withheld, Tenant shall have the right from time to time to install signs depicting Tenant's name, and to operate radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the Demised Premises that may be reasonably necessary for the operation of Tenant's business, provided such signs and equipment are installed and maintained in compliance with all applicable governmental laws, rules, and regulations, including without limitation the Town of Addison's sign ordinance, and do not interfere with the operation of any navigation facilities or Airport communications (including, without limitation, navigation facilities or Airport communications used or operated by the Federal Aviation Administration).

M. Amendment to Paragraph 21. Paragraph 21 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

21. Indemnity and Exculpation.

A. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL NOT BE LIABLE TO TENANT OR TO TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR TO ANY OTHER PERSON WHOMSOEVER, FOR ANY DEATH OR INJURY TO PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY OR ANY OTHER HARM ON OR ABOUT THE DEMISED PREMISES OR ANY ADJACENT AREA OWNED BY LANDLORD CAUSED BY OR RESULTING FROM ANY ACT OR OMISSION OF TENANT, TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT, OR ARISING OUT OF THE USE OR OCCUPATION OF THE DEMISED PREMISES BY TENANT, ITS EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, OR SUBCONTRACTORS AND/OR THE CONDUCT OF TENANT'S BUSINESS THEREON, OR ARISING OUT OF ANY BREACH OR DEFAULT BY TENANT IN THE PERFORMANCE OF TENANT'S OBLIGATIONS HEREUNDER; AND TENANT HEREBY AGREES TO AND SHALL DEFEND AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE

OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS AGAINST, AND HOLD LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL LIABILITY, DAMAGES, COSTS, PENALTIES, LOSS, EXPENSE OR CLAIMS ARISING OUT OF SUCH DAMAGE, DESTRUCTION, INJURY, DEATH OR HARM.

B. TENANT AGREES TO AND SHALL DEFEND (WITH COUNSEL ACCEPTABLE TO LANDLORD) AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) (TOGETHER, FOR PURPOSES OF THIS SUBPARAGRAPH, "INDEMNIFIED PERSONS") AGAINST, AND HOLD THE INDEMNIFIED PERSONS HARMLESS FROM, ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, LOSSES, HARM, DAMAGES, PENALTIES, LIABILITY, EXPENSES, LAWSUITS, JUDGMENTS, COSTS, AND FEES (INCLUDING REASONABLE ATTORNEY FEES AND COURT COSTS) ("DAMAGES"), ASSERTED BY ANY PERSON OR ENTITY ON ACCOUNT OF OR FOR ANY INJURY TO OR THE DEATH OF ANY PERSON, OR ANY DAMAGE TO OR DESTRUCTION OF ANY PROPERTY, OR ANY OTHER HARM FOR WHICH DAMAGES OR ANY OTHER FORM OF RECOVERY IS SOUGHT (WHETHER AT LAW OR IN EQUITY), RESULTING FROM, BASED UPON, OR ARISING OUT OF, IN WHOLE OR IN PART, ANY CONDITION OF THE DEMISED PREMISES OR ANY ACT OR OMISSION OF TENANT, ITS OFFICERS, EMPLOYEES, AGENTS, ENGINEERS, CONSULTANTS, CONTRACTORS, SUBCONTRACTORS, INVITEES, OR ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY EMPLOYED BY OR ACTING UNDER TENANT, UNDER, IN CONNECTION WITH, OR IN THE PERFORMANCE OF, THIS LEASE, INCLUDING ALL DAMAGES CAUSED BY THE INDEMNIFIED PERSON'S OWN NEGLIGENCE, OR CONDUCT THAT MAY OR DOES EXPOSE AN INDEMNITEE TO STRICT LIABILITY UNDER ANY LEGAL THEORY.

C. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL BE DEFENDED, INDEMNIFIED AND HELD HARMLESS BY AND NOT BE LIABLE TO TENANT FOR ANY DEATH OR INJURY TO ANY PERSON OR PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY OF ANY KIND RESULTING FROM THE DEMISED PREMISES BECOMING OUT OF REPAIR OR BY DEFECT IN OR FAILURE OF EQUIPMENT,

PIPES, OR WIRING, OR BROKEN GLASS, OR BY THE BACKING UP OF DRAINS, OR BY GAS, WATER, STEAM, ELECTRICITY OR OIL LEAKING, ESCAPING OR FLOWING INTO THE DEMISED PREMISES, REGARDLESS OF THE SOURCE, OR BY DAMPNES OR BY FIRE, EXPLOSION, FALLING PLASTER OR CEILING OR FOR ANY OTHER REASON WHATSOEVER. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES, SHALL NOT BE LIABLE TO TENANT FOR ANY LOSS OR DAMAGE THAT MAY BE OCCASIONED BY OR THROUGH THE ACTS OR OMISSIONS OF OTHER TENANTS OF LANDLORD OR CAUSED BY OPERATIONS IN CONSTRUCTION OF ANY PRIVATE, PUBLIC OR QUASI-PUBLIC WORK.

D. THE PROVISIONS OF THIS SECTION 21 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE.

N. Addition of Paragraph 21.1. A new Paragraph 21.1 is hereby inserted and made a part of the Ground Lease to read as follows:

Section 21.1. Environmental Compliance :

A. Tenant shall not install, store, use, treat, transport, discharge or dispose (or permit or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by Tenant, its agents, employees, invitees, contractors, subcontractors, independent contractors, or subtenants) on the Demised Premises or any portion of the common facilities (described in Paragraph 17), any: (a) asbestos in any form; (b) urea formaldehyde foam insulation; (c) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; or (d) any other chemical, material, air pollutant, toxic pollutant, waste, or substance which is regulated as toxic or hazardous or exposure to which is prohibited, limited or regulated by the Resource Conservation Recovery Act (42 U.S.C. §6901, et seq., as amended or superseded), the Comprehensive and Environmental Response Compensation and Liability Act (42 U.S.C. §9601, et seq, as amended or superseded), the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Air Act, and/or the Clean Water Act or any other federal, state, county, regional, local or other governmental authority law, rule, regulation, standard, permit, directive or policy, or which, even if not so regulated may or could pose a hazard to the health and safety of the occupants of the Demised Premises and/or any portions of the common facilities, and which is either: (i) in amounts in excess of that permitted or deemed safe under applicable law; or (ii) in any manner prohibited or deemed unsafe under applicable law. (The substances referred to in (a), (b), (c) or (d) are collectively referred to hereinafter as "Hazardous Materials").

B. TENANT SHALL, AT TENANT'S OWN EXPENSE, COMPLY WITH ANY PRESENTLY EXISTING OR HEREAFTER ENACTED LAWS, RULES, REGULATIONS, STANDARDS, DIRECTIVES, PERMITS, OR NOTICES RELATING TO HAZARDOUS MATERIALS (COLLECTIVELY, "CLEANUP LAWS"). IN FURTHERANCE AND NOT IN LIMITATION OF THE FOREGOING, TENANT SHALL, AT TENANT'S OWN EXPENSE, MAKE ALL SUBMISSIONS TO, PROVIDE ALL INFORMATION TO, AND COMPLY WITH ALL REQUIREMENTS OF THE APPROPRIATE GOVERNMENTAL AUTHORITY (THE "AUTHORITY") UNDER THE CLEANUP LAWS. SHOULD ANY AUTHORITY REQUIRE THAT A CLEANUP PLAN BE PREPARED AND THAT A CLEANUP BE UNDERTAKEN BECAUSE OF THE EXISTENCE OF HAZARDOUS MATERIALS WHICH WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED ON THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES (AS DESCRIBED IN PARAGRAPH 17) BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE TERM OF THIS LEASE, TENANT SHALL, AT TENANT'S OWN COST AND EXPENSE, PREPARE AND SUBMIT THE REQUIRED PLANS AND FINANCIAL ASSURANCES AND CARRY OUT THE APPROVED PLANS IN ACCORDANCE WITH SUCH CLEANUP LAWS AND TO LANDLORD'S SATISFACTION. AT NO EXPENSE TO LANDLORD, TENANT SHALL PROMPTLY PROVIDE ALL INFORMATION REQUESTED BY LANDLORD FOR PREPARATION OF AFFIDAVITS OR OTHER DOCUMENTS REQUIRED BY LANDLORD TO DETERMINE THE APPLICABILITY OF THE CLEANUP LAWS TO THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES, AS THE CASE MAY BE, AND SHALL SIGN THE AFFIDAVITS PROMPTLY WHEN REQUESTED TO DO SO BY LANDLORD. TENANT SHALL INDEMNIFY, DEFEND, SAVE AND HOLD HARMLESS LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) FROM AND AGAINST, AND REIMBURSE LANDLORD FOR, ANY AND ALL OBLIGATIONS, DAMAGES, INJUNCTIONS, FINES, PENALTIES, DEMANDS, CLAIMS, COSTS, EXPENSES, ACTIONS, LIABILITIES, SUITS, PROCEEDINGS AND LOSSES OF WHATEVER NATURE

(INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS), AND ALL CLEANUP OR REMOVAL COSTS AND ALL ACTIONS OF ANY KIND ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTING, DISPOSAL OR DISCHARGE OF HAZARDOUS MATERIALS IN OR ON THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE LEASE TERM; AND FROM ALL FINES, SUITS, PROCEDURES, CLAIMS AND ACTIONS OF ANY KIND ARISING OUT OF TENANT'S (OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT) FAILURE TO PROVIDE ALL INFORMATION, MAKE ALL SUBMISSIONS AND TAKE ALL STEPS REQUIRED BY THE AUTHORITY UNDER THE CLEANUP LAWS OR ANY OTHER LAW (ENVIRONMENTAL OR OTHERWISE). TENANT'S OBLIGATIONS AND LIABILITIES UNDER THIS SUBPARAGRAPH SHALL CONTINUE (AND SURVIVE THE TERMINATION OR EXPIRATION OF THIS LEASE) SO LONG AS THERE MAY BE HAZARDOUS MATERIALS AT THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES, THAT WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED DURING THE LEASE TERM BY TENANT, OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT. IN ADDITION TO AND NOT IN LIMITATION OF LANDLORD'S OTHER RIGHTS AND REMEDIES, TENANT'S FAILURE TO ABIDE BY THE TERMS OF THIS SECTION SHALL BE RESTRAINABLE BY INJUNCTION.

C. Tenant shall promptly supply Landlord with copies of any notices, correspondence and submissions made by Tenant to or received by Tenant from any governmental authorities of the United States Environmental Protection Agency, the United States Occupational Safety and Health Administration, or any other local, state or federal authority that requires submission of any information concerning environmental matters or Hazardous Materials.

D. Tenant's obligations and liability pursuant to the terms of this Paragraph 21.1 shall survive the expiration or earlier termination of this Lease."

O. Amendment to Paragraph 22. Paragraph 22 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

22. Default by Tenant: The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or to pay or cause to be paid taxes (to the extent Tenant is obligated to pay or cause same to be paid), utilities, or insurance premiums, or any other payment or sum which Tenant is to make under this Lease, on the date that same is due and such failure shall continue for a period of ten (10) days after the date on which such payment is to be made.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or the payment of taxes, utilities or insurance premiums, or other payment Tenants is to make under this Lease, as set forth in subparagraph A. of this Paragraph 22, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant (and if such failure cannot reasonably be cured with the said thirty (30) period, Tenant may, with Landlord's prior written consent (which consent shall not be unreasonably withheld), have such additional reasonable time (as agreed upon by Landlord and Tenant) to cure such default, provided that Tenant pursues such cure with all due diligence).

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations.

F. Abandonment by Tenant for a period of six (6) consecutive months of any substantial portion of the Demised Premises or cessation of use of the Demised Premises for the purpose leased.

P. Amendment to Paragraph 26. Paragraph 26 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

26. Title to Improvements: Any and all improvements on the Demised Premises, including, without limitation, any buildings, constructed on the Demised Premises by or for Tenant, shall be owned by Tenant during the term of this Agreement. Upon the expiration or the earlier termination of this Agreement for any reason whatsoever, or upon the termination of Tenant's right to occupy the Demised Premises, all permanent and fixed improvements (including without limitation, the Building Improvements), and all parts thereof, constructed, placed, or located upon the Demised Premises shall be and become the sole property of Landlord, free and clear of any claim of Tenant and all persons or entities claim in under or through Tenant (including, without limitation, any holder of a leasehold mortgage); provided, however; (i) if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the Demised Premises, but Tenant shall be required to repair any damage to the Demised Premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the Demised Premises and restore the Demised Premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense. Upon such termination or expiration, Tenant shall deliver the Demised Premises to Landlord in good condition, reasonable wear and tear excepted, and shall, at Landlord's request, execute a recordable instrument evidencing the termination or expiration of this Lease and stating the termination or expiration date.

Q. Amendment to Paragraph 27. Paragraph 27 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

27. Mechanics' and Materialmen's Liens; Landlord's Lien:

A. **TENANT AGREES TO INDEMNIFY AND HOLD LANDLORD HARMLESS OF AND FROM ALL LIABILITY ARISING OUT OF THE FILING OF ANY MECHANICS' OR MATERIALMEN'S LIENS AGAINST THE DEMISED PREMISES BY REASON OF ANY ACT OR OMISSION OF TENANT OR ANYONE CLAIMING UNDER TENANT, AND LANDLORD, AT LANDLORD'S OPTION, MAY SATISFY SUCH LIENS AND COLLECT THE AMOUNT EXPENDED FROM TENANT**

TOGETHER WITH INTEREST THEREON AS PROVIDED IN PARAGRAPH 37 AS ADDITIONAL RENT; PROVIDED, HOWEVER, THAT LANDLORD SHALL NOT SO SATISFY SUCH LIENS UNTIL FIFTEEN (15) DAYS AFTER WRITTEN NOTIFICATION TO TENANT OF LANDLORD'S INTENTION TO DO SO AND TENANT'S FAILURE DURING SUCH FIFTEEN (15) DAY PERIOD TO BOND SUCH LIENS OR ESCROW FUNDS WITH APPROPRIATE PARTIES TO PROTECT LANDLORD'S INTEREST IN THE DEMISED PREMISES.

B. TENANT HEREBY GRANTS TO LANDLORD A CONTINUING SECURITY INTEREST TO SECURE PAYMENT OF ALL RENT AND OTHER SUMS OF MONEY COMING DUE HEREUNDER FROM TENANT, AND TO SECURE PAYMENT OF ANY DAMAGES OR LOSS WHICH LANDLORD MAY SUFFER BY REASON OF THE BREACH BY TENANT OF ANY COVENANT, AGREEMENT, OR CONDITION CONTAINED HEREIN, UPON ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT PRESENTLY OR WHICH MAY HEREAFTER BE SITUATED ON THE LEASED PREMISES, AND ALL PROCEEDS THEREFROM ("COLLATERAL"). TENANT WILL NOT REMOVE, OR ALLOW OTHERS TO REMOVE, ANY OF SUCH COLLATERAL FROM THE LEASED PREMISES WITHOUT LANDLORD'S PRIOR WRITTEN CONSENT; BUT TENANT MAY REMOVE COLLATERAL IN THE ORDINARY COURSE OF BUSINESS BEFORE A DEFAULT. IF A DEFAULT OCCURS, LANDLORD WILL BE ENTITLED TO EXERCISE ANY OR ALL RIGHTS AND REMEDIES UNDER THE UNIFORM COMMERCIAL CODE OR OTHERWISE PROVIDED IN THIS LEASE OR BY LAW. IN ADDITION TO ANY OTHER REMEDIES PROVIDED IN THIS LEASE OR BY LAW OR EQUITY, IN THE EVENT OF DEFAULT, LANDLORD MAY ENTER THE LEASED PREMISES AND TAKE POSSESSION OF ANY AND ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT SITUATED UPON THE LEASED PREMISES WITHOUT LIABILITY FOR TRESPASS OR CONVERSION. LANDLORD MAY SELL THE SAME AT A PUBLIC OR PRIVATE SALE, WITH OR WITHOUT HAVING SUCH PROPERTY AT THE SALE, AFTER GIVING TENANT REASONABLE NOTICE AS TO THE TIME AND PLACE OF THE SALE. AT SUCH SALE, LANDLORD OR ITS ASSIGNS MAY PURCHASE THE PROPERTY UNLESS SUCH PURCHASE IS OTHERWISE PROHIBITED BY LAW. UNLESS OTHERWISE PROVIDED BY LAW, THE REQUIREMENT OF REASONABLE NOTICE SHALL BE MET IF SUCH NOTICE IS GIVEN TO TENANT AT THE ADDRESS

HEREAFTER PRESCRIBED AT LEAST FIFTEEN (15) DAYS PRIOR TO THE TIME OF THE SALE. THE PROCEEDS OF ANY SUCH DISPOSITION, LESS ALL EXPENSES CONNECTED WITH THE TAKING OF POSSESSION AND SALE OF THE PROPERTY, INCLUDING A REASONABLE ATTORNEY'S FEE, SHALL BE APPLIED AS A CREDIT AGAINST THE INDEBTEDNESS SECURED BY THE SECURITY INTEREST GRANTED IN THIS PARAGRAPH. ANY SURPLUS SHALL BE PAID TO TENANT AND TENANT SHALL PAY ANY DEFICIENCIES UPON DEMAND. UPON REQUEST BY LANDLORD, TENANT WILL EXECUTE AND DELIVER TO LANDLORD A FINANCING STATEMENT IN A FORM SUFFICIENT TO PERFECT THE SECURITY INTEREST OF THE LANDLORD IN THE AFOREMENTIONED PROPERTY AND THE PROCEEDS THEREOF UNDER THE PROVISION OF THE UNIFORM COMMERCIAL CODE IN FORCE IN THE STATE OF TEXAS, AND TENANT IRREVOCABLY APPOINTS LANDLORD AS TENANT'S ATTORNEY-IN-FACT TO SIGN AND DELIVER A FINANCING STATEMENT TO LANDLORD IF TENANT FAILS OR REFUSES TO DO SO. THIS POWER-OF-ATTORNEY IS COUPLED WITH AN INTEREST. ANY STATUTORY LIEN FOR RENT IS NOT WAIVED; THE SECURITY INTEREST HEREIN GRANTED IS IN ADDITION AND SUPPLEMENTARY THERETO."

C. Notwithstanding anything to the contrary, in exercising Landlord's rights under this Paragraph 27, Landlord shall not be entitled to take possession of or withhold Tenant's right to possess Tenant's business records, books, written or printed material, and computers, or to violate the quality control concerning aircraft parts and aircraft records which are located in a clearly marked secured area.

R. Amendment to Paragraph 28. Paragraph 28 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

28. Title: Tenant accepts the Demised Premises subject to: (i) the Base Lease; (ii) Minimum Standards; (iii) the Rules and Regulations; (iv) easements and rights-of-way and (v) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the Demised Premises (including, without limitation, the Town of Addison, the Federal Aviation Administration, and the Texas Department of Transportation), and (vi) any and all grant agreements or assurances regarding the Airport whether now in effect or hereafter agreed to or imposed.

S. Amendment to Paragraph 29. Paragraph 29 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

29. Quiet Enjoyment and Subordination: Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall (subject to all of the terms and conditions of this Lease) peaceably and quietly have, hold and enjoy the Demised Premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon, or to any other matter affecting, the Demised Premises. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien now existing or hereafter placed on the Demised Premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the Demised Premises; provided, however, any such subordination shall be upon the express conditions that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns, and perform all of the covenants and conditions required by the terms of this Lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

T. Addition of Paragraph 37.1. A new Paragraph 37.1 is hereby inserted and made a part of the Ground Lease to read as follows:

37.1. Special Events: Landlord may sponsor certain special events, including, but not limited to, air shows, to be conducted on portions of the Airport, which may limit or obstruct access to the Demised Premises and/or to the Airport ("Special Events"). As a material inducement to Landlord to enter into this Lease, and notwithstanding anything to the contrary contained herein, Tenant, on behalf of Tenant and on behalf of all directors, officers, shareholders, partners, principals, employees, agents, contractors, subtenants, licensees invitees, or concessionaires of Tenant and on behalf of any other party claiming any right to use the Demised Premises by, through or under Tenant, hereby: (i) agrees that Landlord has the right to sponsor any or all Special Events and to allow use of portions of the Airport therefor even if the same limit or obstruct access to the Demised Premises and/or to the Airport (and such use for Special Events may preclude Tenant's use of all Airport facilities, except that Tenant will continue to have vehicular (excluding any aircraft) access to the Demised Premises from roadways outside of the Airport); (ii) releases, waives and discharges Landlord and Manager, and their respective officials, officers, employees and agents, from all liability for any loss, damage, cost, expense or claim arising or resulting from or pertaining to the limitation or

obstruction of access to the Demised Premises and/or to the Airport from the conduct of Special Events and/or activities relating or pertaining thereto, including, without limitation, death, injury to person or property or loss of business or revenue (the "Released Claims"); (iii) covenants not to sue the Landlord or Manager or their respective officials, officers, employees and agents (whether in their official or private capacities) for any Released Claims; (iv) agrees that the terms contained in this Section are intended and shall be construed to be as broad and inclusive as possible under the laws of the State of Texas; and (v) agrees that if any portion of this Section is held to be invalid or unenforceable, the remainder of this Paragraph shall not be affected thereby but shall continue in full force and effect.

U. Amendment to Paragraph 48. Paragraph 48 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

48. Governing Law and Venue: Survivability of Rights and Remedies: This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas and with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the interpretation, validity and enforcement of this Agreement, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas. Any rights and remedies either party may have with respect to the other arising out of the performance of or failure to perform this Lease during the term hereof shall survive the cancellation, expiration or termination of this Lease.

V. Amendment to Paragraph 49. Paragraph 49 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

49. Entire Agreement and Amendments. This Lease, consisting of the above and foregoing through this Paragraph 49 and Exhibits A through F attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

Section 3. No Other Amendments. Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

Section 4. Applicable Law; Venue. This Amendment shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the parties created by this Amendment are performable in Dallas County, Texas. Venue for any action under this Amendment shall be in Dallas County, Texas.

Section 5. Authority to Execute. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

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IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 15
day of September, 2006

LANDLORD:

TOWN OF ADDISON, TEXAS

By: Ron Whitehead
Ron Whitehead, City Manager

ATTEST:

By: Mario Canizares
Carmen Moran, City Secretary
Mario Canizares

TENANT:

KEY DEVELOPMENT, LLC

By: _____

Typed Name: _____

Title: _____

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 14th
day of September, 2006

LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

ATTEST:

By: _____
Carmen Moran, City Secretary

TENANT:

KEY DEVELOPMENT, LLC

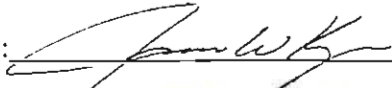
By: 
Typed Name: James W. Kelges
Title: President

EXHIBIT A

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of March 2, 19 84, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and LAWSON RIDGEWAY and/or assigns to corporation (hereinafter referred to as "Tenant"), majority owned partnership or

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor of AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. Base Lease: All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. Definition of Landlord and Effect of Default under the Base Lease: The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. Term: The term hereof shall commence on the earlier of April 1, 19 84, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. Rental: Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of SIXTEEN HUNDRED SIXTY-THREE AND 58/100 per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. Adjustment of Rental: Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price Index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefor.

6. Use of Demised Premises and Construction of Improvements: The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

- 1 - Metal hangar approximately 140' wide by 80' long with attached office building. Office building will have on-grade underbuilding parking and two floors of office totaling 31,000 square feet. Also, associated aircraft ramp and vehicle parking.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. Acceptance of Demised Premises: Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. Securing Governmental Approvals and Compliance with Law: Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. Assignment, Subletting and Mortgaging of Leasehold Estate:

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee becomes the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

C. All mortgages or deeds of trust whereby Tenant mortgages the leasehold estate of Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

D. Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a leasehold mortgage and written notice to such effect has been given to Landlord, to give the holder of such leasehold mortgage at such address or addresses as may be specified in such written notice to Landlord for the giving of notices to the leasehold mortgagee, or as otherwise may be specified by the leasehold mortgagee to Landlord in writing, written notice of any default hereunder by Tenant, simultaneously with the giving of such notice to Tenant, and the holder of any such leasehold mortgage shall have the right, for a period of fifteen (15) days after the receipt of such notice or within any longer period of time specified in such notice, to take such action or to make payment as may be necessary or appropriate to cure any such default so specified, it being the intention of the parties hereto that Landlord shall not exercise Landlord's right to terminate this Lease without first giving any such leasehold mortgagee the notice provided for herein and affording any such leasehold mortgagee the right to cure such default as provided for herein.

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgagee.

10. **Property Taxes and Assessments:** Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord a "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. **Maintenance and Repair of Demised Premises:**

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. **Alterations, Additions and Improvement.** After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed in a first class, workmanlike manner, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection therewith.

13. **Insurance.** Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one accident and not less than \$200,000.00 with respect to property damage.

(iii) Workman's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. **Casualty Damage or Destruction:**

A. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant will promptly give written notice thereof to Landlord, generally describing the nature and extent of such damage and/or destruction.

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

C. All insurance proceeds, if any, payable on account of such damage to or destruction of the buildings, structures and equipment on the demised premises shall be held by Landlord. Landlord shall be protected in acting upon any certificate believed by Landlord to be genuine and to have been executed by the proper party and shall receive such certificate as conclusive evidence of any fact or as to any matter therein set forth. Such certificate shall be full warranty, authority and protection to Landlord in acting thereon, and Landlord shall be under no duty to take any action other than as set forth in this paragraph 14.

D. Insurance proceeds received by Landlord on account of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof (less the costs, fees and expenses incurred by Landlord and Tenant in the collection thereof, including, without limitation, adjuster's and attorney's fees and expenses) shall be applied as follows:

(i) Net insurance proceeds as above defined shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses to pay (or reimburse Tenant for) the cost of Restoration, upon written request of Tenant to Landlord accompanied by (a) certificate of a supervising architect or engineer approved by Landlord, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has theretofore been reimbursed, and specifying the additional amount, if any, necessary to complete the Restoration, and (b) an opinion of counsel satisfactory to Landlord that there exist no mechanics', materialmen's or similar liens for labor or materials except such, if any, as are discharged by the payment of the amount requested.

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the Insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

A. If during the term hereof, any part of the demised premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the demised premises is not susceptible to efficient and economic occupation and operation by Tenant, this Lease shall automatically terminate as of the date that said condemning authority takes possession of the demised premises, and Landlord shall refund to Tenant any prepaid but unaccrued rental less any sum then owing by Tenant to Landlord.

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

C. If this Lease is not terminated pursuant to Section A, Tenant shall promptly restore the improvements on the demised premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the demised premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant, as their interest may appear. If this Lease is terminated pursuant to Section A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

17. Common Facilities. Tenant and Tenant's employees, agents, servants, customers and other invitees shall have the non-exclusive right to use all common facilities, improvements, equipment and services which may now exist or which may hereafter be provided by Landlord for the accommodation and convenience of Landlord's customers and tenants, including landing and takeoff facilities, means of ingress and egress to the demised premises, other airport installations, and all other reasonable services which may be provided without charge from time to time by Landlord in operating the Airport. All such common facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

20. Landlord's Right of Entry. Landlord and Landlord's authorized representatives shall have the right, during the normal business hours, to enter the demised premises (i) to inspect the general condition and state of repair thereof, (ii) to make repairs permitted under this Lease, (iii) to show the demised premises to any prospective tenant or purchaser or (iv) for any other reasonable and lawful purpose.

During the final one hundred eighty (180) days of the term hereof, Landlord and Landlord's authorized representatives shall have the right to erect and maintain on or about the demised premises customary signs advertising the demised premises for lease or for sale.

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

22. Default by Tenant. The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations.

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

A. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrears in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on demand the amount of all loss and damages which Landlord may suffer by reason of such termination, whether through inability to relet the demised premises on satisfactory terms or otherwise.

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrears in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

demand from time to time any deficiency that may arise by reason of any such rental. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, remodeling expenses and other costs of curing shall be subtracted from the amount of rent received under such relating.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus affecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, conditions and covenants herein contained.

24. **Default by Landlord.** No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay rent) or grant Tenant any right of deduction, abatement, set-off or recoupment or entitle Tenant to take any action whatsoever with regard to the demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

(i) Proceed to cure such default and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding rental installment(s) due by Tenant to Landlord hereunder; or

(ii) Proceed to cure such default and bring suit against Landlord for the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum.

If any mortgagee of Landlord has given Tenant its address for notices and specifically requests such notice, Tenant agrees to give the notice required hereinabove to such mortgagee at the time Tenant gives same to Landlord, and to accept curative action, if any, undertaken by such mortgagee as if such curative action had been taken by Landlord.

25. **Waiver of Subrogation.** Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during the term of this Lease for any and all loss of, or damage to, any of such party's property located within or upon, or constituting a part of, the demised premises, which loss or damage is covered by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. Such mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the parties hereto. Inasmuch as such mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation or otherwise to an insurance company (or any other person), each party hereby agrees immediately to give to each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of such mutual waivers, and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation of such insurance coverages by reason of such waivers.

26. **Title to Improvements.** Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) If Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. **Mechanics' and Materialmen's Liens.** Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. **Title.** Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

29. **Quiet Enjoyment and Subordination.** Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall peacefully and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon the demised premises. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises; provided, however, any such subordination shall be upon the express conditions that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns, and perform all of the covenants and conditions required by the terms of this lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed or trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

30. **Rent on Net Return Basis.** Except for the rental due under the Base Lease during the time that AAT is the Landlord hereunder, it is intended that the rent provided for in this Lease shall be an absolutely net return to Landlord for the term of this Lease, free of any loss, expenses or charges with respect to the demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. **Holding Over.** Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. **Waiver of Default.** No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Lease shall be deemed to be a waiver of any subsequent default or breach of the same or any other term, condition or covenant contained herein.

33. **Release of Landlord Upon Transfer.** All of Landlord's personal liability for the performance of the terms and provisions of this Lease (except for any liability accruing prior to such transfer) shall terminate upon a transfer of the demised premises by Landlord, provided that the obligations of Landlord under this Lease are covenants running with the land and shall be binding upon the transferee of Landlord's interest in this Lease and the demised premises.

34. **Attorneys' Fees.** If, on account of any breach or default by Landlord or Tenant of their respective obligations under this Lease, it shall become necessary for the other to employ an attorney to enforce or defend any of such party's rights or remedies hereunder, and should such party prevail, such party shall be entitled to collect reasonable attorneys' fees incurred in such connection from the other party.

35. **Financial Information.** Tenant agrees that Tenant will from time to time upon the written request of Landlord during the term of this Lease furnish to Landlord such credit and banking references as Landlord may reasonably request.

36. **Estoppel Certificates.** Tenant agrees that from time to time, upon not less than ten (10) days' prior written request by Landlord, Tenant will deliver to Landlord a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Landlord is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being furnished to Landlord's mortgagee and Landlord's mortgagee fails to cure such default within the curative period allowed Landlord under this Lease.

Landlord agrees that from time to time, upon not less than ten (10) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Tenant is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

37. Interest on Tenant's Obligations and Manner of Payment. All monetary obligations of Tenant to Landlord under this Lease remaining unpaid ten (10) days after the due date of the same (if no due date has been established under other provisions hereof, the "due date" shall be the date upon which Landlord demands payment from Tenant in writing) shall bear interest at the rate of ten percent (10%) per annum from and after said tenth (10th) day until paid. If more than twice during the term of the Lease Tenant's personal or corporate check is not paid by the bank on which it is drawn for whatever reason, Landlord may require by giving written notice to Tenant that the payment of all future monetary obligations of Tenant under this Lease are to be made on or before the due date by cash, cashier's check, certified check or money order, and the delivery of Tenant's personal or corporate check will no longer constitute payment of such monetary obligations. Any acceptance by Landlord of a personal or corporate check after such notice shall not be deemed or construed as a waiver or estoppel of Landlord to require other payments as required by said notice.

38. Independent Contractor. It is understood and agreed that in leasing and operating the demised premises, Tenant is acting as an independent contractor and is not acting as agent, partner, joint venturer or employee of Landlord.

39. Force Majeure. In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord is so delayed or hindered.

40. Exhibits. All exhibits, attachments, annexed instruments and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

41. Use of Language. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

42. Captions. The captions or headings or paragraphs in this Lease are inserted for convenience only, and shall not be considered in construing the provisions hereof if any question of intent should arise.

43. Successors. The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. All rights, powers, privileges, immunities and duties of Landlord under this Lease, including, but not limited to, any notices required or permitted to be delivered by Landlord to Tenant hereunder, may, at Landlord's option, be exercised or performed by Landlord's agent or attorney.

44. Severability. If any provision in this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

45. Notices. Any notice or document required or permitted to be delivered hereunder may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the parties at the addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P O Box 144

Addison, Texas 75001

TENANT:

Lawson Ridgeway
13601 Preston Road, Suite C-13
Dallas, Texas 75240

46. Fees or Commissions. Each party hereto hereby covenants and agrees with the other that such party shall be solely responsible for the payment of any brokers', agents' or finders' fees or commissions agreed to by such party arising from the execution of this Lease or the performance of the terms and provisions contained herein, and such party agrees to indemnify and hold the other party harmless from the payment of any such fees or commissions.

47. Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

48. Governing Law and Venue. This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas.

49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

EXECUTED as of the day month and year first above written.

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: 

CITY OF ADDISON, TEXAS

By: 

Its: _____

TENANT:

By: 

Its: _____

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Henry Stuart
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Ossettby L James
Notary Public
Dallas
County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Henry Redding
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12th day of April, 19 84.

James Sharp
Notary Public
Dallas
County, Texas



STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Laurson Redgen
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Joe Remshaw
Notary Public
Dallas
County, Texas

AGREEMENT FOR
OPERATION OF THE ADDISON AIRPORT
BETWEEN
THE CITY OF ADDISON, TEXAS
AND
ADDISON AIRPORT, INC.

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

WITNESSETH:

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas, it being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto.

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof, and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

- (i) the land described in Exhibit "1" as the Property and the Improvements thereon owned by the City;
- (ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and
- (iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand (\$800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

Section 1. Definitions

- (a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;
- (b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereon on the Leased Premises.
- (c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely affect the Gross Receipts shall first require the approval of the City.

Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

Section 5. Rent

(a) Company shall pay the City, on demand, the sum of \$100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City \$6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment; all levies, fees, water and sewer rents or other rents, rates and charges, permit fees, inspection fees and other charges, if any, in each case whether general and special, ordinary and extraordinary, which are lawfully imposed, whether or not the same were within the contemplation of the parties

hereto, together with any interest and penalty thereon, which imposed or levied upon or assessed against or in respect to this Agreement, or which may be a lien upon the Leased Premises. The Company shall pay all of the personal property taxes assessed by the City for the year 1976.

Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

- (i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;
- (ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;
- (iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;
- (iv) For the storage of fuel and for the fuelling of aircraft;
- (v) For the charter and leasing of aircraft;
- (vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;
- (vii) For the storage, parking, maintenance, servicing and fuelling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;
- (viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;
- (ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and
- (x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) If it is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements.

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (i) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

Section 12. Delivery of Evidence of Insurance

Company shall deliver to the City at the execution and delivery of this Agreement the original or duplicate policies or satisfactory

evidence of insurance or insurance certificates. Insurance required in Section 10 hereof. The Company shall within ten days prior to the expiration of any such insurance, deliver in the place of expired policies other original or duplicate policies or other certificates of the insurers endorsed as in above provided in Section 10 hereof evidencing renewal of such insurance.

Section 13. Casualty

If any improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the improvements, at its expense in conformity with the requirements of Section 14, in such manner as to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and improvements or any part thereof, in order to keep and maintain the Leased Premises and improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event be liable for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

Section 16. Alterations, Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvement, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

- (a) The Leased Premises or any part thereof,
- (b) City's ownership interest, or
- (c) the Rent or other sums payable by Company under this Agreement.

The existence of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lien, or any right in respect thereof shall not constitute a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lien(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to sublease such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be unreasonably withheld.

(c) The Company shall not enter into any sublease unless the term of such sublease, including any renewal or option provisions, expires and terminates on or before twenty years after the effective date of this Agreement, without the prior written consent of the City.

(d) Upon request by the Company, from time to time, that a sublease is entered into by the Company, the City shall deliver to any such subtenant its estoppel certificate, certifying unto the subtenant that this Agreement is in full force and effect.

Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy of any part thereof.

Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgments of any nature whatsoever, arising from;

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leases Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 29 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublessee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other amounts payable by the Company hereunder.

(b) The City may terminate this Agreement.

(c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require activity over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, of its then fair market value, any personal property which the City deems essential.

Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company.

(i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,

(ii) until Company has paid all other sums due under this Agreement.

Section 38. Quiet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

Section 47. Covenant by Company

It is understood and agreed by the parties hereto, that the Company will not make any improvements, changes, alterations, modifications, or removals at the Airport, which will effectively destroy the ability of the Airport to render first-class service to its customers and for the maximization of revenues.

Section 48. Record Keeping

The Company shall maintain in accordance with accepted accounting practice and make available to an authorized representative of the City for consideration records, books and its annual audit prepared by an independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably convenient to the Company.

Section 49. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed to the City — The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company — Addison Airport, Inc., P. O. Box 34067, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

ATTEST:

Joyce H. Stevens
SECRETARY

CITY OF ADDISON, TEXAS

BY:

Jimmy Redding

APPROVED AS TO FORM:

Robert L. McCall
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:

Margaret E. Bunch
SECRETARY

BY:

[Signature]

FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 89° 19' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.29 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 60° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 746.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50', a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2081.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 89° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 263.11 feet to a point;

THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.28 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

THENCE S. 75° 48' 25" W. a distance of 448.85 feet to a point;
 THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;
 THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;
 THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;
 THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;
 THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;
 THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;
 THENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;
 THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;
 THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;
 THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;
 THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;
 THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 385.340 acres of land, more or less, save and except the following 1 acre tract;

Beginning at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 80 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 56° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;

THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;
 THENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;
 THENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;
 THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.

Easements of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977

Date

W. J. Wischmeyer
 W. J. Wischmeyer
 Registered Professional Engineer



EXHIBIT "A"
 PROPERTY MAP
 ADDISON MUNICIPAL AIRPORT
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.

CONSULTING ENGINEERS
 DALLAS TEXAS

DECEMBER 1976

EXHIBIT B

COUNTY CLERK'S MEMO
PORTIONS OF THIS
DOCUMENT NOT
REPRODUCIBLE
WHEN RECORDED

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 23 day of October,
1985, at Addison, Texas, between LAWSON RIDGEWAY
, hereinafter called "Assignor",
and GREAT SOUTHWEST HOMES, INC. A 7394 0 49.00 DEED
 2 08/29/86
hereinafter called "Assignee".

WHEREAS, a lease executed on March 2, 1984, be-
tween CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the
Lessor, and the Assignor as Lessee, by the terms of which certain
real property located on the Addison Airport was leased to the
Assignor as Lessee upon the terms and conditions provided
therein; and

WHEREAS, the Assignor now desires to assign the lease to
Assignee, and the Assignee desires to accept the assignment
thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten
and no/100 Dollars (\$10.00), receipt of which is hereby
acknowledged, and the agreement of the Assignee, hereinafter set
forth, the Assignor hereby assigns and transfers to the Assignee,
its successors and assigns, all of his right, title and interest
in and to the lease hereinbefore described, a copy of which is
attached hereto as Exhibit A", and the Assignee hereby agrees to
and does accept the assignment, and in addition expressly assumes
and agrees to keep, perform and fulfill all the terms, covenants,
conditions and obligations required to be kept, performed and
fulfilled by the Assignor as the Lessee thereunder, including the
making of all payments due to or payable on behalf of the Lessor
under said lease when due and payable.

This agreement shall be binding on and inure to the benefit
of the parties hereto, their heirs, executors, administrators,
successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

[Signature]

ASSIGNEE:

[Signature]

President, Great Southwest Homes, Inc.

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By

[Signature]

ADDISON AIRPORT OF TEXAS, INC.

By

[Signature]

THE STATE OF TEXAS I

COUNTY OF DALLAS I

This instrument was acknowledged and sworn and subscribed to before me on this the 23rd day of October, 1985.



[Signature]
Notary Public, State of Texas

EXHIBIT C

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 31st day of May, 1988, at Addison, Texas, between GREAT SOUTHWEST HOMES, INC., a Texas corporation, hereinafter called "Assignor", and TARFIVE, INC., a Texas corporation, hereinafter called "Assignee".

WHEREAS, a lease executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

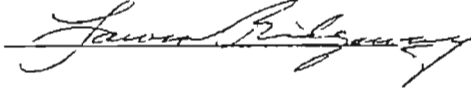
NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit "A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above writtn.

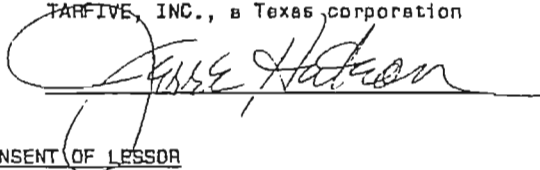
ASSIGNOR:

GREAT SOUTHWEST HOMES, INC., a
Texas corporation



ASSIGNEE:

TARFIVE, INC., a Texas corporation

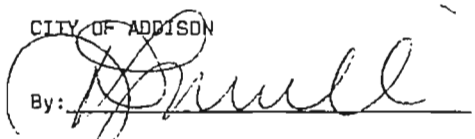


CONSENT OF LESSOR

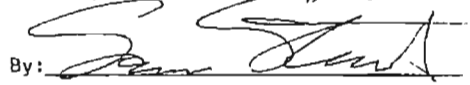
The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: 

ADDISON AIRPORT OF TEXAS, INC.

By: 

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared LAWSON RICEWAY
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 31st day of MAY, 19 88.



Notary Public, State of Texas
My Commission Expires 4-25-89

Diana Saucier
Notary Public DIANA SAUCIER

County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerre Hutson
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9th day of June, 19 88.



DIANA SAUCIER
COMMISSION EXPIRES
SEPTEMBER 25, 1989

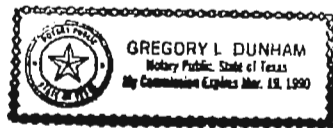
Diana Saucier
Notary Public Diana Saucier

County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared D. LYNN SPILL
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22 day of AUGUST, 19 88.



GREGORY L. DUNHAM
Notary Public, State of Texas
My Commission Expires Mar. 18, 1990

Gregory L. Dunham
Notary Public Dallas

County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Semi Stewart
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20th day of July, 19 88.

William Harris
Notary Public

Dallas
County, Texas

Commission Expires 08/16/89

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lawson Ridgeway and/or Assigns, Lessee, dated __-__-__, recorded in Volume B6022, Page D124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 feet to a point in the West right-of-way line of Claire Chennault (60-foot R.O.W.); said point being the Point of Beginning;

THENCE, South 0 deg. 07 min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.55 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.554 acres of land, more or less.

EXHIBIT D

When recorded, contain 101

Kathryn Nicholson
Winstead McGuire, Secretary & Clerk
5105 Parkside Tower
1201 Elm Street
Dallas, Texas 75270

COUNTY CLERK'S OFFICE
OFFICE OF THE
DEPUTY CLERK
RECORDS SECTION

11:20 AM
SEP 13 1988

STATE OF TEXAS 5
COUNTY OF DALLAS 5

SUBSTITUTE TRUSTEE'S DEED

This SUBSTITUTE TRUSTEE'S DEED ("Deed") is executed as of the 7th day of September, 1988, by the Substitute Trustee.

W I T N E S S E T H :

WHEREAS, GREAT SOUTHWEST HOMES, INC., a Texas corporation ("Grantor"), executed and delivered to DAVID T. ODGERFALL, as trustee ("Trustee"), for the benefit of MBANK DALLAS, NATIONAL ASSOCIATION ("MBank"), a Deed of Trust, Security Agreement and Assignment of Rents (as same may have been heretofore amended, the "Deed of Trust"), dated December 1, 1985, filed of record in Volume 86007, Page 0906 of the Deed of Trust Records of Dallas County, Texas, to secure those certain \$3,700,000.00 Industrial Development Revenue Bonds (Great Southwest Homes, Inc. Center 1 Project) Series 1985 issued by Addison Airport Improvement Authority, Inc., a Texas non-profit corporation (as same may have been heretofore amended, the "Note"); and

WHEREAS, the Deed of Trust conveyed to the said Trustee, in trust, the entire leasehold estate and interest of the lessee under the Ground Lease dated March 2, 1984, by and among the City of Addison, Texas, Addison Airport of Texas, Inc. and Lawson Ridgeway, which Ground Lease was assigned by Lawson Ridgeway, as lessee thereunder, to Grantor, covering certain land located in Dallas County, Texas, which is as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference for all purposes, together with all improvements thereon and appurtenances thereto (such land, improvements and appurtenances being hereinafter referred to as the "Real Property") and certain personal property ("Personal Property") situated on or related to the Real Property, which is more particularly described on Exhibit "B" attached hereto and incorporated herein by reference for all purposes, subject, however, to any and all exceptions, encumbrances or other matters affecting title to which the lien of the Deed of Trust is subordinate, whether by operation of law or otherwise (the Real Property, the Personal Property and any and all of Grantor's rights, titles and interests in any other property, whether real or personal, as described or otherwise included as collateral under the Deed of Trust are hereinafter, collectively, referred to as the "Mortgaged Property"); and

WHEREAS, the Note and the liens securing the same have been assigned to MCorp Management Solutions, Inc. ("Beneficiary"), by that certain Assignment of Loan Documents, Liens and Security Interests executed by MBank and dated as of January 1, 1988; and

WHEREAS, default has occurred under the terms of the Note and Deed of Trust and Beneficiary, as the current owner and holder of the Note and the Beneficiary under the Deed of Trust, in accordance with the terms of the Deed of Trust, removed the Trustee, and the undersigned (the "Substitute Trustee"), was duly appointed as a substitute trustee of the trust created in the Deed

9/13/88 75
88MB/1420

of Trust, pursuant to that certain Removal of Trustee and Appointment of Substitute Trustee, dated May 17, 1988, pursuant to which the Beneficiary authorized and directed the Substitute Trustee to sell the Mortgaged Property under the provisions of the Deed of Trust; and

WHEREAS, pursuant to said authorization and direction and fully in accordance with the terms of the Deed of Trust, the Substitute Trustee sold the Mortgaged Property at public auction at the Courthouse door of Dallas County, Texas between the hours of 10:00 a.m. and three (3) hours after such time, on Tuesday, the 6th day of September, 1988, after having given written notice pursuant to Notice of Substitute Trustee's Sale (the "Notice") of the time, place and terms of such proposed sale as prescribed by law and by the terms of the Deed of Trust, by means of (i) having posted or having caused to be posted the Notice for at least twenty-one (21) days preceding the date of sale at the Courthouse door of Dallas County, Texas, (ii) having filed or having caused to be filed the Notice with the Clerk of Dallas County, Texas at least twenty-one (21) days preceding the date of sale, and (iii) having served or having caused to be served a copy of the Notice by certified mail, return receipt requested, on each debtor obligated to pay the debt evidenced by the Note and Deed of Trust at the address for each such debtor according to the current records of Beneficiary, all in accordance with Tex. Prop. Code Ann. 551.002, as heretofore amended; and

WHEREAS, at such sale the Mortgaged Property was sold by the Substitute Trustee to Beneficiary (hereinafter referred to as the "Grantee") at the hour of 10:50 a.m. for and in consideration of the sum of THREE MILLION NINE HUNDRED TWENTY THOUSAND SEVEN HUNDRED TWENTY-THREE AND 80/100 DOLLARS (\$3,920,723.80), the Grantee being the best and highest bidder therefor, and said consideration being the best and highest bid therefor.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Substitute Trustee, by virtue of the powers granted to the Substitute Trustee by the Deed of Trust and the aforesaid Removal of Trustee and Appointment of Substitute Trustee and in consideration of the foregoing premises and of the value expressed above given to the Substitute Trustee, by the said Grantee, the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, SOLD and CONVEYED and by these presents does GRANT, SELL and CONVEY the Mortgaged Property unto the said Grantee.

TO HAVE AND TO HOLD the Mortgaged Property, together with all and singular, the rights and appurtenances thereto and in any wise belonging, to the said Grantee, its successors and assigns, forever; and for and on behalf of the said Grantor, and the successors and assigns of said Grantor, the Substitute Trustee does hereby bind the said Grantor, and the successors and assigns of said Grantor, to WARRANT and FOREVER DEFEND, all and singular, the Mortgaged Property, insofar as authorized by said Deed of Trust, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESS MY HAND this 7th day of September, 1988.

SUBSTITUTE TRUSTEE:

Kathryn Nicholson
KATHRYN NICHOLSON

STATE OF TEXAS §
COUNTY OF DALLAS §

The foregoing instrument was ACKNOWLEDGED on the 7th day of September, 1988, by KATHRYN NICHOLSON, the Substitute Trustee.

[S E A L]

Catherine M. St. Jacques
Notary Public, State of Texas

My Commission Expires:



ADDRESS OF GRANTEE
FOR TAX STATEMENTS

Management Solutions, Inc.
P.O. Box 224255
Dallas, Texas 75222-4255
ATTN: Ms. Kathy Rainy

4201D0906888.90
090788CMG1

EXHIBIT "A"

BEING a tract of land situated in the Williford Lomar Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:
COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;
THENCE, West along the South right-of-way line of Westgrove Road a distance of 750.57 ft. to a point in the West right-of-way of Claire Chennault (a 40 ft. ROW); said point being the Point of Beginning;

THENCE, S 0° 07' 10" E, along the said West right-of-way a distance of 250.00 ft. to a point;
THENCE West a distance of 260.00 ft. to a point;
THENCE North a distance of 260.00 ft. to a point on the South right-of-way of Westgrove Road;
THENCE East along the said South right of way a distance of 260.00 ft. to the Point of Beginning, containing 1.354 acres (67,870.8964 sq. ft.) of land, more or less.

Being the same real property covered by lease dated March 2, 1984, referenced in Deed of Trust, Security Agreement and Assignment of Rent, recorded in Volume 84138, Page 4784, Deed of Trust Records, Dallas County, Texas.

EXHIBIT "B"

Personal Property

1. All materials, supplies, equipment, apparatus and other items attached to, installed in or used (temporarily or permanently) in connection with any of the Real Property (as herein defined) at any time from and after the date of the Deed of Trust through and including the date of foreclosure of the lien of the Deed of Trust, and all renewals, replacements, and substitutions thereof and additions thereto, including but not limited to any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, generators, fans, blowers, vents, switchboards, elevators, mail conveyors, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, swimming pools, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas and electric equipment, disposal, dishwashers, washers, dryers, refrigerators and ranges, cafeteria equipment, and recreational equipment and facilities of all kinds.

2. All of the right, title and interest of Grantor in and to all personal property (other than fixtures) of any kind as defined in Chapter 9 of the Texas Uniform Commercial Code, including but not limited to all furniture, furnishings, equipment, machinery, goods, general intangibles, money, accounts, contract rights, and inventory, now or hereafter located upon, within or about the Real Property, together with all accessories, replacements and substitutions therefor and the proceeds thereof.

420:0090688B.90

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SEP 13 1988

COUNTY OF DALLAS
STATE OF TEXAS
COUNTY CLERK
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED AT THE
CLERK'S OFFICE THIS 13TH DAY OF SEPTEMBER 1988 AT THE
CITY OF DALLAS, TEXAS IN THE COUNTY OF DALLAS.

SEP 13 1988



Earl B. ...
COUNTY CLERK, DALLAS COUNTY, TEXAS

EXHIBIT E

ASSIGNMENT OF LEASE

THIS AGREEMENT is made as of this the 9th day of September, 1988, at Addison, Texas, between MCorp MANAGEMENT SOLUTIONS, INC., a Texas corporation, hereinafter called "Assignor", and REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignee."

FILED
11/11/89

WHEREAS, a lease was executed on March 7, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarlve, Inc., as Lessee upon the terms and conditions provided therein; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarlve, Inc. was transferred to Assignor; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described covering the property more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants,

89004/577 11/8/89

39004 0577

conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

MCORP MANAGEMENT SOLUTIONS, INC.,
a Texas corporation

By: [Signature]
Name: _____
Title: _____

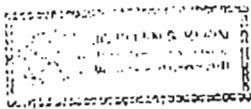
ASSIGNEE:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership
By: Texas Associated Realty, Inc.
(its General Partner)

By: [Signature]
Jerry Hutson Vice President

STATE OF TEXAS
COUNTY OF Dallas

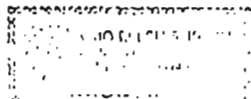
This instrument was acknowledged before me on 11-18-88 by Kathy Bungey Vice Pres. of MCorp Management Solutions, Inc. a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public Signature
Kathy Bungey
Notary Public Printed or Typed Name
My commission expires: 9-21-91

STATE OF TEXAS
COUNTY OF Dallas

This instrument was acknowledged before me on 11-18-88 by Jerry Hutson Vice Pres. of Texas Associated Realty, Inc. a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public Signature
Jerry Hutson
Notary Public Printed or Typed Name
My commission expires: 9-21-91

257:00924888.00
092788jdx1

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lawson Ridgeway and/or Assigns, Lessee, dated 10-23-55, recorded in Volume 86022, Page 0124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

BEING a tract of land situated in the William Lonax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 feet to a point in the West right-of-way line of Claire Chensault 160-foot R.D.W.; said point being the Point of Beginning;

THENCE, South 0 deg. 07 Min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.55 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.354 acres of land, more or less.

GSW Center

Page 1 of 1

Return to:
Kathryn R. Kierstead
Winstead, McQuinn, Beardsley & Merick
1400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270

89004 0579

STATE OF TEXAS
COUNTY OF DALLAS
JAN 0 1968

STATE OF TEXAS
COUNTY OF DALLAS
JAN 0 1968



Earl R. Rainey
COUNTY CLERK, DALLAS COUNTY, TEXAS

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1968
JAN 0 1968

89004 0580

EXHIBIT F

ASSIGNMENT OF GROUND LEASE

THIS AGREEMENT is made as of this the th 15 day of March, 1990, at Addison, Texas, between REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignor", and ITALIX ACQUISITION CORPORATION, a Texas corporation, hereinafter called "Assignee."

WHEREAS, a lease (the "Lease") was executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarfive, Inc., as Lessee upon the terms and conditions provided therein;

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarfive, Inc. was transferred to MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation ("MSI");

WHEREAS, an Assignment of Lease was executed on September 8, 1988, by MSI and Assignor, as Lessee, upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the Lease to Assignee, and the Assignee desires to accept the assignment thereof.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the Lease hereinbefore described covering the property

more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said Lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership

By: Pine Valley Resources Corporation,
an Ohio corporation, its sole
general partner

By: _____
Name: Richard D. Wheeler
Title: Director

ASSIGNEE:

ITALIX ACQUISITION CORPORATION,
a Texas corporation

By: _____
Name: Richard D. Wheeler
Title: Director

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: [Signature]
Name: LYNN SPRUILL
Title: MAYOR

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]
Name: SAM STUART
Title: PRESIDENT

STATE OF TEXAS 5
 5
COUNTY OF DALLAS 5

BEFORE ME, the undersigned Notary Public, on this day personally appeared John Adams, John Adams of PINE VALLEY RESOURCES CORPORATION, an Ohio corporation, sole general partner in REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 20th day of January, 1990.

My Commission Expires:

12/22/90

[Signature]
Notary Public - State of Texas

Anita E. Saunders
Printed/Typed Name of Notary Public



STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Sam Stewart, of ADDISON AIRPORT OF TEXAS, INC., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 22nd day of February, 1990.

My Commission Expires:

05/14/92

Willene Faris
Notary Public - State of Texas

WILLENE FARIS
Printed/Typed Name of Notary Public

257:0090410ZZZ.00
022090/1p1

EXHIBIT G

- -

ASSIGNMENT OF GROUND LEASE

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of March 31, 1999, at Addison, Texas, between ITALIX ACQUISITION CORPORATION ("Assignor") and AIR 276 L.P., a Texas limited partnership ("Assignee").

WHEREAS, Assignor is the Lessee under that certain GROUND LEASE as described and defined on Exhibit "A" attached hereto and made a part hereof for all purposes; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.
2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and No/100 (\$450.00) to Landlord.
3. Assignee hereby agrees to be bound by and to comply with the terms of this Ground Lease.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

ITALIX ACQUISITION CORPORATION

By: James D. Pratt
James D. Pratt, President

ASSIGNEE:

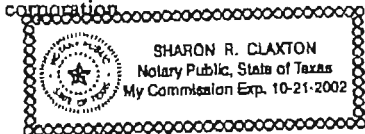
AIR 276 I, L.P., a Texas limited partnership

By: Air 276, Inc., a Texas corporation

By: *[Signature]*
Gary B. Crouch, President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by JAMES D. PRATT, President of ITALIX ACQUISITION CORP., a Texas corporation on behalf of said corporation.



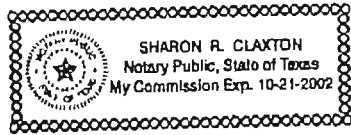
My Commission Expires:
10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, general partner of AIR 276 I, LTD., a Texas limited partnership on behalf of said partnership.



My Commission Expires:
10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Lessor or the Assignee.

ASSIGNOR

RW

LESSOR:

CITY OF ADDISON

By: *[Signature]*
 Name: RON WHITEHEAD
 Title: CITY MANAGER

ADDISON AIRPORT OF TEXAS, INC.

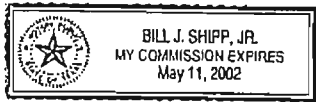
By: *[Signature]*
 Name: SAM STUART
 Title: President

STATE OF TEXAS §

KNOW ALL PERSONS BY THESE PRESENTS:

COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged and sworn and subscribed to by RON WHITEHEAD, CITY MANAGER of the CITY OF ADDISON, TEXAS before me on this 30 day of March, 1999.



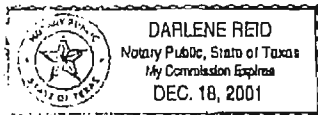
[Signature]
 Notary Public, State of Texas

STATE OF TEXAS §

KNOW ALL PERSONS BY THESE PRESENTS:

COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged and sworn and subscribed to by SAM STUART, President of the ADDISON AIRPORT OF TEXAS before me on this 31 day of March, 1999.



[Signature]
 Notary Public, State of Texas

EXHIBIT "A"

LEGAL DESCRIPTION

Being a Leasehold Estate in and to the real property described below as created by that certain Ground Lease Agreement (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, collectively as Landlord and Lawson Ridgeway and/or assigns ("Lawson"), as Tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 I, L.P., by Assignment of Ground Lease dated March 30, 1999 and filed in the Deed Records of Dallas County, Texas.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right of way line of Claire Chennault (60-foot wide, undedicated right-of-way at this point) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING;

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

EXHIBIT H

ASSIGNMENT OF GROUND LEASE
(Air 276 I, L.P. and Fortune Capital, Inc. to ADS Air 2000, L.P.)

THE STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership, and FORTUNE CAPITAL, INC., a Texas corporation (collectively, "Assignor") and ADS AIR 2000, L.P., a Texas limited partnership ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSP"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italix Acquisition Corporation ("Italix") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italix as assignor to Air 276 I, L.P.; and

WHEREAS, by Assignment of Ground Lease dated of even date herewith an undivided fifty percent (50%) interest in and to the above described Ground Lease was assigned by Air 276 L.P., a Texas limited partnership, to Fortune Capital, Inc., a Texas corporation; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

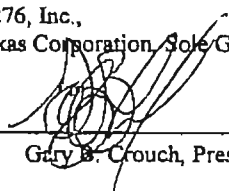
1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.
2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars (\$450.00) to Landlord.
3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: 

Gary B. Crouch, President

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: [Signature]
Yong Gang Shen, Vice President

ASSIGNEE:

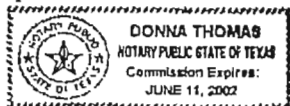
ADS AIR 2000, L.P.,
a Texas Limited Partnership

By: ADS 2000, Inc.
a Texas Corporation
Sole General Partner

By: [Signature]
Tom Bijou, President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of April, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

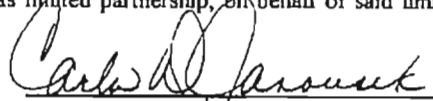
THIS INSTRUMENT was acknowledged before me on the 29 day of April, 2000, by YONG GANG SHEN, Vice President of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 7th day of July, 2000, by TOMBIJOU, President of ADS 2000, Inc., a Texas corporation, Sole General Partner of ADS AIR 2000, L.P., a Texas limited partnership, on behalf of said limited partnership.



Notary Public, State of Texas

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Assignor or the Assignee.

LESSOR:

TOWN OF ADDISON

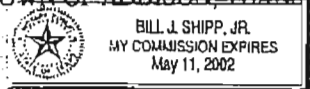
By: [Signature]
Name: RON WHITEHEAD
Title: CITY MANAGER

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]
Name: SAM STUART
Title: President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

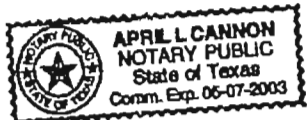
THIS INSTRUMENT was acknowledged before me on the 29th day of JUNE, 2000, by RON WHITEHEAD, CITY MANAGER of the TOWN OF ADDISON, TEXAS.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 28 day of June, 2000, by SAM STUART, President of the ADDISON AIRPORT OF TEXAS.



[Signature]
Notary Public, State of Texas

EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 L.P., by Assignment of Ground Lease dated March _____, 1999 and filed in the Deed Records of Dallas County, Texas.

Said Ground Lease covers a portion of the property encumbered by that certain lease entitled Agreement for the Operation of the Addison Airport (the "Operating Agreement") between the City of Addison and Addison Airport, Inc. dated December 30, 1976, as amended, filed October 22, 1997, recorded in Volume 97206, Page 5413, Deed Records of Dallas County, Texas. The terms of the Operating Agreement as they relate to premises covered by the Ground Lease (other than the payment of rent) are incorporated into the Ground Lease during the term of the Operating Agreement, and the interest of Addison Airport, Inc. has been assigned to Addison Airport of Texas, Inc.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chennault (60-foot wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road.

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING:

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.



Post Office Box 9010 Addison, Texas 75001-9010

5300 Delt Line Road

(972) 450-7000
FAX (972) 450-7043

July 26, 2000

Darlene Reid
Comptroller
Addison Airport
4505 Claire Chennault
Addison, TX 75001

Dear Ms. Reid:

Reference my earlier letter of July 13, 2000, and your letter of June 29, 2000, Item (4), I have enclosed copies for your records of the following on Air 276 I, L.P./Fortune Capital, Inc./ADS Air 2000, L.P.:

1. Assignment of Ground Lease (Air 276 I, L.P. and Fortune Capital, Inc. to ADS Air 2000, L.P.)
2. Assignment of Ground Lease (Air 276 I, L.P., a Texas limited partnership, to Fortune Capital, Inc. as to a 50% Interest)
3. Estoppel letter

If you have any questions, please do not hesitate to call me at (972) 450-7017.

Sincerely,

Bill Shipp
Administrative Assistant
Development Services

cc: Chris Terry

ASSIGNMENT OF GROUND LEASE

(Air 276 I, L.P., a Texas limited partnership to Fortune Capital, Inc. as to a 50% Interest)

THE STATE OF TEXAS §
COUNTY OF DALLAS § KNOW ALL PERSONS BY THESE PRESENTS:

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership ("Assignor"), and FORTUNE CAPITAL, INC., a Texas corporation ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSI"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italix Acquisition Corporation ("Italix") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italix as assignor to Air 276 I, L.P.; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign an undivided fifty percent (50%) interest in and to the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, an undivided fifty percent (50%) interest in and to all of Assignor's rights, title and interest in and to the Ground Lease.

2. Prior to the effective date of this Assignment, Assignor agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars (\$450.00) to Landlord.

3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.

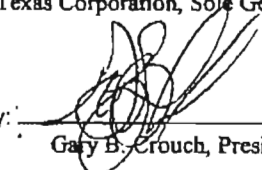
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 I, L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: 
Gary B. Crouch, President

ASSIGNEE:

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: *Yong Gang Shen*
Yong Gang Shen, Vice President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

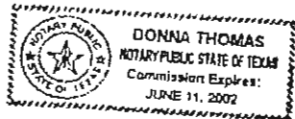
THIS INSTRUMENT was acknowledged before me on the 29 day of April, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.



Donna Thomas
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of April, 2000, by YONG GANG SHEN, Vice President of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.



Donna Thomas
Notary Public, State of Texas

EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90034, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 L.L.P., by Assignment of Ground Lease dated March _____, 1999 and filed in the Deed Records of Dallas County, Texas.

Said Ground Lease covers a portion of the property encumbered by that certain lease entitled Agreement for the Operation of the Addison Airport (the "Operating Agreement") between the City of Addison and Addison Airport, Inc. dated December 30, 1976, as amended, filed October 22, 1997, recorded in Volume 97206, Page 5413, Deed Records of Dallas County, Texas. The terms of the Operating Agreement as they relate to premises covered by the Ground Lease (other than the payment of rent) are incorporated into the Ground Lease during the term of the Operating Agreement, and the interest of Addison Airport, Inc. has been assigned to Addison Airport of Texas, Inc.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/4-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chermault (60-foot wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chermault, a distance of 260.00 feet to a 1/4-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road.

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING:

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

EXHIBIT I

(Executed Assignment to Key Development to be inserted)

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

ASSIGNMENT OF GROUND LEASE

This **ASSIGNMENT OF GROUND LEASE** (the "Assignment") is entered into and effective as of Sept 15 2006, at Addison, Texas, by and between **ADS AIR 2000, L.P.**, a Texas limited partnership (herein referred to as "Assignor") and **KEY DEVELOPMENT, LLC**, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease together with the Addendum To Ground Lease was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc., as Landlord, and Lawson Ridgeway, as Tenant, recorded in Volume 86022, Page 0124-0133 of the Deed Records of Dallas, County, Texas (the "Ground Lease", a true and correct copy of which Ground Lease is attached hereto as Exhibit A), by the terms of which certain real property now commonly referred to as 4444 Westgrove Dr. at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169 Page 5724-5748 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from Lawson Ridgeway, as assignor, to Great Southwest Homes, Inc., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613 Volume 88189 Page 1182-1201 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit C), the Ground Lease was assigned from Great Southwest Homes, as assignor, to TARFIVE, Inc., as assignee; and

WHEREAS, by that Substitute Trustee's Deed, recorded as Instrument #198801897613 Volume 88178 Page 1420-1425 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit D), the Ground Lease was assigned to the beneficiary, MCORP MANAGMEMENT SOLUTIONS, INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 Volume 89004 Page 577-580 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit E), the Ground Lease was assigned from MCORP MANAGMEMENT SOLUTIONS, INC., a Texas Corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., A Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 Volume 90054 Page 1648-1687 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit F), the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas Corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 Volume 99063 Page 1763-1767 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit G), the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 Volume 2000132 Page 07549-07556 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit H), the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by virtue of such assignments, Assignor is the Tenant under the Ground Lease; and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

WHEREAS, the Ground Lease provides in Section 9 thereof that, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the assignee whereby the assignee agrees to be bound by the terms and provisions of the Ground Lease; and

WHEREAS, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as Exhibit A, TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming a part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 (\$450.00) to Landlord.

3. Assignee hereby agrees to and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is

Key Development, LLC
5907 Gladeside Court
Dallas, Texas 75248

with a copy sent to:

Ms. Terry Thornton, Esq.
Godwin Pappas Langley Ronquillo, LLP
1201 Elm Street, Suite 1700
Dallas, Texas 75270-2041

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein and in that certain First Amendment To Ground Lease dated 9/15, 2006 which is attached hereto as Exhibit I.

5. Upon execution, this Assignment shall be publicly recorded in the Deed Records of Dallas County, Texas as required by the Town of Addison.

6. The above and foregoing premises to this Assignment and all other statements made herein are true and correct, and Assignor and Assignee both warrant and represent that such premises and statements are true and correct, and that in giving its consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

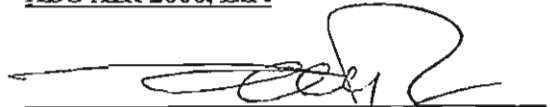
7. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

8. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from any such assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground lease.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

ASSIGNOR:

ADS AIR 2000, L.P.



By: THOMAS F. BLYSON

ASSIGNEE:

KEY DEVELOPMENT, LLC

By:

ACKNOWLEDGMENT

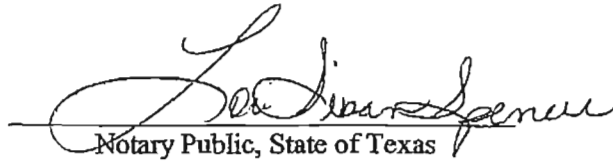
STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Thomas F. Bjov, President known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 14th day of September, 2006.

[SEAL]




Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2006.

[SEAL]

Notary Public, State of Texas

7. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

8. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from any such assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground lease.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

ASSIGNOR:

ADS AIR 2000, L.P.

By:

ASSIGNEE:

KEY DEVELOPMENT, LLC



By:

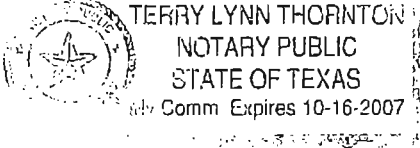
ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keys, President of Key Development, LLC known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 17th day of September, 2006.

[SEAL]



[Signature]
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2006.

[SEAL]

Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the above and foregoing Assignment. In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding the foregoing, Landlord does not release Assignor from its obligations under the Ground Lease. In addition, notwithstanding any provision of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

LANDLORD:

TOWN OF ADDISON, TEXAS


By: 
Ron Whitehead, City Manager

EXHIBIT J

EXHIBIT J

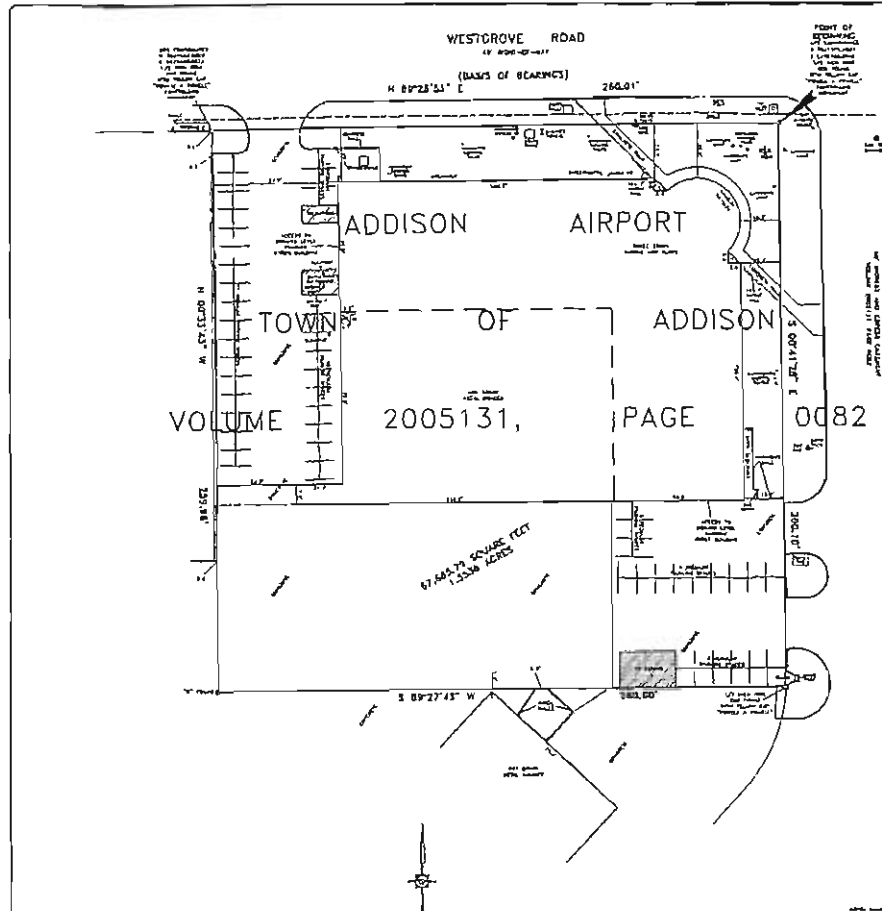
Building Maintenance Reserve

- 1) **Purpose of Reserve Fund:** Tenant, for itself and its successors and assigns, shall maintain a building maintenance reserve fund ("Reserve Fund") solely for the purpose of paying for unexpected and scheduled repairs and expenses, or for capital improvements to the Demised Premises, as the same may be needed or required from time to time pursuant to Paragraph 11 of the Ground Lease, as amended and modified from time to time.
- 2) **Beginning Reserve Fund Balance:** Landlord and Tenant mutually agree that Tenant will commence funding the Reserve Fund within thirty (30) days from the Effective Date of this Agreement so that the Reserve Fund will have the beginning balance of EIGHTY THOUSAND DOLLARS (\$80,000.00).
- 3) **Calculation of Required Reserve Fund:** Commencing on April 1, 2008 (with said date being the same as the adjustment of rental provided for in Paragraph 5 of the Ground Lease, as amended and modified) and on every bi-annual anniversary thereafter and in conjunction with its normal budgetary process, Tenant shall prepare for Landlord's benefit a capital repair and replacement plan (the "Maintenance Plan") documenting (i) qualified repairs and replacements funded from the Reserve Fund previously consented to by Landlord and having been completed, (ii) a schedule of capital improvements, repairs or replacements expected to be completed over the next two (2) years, and (iii) reconciliation and adjustment to the Maintenance Plan funding requirements for the subsequent two year plan covered by the Maintenance Plan. Such review procedures shall calculate the estimated remaining useful life of the major building components including but not limited to roofing, heating, ventilation and air conditioning (HVAC), landscaping, elevator systems, electrical and lighting systems, hangar door systems, painting (exterior/interior), carpet and floor covering, plumbing and, the estimated cost of replacement or repair for each. Based upon this calculation, Tenant shall then adjust and/or maintain a reasonable balance in the Reserve Fund in an amount sufficient to enable Tenant to make said repairs or replacements by or before the expiration of the respective component's useful life.
- 4) **Maintenance of the Reserve Fund:** The Reserve Fund account and all funds in it shall be the property of the Tenant at all times. The Reserve Funds shall be kept in one or more cash, or cash equivalent, interest bearing accounts in a federally insured banking institution. Although Tenant may maintain other funds in these same accounts, Tenant must be able to reconcile and clearly account to Landlord the Reserve Fund balances at all times. In the event Tenant is in default or the Ground Lease is otherwise terminated before the expiration of the Term, as modified, the Reserve Fund shall become due and payable to Landlord as a monetary obligation of Tenant to Landlord under Paragraph 37 of the Ground Lease, as amended or modified.
- 5) **Authorized Expenditures from the Reserve Fund:** Landlord must give its prior written consent to any expenditure reducing the Tenant's Reserve Fund balance except in the event of a bona fide emergency where said expenditures are necessary for the protection of the Demised Premises. In the event of such emergencies, Tenant will give Landlord

prompt written notice thereof as required under Paragraph 14 of the Ground Lease. Landlord's acceptance or consent of planned expenditures from the Reserve Fund may be by way of accepting Tenant's Maintenance Plan, provided Landlord does not give written objection to Tenant's plan within thirty (30) days of its receipt by Landlord. Landlord is not required to give credit (unless otherwise elected at its sole discretion) to any expenditure from the fund reducing the Reserve Fund balance without Landlord's prior written consent, except for where provided for herein.

- 6) **Tenant's Failure to Fund or Properly Give Account For The Reserve Funds:** Tenant's failure to routinely fund or account for the Reserve Fund as required herein, shall constitute as a non-monetary default where in the event such failure continues and not cured within thirty (30) days after written notice thereof is given to Tenant as provided for in Paragraph 22 of the Ground Lease.

EXHIBIT K



LEGAL DESCRIPTION

Block 1, 1234 567 890 1011 1212 1313 1414 1515 1616 1717 1818 1919 2020 2121 2222 2323 2424 2525 2626 2727 2828 2929 3030 3131 3232 3333 3434 3535 3636 3737 3838 3939 4040 4141 4242 4343 4444 4545 4646 4747 4848 4949 5050 5151 5252 5353 5454 5555 5656 5757 5858 5959 6060 6161 6262 6363 6464 6565 6666 6767 6868 6969 7070 7171 7272 7373 7474 7575 7676 7777 7878 7979 8080 8181 8282 8383 8484 8585 8686 8787 8888 8989 9090 9191 9292 9393 9494 9595 9696 9797 9898 9999 0000

GENERAL NOTES

- 1) The town of Addison is located in the County of Dallas, State of Texas, bounded on the north by Westrove Road, on the east by Addison Avenue, on the south by Westrove Road, and on the west by Westrove Road.
- 2) The town of Addison is located in the County of Dallas, State of Texas, bounded on the north by Westrove Road, on the east by Addison Avenue, on the south by Westrove Road, and on the west by Westrove Road.
- 3) The town of Addison is located in the County of Dallas, State of Texas, bounded on the north by Westrove Road, on the east by Addison Avenue, on the south by Westrove Road, and on the west by Westrove Road.
- 4) The town of Addison is located in the County of Dallas, State of Texas, bounded on the north by Westrove Road, on the east by Addison Avenue, on the south by Westrove Road, and on the west by Westrove Road.
- 5) The town of Addison is located in the County of Dallas, State of Texas, bounded on the north by Westrove Road, on the east by Addison Avenue, on the south by Westrove Road, and on the west by Westrove Road.

SURVEYOR'S CERTIFICATE

I, the undersigned, being a duly licensed Surveyor in the State of Texas, do hereby certify that the foregoing is a true and correct copy of the original plat on file in my office, and that the same has been examined and approved by me. This plat was recorded on this day, 12th day of May, 1912, at Dallas, Texas.

Clairne Chennault
Surveyor

NO.	DATE	DESCRIPTION
1	5/12/12	Original Plat
2	5/12/12	Corrected Plat
3	5/12/12	Amended Plat
4	5/12/12	Revised Plat

RECORD	INDEX	DATE	BY

CLAIRNE CHENNAULT
SURVEYOR
DAKOTA COUNTY, S.D.
RECORD NO. 1234
INDEX NO. 5678
DATE RECORDED 5/12/12
DATE INDEXED 5/12/12

CATEGORY 1A, CONDITION II SURVEY
TOWN OF ADDISON, DALLAS COUNTY, TEXAS
67,663.79 SQUARE FEET 1,523.58 ACRES
ADDISON AIRPORT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
Article #7006 2760 0002 6404 9649

March 27, 2008

James W. Keyes, President
Key Development, LLC
P. O. Box 1505
Addison, TX 75001

Re: Confirmation of Lease Extension in Accordance with the First Amendment to Ground Lease #0710-5502 dated September 15, 2006, between Town of Addison (Landlord) and Key Development, LLC (Tenant)

Dear Mr. Keyes:

Pursuant to Section 2, Paragraph A, of the above-referenced First Amendment to Ground Lease (enclosed herein for reference), the Term of the Ground Lease currently scheduled to end March 31, 2024 shall be extended an additional two hundred forty (240) months, still subject to the termination provisions of the Ground Lease, provided Tenant first complies with each of the terms and conditions set forth in Section 2, Paragraph A, Subsections (i) through (vi) within eighteen (18) months of the Effective Date (Improvement Period), or by March 14, 2008.

Further, pursuant to Subparagraph (vii) of Section 2, Paragraph A of the Amendment, if for any reason beyond Tenant's control the plans and specification are not approved by Landlord or constructed by Tenant, Tenant may, at Tenant's sole discretion either (a) elect to propose alternate plans and specifications; or (b) elect to pay Landlord the cash sum of Two Hundred Thirty-Five Thousand Dollars (\$235,000) on or before the expiration of the Improvement Period, or by March 14, 2008. If tenant elects either of these alternate options, the Improvement Period is extended but not to exceed beyond a twenty-four (24) month period.

Failure of Tenant to complete the improvements within the Improvement Period, or failure to exercise and fulfill either of the two alternate options outlined above shall cause, without further action or notice by Landlord, the term of the Ground Lease to be extended by one-hundred eighty (180) months so that the term of the Ground Lease shall end on March 31, 2039, but still subject to the termination provisions of the Ground Lease as amended or modified.

Key Development, LLC
March 27, 2008
Page Two

Past discussions between Tenant and Landlord, and a review of our records indicate that Tenant elected not to complete the Improvements as defined in Section 2, Paragraph A of the Amendment and did not elect either of the alternate options as defined in Subparagraph (vii) of Section 2, Paragraph A of the Amendment. ***Therefore, the Term of the Ground Lease shall be extended by one hundred eighty (180) months so that the Term of the Ground Lease shall end on March 31, 2039, but still subject to the termination provisions of the Ground Lease as amended or modified.***

Please accept this letter as confirmation of this Lease Extension and we will update our records accordingly. Except to the extent modified herein, all other terms and obligations of the Ground Lease and First Amendment to Ground Lease shall remain unchanged and in full force and effect.

Sincerely,

William M. Dyer
Real Estate Manager

enclosure

STATE OF TEXAS §
 § **SECOND AMENDMENT TO GROUND LEASE**
COUNTY OF DALLAS §

This Second Amendment to Ground Lease (hereinafter referred to as the "Second Amendment") is entered into and made effective as of December 3, 2015, (the "Effective Date") at Addison, Texas, by and between the Town of Addison, Texas, a home-rule municipality (hereinafter sometimes referred to as the "Landlord" or the "City"), and Key Development, LLC, a Texas limited liability company ("Tenant") (Landlord and Tenant are sometimes referred to as the "parties" or "party").

WHEREAS, a Ground Lease, together with the Addendum to Ground Lease, was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI") as Landlord, and Lawson Ridgeway as Tenant ("Lawson Ridgeway"), recorded in Volume 86022, Pages 0124-0133 of the Deed Records of Dallas County, Texas, and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway as Granter and the City and AATI as Grantee, recorded as Instrument #198601697396 in Volume 861969, Pages 5742-5748 in the Deed Records of Dallas County, Texas, collectively referred to herein as the Ground Lease, as amended or modified, hereinafter referred to as the "Ground Lease" and described in that certain boundary survey dated June 6, 2006 by the terms of which certain real property now commonly referred to as 4500 Westgrove Drive at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, the Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and AATI), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Lease; and

WHEREAS, the said Base Lease has expired and the City alone is the Landlord under the Lease; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169, Pages 5724-5748 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613, in Volume 88189, Pages 1182-1201 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE, Inc., as assignee; and

WHEREAS, by that Substitute Trustee's Deed, dated September 7, 1988 recorded as Instrument #198801897613 in Volume 88178, Pages 1420-1425 of the Deed Records of Dallas

County, Texas, the Ground Lease was assigned to the beneficiary, MCORP MANAGEMENT SOLUTIONS. INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 in Volume 89004, Pages 577-580 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation, as assignor, to REALTY ALLIANCE OF TEXAS. LTD., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 in Volume 90054, Pages 1648-1687 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS. LTD., a Texas corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 in Volume 99063, Pages 1763-1767 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 in Volume 2000132, Pages 07549-07556 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated September 15, 2006, recorded as Instrument #200600346255 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development LLC., a Texas limited liability company, as assignee; and

WHEREAS, by virtue of such assignments, Key Development, LLC, a Texas limited liability company, is the Tenant under the Ground Lease, as amended or modified as of the effective date given above for this Second Amendment; and

WHEREAS, the Lease was modified by that First Amendment to Ground Lease made and entered into September 15, 2006, recorded as Instrument #200600346256 of the Deed Records of Dallas County, Texas ("First Amendment"), modifying, among other things, the term of the agreement by adding 240 months, (ending 3/31/2044) provided within 18 months of the effective date of the First Amendment tenant completed the remodeling and renovation of approximately 10,000 sf. of office space and the construction of at least 5,000 sf of additional hangar space (conditions detailed in the Amendment Section 2, Paragraph A); and

WHEREAS, by that certified letter dated September 17, 2008 confirming the lease extension in accordance with the First Amendment, Tenant elected not to complete the Improvements as defined in Section 2, Paragraph A of the First Amendment and did not elect either of the alternate options as defined in Subparagraph (vii) of Section 2, Paragraph A of the

First Amendment, and as a result, the Term of the Ground Lease was extended by one hundred eighty (180) months so that the Term of the Ground Lease shall end on March 31, 2039, still subject to the termination provisions of the Ground Lease as amended or modified; and

WHEREAS, a true and correct copy of the Ground Lease as amended or modified as set forth above is attached hereto and incorporated herein by reference as Exhibit "A"; and

WHEREAS, Tenant has proposed to construct certain additional improvements on the Demised Premises, as described in Exhibit "C" attached hereto and incorporated herein for all purposes, and in connection therewith and as consideration therefore Landlord and Tenant desire to amend the Ground Lease in the manner set forth below, contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Town of Addison, Texas and Key Development, LLC, a Texas limited liability company, do hereby agree as follows:

Section 1. Incorporation of Premises. The above and foregoing recitals are true and correct and are incorporated herein and made a part hereof.

Section 2. Amendments and Modifications to Ground Lease. The Ground Lease, as described in the above and foregoing recitals, is hereby amended and modified as follows:

A. Amendment to Term. The term of the Ground Lease may be modified in accordance with the following:

1. The Term of the Ground Lease, currently scheduled to end on March 31, 2039, shall be extended for an additional 96 months so it shall end on March 31, 2047 (the "Second Lease Extension Period"), subject to the termination provisions of the Ground Lease. Provided, however, notwithstanding the foregoing, the Second Lease Extension Period shall not become effective unless and until Tenant has complied with and fully satisfied each of the following terms and conditions:

(i) Within one year immediately following the Effective Date of this Second Amendment (the "Repair and Improvement Period"), Tenant shall have completed upon the Demised Premises to Landlord's satisfaction the construction, remodeling and renovation of improvements to the existing building improvements as generally described in Exhibit "B" attached hereto and incorporated herein (the "Building Improvements");

(ii) Tenant agrees that it will contribute no less than Three Hundred Seventy-Eight Thousand and No/100 Dollars (\$378,000.00) to the cost of the construction of the Building Improvements. If Landlord requests, Tenant shall provide Landlord with reasonable evidence of the costs and expenses contributed by Tenant to the construction and completion of the Building Improvements;

- (iii) All construction of the Building Improvements and any other facilities or improvements shall be in a first-class, workmanlike manner and in accordance with and subject to the provisions of the Ground Lease. The design and construction of the Building Improvements shall be in accordance and comply with all applicable federal, state, and local laws, statutes, ordinances, codes, rules, regulations, orders, and standards. Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations that arise in connection with any such construction; and
- (iv) At the time of the issuance of the written notice described in paragraph 2 below, Tenant shall not then be in default of any provision of the Ground Lease beyond any applicable cure period;

2. Upon Landlord's determination that Tenant has fully, finally and timely complied with, to Landlord's satisfaction, each of the terms and conditions set forth in Section 2.A.1, above, Landlord will notify Tenant of the same in writing and the Second Lease Extension Period shall thereafter be in effect.

3. If, however, Landlord determines that Tenant has failed to fully, finally and timely comply with, to Landlord's satisfaction, all of the conditions and provisions of Section 2.A.1., above, Landlord shall deliver to Tenant written notice of Tenant's failure to comply with and satisfy all the conditions and provisions of Section 2.A.1; and if said conditions and provisions remain unresolved and not so complied with or so satisfied, in the sole discretion of Landlord, for more than thirty (30) days after said notice, the Second Lease Extension Period shall not be granted and shall not take effect, and the Term of the Ground Lease shall end on March 31, 2039 (subject to the termination provisions of the Ground Lease).

4. Upon the eventual conclusion of either Subparagraph 2 or 3 above, Landlord and Tenant hereby agree to execute and cause to be recorded in the Official Public Records of Dallas County, Texas a Memorandum of the Second Amendment to the Ground Lease substantially in the form of Exhibit "C" which shall, among other things, affirm the true and correct expiration date of the Ground Lease resulting from this Second Amendment to Ground Lease.

Section 3. No Other Amendments. Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

Section 4. Applicable Law; Venue. In the event of any action under this Second Amendment, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the state of Texas shall govern and apply to the interpretation, validity and enforcement of this Second Amendment; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Second Amendment. All obligations of the parties created by this Second Amendment are performable in Dallas County, Texas.

Section 5. No Third Party Beneficiaries. This Second Amendment and each of its provisions are solely for the benefit of the parties hereto and are not intended to and shall not create or grant any rights, contractual or otherwise, to any third person or entity.

Section 6. Authority to Execute. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Second Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 10 day of November, 2015.

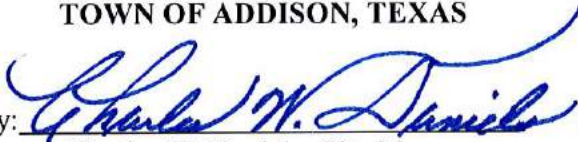
LANDLORD:

TENANT:


TOWN OF ADDISON, TEXAS

KEY DEVELOPMENT, LLC

By:

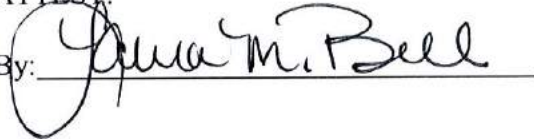

Charles W. Daniels, City Manager

By:


James W. Keyes, President

ATTEST:

By:



ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keyes, president of Key Development, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 19th day of NOVEMBER, 2015.



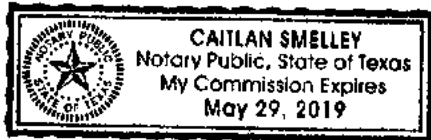
Sharon E. Shobe
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Charles W. Daniels, City Manager of the Town of Addison, Texas, a home-rule municipality, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 3rd day of December, 2015.

[SEAL]



Caitlan Smelley
Notary Public, State of Texas

EXHIBIT "A"

TRUE AND CORRECT COPY OF GROUND LEASE
AS AMENDED AND MODIFIED

STATE OF TEXAS §
 §
 COUNTY OF DALLAS §

FIRST AMENDMENT TO GROUND LEASE

This FIRST AMENDMENT TO GROUND LEASE (hereinafter referred to as the "First Amendment to Ground Lease" or "Amendment") is entered into and effective as of Sept 15, 2006 (the "Effective Date") between the Town of Addison, Texas a Texas home-rule municipality (hereinafter sometimes referred to as "Addison" or the "Landlord"), and **Key Development, LLC**, a Texas limited liability company ("Tenant").

WHEREAS, a Ground Lease together with the Addendum To Ground Lease was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI"), as Landlord, and Lawson Ridgeway, as Tenant, recorded in Volume 86022, Page 0124-0133¹ of the Deed Records of Dallas County, Texas; and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway, as Grantor and the City and AATI recorded as Instrument #198601697396 in Volume 861969 Page 5742-5748 in the Deed of Records of Dallas County, Texas comprising the Ground Lease, as amended or modified and hereinafter referred to as the "Ground Lease," (a true and correct copy is attached hereto as Exhibit A) and described in that certain boundary survey dated June 6, 2006 (a true and correct copy is attached hereto as Exhibit K), by the terms of which certain real property now commonly referred to as 4444 Westgrove Dr. at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169 Page 5724-5748 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613 Volume 88189 Page 1182-1201 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit C), the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE, Inc., as assignee; and

Schedule of Exhibits

Exhibit A:	Copy of Ground Lease dated
Exhibit B:	Assignment of Lease Dated 10/23/1985 to Great Southwest Homes, Inc.
Exhibit C:	Assignment of Lease Dated May 31, 1988 to Tarfive, Inc.
Exhibit D:	Substitute Trustee's Deed to MCorp Management Solutions, Inc.
Exhibit E:	Assignment of Lease Dated September 8, 1988 to Realty Alliance of Texas, Ltd.
Exhibit F:	Assignment of Ground Lease Dated March 15, 1990 to Italix Acquisition Corporation
Exhibit G:	Assignment of Ground Lease Dated March 31, 1999 to AIR 276 I, L.P.
Exhibit H:	Assignment of Ground Lease Dated July 7, 2000 to ADS AIR 2000, L.P.
Exhibit I:	Assignment of Ground Lease Dated Sept 15, 2006 to Key Development, LLC
Exhibit J:	Building Maintenance Reserve
Exhibit K:	Survey Dated 06/05/2006 Doug Connally & Assoc., Inc.

¹ Appears to be first public recording of the Ground Lease, which includes the Assignment of Lease dated March 2, 1984 to Great Southwest Homes, Inc. which does not reflect the Landlord's consent.

WHEREAS, by that Substitute Trustee's Deed, dated September 7, 1988 recorded as Instrument #198801897613 Volume 88178 Page 1420-1425 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit D), the Ground Lease was assigned to the beneficiary, MCORP MANAGMEMENT SOLUTIONS, INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 Volume 89004 Page 577-580 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit E), the Ground Lease was assigned from MCORP MANAGMEMENT SOLUTIONS, INC., a Texas Corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 Volume 90054 Page 1648-1687 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit F), the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas Corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 Volume 99063 Page 1763-1767 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit G), the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 Volume 2000132 Page 07549-07556 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit H), the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated Sept 15, 2006, as consented to by Landlord (a true and correct copy of which is attached hereto as Exhibit I), the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development, LLC., a Texas limited liability company, as assignee; and

WHEREAS, by virtue of such assignments, Key Development, LLC, a Texas limited liability company, is the Tenant under the Ground Lease, as amended and modified, as of the effective date given above for this Agreement; and

WHEREAS, Tenant has proposed to construct certain additional improvements on the Demised Premises as described herein, and in connection therewith and as consideration therefore Landlord and Tenant desire to amend the Ground Lease in the manner set forth below, contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), the terms and conditions of this Amendment, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

AGREEMENT

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof.

Section 2. Amendments and Modifications to Ground Lease. Notwithstanding anything in the Lease (as amended) to the contrary, Tenant and its successors and assigns and Landlord agree as follows with respect to the Lease:

A. Term Adjustment. The Term of the Lease, currently scheduled to end on March 31, 2024, shall hereby be extended an additional **240 months** so it shall now end on March 31, 2044 (“the First Lease Extension Period”) but still subject to the termination provisions of the Ground Lease. The First Lease Extension Period shall become effective, provided Tenant first complies with each of the following terms and conditions:

- (i) Within eighteen (18) months of the Effective Date (the “Improvement Period”), Tenant shall have completed the remodeling and renovation of approximately 10,000 square feet of existing building area and, the construction upon the Demised Premises of at least 5,000 square feet of additional hangar area (the “Improvements”);
- (ii) Tenant shall, prior to the construction of the Improvements or any other facilities or improvements on the Demised Premises, present to Landlord for Landlord’s review and consideration of approval, the plans and specifications for the construction of the Improvements or any other improvements or facilities (the “Plans and Specifications”). For purposes of this subparagraph (ii), Plans and Specifications shall be approved by Landlord or by the Town of Addison City Manager’s designee, and all such approvals shall not be unreasonably withheld or delayed in any manner. All construction of the Improvements and any other facilities or improvements shall be substantially in accordance with the approved Plans and Specifications, and such construction shall be in a first class, workmanlike manner. Tenant shall promptly pay and discharge (or provide adequate bond or escrow funds with regard to any disputed amounts) all costs, expenses, claims for damages, liens and any and all other liabilities and obligations that arise in connection with any such construction;
- (iii) For the purpose herein, the Improvements shall be deemed completed upon the issuance by the Town of Addison, Texas of a Certificate of Occupancy for such Improvements, and the certification by Tenant’s architect that the Improvements have been completed in substantial conformance with the Plans and Specifications;
- (iv) Tenant agrees that it will contribute no less than \$250,000.00 to the cost of the construction of the Improvements. If Landlord requests, Tenant shall provide Landlord with reasonable evidence of the costs and expenses contributed by Tenant to the construction and completion of the Improvements up the completion of the Improvements;

- (v) Tenant shall not, at the time of the issuance of the letter described in subparagraph (ix) below, then be in default of any provisions of the Ground Lease beyond any applicable cure period;
- (vi) Upon the final completion of the Improvements as defined in this Section 2 and, if requested, the presentation of evidence satisfactory to Landlord of the cost of the completed Improvements, the terms and conditions prerequisite to the First Lease Extension Period as stated above shall be deemed to have been fulfilled, and the Lease Extension Period shall thereafter be in effect;
- (vii) If for any reason beyond the control of Tenant, the Plans and Specifications are not approved by the Landlord (or by any other regulating authority required of Tenant under Paragraph 8 of the Ground Lease and as amended herein) and cannot be constructed by Tenant in accordance with the Plans and Specifications, or completed in accordance herewith, Tenant shall at Tenant's sole discretion elect to either;
 - (a) propose an alternate to the Plans and Specifications for the Improvements acceptable to Landlord (and the other regulatory authorities) of comparable value and like-kind benefit to the Demised Premises. If Tenant elects to construct said Improvements under this option, the Improvement Period is hereby extended but not to exceed beyond twenty-four (24) months from the Effective Date of this Agreement unless otherwise mutually agreed to in writing by both parties, or
 - (b) elect to pay Landlord the cash sum of TWO HUNDRED AND THIRTY-FIVE THOUSAND dollars and no cents (\$235,000.00 US) on or before the expiration of the Improvement Period set forth in Section 2A(i).

Tenant's election of any one of the above options in this sub-paragraph must be delivered to Landlord in writing on or before the expiration of the Improvement Period set forth in Section 2A(i);

- (viii) Tenant's failure to complete the Improvements within the Improvement Period or, fail to exercise and fulfill either of the two options provided for in sub-paragraph (vii) of this Section 2 shall cause, without further action or notice by Landlord, the Term of the Lease to be extended by 180 months so that the Term of the Ground Lease shall end on March 31, 2039 but still subject to the termination provisions of the Ground Lease as amended or modified; and
- (ix) Landlord or Tenant agree to execute and deliver a confirmation of the Lease Extension Period if requested by the other party, which may be filed in the deed records accordingly.

B. Amendment to Paragraph 4. Paragraph 4 is hereby amended so that it shall hereafter read as follows:

4. **Rental:** Subject to adjustments as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the Demised Premises at the rate of FOUR THOUSAND ONE-HUNDRED EIGHTY FOUR and 88/100 Dollars (\$4,184.88) per month in advance (the "Amended Rental)". The first of such monthly installments shall be due and payable on or before the first day of the calendar month following the Effective date of this Amendment and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof, subject to adjustment as provided for in Section 5 of the Ground Lease.

C. Amendment to Paragraph 5. Paragraph 5 is hereby amended so that it shall hereafter read as follows:

5. **Adjustment of Rental:** Commencing on April 1, 2008 and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i). Monthly rent shall be adjusted to reflect changes in the Consumers' Price Index - All Items for Dallas, Texas Metropolitan Area (hereinafter referred to as the "Consumer Price Index"), as quoted in the publication *Consumer Price Index for All Urban Consumers (CPI-U)* for the Dallas-Fort Worth Consolidated Metropolitan Statistical Area which is issued by the U.S. Department of Labor, Bureau of Labor Statistics. The basic index ("Basic Index") is the Consumer Price Index existing on the Rent Commencement Date. The current index ("Current Index") is the Consumer Price Index in effect on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii). Beginning with the first full month following the then applicable Adjustment Date, the monthly rent shall be adjusted so that it equals the product of the Base Amount multiplied by a fraction, the numerator of which is the Current Index and the denominator of which is the Basic Index (the "Adjusted Rental"), but in no event shall such monthly rent ever be decreased below the Base Rental set forth in Paragraph 4, as amended.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible (as determined by Landlord) shall be substituted therefor.

D. Amendment to Paragraph 6. Paragraph 6 is hereby amended so that it shall hereafter read as follows:

6. Use of Demised Premises: The Demised Premises shall be used and occupied by Tenant (or Tenant's sub-tenants provided for in Paragraph 9A and the Addendum To Ground Lease dated March 2, 1984 attached to and made a part of the Ground Lease) only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair, aircraft storage; aircraft training; aircraft charter; aircraft rentals; general office uses and not otherwise without the prior written consent of Landlord.

E. Amendment to Paragraph 7. Paragraph 7 is hereby amended so that it shall hereafter read as follows:

7. Acceptance of Demised Premises: Tenant acknowledges that Tenant has fully inspected the Demised Premises and accepts the Demised Premises as suitable for the purpose for which the same are leased in their present condition “**AS IS, WHERE IS**” and with all faults and defects, whether known or unknown to either Landlord or Tenant and without representation or warranty of any kind from Landlord as to the status or condition thereof, and further the Ground Lease is subject to any and all currently existing title exceptions or other matters of record or visible or apparent from an inspection affecting the Demised Premises. Without limiting the foregoing, **THERE IS NO WARRANTY, EXPRESS OR IMPLIED, OF SUITABILITY, MERCHANTABILITY, and HABITABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE GIVEN IN CONNECTION WITH THIS LEASE.**

F. Amendment to Paragraph 8. Paragraph 8 is hereby amended so that it shall hereafter read as follows:

8. Securing Governmental Approvals and Compliance with Law:

A. Tenant, at Tenant’s sole cost and expense, shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the Demised Premises. This Lease is subject to, and Tenant shall comply at all times with, all laws, ordinances, rules, regulations, directives, permits, or standards of any governmental authority, entity, or agency (including, without limitation, the Town of Addison, Texas, the Federal Aviation Administration, the Texas Department of Transportation, the United States Environmental Protection Agency, and the Texas Commission on Environmental Quality) applicable or related to, whether directly or indirectly, the use and occupation of the Demised Premises and whether in existence or hereafter enacted, adopted or imposed, and Tenant shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the Demised Premises, all at Tenant’s sole cost and expense, and shall comply with and be subject to (and this Lease is made and entered into subject to) any and all grant agreements or grant assurances now existing or as hereafter agreed to, adopted or imposed.

Tenant agrees that any construction or modification of improvements on the Demised Premises will comply with all standards and rules published by the Landlord or by any person or entity authorized by Landlord to manage and/or operate the Airport (“Airport Manager”), including, but not limited to, the Airport’s published “Construction/Maintenance Standards and Specifications,” will comply with the Town of Addison building codes and zoning requirements or any other laws, ordinances, permits, rules, regulations, or policies of the Town of Addison, Texas, and will meet or exceed all applicable state and federal standards, permits, laws, rules, or regulations. Tenant recognizes that the referenced

Construction/Maintenance Standards and Specifications, Town of Addison building codes and zoning requirements and other laws, ordinances, permits, rules, regulations or policies, and all applicable State and Federal standards, laws, rules, or regulations may be modified or amended from time to time and that compliance will be measured by such standards in effect at the time of a particular construction or modification of improvements. Tenant will properly and timely submit to the Federal Aviation Administration ("FAA"), the Texas Department of Transportation (TxDOT), and any other governmental entity or agency having jurisdiction regarding or related to Addison Airport, a Notice of Proposed Construction, when and as required. Tenant further agrees that the Landlord shall be authorized at all times during any project of construction to enter upon the Demised Premises, and all parts thereof, in order to observe the performance of such construction, and Tenant agrees to provide the Landlord a construction schedule setting out the time of commencement, final completion and completion of significant elements of the construction, which schedule shall be delivered to Landlord prior to the start of any construction project on the Demised Premises. Failure of Tenant to observe and comply with the requirements of this Section 8 shall be an Event of Default.

B. Tenant shall comply with noise abatement standards at the Airport at all times and shall notify any aircraft operator using any portion of the Demised Premises of such standards.

G. Amendments to Paragraph 9. Paragraph 9, subparagraphs A., B., and E. of the Ground Lease are hereby amended so that they shall hereafter read as follows:

A. Without the prior written consent of Landlord, Tenant shall have no power to and may not assign, sell, pledge, encumber, transfer, or otherwise convey (together, "assign" or "assignment") this Lease or any rights or obligations of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided and in accordance with all of the terms and conditions of this Lease) or sublet the whole or any part of the Demised Premises, and any such assignment or any subletting shall be null and void and may be deemed by Landlord (in Landlord's sole discretion) a default under Paragraph 22.B of this Lease. An assignment will be deemed to occur if the person or persons who own or have voting control of 51% or more of Tenant on the date of the First Amendment to Ground Lease cease to own or have voting control of 51% or more of Tenant at any time during the Term; Tenant shall provide to Landlord from time to time, as requested by Landlord and in a form acceptable to Landlord, a written certification as to the ownership of voting securities or voting control of Tenant. For purposes hereof, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities or partnership interests, by contract, or otherwise. Any assignment or any subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions

of Paragraph 6 pertaining to the use of the Demised Premises. In the event of any assignment or any subletting, Tenant shall not assign Tenant's rights hereunder or sublet the Demised Premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease (and Tenant shall provide a copy of such written agreement to Landlord). No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the Demised Premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee, transferee, pledgee, or person or entity to whom this Lease is otherwise conveyed or to such subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder. Tenant shall provide to Landlord the names and addresses of any subtenants and the make, model, aircraft type and "N" number of any aircraft stored or located on or in the Demised Premises.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of (i) obtaining funds for the construction of the improvements described in Paragraph 6, or (ii) for other construction upon the Demised Premises approved from time to time by Landlord in writing, or (iii) for other purposes which may be approved from time to time by Landlord in writing. In the event that Tenant, pursuant to mortgages or deeds of trust, mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee becomes the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder; provided, however, that notwithstanding the foregoing or any other provision of this Lease, such mortgagee shall not and does not have the right and shall not and does not

have the power to assign, sell, transfer, pledge, encumber, license, or otherwise convey this Lease, or any right, interest, obligation, or liability hereunder, or sublet the whole or any part of the Demised Premises without the prior written approval of the Landlord, and any such assignment, sale, transfer, pledge, encumbrance, license, or other conveyance and any such subletting without the prior written consent of Landlord shall be null and void and may be deemed a default under Paragraph 22.B. of this Lease, it being the intent of this provision that such mortgagee shall have no greater right than Tenant to assign, sell, transfer, pledge, encumber, license, or otherwise convey this Lease (or any right, interest, obligation, or liability hereunder), or to sublet the Demised Premises (or any portion thereof), or to use the Demised Premises. Landlord also agrees to reasonably consider the execution and delivery to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the Demised Premises to the mortgagee of such proposed leasehold mortgage.

H. Amendment to Paragraph 10. Paragraph 10 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

10. Property Taxes and Assessments: Tenant shall pay, before they become delinquent, any and all property taxes or assessments, and any other governmental charges, fees or expenses, levied or assessed on any improvements on the Demised Premises, the personal property and fixtures on the Demised Premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord "paid receipts" or other written evidence that all such taxes has been paid by Tenant. In the event Tenant shall fail to pay any such taxes, assessments, or charges prior to delinquency, Landlord shall have the right to pay (but not the obligation) to cause all taxes, assessments, or charges to be paid and the reasonable costs thereof expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand. Tenant may protest, appeal or institute other formal proceedings to effect a reduction or abatement of real estate taxes and assessments with respect to real estate taxes and assessments levied against the Improvements and/or the Lease for any tax fiscal year that ends after the Commencement Date of this Lease. Such protest, appeal or other proceedings may be conducted in the name of Landlord or Tenant, as Tenant may consider appropriate. To this end and at Tenant's expense, Tenant shall give Landlord written notice of any such protest or appeal and Landlord shall cooperate with Tenant and furnish to Tenant appropriate documents and information. If the protest, appeal or other proceedings are successful and any real estate taxes and assessments are refunded, Tenant is entitled to any such refund for which Tenant actually incurred the expense.

I. Amendment to Paragraph 11. Paragraph 11 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and in a first class condition (in accordance with, all applicable ordinances, rules, regulations, standards, and permits of the Town of Addison, Texas) all the Demised Premises and all the fixtures, equipment and personal property on the Demised Premises and keep them free from waste or nuisance. Tenant shall be fully responsible, at its expense, for all repair, maintenance and management services other than those, which are expressly assumed by Landlord.

B. Tenant, for itself and its successors and assigns, shall maintain a building maintenance reserve fund ("Reserve Fund") solely for the purpose of paying for unexpected and scheduled repairs and expenses, or for capital improvements to the Demised Premises, as they same may be needed or required from time to time pursuant to Exhibit J attached hereto and incorporated herein. Tenant's failure to routinely fund or properly account for the Reserve Fund as required herein, shall constitute a non-monetary default where in the event such failure continues without being cured within thirty (30) days after written notice thereof is given to Tenant in accordance with Paragraph 22 of this Ground Lease.—Upon the reasonable written request of Landlord, Tenant shall provide Landlord reasonable evidence of Tenant's access to such available funds for these purposes.

C. In the event Tenant shall fail to so maintain the Demised Premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in Paragraph 37 shall be paid by Tenant on demand.

D. At the expiration or termination of this Lease, Tenant shall deliver up the Demised Premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the Demised Premises in working order, reasonable wear and tear excepted.

J. Amendment to Paragraph 13. Paragraph 13 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

13. Insurance: Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the Demised Premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and all other risks from time to time included under standard extended

coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than one hundred percent (100%) of the full insurable value of the Demised Premises and any and all improvements thereon. The term “full insurable value” as used herein means actual replacement value at the time of such loss.

(ii) Commercial General Liability insurance against claims for bodily injury, death or property damage or destruction occurring on, in or about the Demised Premises, with limits of liability of not less than \$1,000,000.00 for each occurrence for coverage A (Bodily Injury and Property Damage) and coverage B (Personal and Advertising Injury) which policy shall contain the following provisions: independent Contractors Coverage; Blanket contractual liability coverage for liability assumed under the Lease; medical expense coverage with a limit of \$5,000 for any one person.

(iii) Statutory limits of workers compensation insurance and employer’s liability, if required by law, with limits of liability of not less than \$1,000,000.00.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$500,000.00 for damage to or destruction of property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard, which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangarkeeper’s Legal Liability insurance, at limits of \$1,000,000 per occurrence is required if Tenant is engaged in maintenance, repair, servicing of aircraft belonging to a third-party, or if Tenant is otherwise involved in any operation in which Tenant has care, custody, or control of an aircraft that belongs to a third-party.

(vii) During any period of construction, a Builder’s Risk Completed Value policy with an all risks endorsement.

(viii) Aircraft liability insurance against third party bodily injury or death and property damage or destruction at minimum limits required by regulatory agencies having jurisdiction at the Airport and which are acceptable to Landlord, but in any event not less than \$1,000,000 each occurrence (applies to the ownership, operation or use of aircraft by Tenant or any subtenant) for coverage of Bodily Injury and Property Damage and

\$1,000,000 for Personal and Advertising Injury, including contractual liability coverage for liability assumed under the Lease.

All such policies of insurance shall (i) be issued by insurance companies acceptable to Landlord and authorized to do business in Texas and in the standard form approved by the Texas Department of Insurance, (ii) name the Town of Addison, Texas, and Manager and their respective officials, officers, employees and agents as additional insureds or loss payees, as the case may be, (iii) in all liability policies, provide that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of activities conducted hereunder, (iv) contain a waiver of subrogation endorsement in favor of the Town of Addison, Texas, and (v) provide for at least thirty (30) days written notice to the Town of Addison, Texas prior to cancellation, non-renewal or material modification which affects this Lease. Certificates of insurance (together with the declaration page of such policies, along with the endorsement naming the Town of Addison, Texas and the Manager as an additional insured), satisfactory to Landlord, evidencing all coverage above, shall be promptly delivered to Landlord and updated as may be appropriate, with complete copies of such policies furnished to the Landlord upon request. Landlord reserves the right to review the insurance requirements contained herein and to reasonably adjust coverages and limits when deemed necessary and prudent by Landlord.

K. Amendment to Paragraph 18. Paragraph 18 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

18. Airport Minimum Standards and Rules and Regulations:

A. Landlord has adopted Minimum Standards for all operators at the Airport (hereinafter referred to as the "Minimum Standards"), which shall govern Tenant in the use of the Demised Premises and all common facilities, a copy of which has been furnished to Tenant. The Minimum Standards are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Minimum Standards. Landlord shall have the right to amend, modify and alter the Minimum Standards from time to time for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport.

B. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations"), which shall govern Tenant in the use of the Demised Premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, modify and alter the Rules and Regulations from time to time for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport.

L. Amendment to Paragraph 19. Paragraph 19 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

19. Signs and Equipment. After first securing Landlord's approval, which approval shall not be unreasonably withheld, Tenant shall have the right from time to time to install signs depicting Tenant's name, and to operate radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the Demised Premises that may be reasonably necessary for the operation of Tenant's business, provided such signs and equipment are installed and maintained in compliance with all applicable governmental laws, rules, and regulations, including without limitation the Town of Addison's sign ordinance, and do not interfere with the operation of any navigation facilities or Airport communications (including, without limitation, navigation facilities or Airport communications used or operated by the Federal Aviation Administration).

M. Amendment to Paragraph 21. Paragraph 21 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

21. Indemnity and Exculpation.

A. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL NOT BE LIABLE TO TENANT OR TO TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR TO ANY OTHER PERSON WHOMSOEVER, FOR ANY DEATH OR INJURY TO PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY OR ANY OTHER HARM ON OR ABOUT THE DEMISED PREMISES OR ANY ADJACENT AREA OWNED BY LANDLORD CAUSED BY OR RESULTING FROM ANY ACT OR OMISSION OF TENANT, TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT, OR ARISING OUT OF THE USE OR OCCUPATION OF THE DEMISED PREMISES BY TENANT, ITS EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, OR SUBCONTRACTORS AND/OR THE CONDUCT OF TENANT'S BUSINESS THEREON, OR ARISING OUT OF ANY BREACH OR DEFAULT BY TENANT IN THE PERFORMANCE OF TENANT'S OBLIGATIONS HEREUNDER; AND TENANT HEREBY AGREES TO AND SHALL DEFEND AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE

OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS AGAINST, AND HOLD LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL LIABILITY, DAMAGES, COSTS, PENALTIES, LOSS, EXPENSE OR CLAIMS ARISING OUT OF SUCH DAMAGE, DESTRUCTION, INJURY, DEATH OR HARM.

B. TENANT AGREES TO AND SHALL DEFEND (WITH COUNSEL ACCEPTABLE TO LANDLORD) AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) (TOGETHER, FOR PURPOSES OF THIS SUBPARAGRAPH, "INDEMNIFIED PERSONS") AGAINST, AND HOLD THE INDEMNIFIED PERSONS HARMLESS FROM, ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, LOSSES, HARM, DAMAGES, PENALTIES, LIABILITY, EXPENSES, LAWSUITS, JUDGMENTS, COSTS, AND FEES (INCLUDING REASONABLE ATTORNEY FEES AND COURT COSTS) ("DAMAGES"), ASSERTED BY ANY PERSON OR ENTITY ON ACCOUNT OF OR FOR ANY INJURY TO OR THE DEATH OF ANY PERSON, OR ANY DAMAGE TO OR DESTRUCTION OF ANY PROPERTY, OR ANY OTHER HARM FOR WHICH DAMAGES OR ANY OTHER FORM OF RECOVERY IS SOUGHT (WHETHER AT LAW OR IN EQUITY), RESULTING FROM, BASED UPON, OR ARISING OUT OF, IN WHOLE OR IN PART, ANY CONDITION OF THE DEMISED PREMISES OR ANY ACT OR OMISSION OF TENANT, ITS OFFICERS, EMPLOYEES, AGENTS, ENGINEERS, CONSULTANTS, CONTRACTORS, SUBCONTRACTORS, INVITEES, OR ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY EMPLOYED BY OR ACTING UNDER TENANT, UNDER, IN CONNECTION WITH, OR IN THE PERFORMANCE OF, THIS LEASE, INCLUDING ALL DAMAGES CAUSED BY THE INDEMNIFIED PERSON'S OWN NEGLIGENCE, OR CONDUCT THAT MAY OR DOES EXPOSE AN INDEMNITEE TO STRICT LIABILITY UNDER ANY LEGAL THEORY.

C. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL BE DEFENDED, INDEMNIFIED AND HELD HARMLESS BY AND NOT BE LIABLE TO TENANT FOR ANY DEATH OR INJURY TO ANY PERSON OR PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY OF ANY KIND RESULTING FROM THE DEMISED PREMISES BECOMING OUT OF REPAIR OR BY DEFECT IN OR FAILURE OF EQUIPMENT,

PIPES, OR WIRING, OR BROKEN GLASS, OR BY THE BACKING UP OF DRAINS, OR BY GAS, WATER, STEAM, ELECTRICITY OR OIL LEAKING, ESCAPING OR FLOWING INTO THE DEMISED PREMISES, REGARDLESS OF THE SOURCE, OR BY DAMPNES OR BY FIRE, EXPLOSION, FALLING PLASTER OR CEILING OR FOR ANY OTHER REASON WHATSOEVER. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES, SHALL NOT BE LIABLE TO TENANT FOR ANY LOSS OR DAMAGE THAT MAY BE OCCASIONED BY OR THROUGH THE ACTS OR OMISSIONS OF OTHER TENANTS OF LANDLORD OR CAUSED BY OPERATIONS IN CONSTRUCTION OF ANY PRIVATE, PUBLIC OR QUASI-PUBLIC WORK.

D. THE PROVISIONS OF THIS SECTION 21 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE.

N. Addition of Paragraph 21.1. A new Paragraph 21.1 is hereby inserted and made a part of the Ground Lease to read as follows:

Section 21.1. Environmental Compliance :

A. Tenant shall not install, store, use, treat, transport, discharge or dispose (or permit or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by Tenant, its agents, employees, invitees, contractors, subcontractors, independent contractors, or subtenants) on the Demised Premises or any portion of the common facilities (described in Paragraph 17), any: (a) asbestos in any form; (b) urea formaldehyde foam insulation; (c) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; or (d) any other chemical, material, air pollutant, toxic pollutant, waste, or substance which is regulated as toxic or hazardous or exposure to which is prohibited, limited or regulated by the Resource Conservation Recovery Act (42 U.S.C. §6901, et seq., as amended or superseded), the Comprehensive and Environmental Response Compensation and Liability Act (42 U.S.C. §9601, et seq, as amended or superseded), the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Air Act, and/or the Clean Water Act or any other federal, state, county, regional, local or other governmental authority law, rule, regulation, standard, permit, directive or policy, or which, even if not so regulated may or could pose a hazard to the health and safety of the occupants of the Demised Premises and/or any portions of the common facilities, and which is either: (i) in amounts in excess of that permitted or deemed safe under applicable law; or (ii) in any manner prohibited or deemed unsafe under applicable law. (The substances referred to in (a), (b), (c) or (d) are collectively referred to hereinafter as "Hazardous Materials").

B. TENANT SHALL, AT TENANT'S OWN EXPENSE, COMPLY WITH ANY PRESENTLY EXISTING OR HEREAFTER ENACTED LAWS, RULES, REGULATIONS, STANDARDS, DIRECTIVES, PERMITS, OR NOTICES RELATING TO HAZARDOUS MATERIALS (COLLECTIVELY, "CLEANUP LAWS"). IN FURTHERANCE AND NOT IN LIMITATION OF THE FOREGOING, TENANT SHALL, AT TENANT'S OWN EXPENSE, MAKE ALL SUBMISSIONS TO, PROVIDE ALL INFORMATION TO, AND COMPLY WITH ALL REQUIREMENTS OF THE APPROPRIATE GOVERNMENTAL AUTHORITY (THE "AUTHORITY") UNDER THE CLEANUP LAWS. SHOULD ANY AUTHORITY REQUIRE THAT A CLEANUP PLAN BE PREPARED AND THAT A CLEANUP BE UNDERTAKEN BECAUSE OF THE EXISTENCE OF HAZARDOUS MATERIALS WHICH WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED ON THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES (AS DESCRIBED IN PARAGRAPH 17) BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE TERM OF THIS LEASE, TENANT SHALL, AT TENANT'S OWN COST AND EXPENSE, PREPARE AND SUBMIT THE REQUIRED PLANS AND FINANCIAL ASSURANCES AND CARRY OUT THE APPROVED PLANS IN ACCORDANCE WITH SUCH CLEANUP LAWS AND TO LANDLORD'S SATISFACTION. AT NO EXPENSE TO LANDLORD, TENANT SHALL PROMPTLY PROVIDE ALL INFORMATION REQUESTED BY LANDLORD FOR PREPARATION OF AFFIDAVITS OR OTHER DOCUMENTS REQUIRED BY LANDLORD TO DETERMINE THE APPLICABILITY OF THE CLEANUP LAWS TO THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES, AS THE CASE MAY BE, AND SHALL SIGN THE AFFIDAVITS PROMPTLY WHEN REQUESTED TO DO SO BY LANDLORD. TENANT SHALL INDEMNIFY, DEFEND, SAVE AND HOLD HARMLESS LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) FROM AND AGAINST, AND REIMBURSE LANDLORD FOR, ANY AND ALL OBLIGATIONS, DAMAGES, INJUNCTIONS, FINES, PENALTIES, DEMANDS, CLAIMS, COSTS, EXPENSES, ACTIONS, LIABILITIES, SUITS, PROCEEDINGS AND LOSSES OF WHATEVER NATURE

(INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS), AND ALL CLEANUP OR REMOVAL COSTS AND ALL ACTIONS OF ANY KIND ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTING, DISPOSAL OR DISCHARGE OF HAZARDOUS MATERIALS IN OR ON THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE LEASE TERM; AND FROM ALL FINES, SUITS, PROCEDURES, CLAIMS AND ACTIONS OF ANY KIND ARISING OUT OF TENANT'S (OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT) FAILURE TO PROVIDE ALL INFORMATION, MAKE ALL SUBMISSIONS AND TAKE ALL STEPS REQUIRED BY THE AUTHORITY UNDER THE CLEANUP LAWS OR ANY OTHER LAW (ENVIRONMENTAL OR OTHERWISE). TENANT'S OBLIGATIONS AND LIABILITIES UNDER THIS SUBPARAGRAPH SHALL CONTINUE (AND SURVIVE THE TERMINATION OR EXPIRATION OF THIS LEASE) SO LONG AS THERE MAY BE HAZARDOUS MATERIALS AT THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES, THAT WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED DURING THE LEASE TERM BY TENANT, OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT. IN ADDITION TO AND NOT IN LIMITATION OF LANDLORD'S OTHER RIGHTS AND REMEDIES, TENANT'S FAILURE TO ABIDE BY THE TERMS OF THIS SECTION SHALL BE RESTRAINABLE BY INJUNCTION.

C. Tenant shall promptly supply Landlord with copies of any notices, correspondence and submissions made by Tenant to or received by Tenant from any governmental authorities of the United States Environmental Protection Agency, the United States Occupational Safety and Health Administration, or any other local, state or federal authority that requires submission of any information concerning environmental matters or Hazardous Materials.

D. Tenant's obligations and liability pursuant to the terms of this Paragraph 21.1 shall survive the expiration or earlier termination of this Lease."

O. Amendment to Paragraph 22. Paragraph 22 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

22. Default by Tenant: The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or to pay or cause to be paid taxes (to the extent Tenant is obligated to pay or cause same to be paid), utilities, or insurance premiums, or any other payment or sum which Tenant is to make under this Lease, on the date that same is due and such failure shall continue for a period of ten (10) days after the date on which such payment is to be made.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or the payment of taxes, utilities or insurance premiums, or other payment Tenants is to make under this Lease, as set forth in subparagraph A. of this Paragraph 22, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant (and if such failure cannot reasonably be cured with the said thirty (30) period, Tenant may, with Landlord's prior written consent (which consent shall not be unreasonably withheld), have such additional reasonable time (as agreed upon by Landlord and Tenant) to cure such default, provided that Tenant pursues such cure with all due diligence).

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations.

F. Abandonment by Tenant for a period of six (6) consecutive months of any substantial portion of the Demised Premises or cessation of use of the Demised Premises for the purpose leased.

P. Amendment to Paragraph 26. Paragraph 26 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

26. Title to Improvements: Any and all improvements on the Demised Premises, including, without limitation, any buildings, constructed on the Demised Premises by or for Tenant, shall be owned by Tenant during the term of this Agreement. Upon the expiration or the earlier termination of this Agreement for any reason whatsoever, or upon the termination of Tenant's right to occupy the Demised Premises, all permanent and fixed improvements (including without limitation, the Building Improvements), and all parts thereof, constructed, placed, or located upon the Demised Premises shall be and become the sole property of Landlord, free and clear of any claim of Tenant and all persons or entities claim in under or through Tenant (including, without limitation, any holder of a leasehold mortgage); provided, however; (i) if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the Demised Premises, but Tenant shall be required to repair any damage to the Demised Premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the Demised Premises and restore the Demised Premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense. Upon such termination or expiration, Tenant shall deliver the Demised Premises to Landlord in good condition, reasonable wear and tear excepted, and shall, at Landlord's request, execute a recordable instrument evidencing the termination or expiration of this Lease and stating the termination or expiration date.

Q. Amendment to Paragraph 27. Paragraph 27 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

27. Mechanics' and Materialmen's Liens; Landlord's Lien:

A. **TENANT AGREES TO INDEMNIFY AND HOLD LANDLORD HARMLESS OF AND FROM ALL LIABILITY ARISING OUT OF THE FILING OF ANY MECHANICS' OR MATERIALMEN'S LIENS AGAINST THE DEMISED PREMISES BY REASON OF ANY ACT OR OMISSION OF TENANT OR ANYONE CLAIMING UNDER TENANT, AND LANDLORD, AT LANDLORD'S OPTION, MAY SATISFY SUCH LIENS AND COLLECT THE AMOUNT EXPENDED FROM TENANT**

TOGETHER WITH INTEREST THEREON AS PROVIDED IN PARAGRAPH 37 AS ADDITIONAL RENT; PROVIDED, HOWEVER, THAT LANDLORD SHALL NOT SO SATISFY SUCH LIENS UNTIL FIFTEEN (15) DAYS AFTER WRITTEN NOTIFICATION TO TENANT OF LANDLORD'S INTENTION TO DO SO AND TENANT'S FAILURE DURING SUCH FIFTEEN (15) DAY PERIOD TO BOND SUCH LIENS OR ESCROW FUNDS WITH APPROPRIATE PARTIES TO PROTECT LANDLORD'S INTEREST IN THE DEMISED PREMISES.

B. TENANT HEREBY GRANTS TO LANDLORD A CONTINUING SECURITY INTEREST TO SECURE PAYMENT OF ALL RENT AND OTHER SUMS OF MONEY COMING DUE HEREUNDER FROM TENANT, AND TO SECURE PAYMENT OF ANY DAMAGES OR LOSS WHICH LANDLORD MAY SUFFER BY REASON OF THE BREACH BY TENANT OF ANY COVENANT, AGREEMENT, OR CONDITION CONTAINED HEREIN, UPON ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT PRESENTLY OR WHICH MAY HEREAFTER BE SITUATED ON THE LEASED PREMISES, AND ALL PROCEEDS THEREFROM ("COLLATERAL"). TENANT WILL NOT REMOVE, OR ALLOW OTHERS TO REMOVE, ANY OF SUCH COLLATERAL FROM THE LEASED PREMISES WITHOUT LANDLORD'S PRIOR WRITTEN CONSENT; BUT TENANT MAY REMOVE COLLATERAL IN THE ORDINARY COURSE OF BUSINESS BEFORE A DEFAULT. IF A DEFAULT OCCURS, LANDLORD WILL BE ENTITLED TO EXERCISE ANY OR ALL RIGHTS AND REMEDIES UNDER THE UNIFORM COMMERCIAL CODE OR OTHERWISE PROVIDED IN THIS LEASE OR BY LAW. IN ADDITION TO ANY OTHER REMEDIES PROVIDED IN THIS LEASE OR BY LAW OR EQUITY, IN THE EVENT OF DEFAULT, LANDLORD MAY ENTER THE LEASED PREMISES AND TAKE POSSESSION OF ANY AND ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT SITUATED UPON THE LEASED PREMISES WITHOUT LIABILITY FOR TRESPASS OR CONVERSION. LANDLORD MAY SELL THE SAME AT A PUBLIC OR PRIVATE SALE, WITH OR WITHOUT HAVING SUCH PROPERTY AT THE SALE, AFTER GIVING TENANT REASONABLE NOTICE AS TO THE TIME AND PLACE OF THE SALE. AT SUCH SALE, LANDLORD OR ITS ASSIGNS MAY PURCHASE THE PROPERTY UNLESS SUCH PURCHASE IS OTHERWISE PROHIBITED BY LAW. UNLESS OTHERWISE PROVIDED BY LAW, THE REQUIREMENT OF REASONABLE NOTICE SHALL BE MET IF SUCH NOTICE IS GIVEN TO TENANT AT THE ADDRESS

HEREAFTER PRESCRIBED AT LEAST FIFTEEN (15) DAYS PRIOR TO THE TIME OF THE SALE. THE PROCEEDS OF ANY SUCH DISPOSITION, LESS ALL EXPENSES CONNECTED WITH THE TAKING OF POSSESSION AND SALE OF THE PROPERTY, INCLUDING A REASONABLE ATTORNEY'S FEE, SHALL BE APPLIED AS A CREDIT AGAINST THE INDEBTEDNESS SECURED BY THE SECURITY INTEREST GRANTED IN THIS PARAGRAPH. ANY SURPLUS SHALL BE PAID TO TENANT AND TENANT SHALL PAY ANY DEFICIENCIES UPON DEMAND. UPON REQUEST BY LANDLORD, TENANT WILL EXECUTE AND DELIVER TO LANDLORD A FINANCING STATEMENT IN A FORM SUFFICIENT TO PERFECT THE SECURITY INTEREST OF THE LANDLORD IN THE AFOREMENTIONED PROPERTY AND THE PROCEEDS THEREOF UNDER THE PROVISION OF THE UNIFORM COMMERCIAL CODE IN FORCE IN THE STATE OF TEXAS, AND TENANT IRREVOCABLY APPOINTS LANDLORD AS TENANT'S ATTORNEY-IN-FACT TO SIGN AND DELIVER A FINANCING STATEMENT TO LANDLORD IF TENANT FAILS OR REFUSES TO DO SO. THIS POWER-OF-ATTORNEY IS COUPLED WITH AN INTEREST. ANY STATUTORY LIEN FOR RENT IS NOT WAIVED; THE SECURITY INTEREST HEREIN GRANTED IS IN ADDITION AND SUPPLEMENTARY THERETO."

C. Notwithstanding anything to the contrary, in exercising Landlord's rights under this Paragraph 27, Landlord shall not be entitled to take possession of or withhold Tenant's right to possess Tenant's business records, books, written or printed material, and computers, or to violate the quality control concerning aircraft parts and aircraft records which are located in a clearly marked secured area.

R. Amendment to Paragraph 28. Paragraph 28 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

28. Title: Tenant accepts the Demised Premises subject to: (i) the Base Lease; (ii) Minimum Standards; (iii) the Rules and Regulations; (iv) easements and rights-of-way and (v) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the Demised Premises (including, without limitation, the Town of Addison, the Federal Aviation Administration, and the Texas Department of Transportation), and (vi) any and all grant agreements or assurances regarding the Airport whether now in effect or hereafter agreed to or imposed.

S. Amendment to Paragraph 29. Paragraph 29 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

29. Quiet Enjoyment and Subordination: Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall (subject to all of the terms and conditions of this Lease) peaceably and quietly have, hold and enjoy the Demised Premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon, or to any other matter affecting, the Demised Premises. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien now existing or hereafter placed on the Demised Premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the Demised Premises; provided, however, any such subordination shall be upon the express conditions that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns, and perform all of the covenants and conditions required by the terms of this Lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

T. Addition of Paragraph 37.1. A new Paragraph 37.1 is hereby inserted and made a part of the Ground Lease to read as follows:

37.1. Special Events: Landlord may sponsor certain special events, including, but not limited to, air shows, to be conducted on portions of the Airport, which may limit or obstruct access to the Demised Premises and/or to the Airport ("Special Events"). As a material inducement to Landlord to enter into this Lease, and notwithstanding anything to the contrary contained herein, Tenant, on behalf of Tenant and on behalf of all directors, officers, shareholders, partners, principals, employees, agents, contractors, subtenants, licensees invitees, or concessionaires of Tenant and on behalf of any other party claiming any right to use the Demised Premises by, through or under Tenant, hereby: (i) agrees that Landlord has the right to sponsor any or all Special Events and to allow use of portions of the Airport therefor even if the same limit or obstruct access to the Demised Premises and/or to the Airport (and such use for Special Events may preclude Tenant's use of all Airport facilities, except that Tenant will continue to have vehicular (excluding any aircraft) access to the Demised Premises from roadways outside of the Airport); (ii) releases, waives and discharges Landlord and Manager, and their respective officials, officers, employees and agents, from all liability for any loss, damage, cost, expense or claim arising or resulting from or pertaining to the limitation or

obstruction of access to the Demised Premises and/or to the Airport from the conduct of Special Events and/or activities relating or pertaining thereto, including, without limitation, death, injury to person or property or loss of business or revenue (the "Released Claims"); (iii) covenants not to sue the Landlord or Manager or their respective officials, officers, employees and agents (whether in their official or private capacities) for any Released Claims; (iv) agrees that the terms contained in this Section are intended and shall be construed to be as broad and inclusive as possible under the laws of the State of Texas; and (v) agrees that if any portion of this Section is held to be invalid or unenforceable, the remainder of this Paragraph shall not be affected thereby but shall continue in full force and effect.

U. Amendment to Paragraph 48. Paragraph 48 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

48. Governing Law and Venue: Survivability of Rights and Remedies: This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas and with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the interpretation, validity and enforcement of this Agreement, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas. Any rights and remedies either party may have with respect to the other arising out of the performance of or failure to perform this Lease during the term hereof shall survive the cancellation, expiration or termination of this Lease.

V. Amendment to Paragraph 49. Paragraph 49 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

49. Entire Agreement and Amendments. This Lease, consisting of the above and foregoing through this Paragraph 49 and Exhibits A through F attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

Section 3. No Other Amendments. Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

Section 4. Applicable Law; Venue. This Amendment shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the parties created by this Amendment are performable in Dallas County, Texas. Venue for any action under this Amendment shall be in Dallas County, Texas.

Section 5. Authority to Execute. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

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IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 15
day of September, 2006

LANDLORD:

TOWN OF ADDISON, TEXAS

By: 
Ron Whitehead, City Manager

ATTEST:

By: 
~~Carmen Moran, City Secretary~~
Mario Canizares

TENANT:

KEY DEVELOPMENT, LLC

By: _____

Typed Name: _____

Title: _____

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 14th
day of September, 2006

LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

ATTEST:

By: _____
Carmen Moran, City Secretary

TENANT:

KEY DEVELOPMENT, LLC

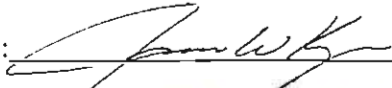
By: 
Typed Name: James W. Kelges
Title: President

EXHIBIT A

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of March 2, 1984, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and LAWSON RIDGEWAY and/or assigns to corporation (hereinafter referred to as "Tenant"), majority owned partnership or

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor of AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. Base Lease: All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. Definition of Landlord and Effect of Default under the Base Lease: The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. Term: The term hereof shall commence on the earlier of April 1, 1984, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. Rental: Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of SIXTEEN HUNDRED SIXTY-THREE AND 58/100 per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. Adjustment of Rental: Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price Index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefor.

6. Use of Demised Premises and Construction of Improvements: The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

- 1 - Metal hangar approximately 140' wide by 80' long with attached office building. Office building will have on-grade underbuilding parking and two floors of office totaling 31,000 square feet. Also, associated aircraft ramp and vehicle parking.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. Acceptance of Demised Premises: Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. Securing Governmental Approvals and Compliance with Law: Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. Assignment, Subletting and Mortgaging of Leasehold Estate:

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee becomes the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

C. All mortgages or deeds of trust whereby Tenant mortgages the leasehold estate of Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

D. Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a leasehold mortgage and written notice to such effect has been given to Landlord, to give the holder of such leasehold mortgage at such address or addresses as may be specified in such written notice to Landlord for the giving of notices to the leasehold mortgagee, or as otherwise may be specified by the leasehold mortgagee to Landlord in writing, written notice of any default hereunder by Tenant, simultaneously with the giving of such notice to Tenant, and the holder of any such leasehold mortgage shall have the right, for a period of fifteen (15) days after the receipt of such notice or within any longer period of time specified in such notice, to take such action or to make payment as may be necessary or appropriate to cure any such default so specified, it being the intention of the parties hereto that Landlord shall not exercise Landlord's right to terminate this Lease without first giving any such leasehold mortgagee the notice provided for herein and affording any such leasehold mortgagee the right to cure such default as provided for herein.

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgagee.

10. **Property Taxes and Assessments:** Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord a "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. **Maintenance and Repair of Demised Premises:**

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. **Alterations, Additions and Improvement.** After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed in a first class, workmanlike manner, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection therewith.

13. **Insurance.** Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one accident and not less than \$200,000.00 with respect to property damage.

(iii) Workman's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workman's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. **Casualty Damage or Destruction:**

A. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant will promptly give written notice thereof to Landlord, generally describing the nature and extent of such damage and/or destruction.

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

C. All insurance proceeds, if any, payable on account of such damage to or destruction of the buildings, structures and equipment on the demised premises shall be held by Landlord. Landlord shall be protected in acting upon any certificate believed by Landlord to be genuine and to have been executed by the proper party and shall receive such certificate as conclusive evidence of any fact or as to any matter therein set forth. Such certificate shall be full warranty, authority and protection to Landlord in acting thereon, and Landlord shall be under no duty to take any action other than as set forth in this paragraph 14.

D. Insurance proceeds received by Landlord on account of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof (less the costs, fees and expenses incurred by Landlord and Tenant in the collection thereof, including, without limitation, adjuster's and attorney's fees and expenses) shall be applied as follows:

(i) Net insurance proceeds as above defined shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses to pay (or reimburse Tenant for) the cost of Restoration, upon written request of Tenant to Landlord accompanied by (a) certificate of a supervising architect or engineer approved by Landlord, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has theretofore been reimbursed, and specifying the additional amount, if any, necessary to complete the Restoration, and (b) an opinion of counsel satisfactory to Landlord that there exist no mechanics', materialmen's or similar liens for labor or materials except such, if any, as are discharged by the payment of the amount requested.

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the Insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

A. If during the term hereof, any part of the demised premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the demised premises is not susceptible to efficient and economic occupation and operation by Tenant, this Lease shall automatically terminate as of the date that said condemning authority takes possession of the demised premises, and Landlord shall refund to Tenant any prepaid but unaccrued rental less any sum then owing by Tenant to Landlord.

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

C. If this Lease is not terminated pursuant to Section A, Tenant shall promptly restore the improvements on the demised premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the demised premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant, as their interest may appear. If this Lease is terminated pursuant to Section A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

17. Common Facilities. Tenant and Tenant's employees, agents, servants, customers and other invitees shall have the non-exclusive right to use all common facilities, improvements, equipment and services which may now exist or which may hereafter be provided by Landlord for the accommodation and convenience of Landlord's customers and tenants, including landing and takeoff facilities, means of ingress and egress to the demised premises, other airport installations, and all other reasonable services which may be provided without charge from time to time by Landlord in operating the Airport. All such common facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

20. Landlord's Right of Entry. Landlord and Landlord's authorized representatives shall have the right, during the normal business hours, to enter the demised premises (i) to inspect the general condition and state of repair thereof, (ii) to make repairs permitted under this Lease, (iii) to show the demised premises to any prospective tenant or purchaser or (iv) for any other reasonable and lawful purpose.

During the final one hundred eighty (180) days of the term hereof, Landlord and Landlord's authorized representatives shall have the right to erect and maintain on or about the demised premises customary signs advertising the demised premises for lease or for sale.

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

22. Default by Tenant. The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations.

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

A. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearses in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on demand the amount of all loss and damages which Landlord may suffer by reason of such termination, whether through inability to relet the demised premises on satisfactory terms or otherwise.

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearses in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

demand from time to time any deficiency that may arise by reason of any such rental. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, remodeling expenses and other costs of curing shall be subtracted from the amount of rent received under such relating.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus affecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, conditions and covenants herein contained.

24. **Default by Landlord.** No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay rent) or grant Tenant any right of deduction, abatement, set-off or recoupment or entitle Tenant to take any action whatsoever with regard to the demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

(i) Proceed to cure such default and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding rental installment(s) due by Tenant to Landlord hereunder; or

(ii) Proceed to cure such default and bring suit against Landlord for the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum.

If any mortgagee of Landlord has given Tenant its address for notices and specifically requests such notice, Tenant agrees to give the notice required hereinabove to such mortgagee at the time Tenant gives same to Landlord, and to accept curative action, if any, undertaken by such mortgagee as if such curative action had been taken by Landlord.

25. **Waiver of Subrogation.** Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during the term of this Lease for any and all loss of, or damage to, any of such party's property located within or upon, or constituting a part of, the demised premises, which loss or damage is covered by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. Such mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the parties hereto. Inasmuch as such mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation or otherwise to an insurance company (or any other person), each party hereby agrees immediately to give to each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of such mutual waivers, and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation of such insurance coverages by reason of such waivers.

26. **Title to Improvements.** Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) If Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. **Mechanics' and Materialmen's Liens.** Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. **Title.** Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

29. **Quiet Enjoyment and Subordination.** Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall peacefully and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon the demised premises. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises; provided, however, any such subordination shall be upon the express conditions that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns, and perform all of the covenants and conditions required by the terms of this lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed or trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

30. **Rent on Net Return Basis.** Except for the rental due under the Base Lease during the time that AAT is the Landlord hereunder, it is intended that the rent provided for in this Lease shall be an absolutely net return to Landlord for the term of this Lease, free of any loss, expenses or charges with respect to the demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. **Holding Over.** Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. **Waiver of Default.** No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Lease shall be deemed to be a waiver of any subsequent default or breach of the same or any other term, condition or covenant contained herein.

33. **Release of Landlord Upon Transfer.** All of Landlord's personal liability for the performance of the terms and provisions of this Lease (except for any liability accruing prior to such transfer) shall terminate upon a transfer of the demised premises by Landlord, provided that the obligations of Landlord under this Lease are covenants running with the land and shall be binding upon the transferee of Landlord's interest in this Lease and the demised premises.

34. **Attorneys' Fees.** If, on account of any breach or default by Landlord or Tenant of their respective obligations under this Lease, it shall become necessary for the other to employ an attorney to enforce or defend any of such party's rights or remedies hereunder, and should such party prevail, such party shall be entitled to collect reasonable attorneys' fees incurred in such connection from the other party.

35. **Financial Information.** Tenant agrees that Tenant will from time to time upon the written request of Landlord during the term of this Lease furnish to Landlord such credit and banking references as Landlord may reasonably request.

36. **Estoppel Certificates.** Tenant agrees that from time to time, upon not less than ten (10) days' prior written request by Landlord, Tenant will deliver to Landlord a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Landlord is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being furnished to Landlord's mortgagee and Landlord's mortgagee fails to cure such default within the curative period allowed Landlord under this Lease.

Landlord agrees that from time to time, upon not less than ten (10) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Tenant is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

37. Interest on Tenant's Obligations and Manner of Payment. All monetary obligations of Tenant to Landlord under this Lease remaining unpaid ten (10) days after the due date of the same (if no due date has been established under other provisions hereof, the "due date" shall be the date upon which Landlord demands payment from Tenant in writing) shall bear interest at the rate of ten percent (10%) per annum from and after said tenth (10th) day until paid. If more than twice during the term of the Lease Tenant's personal or corporate check is not paid by the bank on which it is drawn for whatever reason, Landlord may require by giving written notice to Tenant that the payment of all future monetary obligations of Tenant under this Lease are to be made on or before the due date by cash, cashier's check, certified check or money order, and the delivery of Tenant's personal or corporate check will no longer constitute payment of such monetary obligations. Any acceptance by Landlord of a personal or corporate check after such notice shall not be deemed or construed as a waiver or estoppel of Landlord to require other payments as required by said notice.

38. Independent Contractor. It is understood and agreed that in leasing and operating the demised premises, Tenant is acting as an independent contractor and is not acting as agent, partner, joint venturer or employee of Landlord.

39. Force Majeure. In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord is so delayed or hindered.

40. Exhibits. All exhibits, attachments, annexed instruments and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

41. Use of Language. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

42. Captions. The captions or headings or paragraphs in this Lease are inserted for convenience only, and shall not be considered in construing the provisions hereof if any question of intent should arise.

43. Successors. The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. All rights, powers, privileges, immunities and duties of Landlord under this Lease, including, but not limited to, any notices required or permitted to be delivered by Landlord to Tenant hereunder, may, at Landlord's option, be exercised or performed by Landlord's agent or attorney.

44. Severability. If any provision in this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

45. Notices. Any notice or document required or permitted to be delivered hereunder may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the parties at the addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P O Box 144

Addison, Texas 75001

TENANT:

Lawson Ridgeway
13601 Preston Road, Suite C-13
Dallas, Texas 75240

46. Fees or Commissions. Each party hereto hereby covenants and agrees with the other that such party shall be solely responsible for the payment of any brokers', agents' or finders' fees or commissions agreed to by such party arising from the execution of this Lease or the performance of the terms and provisions contained herein, and such party agrees to indemnify and hold the other party harmless from the payment of any such fees or commissions.

47. Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

48. Governing Law and Venue. This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas.

49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

EXECUTED as of the day month and year first above written.

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: 

CITY OF ADDISON, TEXAS

By: 

Its: _____

TENANT:

By: 

Its: _____

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Henry Stuart
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Ossettby L James
Notary Public
Dallas
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Henry Redding
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12th day of April, 19 84.

James Sharp
Notary Public
Dallas
County, Texas



STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Laurson Redgen
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Joe Remshaw
Notary Public
Dallas
County, Texas

AGREEMENT FOR
OPERATION OF THE ADDISON AIRPORT
BETWEEN
THE CITY OF ADDISON, TEXAS
AND
ADDISON AIRPORT, INC.

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

WITNESSETH:

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas, it being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto.

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof, and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

- (i) the land described in Exhibit "1" as the Property and the Improvements thereon owned by the City;
- (ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and
- (iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand (\$800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

Section 1. Definitions

- (a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;
- (b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereon on the Leased Premises.
- (c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely affect the Gross Receipts shall first require the approval of the City.

Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

Section 5. Rent

(a) Company shall pay the City, on demand, the sum of \$100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City \$6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the Improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment; all levies, fees, water and sewer rents or other rents, rates and charges, permit fees, inspection fees and other charges, if any, in each case whether general and special, ordinary and extraordinary, which are lawfully imposed, whether or not the same were within the contemplation of the parties

hereto, together with any interest and penalty thereon, which imposed or levied upon or assessed against or in respect to this Agreement, or which may be a lien upon the Leased Premises. The Company shall pay all of the personal property taxes assessed by the City for the year 1976.

Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

- (i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;
- (ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;
- (iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;
- (iv) For the storage of fuel and for the fueling of aircraft;
- (v) For the charter and leasing of aircraft;
- (vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;
- (vii) For the storage, parking, maintenance, servicing and fueling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;
- (viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;
- (ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and
- (x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) If it is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements.

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (i) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

Section 12. Delivery of Evidence of Insurance

Company shall deliver to the City at the execution and delivery of this Agreement the original or duplicate policies or satisfactory

evidence of insurance or insurance certificates. Insurance required in Section 10 hereof. The Company shall within ten days prior to the expiration of any such insurance, deliver in the place of expired policies other original or duplicate policies or other certificates of the insurers endorsed as in above provided in Section 10 hereof evidencing renewal of such insurance.

Section 13. Casualty

If any improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the improvements, at its expense in conformity with the requirements of Section 14, in such manner as to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and improvements or any part thereof, in order to keep and maintain the Leased Premises and improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event be liable for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

Section 16. Alterations, Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvement, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

- (a) The Leased Premises or any part thereof,
- (b) City's ownership interest, or
- (c) the Rent or other sums payable by Company under this Agreement.

The existence of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lien, or any right in respect thereof shall not constitute a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lien(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to sublease such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be unreasonably withheld.

(c) The Company shall not enter into any sublease unless the term of such sublease, including any renewal or option provisions, expires and terminates on or before twenty years after the effective date of this Agreement, without the prior written consent of the City.

(d) Upon request by the Company, from time to time, that a sublease is entered into by the Company, the City shall deliver to any such subtenant its estoppel certificate, certifying unto the subtenant that this Agreement is in full force and effect.

Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy of any part thereof.

Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgments of any nature whatsoever, arising from;

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leases Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 29 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublessee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other amounts payable by the Company hereunder.

(b) The City may terminate this Agreement.

(c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require activity over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, of its then fair market value, any personal property which the City deems essential.

Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company.

(i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,

(ii) until Company has paid all other sums due under this Agreement.

Section 38. Quiet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

Section 47. Covenant by Company

It is understood and agreed by the parties hereto, that the Company will not make any improvements, changes, alterations, modifications, or removals at the Airport, which will effectively destroy the ability of the Airport to render first-class service to its customers and for the maximization of revenues.

Section 48. Record Keeping

The Company shall maintain in accordance with accepted accounting practice and make available to an authorized representative of the City for consideration records, books and its annual audit prepared by an independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably convenient to the Company.

Section 49. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed to the City — The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company — Addison Airport, Inc., P. O. Box 34067, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

ATTEST:

Joyce H. Stevens
SECRETARY

CITY OF ADDISON, TEXAS

BY:

Jimmy Redding

APPROVED AS TO FORM:

Robert L. McCall
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:

Margaret E. Bunch
SECRETARY

BY:

[Signature]

FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 89° 19' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.29 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 60° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 746.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50', a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2081.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 89° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 263.11 feet to a point;

THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.28 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

THENCE S. 75° 48' 25" W. a distance of 448.85 feet to a point;
 THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;
 THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;
 THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;
 THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;
 THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;
 THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an Iron pin in the easterly line of said Addison Airport Industrial District;
 THENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an Iron pin for the northeast corner of Addison Airport Industrial District;
 THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an Iron pin;
 THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an Iron pin;
 THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an Iron pin;
 THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an Iron pin in the apparent East right-of-way line of said Dooley Road;
 THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 385.340 acres of land, more or less, save and except the following 1 acre tract;

Beginning at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 80 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 56° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;

THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;
 THENCE N. 89° 23' 56" W. 208.0 feet to an Iron pin;
 THENCE N. 0° 14' 32" W. 209.0 feet to an Iron pin;
 THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.

Easements of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977

Date

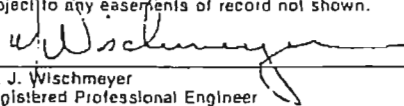

 W. J. Wischmeyer
 Registered Professional Engineer



EXHIBIT "A"
 PROPERTY MAP
 ADDISON MUNICIPAL AIRPORT
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.

CONSULTING ENGINEERS
 DALLAS TEXAS

DECEMBER 1976

EXHIBIT B

COUNTY CLERK'S MEMO
PORTIONS OF THIS
DOCUMENT NOT
REPRODUCIBLE
WHEN RECORDED

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 23 day of October,
1985, at Addison, Texas, between LAWSON RIDGEWAY
, hereinafter called "Assignor",
and GREAT SOUTHWEST HOMES, INC. A 7394 0 49.00 DEED
hereinafter called "Assignee". 2 08/29/86

WHEREAS, a lease executed on March 2,, 1984, be-
tween CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the
Lessor, and the Assignor as Lessee, by the terms of which certain
real property located on the Addison Airport was leased to the
Assignor as Lessee upon the terms and conditions provided
therein; and

WHEREAS, the Assignor now desires to assign the lease to
Assignee, and the Assignee desires to accept the assignment
thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten
and no/100 Dollars (\$10.00), receipt of which is hereby
acknowledged, and the agreement of the Assignee, hereinafter set
forth, the Assignor hereby assigns and transfers to the Assignee,
its successors and assigns, all of his right, title and interest
in and to the lease hereinbefore described, a copy of which is
attached hereto as Exhibit A", and the Assignee hereby agrees to
and does accept the assignment, and in addition expressly assumes
and agrees to keep, perform and fulfill all the terms, covenants,
conditions and obligations required to be kept, performed and
fulfilled by the Assignor as the Lessee thereunder, including the
making of all payments due to or payable on behalf of the Lessor
under said lease when due and payable.

This agreement shall be binding on and inure to the benefit
of the parties hereto, their heirs, executors, administrators,
successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

[Handwritten signature]

ASSIGNEE:

[Handwritten signature]

President, Great Southwest Homes, Inc.

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By

[Handwritten signature]

ADDISON AIRPORT OF TEXAS, INC.

By

[Handwritten signature]

THE STATE OF TEXAS I

COUNTY OF DALLAS I

This instrument was acknowledged and sworn and subscribed to before me on this the 23rd day of October, 1985.



[Handwritten signature]
Notary Public, State of Texas

EXHIBIT C

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 31st day of May, 1988, at Addison, Texas, between GREAT SOUTHWEST HOMES, INC., a Texas corporation, hereinafter called "Assignor", and TARFIVE, INC., a Texas corporation, hereinafter called "Assignee".

WHEREAS, a lease executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

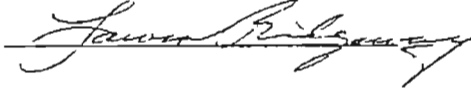
NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit "A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above writtn.

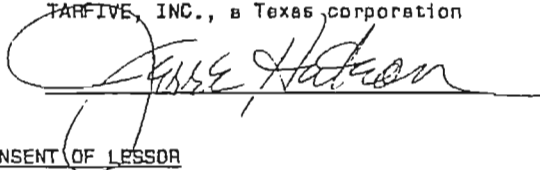
ASSIGNOR:

GREAT SOUTHWEST HOMES, INC., a
Texas corporation



ASSIGNEE:

TARFIVE, INC., a Texas corporation

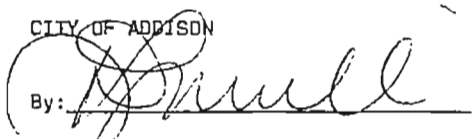


CONSENT OF LESSOR

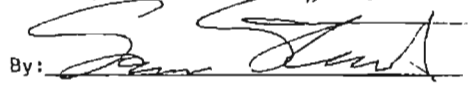
The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: 

ADDISON AIRPORT OF TEXAS, INC.

By: 

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared LAWSON RICEWAY
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 31st day of MAY, 19 88.



Notary Public, State of Texas
My Commission Expires 4-25-89

Diana Saucier
Notary Public DIANA SAUCIER

County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerre Hutson
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9th day of June, 19 88.



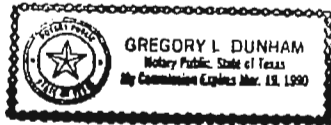
Diana Saucier
Notary Public Diana Saucier

County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared D. LYNN SPILL
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22 day of AUGUST, 19 88.



Gregory L. Dunham
Notary Public Dallas

County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Semi Stout
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20th day of July, 19 88.

William Harris
Notary Public

Dallas
County, Texas

Commission Expires 08/16/89

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lawson Ridgeway and/or Assigns, Lessee, dated __-__-__, recorded in Volume B6022, Page D124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 feet to a point in the West right-of-way line of Claire Chennault (60-foot R.O.W.); said point being the Point of Beginning;

THENCE, South 0 deg. 07 min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.55 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.554 acres of land, more or less.

EXHIBIT D

When recorded, contain 101

Kathryn Nicholson
Winstead McGuire, Secretary & Clerk
1105 Parkside Tower
1201 Elm Street
Dallas, Texas 75270

COUNTY CLERK'S OFFICE
OFFICE OF THE
DEPUTY CLERK
RECORDS SECTION

11:20 AM
SEP 13 1988

STATE OF TEXAS 5
COUNTY OF DALLAS 5

SUBSTITUTE TRUSTEE'S DEED

This SUBSTITUTE TRUSTEE'S DEED ("Deed") is executed as of the 7th day of September, 1988, by the Substitute Trustee.

W I T N E S S E T H :

WHEREAS, GREAT SOUTHWEST HOMES, INC., a Texas corporation ("Grantor"), executed and delivered to DAVID T. ODGERFALL, as trustee ("Trustee"), for the benefit of MBANK DALLAS, NATIONAL ASSOCIATION ("MBank"), a Deed of Trust, Security Agreement and Assignment of Rents (as same may have been heretofore amended, the "Deed of Trust"), dated December 1, 1985, filed of record in Volume 86007, Page 0906 of the Deed of Trust Records of Dallas County, Texas, to secure those certain \$3,700,000.00 Industrial Development Revenue Bonds (Great Southwest Homes, Inc. Center 1 Project) Series 1985 issued by Addison Airport Improvement Authority, Inc., a Texas non-profit corporation (as same may have been heretofore amended, the "Note"); and

WHEREAS, the Deed of Trust conveyed to the said Trustee, in trust, the entire leasehold estate and interest of the lessee under the Ground Lease dated March 2, 1984, by and among the City of Addison, Texas, Addison Airport of Texas, Inc. and Lawson Ridgeway, which Ground Lease was assigned by Lawson Ridgeway, as lessee thereunder, to Grantor, covering certain land located in Dallas County, Texas, which is as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference for all purposes, together with all improvements thereon and appurtenances thereto (such land, improvements and appurtenances being hereinafter referred to as the "Real Property") and certain personal property ("Personal Property") situated on or related to the Real Property, which is more particularly described on Exhibit "B" attached hereto and incorporated herein by reference for all purposes, subject, however, to any and all exceptions, encumbrances or other matters affecting title to which the lien of the Deed of Trust is subordinate, whether by operation of law or otherwise (the Real Property, the Personal Property and any and all of Grantor's rights, titles and interests in any other property, whether real or personal, as described or otherwise included as collateral under the Deed of Trust are hereinafter, collectively, referred to as the "Mortgaged Property"); and

WHEREAS, the Note and the liens securing the same have been assigned to MCorp Management Solutions, Inc. ("Beneficiary"), by that certain Assignment of Loan Documents, Liens and Security Interests executed by MBank and dated as of January 1, 1988; and

WHEREAS, default has occurred under the terms of the Note and Deed of Trust and Beneficiary, as the current owner and holder of the Note and the Beneficiary under the Deed of Trust, in accordance with the terms of the Deed of Trust, removed the Trustee, and the undersigned (the "Substitute Trustee"), was duly appointed as a substitute trustee of the trust created in the Deed

9/13/88 75
88MB/1420

of Trust, pursuant to that certain Removal of Trustee and Appointment of Substitute Trustee, dated May 17, 1988, pursuant to which the Beneficiary authorized and directed the Substitute Trustee to sell the Mortgaged Property under the provisions of the Deed of Trust; and

WHEREAS, pursuant to said authorization and direction and fully in accordance with the terms of the Deed of Trust, the Substitute Trustee sold the Mortgaged Property at public auction at the Courthouse door of Dallas County, Texas between the hours of 10:00 a.m. and three (3) hours after such time, on Tuesday, the 6th day of September, 1988, after having given written notice pursuant to Notice of Substitute Trustee's Sale (the "Notice") of the time, place and terms of such proposed sale as prescribed by law and by the terms of the Deed of Trust, by means of (i) having posted or having caused to be posted the Notice for at least twenty-one (21) days preceding the date of sale at the Courthouse door of Dallas County, Texas, (ii) having filed or having caused to be filed the Notice with the Clerk of Dallas County, Texas at least twenty-one (21) days preceding the date of sale, and (iii) having served or having caused to be served a copy of the Notice by certified mail, return receipt requested, on each debtor obligated to pay the debt evidenced by the Note and Deed of Trust at the address for each such debtor according to the current records of Beneficiary, all in accordance with Tex. Prop. Code Ann. 551.002, as heretofore amended; and

WHEREAS, at such sale the Mortgaged Property was sold by the Substitute Trustee to Beneficiary (hereinafter referred to as the "Grantee") at the hour of 10:50 a.m. for and in consideration of the sum of THREE MILLION NINE HUNDRED TWENTY THOUSAND SEVEN HUNDRED TWENTY-THREE AND 80/100 DOLLARS (\$3,920,723.80), the Grantee being the best and highest bidder therefor, and said consideration being the best and highest bid therefor.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Substitute Trustee, by virtue of the powers granted to the Substitute Trustee by the Deed of Trust and the aforesaid Removal of Trustee and Appointment of Substitute Trustee and in consideration of the foregoing premises and of the value expressed above given to the Substitute Trustee, by the said Grantee, the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, SOLD and CONVEYED and by these presents does GRANT, SELL and CONVEY the Mortgaged Property unto the said Grantee.

TO HAVE AND TO HOLD the Mortgaged Property, together with all and singular, the rights and appurtenances thereto and in any wise belonging, to the said Grantee, its successors and assigns, forever; and for and on behalf of the said Grantor, and the successors and assigns of said Grantor, the Substitute Trustee does hereby bind the said Grantor, and the successors and assigns of said Grantor, to WARRANT and FOREVER DEFEND, all and singular, the Mortgaged Property, insofar as authorized by said Deed of Trust, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESS MY HAND this 7th day of September, 1988.

SUBSTITUTE TRUSTEE:

Kathryn Nicholson
 KATHRYN NICHOLSON

STATE OF TEXAS §
COUNTY OF DALLAS §

The foregoing instrument was ACKNOWLEDGED on the 7th day of September, 1988, by KATHRYN NICHOLSON, the Substitute Trustee.

[S E A L]

Catherine M. St. Jacques
Notary Public, State of Texas

My Commission Expires:



ADDRESS OF GRANTEE
FOR TAX STATEMENTS

Management Solutions, Inc.
P.O. Box 224255
Dallas, Texas 75222-4255
ATTN: Ms. Kathy Rainy

4201D0906888.90
090788CMG1

EXHIBIT "A"

BEING a tract of land situated in the Williford Lomar Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:
COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;
THENCE, West along the South right-of-way line of Westgrove Road a distance of 750.57 ft. to a point in the West right-of-way of Claire Chennault (a 40 ft. ROW); said point being the Point of Beginning;

THENCE, S 0° 07' 10" E, along the said West right-of-way a distance of 250.00 ft. to a point;
THENCE West a distance of 260.00 ft. to a point;
THENCE North a distance of 260.00 ft. to a point on the South right-of-way of Westgrove Road;
THENCE East along the said South right of way a distance of 260.00 ft. to the Point of Beginning, containing 1.354 acres (67,670.8964 sq. ft.) of land, more or less.

Being the same real property covered by lease dated March 2, 1984, referenced in Deed of Trust, Security Agreement and Assignment of Rent, recorded in Volume 84138, Page 4784, Deed of Trust Records, Dallas County, Texas.

EXHIBIT "B"

Personal Property

1. All materials, supplies, equipment, apparatus and other items attached to, installed in or used (temporarily or permanently) in connection with any of the Real Property (as herein defined) at any time from and after the date of the Deed of Trust through and including the date of foreclosure of the lien of the Deed of Trust, and all renewals, replacements, and substitutions thereof and additions thereto, including but not limited to any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, generators, fans, blowers, vents, switchboards, elevators, mail conveyors, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, swimming pools, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas and electric equipment, disposal, dishwashers, washers, dryers, refrigerators and ranges, cafeteria equipment, and recreational equipment and facilities of all kinds.

2. All of the right, title and interest of Grantor in and to all personal property (other than fixtures) of any kind as defined in Chapter 9 of the Texas Uniform Commercial Code, including but not limited to all furniture, furnishings, equipment, machinery, goods, general intangibles, money, accounts, contract rights, and inventory, now or hereafter located upon, within or about the Real Property, together with all accessories, replacements and substitutions therefor and the proceeds thereof.

420:0090688B.90

05

SEP 13 1988

COUNTY OF DALLAS
STATE OF TEXAS
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED AT THE
CLERK'S OFFICE OF THE COUNTY CLERK OF THE COUNTY OF DALLAS,
TEXAS ON THE THIRTEENTH DAY OF SEPTEMBER 1988
AT DALLAS, TEXAS. TESTED AND RETURNED BY ME.

SEP 13 1988



Earl B. ...
COUNTY CLERK, DALLAS COUNTY, TEXAS

EXHIBIT E

ASSIGNMENT OF LEASE

THIS AGREEMENT is made as of this the 9th day of September, 1988, at Addison, Texas, between MCorp MANAGEMENT SOLUTIONS, INC., a Texas corporation, hereinafter called "Assignor", and REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignee."

FILED
11/11/89

WHEREAS, a lease was executed on March 7, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarrive, Inc., as Lessee upon the terms and conditions provided therein; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarrive, Inc. was transferred to Assignor; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described covering the property more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants,

89004/577 11/8/89
39004 0577

conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

MCORP MANAGEMENT SOLUTIONS, INC.,
a Texas corporation

By: [Signature]
Name: _____
Title: _____

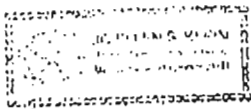
ASSIGNEE:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership
By: Texas Associated Realty, Inc.
(its General Partner)

By: [Signature]
Jerre Hutson Vice President

STATE OF TEXAS
COUNTY OF Dallas

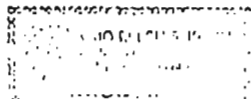
This instrument was acknowledged before me on 11-18-88 by Kathy Bungey Vice Pres. of MCorp Management Solutions, Inc. a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public Signature
Kathy Bungey
Notary Public Printed or Typed Name
My commission expires: 9-21-91

STATE OF TEXAS
COUNTY OF Dallas

This instrument was acknowledged before me on 11-18-88 by Jerre Hutson Vice Pres. of Texas Associated Realty, Inc. a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public Signature
Kathy Bungey
Notary Public Printed or Typed Name
My commission expires: 9-21-91

257:00924888.00
092788jdx1

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lawson Ridgeway and/or Assigns, Lessee, dated 10-23-55, recorded in Volume 86022, Page 0124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

BEING a tract of land situated in the William Lonax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 feet to a point in the West right-of-way line of Claire Chensault 160-foot R.D.W.; said point being the Point of Beginning;

THENCE, South 0 deg. 07 Min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.55 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.354 acres of land, more or less.

GSW Center

Page 1 of 1

Return to:
Kathryn R. Kierstead
Winstead, McQuinn, Beardsley & Merick
1400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270

89004 0579

STATE OF TEXAS
COUNTY CLERK
DALLAS COUNTY

Any person who signs or files a document in this office without the seal of the County Clerk of Dallas County, Texas, is guilty of a Class C misdemeanor.
STATE OF TEXAS
COUNTY CLERK
DALLAS COUNTY

JAN 0 1968



Earl Paulding
COUNTY CLERK, DALLAS COUNTY, TEXAS

60 19 171 9-1117 68

1968 JAN 0 10 11 11 AM '68

89004 0580

EXHIBIT F

ASSIGNMENT OF GROUND LEASE

THIS AGREEMENT is made as of this the th 15 day of March, 1990, at Addison, Texas, between REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignor", and ITALIX ACQUISITION CORPORATION, a Texas corporation, hereinafter called "Assignee."

WHEREAS, a lease (the "Lease") was executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarfive, Inc., as Lessee upon the terms and conditions provided therein;

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarfive, Inc. was transferred to MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation ("MSI");

WHEREAS, an Assignment of Lease was executed on September 8, 1988, by MSI and Assignor, as Lessee, upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the Lease to Assignee, and the Assignee desires to accept the assignment thereof.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the Lease hereinbefore described covering the property

more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said Lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership

By: Pine Valley Resources Corporation,
an Ohio corporation, its sole
general partner

By: _____
Name: Richard D. Wheeler
Title: Director

ASSIGNEE:

ITALIX ACQUISITION CORPORATION,
a Texas corporation

By: _____
Name: Richard D. Wheeler
Title: Director

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: [Signature]
Name: LYNN SPRUILL
Title: MAYOR

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]
Name: SAM STUART
Title: PRESIDENT

STATE OF TEXAS 5
 5
COUNTY OF DALLAS 5

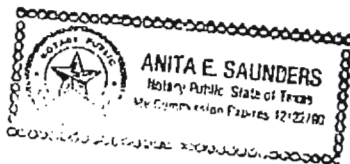
BEFORE ME, the undersigned Notary Public, on this day personally appeared John Adams, John Adams of PINE VALLEY RESOURCES CORPORATION, an Ohio corporation, sole general partner in REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 20th day of January, 1990.

My Commission Expires:

12/22/90

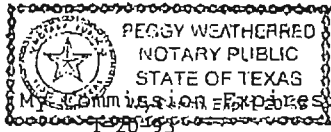
[Signature]
Notary Public - State of Texas
Anita E. Saunders
Printed/Typed Name of Notary Public



STATE OF TEXAS 5
 5
COUNTY OF DALLAS 5
 TARRANT

BEFORE ME, the undersigned Notary Public, on this day personally appeared Richard O. Wheeler, of ITALIX ACQUISITION CORPORATION, a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of February, 1990.



Peggy Weatherred
Notary Public - State of Texas
Peggy Weatherred

Printed/Typed Name of Notary Public

STATE OF TEXAS 5
 5
COUNTY OF DALLAS 5

BEFORE ME, the undersigned Notary Public, on this day personally appeared James S. Sorell, of the CITY OF ADDISON, a municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 15th day of February, 1990.

My Commission Expires:

September 26, 1993

Gretchen S. Acevedo
Notary Public - State of Texas

GRETCHEN S. ACEVEDO
Printed/Typed Name of Notary Public



STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Sam Stewart, of ADDISON AIRPORT OF TEXAS, INC., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 22nd day of February, 1990.

My Commission Expires:

08/14/92

Willene Faris
Notary Public - State of Texas

WILLENE FARIS
Printed/Typed Name of Notary Public

257:0090410ZZZ.00
022090/1p1

EXHIBIT G

- - -

ASSIGNMENT OF GROUND LEASE

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of March 31, 1999, at Addison, Texas, between ITALIX ACQUISITION CORPORATION ("Assignor") and AIR 276 L.P., a Texas limited partnership ("Assignee").

WHEREAS, Assignor is the Lessee under that certain GROUND LEASE as described and defined on Exhibit "A" attached hereto and made a part hereof for all purposes; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

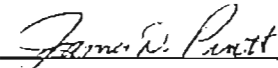
AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.
2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and No/100 (\$450.00) to Landlord.
3. Assignee hereby agrees to be bound by and to comply with the terms of this Ground Lease.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

ITALIX ACQUISITION CORPORATION

By: 
James D. Pratt, President

ASSIGNEE:

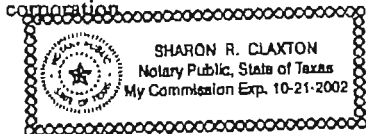
AIR 276 I, L.P., a Texas limited partnership

By: Air 276, Inc., a Texas corporation

By: *[Signature]*
Gary B. Crouch, President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by JAMES D. PRATT, President of ITALIX ACQUISITION CORP., a Texas corporation on behalf of said corporation



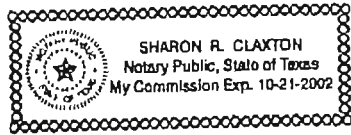
My Commission Expires:
10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, general partner of AIR 276 I, LTD., a Texas limited partnership on behalf of said partnership.



My Commission Expires:
10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Lessor or the Assignee.

ASSIGNOR

RW

LESSOR:

CITY OF ADDISON

By: [Signature]
Name: RON WHITEHEAD
Title: CITY MANAGER

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]
Name: SAM STUART
Title: President

STATE OF TEXAS §
COUNTY OF DALLAS §

KNOW ALL PERSONS BY THESE PRESENTS:

THIS INSTRUMENT was acknowledged and sworn and subscribed to by RON WHITEHEAD, CITY MANAGER of the CITY OF ADDISON, TEXAS before me on this 30 day of March, 1999.

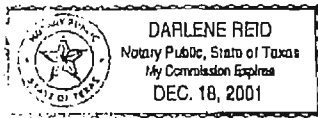


[Signature]
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

KNOW ALL PERSONS BY THESE PRESENTS:

THIS INSTRUMENT was acknowledged and sworn and subscribed to by SAM STUART, President of the ADDISON AIRPORT OF TEXAS before me on this 31st day of March, 1999.



[Signature]
Notary Public, State of Texas

EXHIBIT "A"

LEGAL DESCRIPTION

Being a Leasehold Estate in and to the real property described below as created by that certain Ground Lease Agreement (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, collectively as Landlord and Lawson Ridgeway and/or assigns ("Lawson"), as Tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 I, L.P., by Assignment of Ground Lease dated March 30, 1999 and filed in the Deed Records of Dallas County, Texas.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right of way line of Claire Chennault (60-foot wide, undedicated right-of-way at this point) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING;

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

EXHIBIT H

ASSIGNMENT OF GROUND LEASE
(Air 276 I, L.P. and Fortune Capital, Inc. to ADS Air 2000, L.P.)

THE STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership, and FORTUNE CAPITAL, INC., a Texas corporation (collectively, "Assignor") and ADS AIR 2000, L.P., a Texas limited partnership ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSP"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italex Acquisition Corporation ("Italex") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italex as assignor to Air 276 I, L.P.; and

WHEREAS, by Assignment of Ground Lease dated of even date herewith an undivided fifty percent (50%) interest in and to the above described Ground Lease was assigned by Air 276 L.P., a Texas limited partnership, to Fortune Capital, Inc., a Texas corporation; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

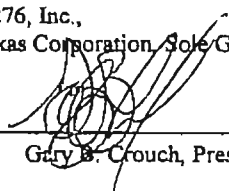
1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.
2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars (\$450.00) to Landlord.
3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: 

Gary B. Crouch, President

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: [Signature]
Yong Gang Shen, Vice President

ASSIGNEE:

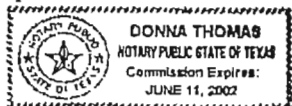
ADS AIR 2000, L.P.,
a Texas Limited Partnership

By: ADS 2000, Inc.
a Texas Corporation
Sole General Partner

By: [Signature]
Tom Bijou, President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

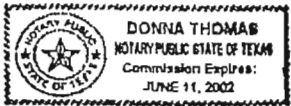
THIS INSTRUMENT was acknowledged before me on the 29 day of April, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

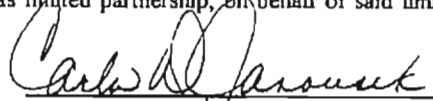
THIS INSTRUMENT was acknowledged before me on the 29 day of April, 2000, by YONG GANG SHEN, Vice President of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 7th day of July, 2000, by TOMBIJOU, President of ADS 2000, Inc., a Texas corporation, Sole General Partner of ADS AIR 2000, L.P., a Texas limited partnership, on behalf of said limited partnership.



Notary Public, State of Texas

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Assignor or the Assignee.

LESSOR:

TOWN OF ADDISON

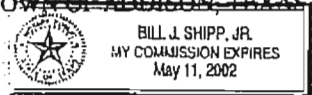
By: [Signature]
Name: RON WHITEHEAD
Title: CITY MANAGER

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]
Name: SAM STUART
Title: President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

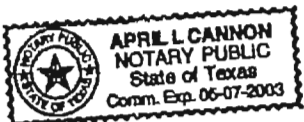
THIS INSTRUMENT was acknowledged before me on the 29th day of JUNE, 2000, by RON WHITEHEAD, CITY MANAGER of the TOWN OF ADDISON, TEXAS.



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 28 day of June, 2000, by SAM STUART, President of the ADDISON AIRPORT OF TEXAS.



[Signature]
Notary Public, State of Texas

EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 L.P., by Assignment of Ground Lease dated March _____, 1999 and filed in the Deed Records of Dallas County, Texas.

Said Ground Lease covers a portion of the property encumbered by that certain lease entitled Agreement for the Operation of the Addison Airport (the "Operating Agreement") between the City of Addison and Addison Airport, Inc. dated December 30, 1976, as amended, filed October 22, 1997, recorded in Volume 97206, Page 5413, Deed Records of Dallas County, Texas. The terms of the Operating Agreement as they relate to premises covered by the Ground Lease (other than the payment of rent) are incorporated into the Ground Lease during the term of the Operating Agreement, and the interest of Addison Airport, Inc. has been assigned to Addison Airport of Texas, Inc.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chennault (60-foot wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road.

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING:

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.



Post Office Box 9010 Addison, Texas 75001-9010

5300 Delt Line Road

(972) 450-7000
FAX (972) 450-7043

July 26, 2000

Darlene Reid
Comptroller
Addison Airport
4505 Claire Chennault
Addison, TX 75001

Dear Ms. Reid:

Reference my earlier letter of July 13, 2000, and your letter of June 29, 2000, Item (4), I have enclosed copies for your records of the following on Air 276 I, L.P./Fortune Capital, Inc./ADS Air 2000, L.P.:

1. Assignment of Ground Lease (Air 276 I, L.P. and Fortune Capital, Inc. to ADS Air 2000, L.P.)
2. Assignment of Ground Lease (Air 276 I, L.P., a Texas limited partnership, to Fortune Capital, Inc. as to a 50% Interest)
3. Estoppel letter

If you have any questions, please do not hesitate to call me at (972) 450-7017.

Sincerely,

Bill Shipp
Administrative Assistant
Development Services

cc: Chris Terry

ASSIGNMENT OF GROUND LEASE

(Air 276 I, L.P., a Texas limited partnership to Fortune Capital, Inc. as to a 50% Interest)

THE STATE OF TEXAS §
COUNTY OF DALLAS § KNOW ALL PERSONS BY THESE PRESENTS:

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership ("Assignor"), and FORTUNE CAPITAL, INC., a Texas corporation ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSI"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italix Acquisition Corporation ("Italix") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italix as assignor to Air 276 I, L.P.; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign an undivided fifty percent (50%) interest in and to the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, an undivided fifty percent (50%) interest in and to all of Assignor's rights, title and interest in and to the Ground Lease.

2. Prior to the effective date of this Assignment, Assignor agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars (\$450.00) to Landlord.

3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.

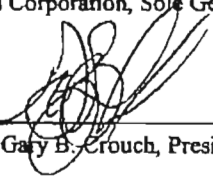
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 I, L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: 
Gary B. Crouch, President

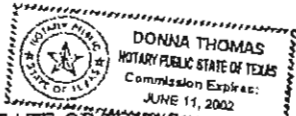
ASSIGNEE:

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: *Yong Gang Shen*
Yong Gang Shen, Vice President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

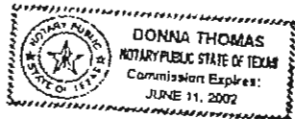
THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.



Donna Thomas
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by YONG GANG SHEN, Vice President of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.



Donna Thomas
Notary Public, State of Texas

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Assignor or the Assignee.

LESSOR:

TOWN OF ADDISON

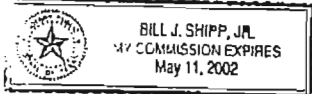
By: Ron Whitehead
Name: Ron Whitehead
Title: CITY MANAGER

ADDISON AIRPORT OF TEXAS, INC.

By: Sam Stuart
Name: SAM STUART
Title: President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29TH day of JUNE, 2000, by RON WHITEHEAD, CITY MANAGER of the TOWN OF ADDISON, TEXAS.



Bill J. Shipp, Jr.
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 28 day of June, 2000, by SAM STUART, President of the ADDISON AIRPORT OF TEXAS.

April R. Cannon
Notary Public, State of Texas



EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90034, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 L.L.P., by Assignment of Ground Lease dated March _____, 1999 and filed in the Deed Records of Dallas County, Texas.

Said Ground Lease covers a portion of the property encumbered by that certain lease entitled Agreement for the Operation of the Addison Airport (the "Operating Agreement") between the City of Addison and Addison Airport, Inc. dated December 30, 1976, as amended, filed October 22, 1997, recorded in Volume 97206, Page 5413, Deed Records of Dallas County, Texas. The terms of the Operating Agreement as they relate to premises covered by the Ground Lease (other than the payment of rent) are incorporated into the Ground Lease during the term of the Operating Agreement, and the interest of Addison Airport, Inc. has been assigned to Addison Airport of Texas, Inc.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/4-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chermault (60-foot wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chermault, a distance of 260.00 feet to a 1/4-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

Archon Financial
Agreement of Ground Lessor
1444 Westgrove

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road.

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING:

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

EXHIBIT I

(Executed Assignment to Key Development to be inserted)

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

ASSIGNMENT OF GROUND LEASE

This **ASSIGNMENT OF GROUND LEASE** (the "Assignment") is entered into and effective as of Sept 15 2006, at Addison, Texas, by and between **ADS AIR 2000, L.P.**, a Texas limited partnership (herein referred to as "Assignor") and **KEY DEVELOPMENT, LLC**, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease together with the Addendum To Ground Lease was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc., as Landlord, and Lawson Ridgeway, as Tenant, recorded in Volume 86022, Page 0124-0133 of the Deed Records of Dallas, County, Texas (the "Ground Lease", a true and correct copy of which Ground Lease is attached hereto as Exhibit A), by the terms of which certain real property now commonly referred to as 4444 Westgrove Dr. at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169 Page 5724-5748 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from Lawson Ridgeway, as assignor, to Great Southwest Homes, Inc., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613 Volume 88189 Page 1182-1201 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit C), the Ground Lease was assigned from Great Southwest Homes, as assignor, to TARFIVE, Inc., as assignee; and

WHEREAS, by that Substitute Trustee's Deed, recorded as Instrument #198801897613 Volume 88178 Page 1420-1425 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit D), the Ground Lease was assigned to the beneficiary, MCORP MANAGMEMENT SOLUTIONS, INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 Volume 89004 Page 577-580 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit E), the Ground Lease was assigned from MCORP MANAGMEMENT SOLUTIONS, INC., a Texas Corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., A Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 Volume 90054 Page 1648-1687 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit F), the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas Corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 Volume 99063 Page 1763-1767 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit G), the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 Volume 2000132 Page 07549-07556 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit H), the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by virtue of such assignments, Assignor is the Tenant under the Ground Lease; and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

WHEREAS, the Ground Lease provides in Section 9 thereof that, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the assignee whereby the assignee agrees to be bound by the terms and provisions of the Ground Lease; and

WHEREAS, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as Exhibit A, TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming a part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 (\$450.00) to Landlord.

3. Assignee hereby agrees to and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is

Key Development, LLC
5907 Gladeside Court
Dallas, Texas 75248

with a copy sent to:

Ms. Terry Thornton, Esq.
Godwin Pappas Langley Ronquillo, LLP
1201 Elm Street, Suite 1700
Dallas, Texas 75270-2041

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein and in that certain First Amendment To Ground Lease dated 9/15, 2006 which is attached hereto as Exhibit I.

5. Upon execution, this Assignment shall be publicly recorded in the Deed Records of Dallas County, Texas as required by the Town of Addison.

6. The above and foregoing premises to this Assignment and all other statements made herein are true and correct, and Assignor and Assignee both warrant and represent that such premises and statements are true and correct, and that in giving its consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

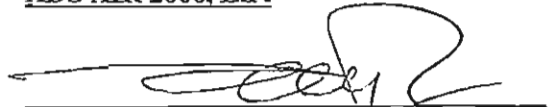
7. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

8. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from any such assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground lease.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

ASSIGNOR:

ADS AIR 2000, L.P.



By: THOMAS F. BLYSON

ASSIGNEE:

KEY DEVELOPMENT, LLC

By:

ACKNOWLEDGMENT

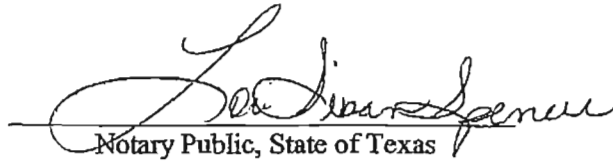
STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Thomas F. Bjov, President known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 14th day of September, 2006.

[SEAL]




Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2006.

[SEAL]

Notary Public, State of Texas

7. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

8. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from any such assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground lease.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

ASSIGNOR:

ADS AIR 2000, L.P.

By:

ASSIGNEE:

KEY DEVELOPMENT, LLC



By:

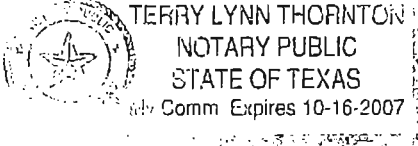
ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keys, President of Key Development, LLC known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 17th day of September, 2006.

[SEAL]



[Signature]
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2006.

[SEAL]

Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the above and foregoing Assignment. In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding the foregoing, Landlord does not release Assignor from its obligations under the Ground Lease. In addition, notwithstanding any provision of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

LANDLORD:

TOWN OF ADDISON, TEXAS


By: 
Ron Whitehead, City Manager

EXHIBIT J

EXHIBIT J

Building Maintenance Reserve

- 1) **Purpose of Reserve Fund:** Tenant, for itself and its successors and assigns, shall maintain a building maintenance reserve fund ("Reserve Fund") solely for the purpose of paying for unexpected and scheduled repairs and expenses, or for capital improvements to the Demised Premises, as the same may be needed or required from time to time pursuant to Paragraph 11 of the Ground Lease, as amended and modified from time to time.
- 2) **Beginning Reserve Fund Balance:** Landlord and Tenant mutually agree that Tenant will commence funding the Reserve Fund within thirty (30) days from the Effective Date of this Agreement so that the Reserve Fund will have the beginning balance of EIGHTY THOUSAND DOLLARS (\$80,000.00).
- 3) **Calculation of Required Reserve Fund:** Commencing on April 1, 2008 (with said date being the same as the adjustment of rental provided for in Paragraph 5 of the Ground Lease, as amended and modified) and on every bi-annual anniversary thereafter and in conjunction with its normal budgetary process, Tenant shall prepare for Landlord's benefit a capital repair and replacement plan (the "Maintenance Plan") documenting (i) qualified repairs and replacements funded from the Reserve Fund previously consented to by Landlord and having been completed, (ii) a schedule of capital improvements, repairs or replacements expected to be completed over the next two (2) years, and (iii) reconciliation and adjustment to the Maintenance Plan funding requirements for the subsequent two year plan covered by the Maintenance Plan. Such review procedures shall calculate the estimated remaining useful life of the major building components including but not limited to roofing, heating, ventilation and air conditioning (HVAC), landscaping, elevator systems, electrical and lighting systems, hangar door systems, painting (exterior/interior), carpet and floor covering, plumbing and, the estimated cost of replacement or repair for each. Based upon this calculation, Tenant shall then adjust and/or maintain a reasonable balance in the Reserve Fund in an amount sufficient to enable Tenant to make said repairs or replacements by or before the expiration of the respective component's useful life.
- 4) **Maintenance of the Reserve Fund:** The Reserve Fund account and all funds in it shall be the property of the Tenant at all times. The Reserve Funds shall be kept in one or more cash, or cash equivalent, interest bearing accounts in a federally insured banking institution. Although Tenant may maintain other funds in these same accounts, Tenant must be able to reconcile and clearly account to Landlord the Reserve Fund balances at all times. In the event Tenant is in default or the Ground Lease is otherwise terminated before the expiration of the Term, as modified, the Reserve Fund shall become due and payable to Landlord as a monetary obligation of Tenant to Landlord under Paragraph 37 of the Ground Lease, as amended or modified.
- 5) **Authorized Expenditures from the Reserve Fund:** Landlord must give its prior written consent to any expenditure reducing the Tenant's Reserve Fund balance except in the event of a bona fide emergency where said expenditures are necessary for the protection of the Demised Premises. In the event of such emergencies, Tenant will give Landlord

prompt written notice thereof as required under Paragraph 14 of the Ground Lease. Landlord's acceptance or consent of planned expenditures from the Reserve Fund may be by way of accepting Tenant's Maintenance Plan, provided Landlord does not give written objection to Tenant's plan within thirty (30) days of its receipt by Landlord. Landlord is not required to give credit (unless otherwise elected at its sole discretion) to any expenditure from the fund reducing the Reserve Fund balance without Landlord's prior written consent, except for where provided for herein.

- 6) **Tenant's Failure to Fund or Properly Give Account For The Reserve Funds:** Tenant's failure to routinely fund or account for the Reserve Fund as required herein, shall constitute as a non-monetary default where in the event such failure continues and not cured within thirty (30) days after written notice thereof is given to Tenant as provided for in Paragraph 22 of the Ground Lease.

EXHIBIT K

EXHIBIT "B"

BUILDING IMPROVEMENTS

Exhibit B - Building Improvements

	Description of Building Improvement	Estimated Improvement Cost
1	Replace 50 ton HVAC unit with 60 ton	\$96,889
2	Upgrade and improve elevator	
	a) Replace Motor and all electrical components	\$55,857
	b) Upgrade cab interior	\$25,777
3	Replace Roof	\$50,000
4	1st floor lobby atrium	
	a) Improve the 3 sets of lobby doors	\$27,670
	b) Polish granite floors, repair broken granite, repair cracks in glass block and seal exterior, improve and replace landscape	\$10,578
	c) Re-lamp with energy efficient light bulbs and paint atrium ceilings	\$3,089
5	Hangar lobby - update restrooms and renovate lobby	\$4,110
	Hangar - Repair drywall, install new base, repair	
6	damaged insulation, seal floor, paint gate and repair door tracks	\$8,955
7	Install new ceiling grid	
	a) New ceiling grid and tiles at 2nd and 3rd floor hallways	\$19,337
	b) New ceiling grid and modern tiles in all suites	\$60,000
8	New window treatments in all suites	\$33,000
	Total Estimated Improvement Cost	\$395,262

EXHIBIT "C"

MEMORANDUM OF LEASE

EXHIBIT C

MEMORANDUM OF LEASE

This Memorandum of Lease is dated as of _____, 2016, and executed by and between the Town of Addison, Texas ("Landlord" or "City") and Key Development, LLC, a Texas limited liability company ("Tenant").

WHEREAS, a Ground Lease, together with the Addendum to Ground Lease, was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI") as Landlord, and Lawson Ridgeway as Tenant, recorded in Volume 86022, Pages 0124-0133 of the Deed Records of Dallas County, Texas; and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway as Granter and the City and AATI as Grantee, recorded as Instrument #198601697396 in Volume 861969, Pages 5742-5748 in the Deed Records of Dallas County, Texas, comprising the Ground Lease, as amended or modified, hereinafter referred to as the "Ground Lease" and described in that certain boundary survey dated June 6, 2006 by the terms of which certain real property now commonly referred to as 4500 Westgrove Drive at Addison Airport within the Town of Addison, Texas and owned by the City; and thereafter the Ground Lease:

- the Ground Lease was assigned October 23, 1985, recorded in Volume 86169, Pages 5724-5748 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and thereafter
- the Ground Lease was assigned May 31, 1988, recorded as Instrument #198801897613, in Volume 88189, Pages 1182-1201 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE, Inc., as assignee; and thereafter
- by that Substitute Trustee's Deed, dated September 7, 1988 recorded as Instrument #198801897613 in Volume 88178, Pages 1420-1425 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned to the beneficiary, MCORP MANAGEMENT SOLUTIONS, INC.; and thereafter
- the Ground Lease was assigned September 8, 1988, recorded as Instrument #198900044704 in Volume 89004, Pages 577-580 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, as assignee; and thereafter
- the Ground Lease was assigned March 15, 1990, recorded as Instrument #199000545456 in Volume 90054, Pages 1648-1687 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from REALTY ALLIANCE OF

TEXAS. LTD., a Texas corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and thereafter

- the Ground Lease was assigned March 31, 1999, recorded as Instrument #199900523035 in Volume 99063, Pages 1763-1767 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and thereafter
- the Ground Lease was assigned July 7, 2000, recorded as Instrument #200001054648 in Volume 2000132, Pages 07549-07556 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and thereafter
- the Ground Lease was assigned September 15, 2006, recorded as Instrument #200600346255 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development LLC., a Texas limited liability company, as assignee; and thereafter
- the lease was modified by that “First Amendment” to Ground Lease made and entered into September 15, 2006, recorded as Instrument #200600346256 of the Deed Records of Dallas County, Texas; and thereafter
- by that certified letter dated September 17, 2008 confirming the lease extension in accordance with the First Amendment so that the Term of the Ground Lease shall end on March 31, 2039, still subject to the termination provisions of the Ground Lease as amended or modified; and

Now let it be known, the said Ground Lease is further amended by that Second Amendment to Ground Lease, entered into and made effective _____, 2015, which, among other things, extends the Term so the Ground Lease shall [Note: strike non-applicable of] a) continue to expire on March 31, 2039 OR b) now expire March 31, 2047 unless otherwise earlier terminated.

This Memorandum of Lease is solely for recording and notice purposes and shall not be construed to alter, modify, expand, diminish or supplement the provisions of the Ground Lease, as amended. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Ground Lease (as amended), the provisions of the Ground Lease, as amended, shall govern. Reference should be made to the Ground Lease (and all amendments thereto) for the full description of the rights and duties of Landlord and Tenant thereunder, and this Memorandum of Lease shall in no way affect the terms and conditions of the Ground Lease (including all amendments thereto) or the interpretation of the rights and duties of Landlord and Tenant thereunder.

Upon the expiration or earlier termination of the Ground Lease, Landlord and Tenant agree that they shall execute and record a termination of this Memorandum of Lease.

IN WITNESS WHEREOF, the undersigned parties execute this Memorandum of Lease
this ____ day of _____, 2016.

LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____

_____, City Manager

ATTEST:

By: _____

TENANT:

KEY DEVELOPMENT, LLC

By: _____

James W. Keyes, President

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keyes, president of Key Development, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2016.

[SEAL]

By: _____
Notary Public, State of Texas

My commission expires: _____

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, city manager of the Town of Addison, a home-rule municipality, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated

GIVEN under my hand and seal of office this _____ day of _____, 2016.

[SEAL]

By: _____
Notary Public, State of Texas

My commission expires: _____

EXHIBIT A
to Memorandum of Lease

LEGAL DESCRIPTION OF DEMISED PREMISES

BEING a 1.5538 acre tract of land in the Town of Addison, Texas, in the William Lomax Survey, Abstract No. 792, in Dallas County, Texas and being located on Addison Municipal Airport, Addison, Texas, same being part of Addison Airport, Town of Addison Addition, according to the plat thereof recorded in Volume 2005131, Page 0082, Deed Records, Dallas County, Texas, and being an Assignment of Lessee's Interest Under Ground Lease and Assumption Agreement to ADS Air 2000, L.P., a Texas limited partnership by deed recorded in Volume 2000132, Page 07557, Deed Records, Dallas County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell" at the intersection of the South right-of-way line of Westgrove Road, (60 foot right-of-way) and the West right-of-way line of Claire Chennault, (a 60 foot ingress and egress easement recorded in said Volume 2005131, Page 0082, Deed Records, Dallas County, Texas;

THENCE South 00 degrees 41 minutes 28 seconds East, along said Claire Chennault West right-of-way line, a distance of 260.10 feet to a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell";

THENCE South 89 degrees 27 minutes 43 seconds West, a distance of 260.60 feet to an "X" found;

THENCE North 00 degrees 33 minutes 43 seconds West, a distance of 259.96 feet to a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell" on aforementioned Westgrove Road South right-of-way line;

THENCE North 89 degrees 25 minutes 55 seconds East, along said Westgrove Road South right-of-way line, a distance of 260.01 feet to the POINT OF BEGINNING and containing 67,685.79 square feet or 1.5538 acres of land.

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIRD AMENDMENT TO GROUND LEASE

This Third Amendment to Ground Lease (hereinafter referred to as the "Third Amendment") is entered into and made effective as of December 13, 2016, (the "Effective Date") at Addison, Texas, by and between the Town of Addison, Texas, a home-rule municipality (hereinafter sometimes referred to as the "Landlord" or the "City"), and Key Development, LLC, a Texas limited liability company ("Tenant") (Landlord and Tenant are sometimes referred to as the "parties" or "party").

WHEREAS, a Ground Lease, together with the Addendum to Ground Lease, was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI") as Landlord, and Lawson Ridgeway as Tenant, recorded in Volume 86022, Pages 0124-0133 of the Deed Records of Dallas County, Texas; and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway as Granter and the City and AATI as Grantee, recorded as Instrument #198601697396 in Volume 861969, Pages 5742-5748 in the Deed Records of Dallas County, Texas, comprising the Ground Lease, as amended or modified, hereinafter referred to as the "Ground Lease" and described in that certain boundary survey dated June 6, 2006, by the terms the real property now commonly known as 4500 Westgrove Drive at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, the Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and AATI), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations of the Landlord under the Lease; and

WHEREAS, the said Base Lease has expired and the City alone is the Landlord under the Ground Lease; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169, Pages 5724-5748 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613, in Volume 88189, Pages 1182-1201 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE, INC., as assignee; and

WHEREAS, by that Substitute Trustee's Deed, dated September 7, 1988, recorded as Instrument #198801897613 in Volume 88178, Pages 1420-1425 of the Deed Records of Dallas

County, Texas, the Ground Lease was assigned from TARFIVE, INC., as assignor to the beneficiary, MCORP MANAGEMENT SOLUTIONS, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 in Volume 89004, Pages 577-580 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 in Volume 90054, Pages 1648-1687 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 in Volume 99063, Pages 1763-1767 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 in Volume 2000132, Pages 07549-07556 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated September 15, 2006, recorded as Instrument #200600346255 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development LLC., a Texas limited liability company, as assignee; and

WHEREAS, by virtue of such assignments, Key Development, LLC, a Texas limited liability company, is the Tenant under the Ground Lease, as amended or modified as of the effective date given above for this Third Amendment; and

WHEREAS, the Ground Lease was modified by that First Amendment to Ground Lease made and entered into September 15, 2006 (hereinafter referred to as the "First Amendment"), recorded as Instrument #200600346256 of the Deed Records of Dallas County, Texas, modifying, among other things, the term of the Ground Lease by adding two hundred forty (240) months, (ending 3/31/2044); provided within eighteen (18) months of the effective date of the First Amendment Tenant completes the remodeling and renovation of approximately 10,000 sf. of office space and the construction of at least 5,000 sf. of additional hangar space (conditions detailed in Section 2, Paragraph A of the First Amendment); and

WHEREAS, by that certified letter to Tenant dated September 17, 2008, Landlord confirmed (i) the Ground Lease extension in accordance with the First Amendment and (ii) Tenant elected not to complete the Improvements as defined in Section 2, Paragraph A of the

First Amendment and did not elect either of the alternate options as defined in Subparagraph (vii) of Section 2, Paragraph A of the First Amendment. Therefore, the Term of the Ground Lease was extended by one hundred eighty (180) months so that the Term of the Ground Lease shall end on March 31, 2039, still subject to the termination provisions of the Ground Lease as amended or modified; and

WHEREAS, the Ground Lease was modified by that Second Amendment to Ground Lease made effective December 3, 2015 (hereinafter referred to as the "Second Amendment"), extending the modified term of the Ground Lease by an additional ninety-six (96) months, (ending 3/31/2047), provided within twelve (12) months of the effective date of the Second Amendment Tenant completes Three Hundred Seventy-Eight Thousand and No/100 Dollars (\$378,000.00) of scheduled Building Improvements set forth in Exhibit "B" pursuant to Section 2, Paragraph A of the Second Amendment; and

WHEREAS, due to unforeseen circumstances, Tenant is unable to complete all of the Second Amendment Building Improvements (set forth in Exhibit "B") within the twelve (12)-month Repair and Improvement Period provided for in the Second Amendment and in connection therewith, and as consideration thereof, Landlord and Tenant desire to amend the Ground Lease in the manner set forth below, contingent upon the final completion of such Building Improvements and the approval thereof by Landlord; and

WHEREAS, a true and correct copy of the Ground Lease as amended or modified as set forth above is attached hereto and incorporated herein by reference as Exhibit "A".

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Town of Addison, Texas and Key Development, LLC, a Texas limited liability company, do hereby agree as follows:

Section 1. Incorporation of Premises. The above and foregoing recitals are true and correct and are incorporated herein and made a part hereof.

Section 2. Amendments and Modifications to Ground Lease. The Ground Lease, as described in the above and foregoing recitals, is hereby amended and modified as follows:

A. Amendment to the "Repair and Improvement Period" as defined by the Second Amendment Section A.1 (i) of the Ground Lease is amended to hereby extend an additional eighteen (18) months to now expire on June 3, 2018.

Section 3. No Other Amendments. Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

Section 4. Applicable Law; Venue. In the event of any action under this Third Amendment, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the state of Texas shall govern and apply to the interpretation, validity and enforcement of this Third Amendment; and, with respect to any

conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Third Amendment. All obligations of the parties created by this Third Amendment are performable in Dallas County, Texas.

Section 5. No Third Party Beneficiaries. This Third Amendment and each of its provisions are solely for the benefit of the parties hereto and are not intended to and shall not create or grant any rights, contractual or otherwise, to any third person or entity.

Section 6. Authority to Execute. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Third Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned parties execute this Third Amendment to Ground Lease this 16th day of December, 2016.

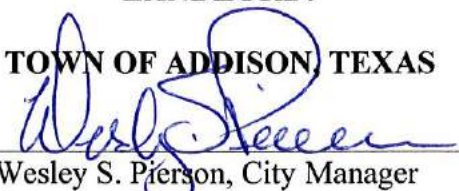
TENANT:

KEY DEVELOPMENT, LLC

By: 
James W. Keyes, President

LANDLORD:

TOWN OF ADDISON, TEXAS

By: 
Wesley S. Pierson, City Manager

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keyes, president of Key Development, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 16TH day of NOVEMBER, 2016.



Sharon E. Shobe
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Wesley S. Pierson, city manager of the Town of Addison, a home-rule municipality, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 18 day of January, 2017 WLB

[SEAL]

Laura M. Bell
Notary Public, State of Texas

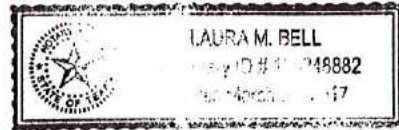


EXHIBIT A

COPY OF GROUND LEASE AS AMENDED AND MODIFIED

Due to the voluminous size of the historical documents, they are not included herein.

However, they are available for review upon request in the archives of the Town of Addison,
Dallas County, Texas.

Work Session and Regular Meeting**Meeting Date:** 05/22/2018**Department:** Infrastructure- Development Services

AGENDA CAPTION:

Consider Action to Approve a **Resolution to Give Consent to the Sale and Assignment of Ground Lease from KPI Properties, Inc., to PSR Air Services, LLC, for the Property Located at 4554 Claire Chennault Drive at Addison Airport and to Authorize the City Manager to Execute the Agreement.**

BACKGROUND:

The Leased Premises is located at 4554 Claire Chennault Drive with access to Taxiway Uniform. It consists of approximately 1.5 acres of land and is improved with 11,900 square feet of hangar space with 18' hangar door clearance and 14,628 square feet of office/shop/storage space.

The Ground Lease was originally entered into on December 28, 1982 with Omega Industries, Inc. as the tenant. It was amended by the Amendment to Ground Lease dated May 24, 2000 that modified, among other things, the term of the Ground Lease by extending it an additional six years and eight months, so that the Ground Lease now ends on May 30, 2030. By way of various assignments over the term, KPI Properties, Inc., is now the Tenant under the Ground Lease. KPI Properties' leasehold has been vacant and on the open market for the past year. It was previously occupied by Air Comm Corporation, LLC, which consolidated their manufacturing operations to Denver, Colorado.

PSR Air Services, LLC is a single-purpose entity wholly owned and managed by Mr. David Elliott. PSR Air Services, LLC owns, operates and manages two helicopters based at Garland Heliport and multiple fixed-wing aircraft based at Dallas Executive Airport - where they have been a long-term tenant in good standing. PSR Air Services recently took delivery of a Hawker 750 corporate jet which will be based at Addison Airport. Mr. Elliott is in the oil & gas business, owns and manages numerous commercial real estate holdings in the Dallas Fort Worth Metroplex, and owns and operates a cattle ranch in Kaufman County.

PSR Air Services is planning to use the smaller of the two hangars and much of the office space for its corporate flight department. The larger hangar will likely be made available for sublease until needed for future fleet expansion. PSR Air Services, LLC is a registered active domestic entity with the Office of the Secretary of State of Texas since 2011.

The city attorney has approved to form the Assignment of Ground Lease Agreement for the Town's purpose.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution - Assignment of KPI Properties Inc. to PSR Aviation

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING AN ASSIGNMENT OF GROUND LEASE BETWEEN KPI PROPERTIES, INC. AND PSR AIR SERVICES, LLC FOR COMMERCIAL AVIATION USE ON PROPERTY LOCATED AT 4554 CLAIRE CHENNAULT DRIVE, AUTHORIZING THE CITY MANAGER TO EXECUTE THE CONSENT OF LANDLORD ATTACHED TO THE ASSIGNMENT AS REQUIRED BY THE GROUND LEASE, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, KPI Properties, Inc. is the tenant under an Assignment of Ground Lease dated November 1, 1991, and subsequently amended on May 24, 2000 (“First Amendment”) for the property located at 4554 Claire Chennault Drive owned by the Town of Addison (collectively, the “Lease”); and

WHEREAS, KPI Properties, Inc. desires to assign all of its rights, duties and obligations under the Lease to PSR Air Services, LLC.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. The Assignment of Ground Lease between KPI Properties, Inc. and PSR Air Services, LLC for commercial aviation use on property located at 4554 Claire Chennault Drive, a copy of which is attached to this Resolution as **Exhibit A**, is hereby approved and the City Manager is authorized to execute the Consent of Landlord attached to the Assignment of Ground Lease as required by the Ground Lease.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 22nd day of May, 2018.

Joe Chow, Mayor

ATTEST:

By: _____
Christi Wilson, Interim City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

Exhibit “A”

STATE OF TEXAS §
 § **ASSIGNMENT OF GROUND LEASE**
COUNTY OF DALLAS §

This Assignment of Ground Lease (the “Assignment”) is entered into and effective as of _____ 2018, at Addison, Texas, by and between **KPI Properties, Inc.**, a Texas corporation (herein referred to as “Assignor”) and **PSR Air Services, LLC**, a Texas limited liability company (herein referred to as “Assignee”).

WHEREAS, a Ground Lease was executed on December 28, 1982 between the City of Addison and Addison Airport of Texas, Inc., as Landlord, and Omega Industries, Inc., as tenant, publicly recorded in Volume 89046, Page 5093 of the Official Public Records of Dallas County, Texas (“OPR”), by the terms of which certain real property located at 4554 Claire Chennault Drive at Addison Airport within the Town of Addison, Texas (the “City”) owned by the City was leased to Omega Industries, Inc.; and

WHEREAS, the leasehold estate of the tenant was then assigned by that certain Omnibus Assignment, Conveyance and Bill of Sale with Assumption of Liabilities (“the Omnibus Assignment”) executed January 1, 1986, by Omega Industries, Inc. to Gayle Perry d.b.a. G.P. Investments, successor of interest to Omega Industries; and

WHEREAS, by that Assignment of Lease dated February 3, 1989, the Ground Lease was assigned from Gayle Peery, dba G.P. Investments, Inc. as Assignor, to RR Investments, Inc., as Assignee; and

WHEREAS, by that Assignment of Lease dated November 1, 1991, the Ground Lease was assigned from RR Investments, Inc., as Assignor, to KPI Properties, Inc., as Assignee, as recorded in Volume 92067, Page 1224 of the OPR; and

WHEREAS, the Ground Lease was modified by that Amendment to Ground Lease made and entered into May 24, 2000, that modified, among other things, the term of the Ground Lease by extending it an additional six (6) years and eight (8) months, so that the Ground Lease now ends on May 30, 2030; and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the “Base Lease” (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease expired, and the City is the sole Landlord under the Ground Lease; and

WHEREAS, all parties agree the Lease Tract Survey prepared by DAL-TECH Engineering, Inc. dated April 23, 2018, which therein describes a certain gross land area at Addison Airport in Addison, Texas containing 1.4945 acres of land attached hereto as **Exhibit "A"** and incorporated herein by reference, is the true and correct "Demised Premises"; and

WHEREAS, by virtue of such assignments, amendments and/or modifications made to the Ground Lease, Assignor is the Tenant under the Ground Lease (a true and correct copy of said Ground Lease in its entirety with all hereinabove said assignments, amendments and modifications made thereto are attached hereto and incorporated herein by reference as **Exhibit "B"**); and

WHEREAS, the Ground Lease provides in Section 9 thereof, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the Assignee whereby the Assignee agrees to be bound by the terms and provisions of the Ground Lease; and

WHEREAS, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which is hereby acknowledged, the parties hereto each intend to be legally bound and agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities and interest in and to the Ground Lease, TO HAVE AND TO HOLD the same, for the remaining term thereof; and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming an part thereof through Assignor.

2. All parties agree the Lease Tract Survey prepared by DAL-TECH Engineering, Inc. dated April 23, 2018, which therein describes a certain gross land area at Addison Airport in Addison, Texas containing 1.4945 acres of land attached hereto as **Exhibit "A"** and incorporated herein by reference, is the true and correct Demised Premises; and

3. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of One Thousand and 00/100 Dollars (\$1,000.00) to Landlord.

4. Assignee hereby agrees to and shall be bound by and comply with all the terms, provisions, duties, conditions and obligations of Tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

PSR Air Services, LLC
Attn: David B. Elliott
6621 Talmadge Lane
Dallas, TX 75230

5. Nothing in this Assignment shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease except as set forth herein.

6. The above and foregoing premises and recitals to this Assignment are incorporated herein and made part hereof, and Assignor and Assignee both warrant and represent that such premises and statements, and all other provisions of this Assignment, are true and correct and that in giving consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

7. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may, at its own option, collect directly from the Assignee all rents becoming due under this Assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from any such Assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

8. The undersigned representatives of the Assignor and Assignee have the necessary authority to execute this Assignment on behalf of each of the respective parties hereto, and Assignor and Assignee certify one to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment of Ground Lease on the day and the year first set forth above.

ASSIGNOR:

KPI Properties, Inc., a Texas corporation

By: _____

Printed Name: _____

Title: _____

and

ASSIGNEE:

PSR Air Services, LLC

By: _____

Printed Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, _____ of KPI Properties, Inc., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2018.

[SEAL]

Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, _____ of PSR Air Services, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2018.

[SEAL]

Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of _____ 2018, at Addison, Texas, by and between **KPI Properties, Inc.**, a Texas corporation (herein referred to as "Assignor") and **PSR Air Services, LLC**, a Texas limited liability company (herein referred to as "Assignee"). In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee.

Notwithstanding this Consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, or responsibilities under or in connection with the Ground Lease, and Assignor shall remain liable and responsible for all such covenants obligations, duties, or responsibilities. In addition, notwithstanding any provisions of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This consent is not intended and shall not be construed to waive any rights of the Landlord under the Ground Lease, to release or waive any claims of the Landlord against any tenant under or in connection with the Ground Lease or to release any tenant from any duties, obligations or liabilities under or in connection with the Ground Lease.

This Consent shall be and remain valid only if and provided that, by no later than 6:00 o'clock p.m. on **August 31, 2018**:

(i) the Assignment has been executed and notarized by both Assignor and Assignee;

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of this Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001. Otherwise, and failing compliance with and satisfaction of each of paragraphs (i) and (ii) above, this Consent shall be null and void *ab initio* as if it had never been given and executed.

Signed this _____ day _____, 2018.

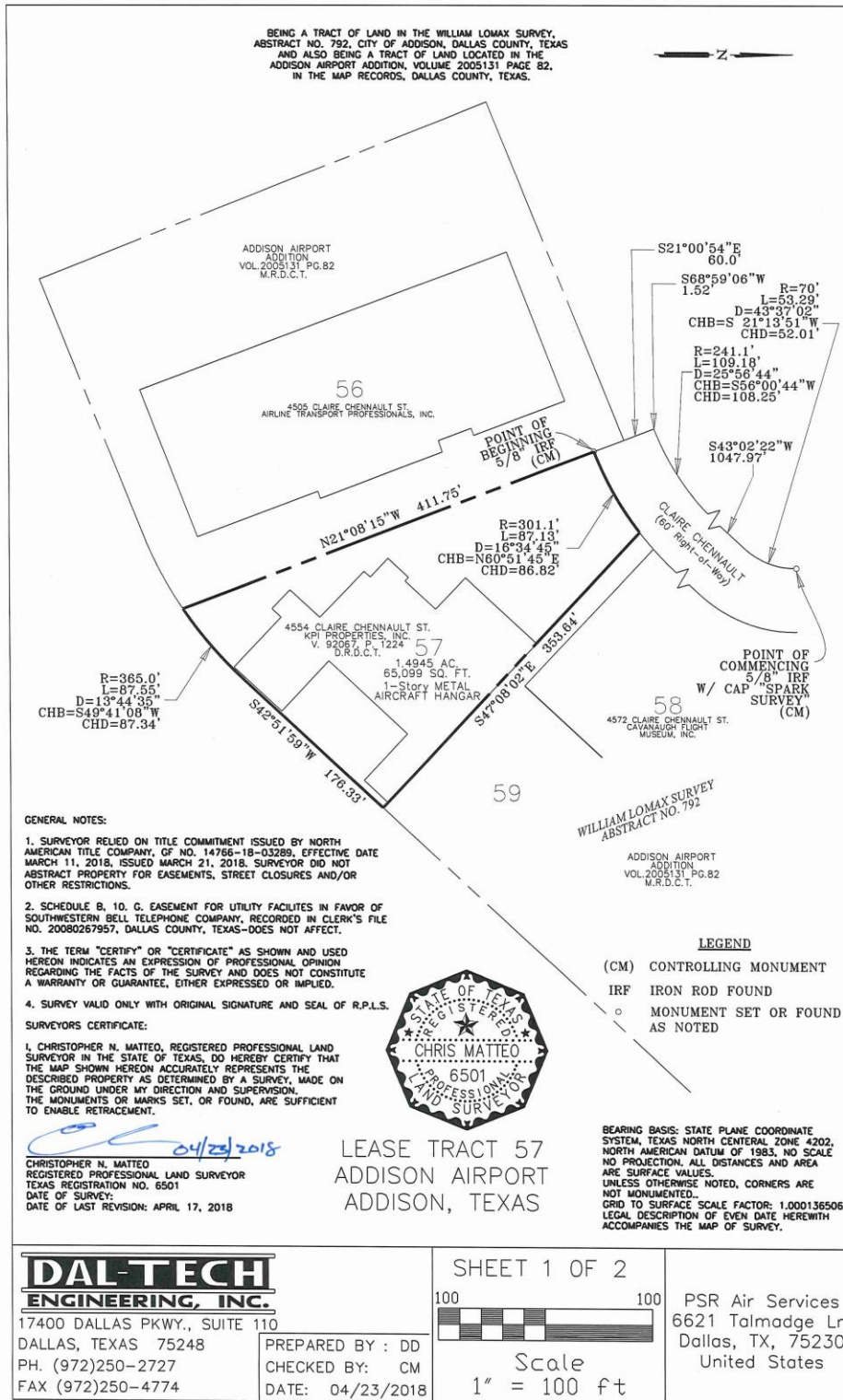
LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Wesley S. Pierson, City Manager

EXHIBIT "A"

Legal Description of Demised Premises



Lease Tract 57

Being a tract of land in the William Lomax Survey, Abstract No. 792, City of Addison, Dallas County, Texas and also being a tract of land in the Addison Airport Addition, Volume 2005131 Page 82, Map Records, Dallas County, Texas and being more particularly described as follows:

COMMENCING at a 5/8" iron rod found with cap stamped "SPARK SURVEY" in the northern right-of-way of Claire Chennault Street (a 60 foot right-of-way), same being the beginning of a curve to the right having a radius of 70.00 feet and a central angle of 43 degrees 37 minutes 02 seconds;

THENCE with said curve to the right and said northerly right-of-way line an arc length of 53.29 feet, being subtended by a chord of South 21 degrees 13 minutes 51 seconds West, a distance of 52.01 feet to a point for the end of said curve to the right;

THENCE South 43 degrees 02 minutes 22 seconds West with said northerly right-of-way line, a distance of 1047.97 feet to the beginning of a curve to the right having a radius of 241.1 feet and a central angle of 25 degrees 56 minutes 44 seconds;

THENCE with said curve to the right and said northerly right-of-way line an arc length of 109.18 feet, being subtended by a chord of South 56 degrees 00 minutes 44 seconds West, a distance of 108.25 feet to a point;

THENCE South 68 degrees 59 minutes 06 seconds West with said northerly right-of-way line for a distance of 1.52 feet to a corner in said right-of-way line;

THENCE South 21 degrees 00 minutes 54 seconds East a distance of 60.00 feet to a 5/8-inch iron rod found for the POINT OF BEGINNING of the herein described tract and the beginning of a curve to the left having a radius of 301.1 feet and a central angle of 16 degrees 34 minutes 45 seconds, same being the southerly right-of-way line of Claire Chenault Street;

THENCE with said curve to the left and said southerly right-of-way line an arc length of 87.13 feet, being subtended by a chord of North 60 degrees 51 minutes 45 seconds East, a distance of 86.82 feet to a point;

THENCE South 47 degrees 08 minutes 02 seconds East, departing said southerly right-of-way line, a distance of 353.64 feet to a point;

THENCE South 42 degrees 51 minutes 59 West for a distance of 176.33 feet to the beginning of a curve to the right having a radius of 365.0 feet and a central angle of 13 degrees 44 minutes 35 seconds;

THENCE with said curve to the right an arc length of 87.55 feet, being subtended by a chord of South 49 degrees 41 minutes 08 seconds West, a distance of 87.34 feet to a point;

THENCE North 21 degrees 08 minutes 15 seconds West, a distance of 411.75 feet to the POINT OF BEGINNING and CONTAINING 65,099 square feet or 1.4945 acres of land, more or less.

Schedule B of Title Commitment issued by North American Title Company, GF No. 14766-18-03289, 10. G. Easement for Utility Facilities in favor of Southwestern Bell Telephone Company, recorded in Clerk's file No. 20080267957, Dallas County, Texas-DOES NOT AFFECT.

LEASE TRACT 57
ADDISON AIRPORT
ADDISON, TEXAS

04/23/2018



DAL-TECH
ENGINEERING, INC.

17400 DALLAS PKWY., SUITE 110
DALLAS, TEXAS 75248
PH. (972)250-2727
FAX (972)250-4774

PREPARED BY: DD
CHECKED BY: CM
DATE: 04/23/2018

SHEET 2 OF 2



Scale
1" = 100 ft

PSR Air Services
6621 Talmadge Ln.
Dallas, TX, 75230
United States

EXHIBIT “B”

See Next Page

(Additionally, a true and correct of the exhibits to the Assignment of Ground Lease are on file with the Addison City Secretary and/or Airport Management Office.)

THE STATE OF TEXAS

COUNTY OF DALLAS

GROUND LEASE

WHEN RECORDED

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of December 28, 1982, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and OMEGA INDUSTRIES, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

A

4484

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35.00 DEED 2 03/08/89

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor of AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. Base Lease: All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. Definition of Landlord and Effect of Default under the Base Lease: The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. Term: The term hereof shall commence on the earlier of September 30, 1983, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue

4. Rental: Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of ONE THOUSAND ONE HUNDRED THIRTY-THREE & 917/100 per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. Adjustment of Rental: Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefor.

6. Use of Demised Premises and Construction of Improvements. The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts, aircraft maintenance and repair, aircraft storage, aircraft training, aircraft charter, and aircraft rentals, and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

- 1 - Aircraft hangar with associated shop, office, aircraft ramp and vehicle parking. Also, possible separate one story office building. Addison Airport to approve construction drawings prior to start of construction.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. Acceptance of Demised Premises. Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. Securing Governmental Approvals and Compliance with Law. Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. Assignment, Subletting and Mortgaging of Leasehold Estate:

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee become the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

THE STATE OF TEXAS
 COUNTY OF DALLAS

GROUND LEASE

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of December 28, 1982, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and OMEGA INDUSTRIES, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

4484

2

35.00 DEED
 2 03/08/89

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor of AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of September 30, 1983, or the first day of the first calendar month after Tenant completes the construction hereinafter described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of ONE THOUSAND ONE HUNDRED THIRTY-THREE ^{91/100} per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price Index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefor.

6. **Use of Demised Premises and Construction of Improvements.** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts, aircraft maintenance and repair, aircraft storage, aircraft training, aircraft charter, and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications:

- 1 - Aircraft hangar with associated shop, office, aircraft ramp and vehicle parking. Also, possible separate one story office building. Addison Airport to approve construction drawings prior to start of construction.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises.** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law.** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon or connected with the demised premises, all at Tenant's sole cost and expense.

9. **Assignment, Subletting and Mortgaging of Leasehold Estate:**

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgage as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgage shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee become the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

C. All mortgages or deeds of trust which Tenant mortgages the leasehold estate of Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

D. Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a leasehold mortgage and written notice to such effect has been given to Landlord, to give the holder of such leasehold mortgage at such address or addresses as may be specified in such written notice to Landlord for the giving of notices to the leasehold mortgagee, or as otherwise may be specified by the leasehold mortgagee to Landlord in writing, written notice of any default by Tenant, or simultaneously with the giving of such notice to Tenant, and the holder of any such leasehold mortgage shall have the right, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make payment as may be necessary or appropriate to cure any such default so specified, it being the intention of the parties hereto that Landlord shall not exercise Landlord's right to terminate this Lease without first giving any such leasehold mortgagee the notice provided for herein and affording any such leasehold mortgagee the right to cure such default as provided for herein.

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees (i) to recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby, provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgagee.

10. **Property Taxes and Assessments:** Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises, and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. **Alterations, Additions and Improvement.** After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install signs, bars, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed in a first class, workmanlike manner, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection therewith.

13. **Insurance.** Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning and other risks from time to time included under standard extended coverage policies, and against vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the fair insurable value of the demised premises. The term "fair insurable value" as used herein means actual replacement value at the time of such loss. Upon request, a fair replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and therefore proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, with minimum annual limit of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one occurrence, and not less than \$200,000.00 with respect to property damage.

(iii) Workers compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to the liability for death or bodily injury caused or covered against Landlord or the demised premises, in compliance with applicable laws, ordinances and regulations, and all other laws, ordinances and regulations of the State of Texas.

(iv) All structures, fixtures and personal property situated on the demised premises and appurtenances attached or connected thereto shall be insured against loss or damage by fire, lightning, windstorm, hail, explosion, riot, strike, terrorism, and other risks from time to time included under standard extended coverage policies, with a minimum annual limit of \$500,000.00.

(v) Tenant shall maintain general liability insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to the liability for death or bodily injury caused or covered against Landlord or the demised premises, in compliance with applicable laws, ordinances and regulations, and all other laws, ordinances and regulations of the State of Texas.

(vi) Tenant shall maintain general liability insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to the liability for death or bodily injury caused or covered against Landlord or the demised premises, in compliance with applicable laws, ordinances and regulations, and all other laws, ordinances and regulations of the State of Texas.

(vii) Tenant shall maintain general liability insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to the liability for death or bodily injury caused or covered against Landlord or the demised premises, in compliance with applicable laws, ordinances and regulations, and all other laws, ordinances and regulations of the State of Texas.

(viii) Tenant shall maintain general liability insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to the liability for death or bodily injury caused or covered against Landlord or the demised premises, in compliance with applicable laws, ordinances and regulations, and all other laws, ordinances and regulations of the State of Texas.

14. **Casualty Damage or Destruction**
A. In the event of casualty damage or destruction to the demised premises or any part thereof, Tenant shall, upon the occurrence of such damage or destruction, immediately notify Landlord of the nature and extent of such damage and/or destruction.
B. In the event of casualty damage or destruction to the demised premises or any part thereof, Tenant shall, upon the occurrence of such damage or destruction, immediately notify Landlord of the nature and extent of such damage and/or destruction. Tenant shall be responsible for the cost of such damage or destruction, and shall be responsible for the cost of such damage or destruction. Tenant shall be responsible for the cost of such damage or destruction, and shall be responsible for the cost of such damage or destruction.

C. In the event of casualty damage or destruction to the demised premises or any part thereof, Tenant shall, upon the occurrence of such damage or destruction, immediately notify Landlord of the nature and extent of such damage and/or destruction. Tenant shall be responsible for the cost of such damage or destruction, and shall be responsible for the cost of such damage or destruction. Tenant shall be responsible for the cost of such damage or destruction, and shall be responsible for the cost of such damage or destruction.

D. In the event of casualty damage or destruction to the demised premises or any part thereof, Tenant shall, upon the occurrence of such damage or destruction, immediately notify Landlord of the nature and extent of such damage and/or destruction. Tenant shall be responsible for the cost of such damage or destruction, and shall be responsible for the cost of such damage or destruction. Tenant shall be responsible for the cost of such damage or destruction, and shall be responsible for the cost of such damage or destruction.

E. In the event of casualty damage or destruction to the demised premises or any part thereof, Tenant shall, upon the occurrence of such damage or destruction, immediately notify Landlord of the nature and extent of such damage and/or destruction. Tenant shall be responsible for the cost of such damage or destruction, and shall be responsible for the cost of such damage or destruction. Tenant shall be responsible for the cost of such damage or destruction, and shall be responsible for the cost of such damage or destruction.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

A. If during the term hereof, any part of the demised premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the demised premises is not susceptible to efficient and economic occupation and operation by Tenant, this Lease shall automatically terminate as of the date that said condemning authority takes possession of the demised premises, and Landlord shall refund to Tenant any prepaid but unaccrued rental less any sum then owing by Tenant to Landlord.

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

C. If this Lease is not terminated pursuant to Section A, Tenant shall promptly restore the improvements on the demised premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the demised premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant, as their interest may appear. If this Lease is terminated pursuant to Section A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

17. Common Facilities. Tenant and Tenant's employees, agents, servants, customers and other invitees shall have the non-exclusive right to use all common facilities, improvements, equipment and services which may now exist or which may hereafter be provided by Landlord for the accommodation and convenience of Landlord's customers and tenants, including loading and takeoff facilities, means of ingress and egress to the demised premises, other airport installations, and all other reasonable services which may be provided without charge from time to time by Landlord in operating the Airport. All such common facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

20. Landlord's Right of Entry. Landlord and Landlord's authorized representatives shall have the right, during the normal business hours, to enter the demised premises (i) to inspect the general condition and state of repair thereof; (ii) to make repairs permitted under this Lease; (iii) to show the demised premises to any prospective tenant or purchaser or (iv) for any other reasonable and lawful purpose.

During the final one hundred eighty (180) days of the term hereof, Landlord and Landlord's authorized representatives shall have the right to erect and maintain on or about the demised premises customary signs advertising the demised premises for lease or for sale.

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees or to any other person whatsoever, for any injury to persons or damage to property in or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises or any other performance of Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder, and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or damage to equipment, pipes, or wiring or broken glass, or by the backing up of drains, or by gas, water, steam, fire, leaks or oil leaking, escaping or flowing into the demised premises, regardless of the source, or damage to property, or by any other cause whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be caused by or through the negligence or commission of other tenants of Landlord or caused by operations or construction of any public utility, public or private utility, work, or of any other persons whatsoever, excepting only duly authorized agents and employees of Landlord.

22. Default by Tenant. The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Insolvency, the making of a trust for creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. Filing of a petition under any chapter of the United States Bankruptcy Code, or any amendment or under any similar law or statute of the United States or any State, in which Tenant is a guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings lawfully commenced against Tenant or its guarantor.

E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations.

F. Assignment by Tenant of all or substantially all of the demised premises or usual use of use of the demised premises for the purpose thereof.

23. Remedies of Landlord. In the event of a default under paragraph 22, Landlord shall have the option

to pursue any or all of the following remedies, in addition to or in lieu of any other remedy available to Landlord and its guarantors:

A. Terminate this Lease, and without prejudice to any other remedy, cause the demised premises to be sold to Landlord. If Tenant fails to so surrender the demised premises to Landlord within ten (10) days after termination of this Lease, Landlord may have for possession of the demised premises, and shall have the right to enter the demised premises and to repair or remove Tenant and any other person who may be occupying the demised premises, and to cause the demised premises to be sold to Landlord, with the proceeds of any such sale to be applied to the payment of any amount due to Landlord for rent, taxes, interest, and damages which Landlord may suffer by reason of such termination. Whether or not the proceeds of such sale are sufficient to satisfy the obligations of Tenant or otherwise.

B. Terminate this Lease, and without prejudice to any other remedy, surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises to Landlord within ten (10) days after termination of this Lease, Landlord may have for possession of the demised premises, and shall have the right to enter the demised premises and to repair or remove Tenant and any other person who may be occupying the demised premises, and to cause the demised premises to be sold to Landlord, with the proceeds of any such sale to be applied to the payment of any amount due to Landlord for rent, taxes, interest, and damages which Landlord may suffer by reason of such termination. Whether or not the proceeds of such sale are sufficient to satisfy the obligations of Tenant or otherwise.

C. Enter the demised premises, and without prejudice to any other remedy, cause the demised premises to be sold to Landlord, with the proceeds of any such sale to be applied to the payment of any amount due to Landlord for rent, taxes, interest, and damages which Landlord may suffer by reason of such termination. Whether or not the proceeds of such sale are sufficient to satisfy the obligations of Tenant or otherwise.

demand from time to time any deficiency that may arise by reason of any such letting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, advertising expenses and other costs of letting shall be subtracted from the amount of rent received under such letting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, conditions and covenants herein contained.

24. **Default by Landlord.** No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay rent) or grant Tenant any right of deduction, abatement, set-off or recoupment or entitle Tenant to take any action whatsoever with regard to the demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

(i) Proceed to cure such default and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding rental installment(s) due by Tenant to Landlord hereunder; or

(ii) Proceed to cure such default and bring suit against Landlord for the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum.

If any mortgagee of Landlord has given Tenant its address for notices and specifically requests such notice, Tenant agrees to give the notice required hereinabove to such mortgagee at the time Tenant gives same to Landlord, and to accept curative action, if any, undertaken by such mortgagee as if such curative action had been taken by Landlord.

25. **Waiver of Subrogation.** Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during the term of this Lease for any and all loss of, or damage to, any of such party's property located within or upon, or constituting a part of, the demised premises, which loss or damage is covered by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. Such mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the parties hereto. Inasmuch as such mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation or otherwise to an insurance company (or any other person), each party hereby agrees immediately to give to each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of such mutual waivers, and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation of such insurance coverages by reason of such waivers.

26. **Title to Improvements.** Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. **Mechanics' and Materialmen's Liens.** Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent, provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. **Title.** Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and engineering ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

29. **Quiet Enjoyment and Subordination.** Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall peaceably and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon the demised premises. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises, provided, however, any such subordination shall be upon the express conditions that: (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant affirm to the mortgagee, its successors and assigns, and perform all of the covenants and conditions imposed by the terms of this lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and affirm to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

30. **Rent on Net Return Basis.** Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, it is intended that the rent provided for in this Lease shall be an absolutely net return to Landlord for the term of this Lease, free of any loss, expenses or charges with respect to the demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. **Holding Over.** Should Tenant, or any of Tenant's successors or interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days' notice in writing to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid by the last month of the term of this lease.

32. **Waiver of Default.** No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Lease shall be deemed to be a waiver of any subsequent default or breach of the same or any other term, condition or covenant contained herein.

33. **Release of Landlord Upon Transfer.** A Landlord's obligations and liability for the performance of the terms and provisions of this Lease shall terminate upon the date of any transfer of the demised premises by Landlord, provided that the obligations and liabilities of the transferee are not assumed by the transferee and shall be binding upon the transferee of Landlord's interest in the demised premises.

34. **Attorneys' Fees.** In the event of a default by Tenant of their respective obligations under this Lease, it shall be the responsibility of the other party to an attorney to set forth and defend all of such party's rights or remedies hereunder, and should the other party prevail, such party shall be entitled to the attorneys' fees incurred in such connection from the other party.

35. **Financial Information.** Tenant agrees that Tenant will, from time to time upon the written request of Landlord during the term of this lease, furnish to Landlord, in a form and containing information as Landlord may reasonably request.

36. **Estoppel Certificates.** Tenant agrees that from time to time upon request in writing by Landlord, Tenant will deliver to Landlord a statement, containing, among other things, that:

- A. This lease is in full force and effect and all conditions thereof have been fulfilled and that this lease as modified is in full force and effect and stating the modifications;
- B. The dates to which rent and other charges have been paid;
- C. The date and time of default or default notice if any of this lease or the date of termination thereof in default in accordance with an option attached thereto;
- D. If requested by Landlord, Tenant will pay rent for more than one month in advance and that this lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice being given by the Lease to be

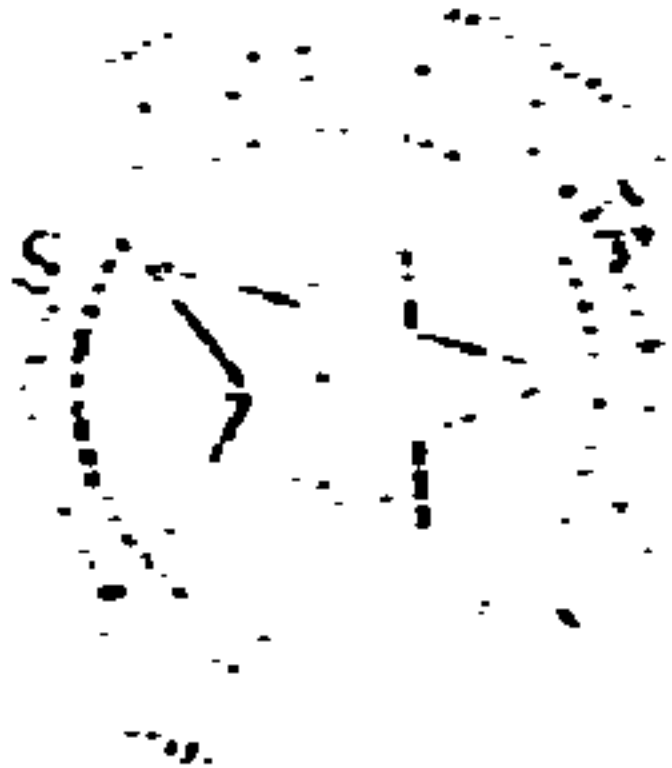
STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared [Signature]
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 19__

Notary Public

County, Texas



STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared [Signature]
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 17 day of July, 1983

Notary Public

County, Texas



STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared [Signature]
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 19__

Notary Public

County, Texas

LETA B. LEWIS



LEGAL DESCRIPTION

STATE OF TEXAS:
COUNTY OF DALLAS:

BEING a tract of land situated in the WILLIAM LOMAX SURVEY, ABSTRACT NO. 792, Dallas County, Texas and located on Addison Municipal Airport, Addison, Texas, and being more fully described as follows:

COMMENCING at a point for the intersection of the west Right-of-Way line of Addison Road, a 60 foot street, and the South Right-of-way line of Westgrove Road a 60 foot street, and the south Right-of-Way line of Westgrove Road a 60 foot street;

THENCE South 39 degrees 54 minutes 46 seconds West along the South line of said Westgrove Road a distance of 730.0 feet to a point for the centerline of a proposed 60 foot street (Claire Chennault Road) (an undedicated street);

THENCE South 43 degrees 24 minutes 39 seconds West, in the R.O.W. of Claire Chennault Road, (an undedicated street) 1150.71 feet to an angle point;

THENCE South 69 degrees 24 minutes 39 seconds West, 62.50 feet in the R.O.W. of Claire Chennault Road, to an angle point in the center and the end of Claire Chennault Road, (an undedicated street);

THENCE South 20 degrees 38 minutes 30 seconds East along the Southwest end of Claire Chennault Road, 30 feet to the Place of Beginning;

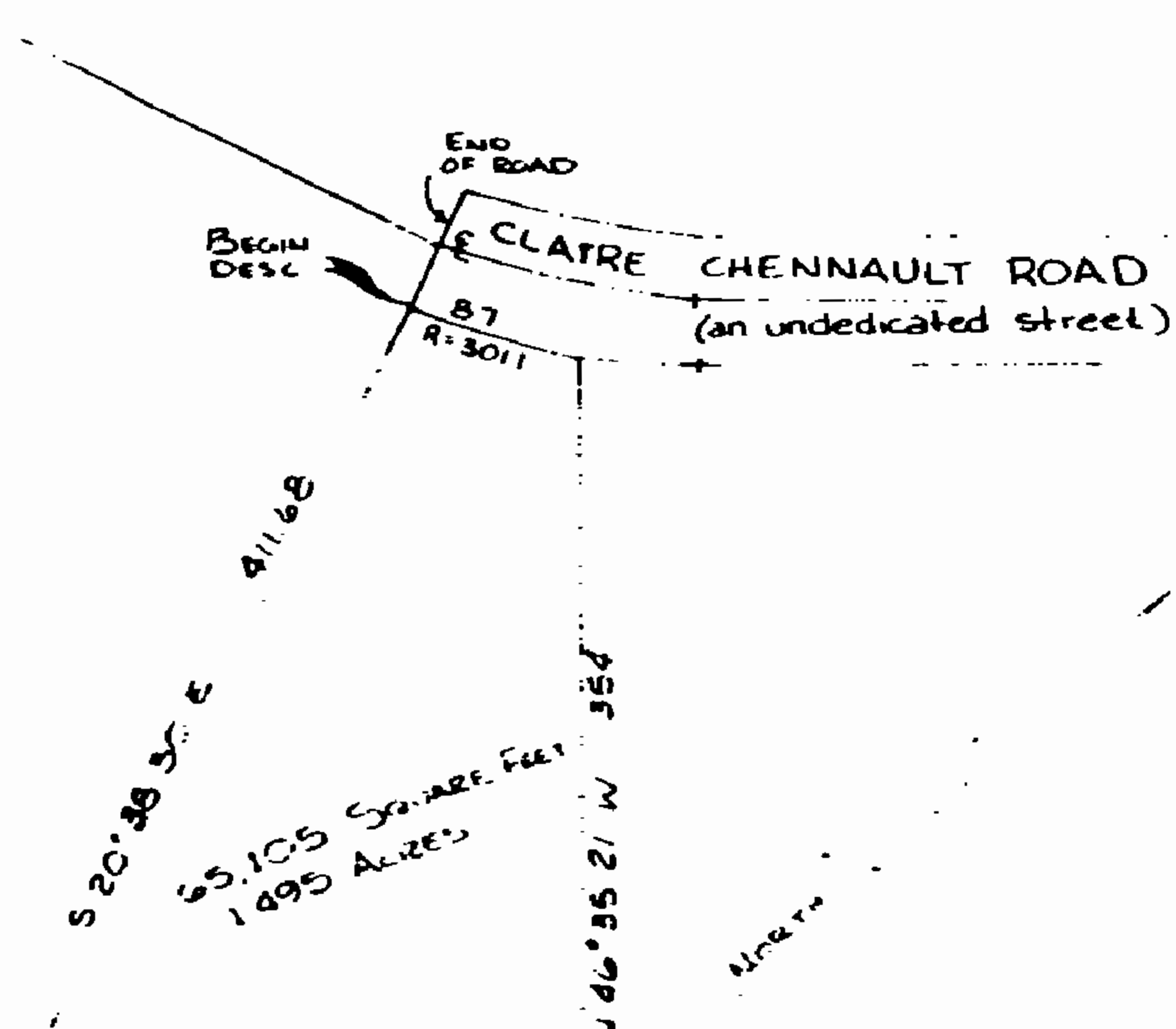
THENCE South 20 degrees 38 minutes 30 seconds East, 411.68 feet to a point in a curve to the left having a radius of 365 feet; said point also being in the Northwest R.O.W. line of an existing taxiway;

THENCE along said curve to the left and in a Northeasterly direction 97.55 feet;

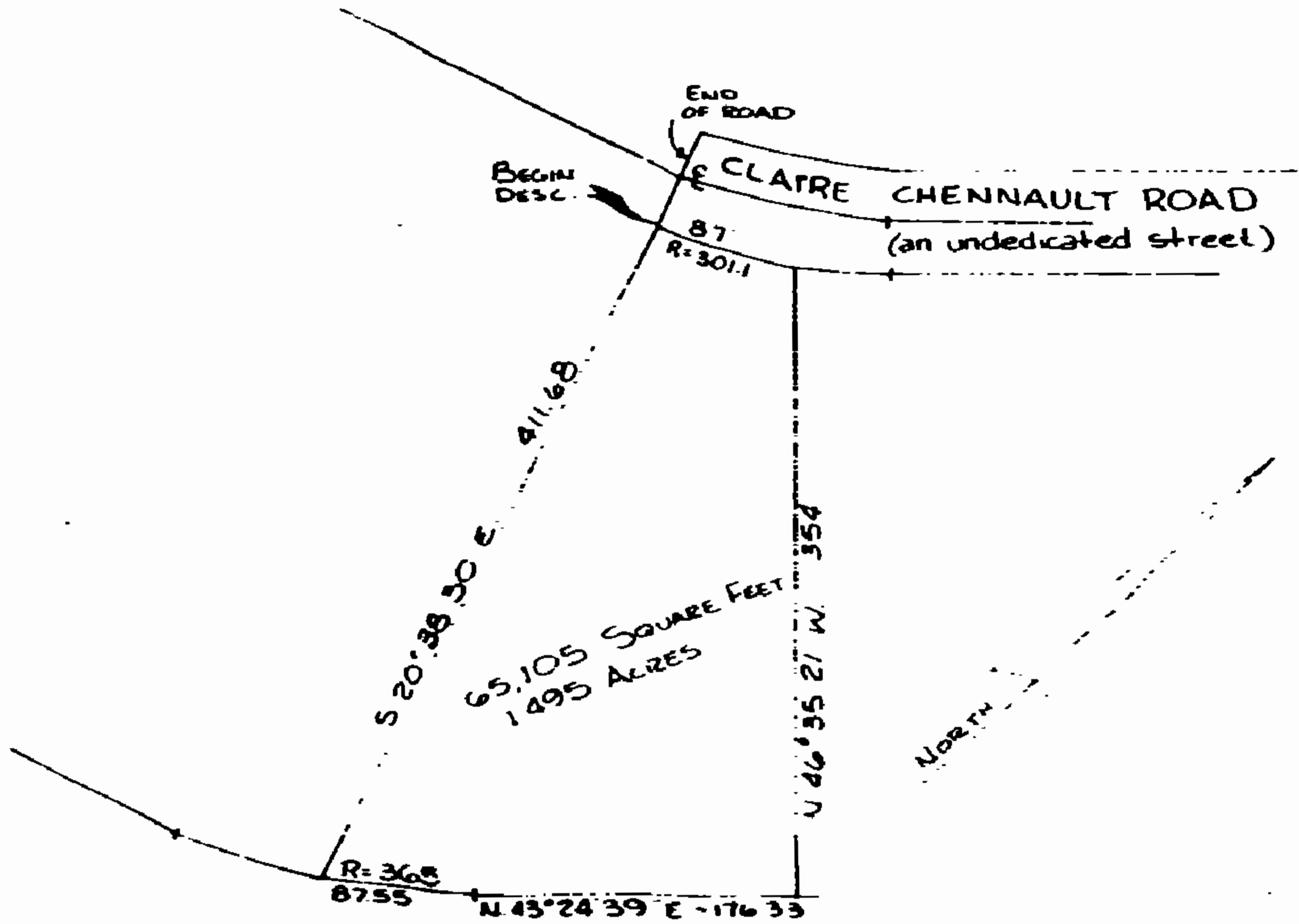
THENCE North 43 degrees 24 minutes 39 seconds East along the Northwest line of the existing taxiway, 176.33 feet;

THENCE North 46 degrees 35 minutes 21 seconds West, 354 feet to a point in the Southeast R.O.W. line of Claire Chennault Road (an undedicated street), said point being in a curve to the right having a radius of 301.1 feet;

THENCE in a southeasterly direction around said curve to the right, 97 feet to the PLACE OF BEGINNING, and containing 62,105 square feet or 1.425 acres of land.



6605 5099
94068



EXISTING TAXIWAY -

The plat herein is a true, correct and accurate representation of the property as determined by survey, the lines and dimensions of said property being as indicated by the plat, the use, location and type of buildings and improvements are as shown, all improvements being within the boundaries of the property, set back from property lines the distances indicated, and the distance from the nearest intersecting street or road, as shown on said plat.
THERE ARE NO ENCROACHMENTS, CONFLICTS OR DISCREPANCIES

Scale 1" = 100'

Date MARCH 31, 1981

ASBY [S] QUAD, T12N R10E

Surveyed and certified
by [Signature]

[Seal]
[Signature]

Registered Professional Surveyor

W/18 License No
Date Term 1/5/18

JOIC 34065

**AGREEMENT FOR
OPERATION OF THE ADDISON AIRPORT
BETWEEN
THE CITY OF ADDISON, TEXAS
AND
ADDISON AIRPORT, INC.**

COUNTY OF DALLAS

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

WITNESSETH:

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas, it being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto.

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof, and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

- (i) the land described in Exhibit "1" as the Property and the improvements thereon owned by the City;
- (ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and
- (iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand (\$800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

Section 1. Definitions

(a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;

(b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereto on the Leased Premises.

(c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely affect the Gross Receipts shall first require the approval of the City.

Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

Section 5. Rent

(a) Company shall pay the City, on demand, the sum of \$100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise be liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City \$6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non payment all levies, fees, water and sewer rents or other rents, rates and charges, permit fees, inspection fees and other charges, if any, in each case whether general and special, ordinary and extraordinary, which are lawfully imposed, whether or not the same were within the contemplation of the parties

herein, together with any interest and penalties thereon, which imposed or levied upon or assessed against or in respect to this Agreement, or which may be a lien upon the Leased Premises. The Company shall pay all of the personal property taxes assessed by the City for the year 1976.

Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

- (i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;
- (ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;
- (iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;
- (iv) For the storage of fuel and for the fueling of aircraft;
- (v) For the charter and leasing of aircraft;
- (vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;
- (vii) For the storage, parking, maintenance, servicing and fueling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;
- (viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;
- (ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and
- (x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (1) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

Section 12. Delivery of Evidence of Insurance

Company shall deliver to the City at the execution and delivery of this Agreement the original or duplicate policies or satisfactory

evidence of insurance or insurance certificates for insurance required in Section 10 hereof. The Company shall within ten days prior to the expiration of any such insurance, deliver in the place of expired policies other original or duplicate policies or other certificates of the insurers endorsed as in above provided. Section 10 hereof evidencing renewal of such insurance.

Section 13. Casualty

If any Improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the Improvements, at its expense in conformity with the requirements of Section 14, in such manner as to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the Improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the Improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and Improvements or any part thereof, in order to keep and maintain the Leased Premises and Improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event be liable for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

Section 16. Alterations, Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvements, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

- (a) The Leased Premises or any part thereof,
- (b) City's ownership interest, or
- (c) the Rent or other sums payable by Company under this Agreement.

The existence of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lien, or any right in respect thereof shall not constitute a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lien(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to sublease such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be unreasonably withheld.

(c) The Company shall not enter into any sublease unless the term of such sublease, including any renewal or option provisions, expires and terminates on or before twenty years after the effective date of this Agreement, without the prior written consent of the City.

(d) Upon request by the Company, from time to time, that a sublease is entered into by the Company, the City shall deliver to any such subtenant its estoppel certificate, certifying unto the subtenant that this Agreement is in full force and effect.

Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy or any part thereof.

Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgements of any nature whatsoever, arising from:

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leased Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

Section 30 Remedies on Default

Whenever any event of default as to the Company referred to in Section 30 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublessee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other amounts payable by the Company hereunder.

(b) The City may terminate this Agreement.

(c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require activity over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, at its then fair market value, any personal property which the City deems essential.

Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company,

- (i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,
- (ii) until Company has paid all other sums due under this Agreement.

Section 38. Quiet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

Section 47. Covenant by Company

It is understood and agreed by the parties hereto, that the Company will not make any improvements, changes, alterations, modifications, or removals at the Airport, which will effectively destroy the ability of the Airport to render first-class service to its customers and for the maximization of revenues.

2010
11/16/10

Section 48. Record Keeping

The Company shall maintain in accordance with accepted accounting practice and made available to an authorized representative of the City for consideration records, books and its annual audit prepared by an independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably convenient to the Company.

Section 49. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed if to the City — The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company — Addison Airport, Inc., P. O. Box 34067, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

CITY OF ADDISON, TEXAS

ATTEST:

Joyce N. Devers
SECRETARY

BY: Jerry Redding

APPROVED AS TO FORM:

Robert L. Wall
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:

Margaret E. Bunch
SECRETARY

BY: [Signature]

FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 106.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 69° 19' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.29 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 69° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 746.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50", a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 27' 50" E. a distance of 2081.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 27' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 69° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 27' 50" E. a distance of 263.11 feet to a point;

THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 27' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 38' 35" W. a distance of 572.78 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

THENCE S. 75° 48' 25" W. a distance of 448.95 feet to a point;
 THENCE N. 89° 56' 35" W. a distance of 65.36 feet to a point;
 THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;
 THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;
 THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;
 THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;
 THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;
 THENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the
 northeast corner of Addison Airport Industrial District;
 THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;
 THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;
 THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;
 THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;
 THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing
 5.340 acres of land, more or less, save and except the following 1 acre tract:
 beginning at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the
 West line of Dooley Road, a 60 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent
 northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs
 Road; Thence N. 56° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent
 West line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING
 POINT of this description;
 THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;
 THENCE N. 89° 23' 56" W. 208.0 feet to an Iron pin;
 THENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;
 THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said
 property being as indicated by the plat; all improvements being within the boundaries of the property.

Encumbrances of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977

Date


 W. J. Wischmeyer
 Registered Professional Engineer



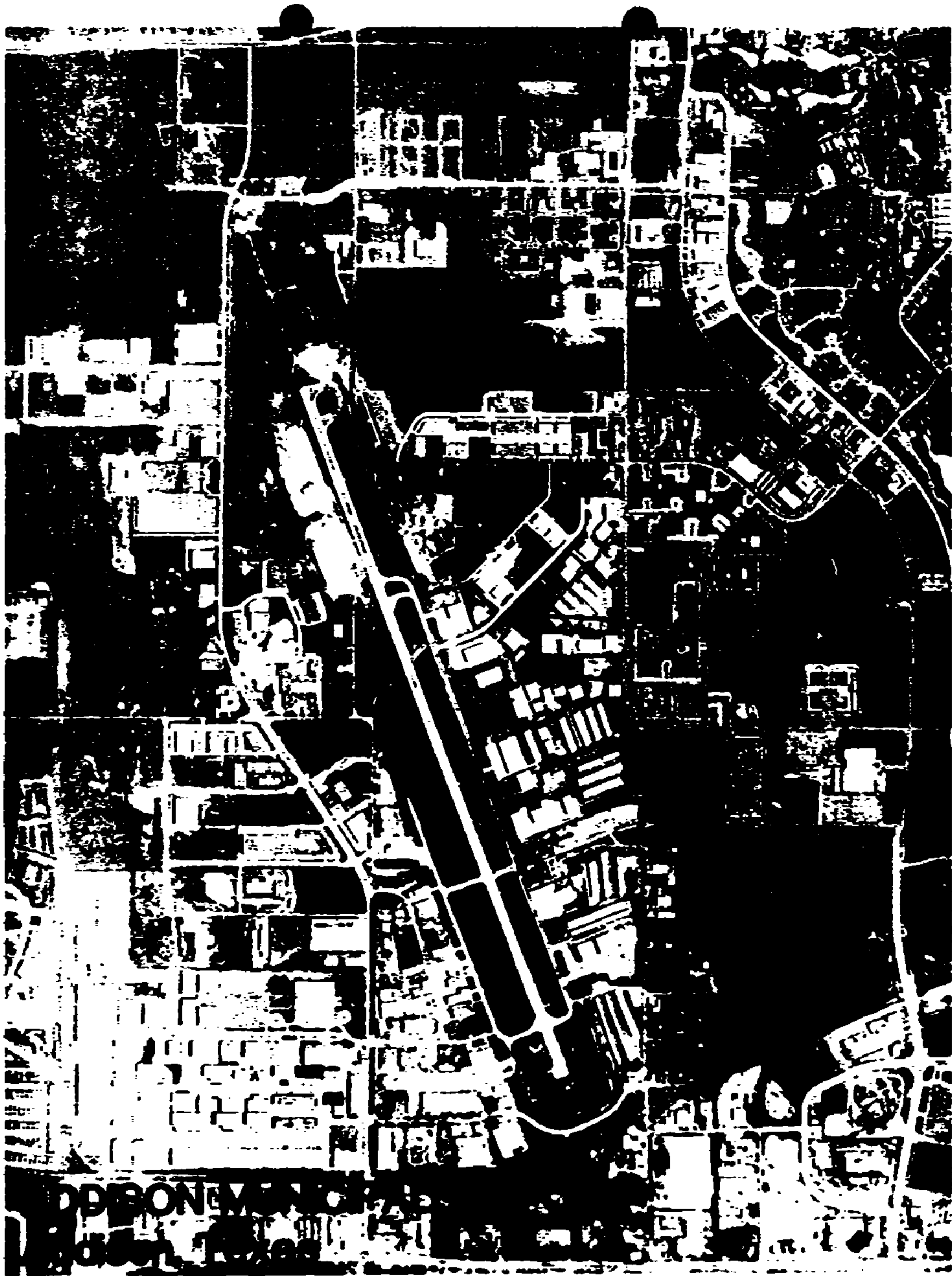
EXHIBIT "A"
 PROPERTY MAP
 ADDISON MUNICIPAL AIRPORT
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.

CONSULTING ENGINEERS

DALLAS TEXAS

DECEMBER 1976



ADDONEMENT
19046 5110

19046 5110

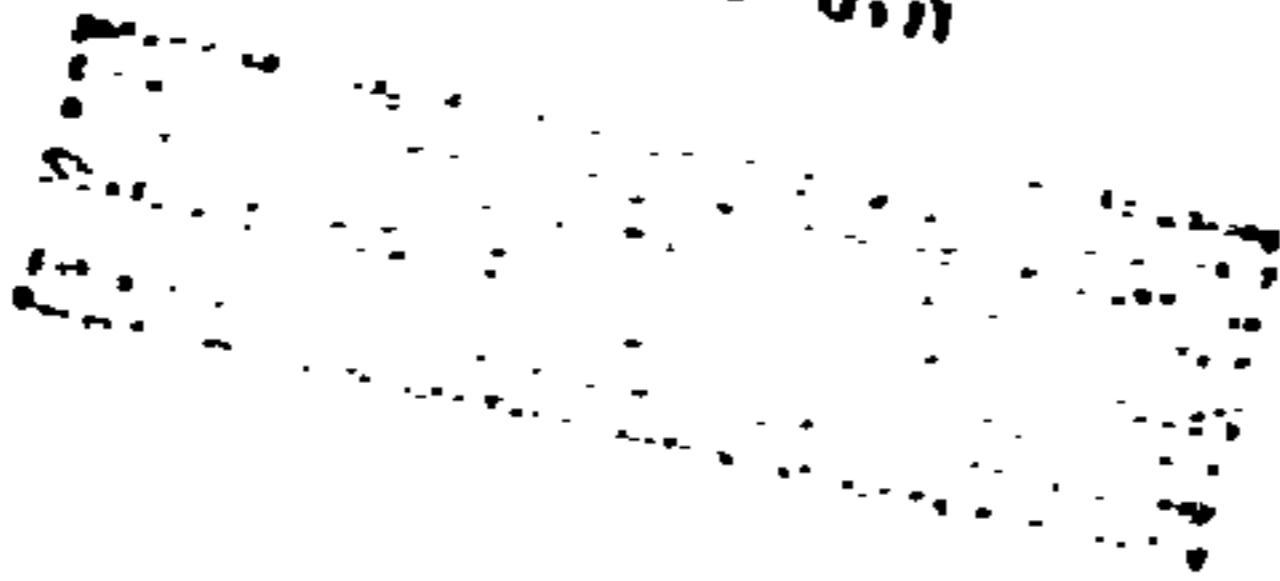
12-28-82

DEPT. OF REVENUE

Conf. Receipt



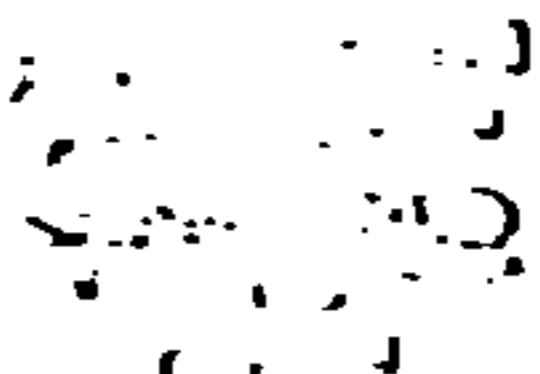
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PLEASE RETURN TO:

SOUTHWEST LAND TITLE CO.
503 N. Akard St.
2900 Lincoln Plaza Building
Lock Box 6
Dallas, TX 75201

1989 MAR 8 PM 3 33



39046 5111

OMNIBUS ASSIGNMENT, CONVEYANCE AND BILL OF SALE
WITH ASSUMPTION OF LIABILITIES

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

WHEREAS, OMEGA INDUSTRIES, INC., a Texas corporation (the "Company"), pursuant to that certain Plan of Liquidation and Dissolution (the "Plan of Liquidation" or the "Plan") of the Company approved by the shareholder of the Company (the "Shareholder") on May 22, 1985, and ratified on December 26, 1985, wherein the Shareholder adopted a Plan of Liquidation under Section 337 of the Internal Revenue Code of 1954, as amended, directed that, in complete liquidation and dissolution of the Company, the Company shall transfer to the Shareholder all of the Transferred Properties (as herein defined) and that the Shareholder assume all of the debts, liabilities and obligations of the Company (the "Liabilities"), including, without limitation, the Transferred Properties and Liabilities more particularly described on Exhibit A attached hereto and incorporated herein by reference for all purposes.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

(1) THAT, the Company has conveyed, granted, bargained, sold, set over, assigned, aliened, remised, released, delivered and confirmed, and by these presents does hereby convey, grant, bargain, sell, transfer, set over, assign, alien, remise, release, deliver and confirm unto the Shareholder, its legal representatives, successors and assigns forever, all of the properties, assets, business, contracts and goodwill, whether tangible or intangible, whether real, personal or mixed of the Company (said properties, assets, business, contracts and goodwill being hereinafter referred to as the "Transferred Properties").

(2) THAT, the Shareholder hereby assumes and agrees to discharge the Liabilities not in fact discharged nor otherwise adequately provided for in the dissolution of the Company

(3) THAT, the Company hereby irrevocably constitutes and appoints Gayle Peery, his successors and assigns, its true and lawful attorney, with full power of substitution, and in its name and stead, (i) to demand and receive from time to time any and all of the Transferred Properties and to give receipts, releases and acquittances for and in respect of the same or any part thereof; (ii) to collect for the account of the Shareholder and/or the Company, their successors and assigns, all receivables of any character and all other items sold and transferred or intended to be sold and transferred to the Shareholder and to endorse with the name of either the Company or the Shareholder any checks or drafts received on account of any such receivables or other items; (iii) from time to time to institute and prosecute any and all proceedings at law, in equity or otherwise, which the Company or the Shareholder, shall deem proper in order to collect, assert or enforce any claim, right, title or interest of any kind in or to the Transferred Properties; (iv) to defend or compromise any and all actions, suits or proceedings in respect to the Transferred Properties and to do all such acts and things in relation thereto as the Shareholder, his successors and assigns, shall deem advisable or convenient; (v) to pay or provide for the payment of the Liabilities; and (vi) to take all action which the Shareholder or such attorney-in-fact shall deem proper or convenient in order to provide the Shareholder, his successors and assigns, the benefits under any claims, contracts, licenses, leases, commitments, sales orders or purchase orders assigned or to be assigned hereby; and the Company hereby declares that the appointment made and the powers granted hereby are coupled with an interest and are and shall be irrevocable by the Company, its successors and assigns.

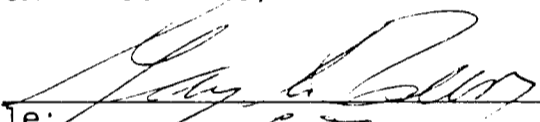
(4) THAT, the Company for itself, its successors and assigns, further covenants and agrees that it shall do or cause to be done all such further acts and shall execute, acknowledge and deliver, or shall cause to be executed, acknowledged and

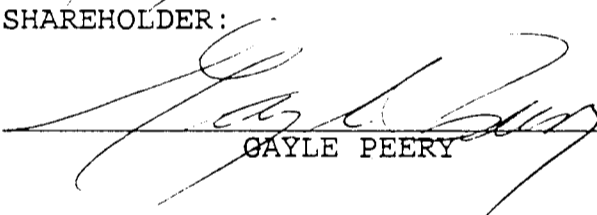
delivered, any and all such further deeds, assignments, transfers, conveyances, powers of attorney, division orders, transfer orders, assurances, and other instruments as the Shareholder may reasonably require (i) for the better assuring, assigning, transferring and conveying unto the Shareholder, all and singular the Transferred Properties; and (ii) to protect the right, title and interest of the Shareholder, in and to, and his enjoyment of all and singular, the Transferred Properties; but all such further acts, deeds, assignments, transfers, conveyances, division orders, transfer orders, assurances and other instruments shall be effective as of and retroactive to the effective date hereof.

EXECUTED as of the 1st day of January, 1986.

COMPANY:

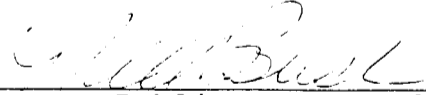
OMEGA INDUSTRIES, INC.

By: 
Title: CFO

SHAREHOLDER:

GAYLE PEERY

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on April 25, 1986, by Gayle Peery, C. E. O. of Omega Industries, Inc., a Texas corporation, on behalf of said corporation.

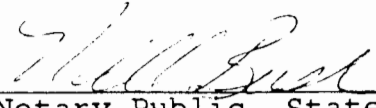

Notary Public, State of Texas
NELL BUSH

My Commission Expires: 5/13/85

Printed Name of Notary Public

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on APRIL 25, 1986, by Gayle Peery.



Notary Public, State of Texas

My Commission Expires:
5/13/87

NELL BUSH
Printed Name of Notary Public

6419W

EXHIBIT A

All assets and liabilities set forth in the balance sheet of the Company as of the date hereof, including, without limitation, all right, title and interest of the Company in and to any promissory notes, royalty agreements, non-competition agreements, leases, and other documents, instruments or agreements related to the sale of assets to Nathan Milikowsky, Daniel Milikowsky, Michelle M. Harman and related entities and ASC Pacific, Inc. and related entities.

7045W

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 3rd day of February, 1989, at Addison, Texas between GAYLE PEERY D/B/A G.P. INVESTMENTS, hereinafter called "Assignor," and RR INVESTMENTS, INC., hereinafter called "Assignee."

Review
GHS WHEREAS, a Ground Lease (the "Lease") executed on December 28, 1982, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Landlord, and OMEGA INDUSTRIES, INC., as Tenant, by the terms of which certain real property located on the Addison Airport described in Exhibit "A" attached hereto and made a part hereof was leased to the Assignor as Tenant upon the terms and conditions provided therein; and

WHEREAS, Assignor is the successor to Omega Industries, Inc., having acquired all of its assets upon liquidation, and is the owner of the interest of the Tenant under the Lease; and

WHEREAS, the Assignor now desires to assign the Lease to Assignee, and the Assignee desires to accept the assignment thereof;

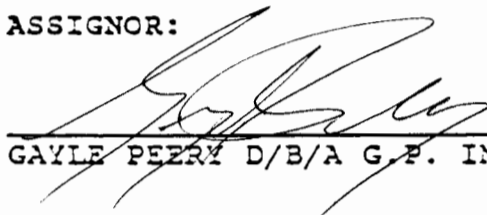
NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of his right, title and interest in and to the Lease hereinabove described, a copy of which is attached hereto as Exhibit "B", and the Assignee hereby agrees to and does

accept the assignment, and in addition, expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Tenant thereunder arising from and after the date hereof, including the making of all payments due to or payable on behalf of the Tenant under said Lease arising from and after the date hereof when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

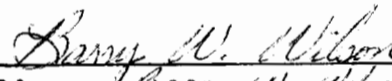


GAYLE PEERY D/B/A G.P. INVESTMENTS

ASSIGNEE:

RR INVESTMENTS, INC.

By:


Name: Barry M. Wilson
Title: President

CONSENT OF LANDLORD

The undersigned is the Landlord in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Tenant or the Assignee.

LESSOR:

CITY OF ADDISON

By: [Signature]
Name: Lynn Spruill
Title: Mayor

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]
Name: SAM STUART
Title: President

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Lynn Spruill, the Mayor of the City of Addison, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated on behalf of the City of Addison.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 23 day of September, 1989.

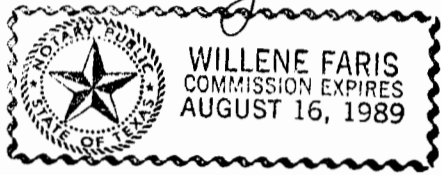
[Signature]
Notary Public

Dallas County, Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Sam Stuart, the President of Addison Airport of Texas, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated on behalf of such corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 16 day of February, 1989.



Willene Faris
Notary Public
WILLENE FARIS
DALLAS County, Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Gayle Peery, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 15th day of February, 1989.

Loise Southworth
Notary Public
Dallas County, Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Samuel Williams, the owner of RR Investments, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated on behalf of such corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 3 day of February, 1943.

Patricia H. [Signature]
Notary Public
Patricia H. [Signature]
Dallas County, Texas

EXHIBIT "A"

PREMISES

LEGAL DESCRIPTION

STATE OF TEXAS:
COUNTY OF DALLAS:

BEING a tract of land situated in the WILLIAM LOMAX SURVEY, ABSTRACT NO. 792, Dallas County, Texas and located on Addison Municipal Airport, Addison, Texas, and being more fully described as follows:

COMMENCING at a point for the intersection of the west Right-of-Way line of Addison Road, a 60 foot street, and the South Right-of-way line of Westgrove Road a 60 foot street, and the south Right-of-Way line of Westgrove Road a 60 foot street;

THENCE South 39 degrees 54 minutes 46 seconds West along the South line of said Westgrove Road a distance of 733.0 feet to a point for the centerline of a proposed 60 foot street (Claire Chennault Road) (an undedicated street);

THENCE South 43 degrees 24 minutes 39 seconds West, in the R.O.W. of Claire Chennault Road, (an undedicated street) 1150.71 feet to an angle point;

THENCE South 69 degrees 24 minutes 39 seconds West, 62.59 feet in the R.O.W. of Claire Chennault Road, to an angle point in the center and the end of Claire Chennault Road, (an undedicated street);

THENCE South 20 degrees 38 minutes 30 seconds East along the Southwest end of Claire Chennault Road, 30 feet to the Place of Beginning;

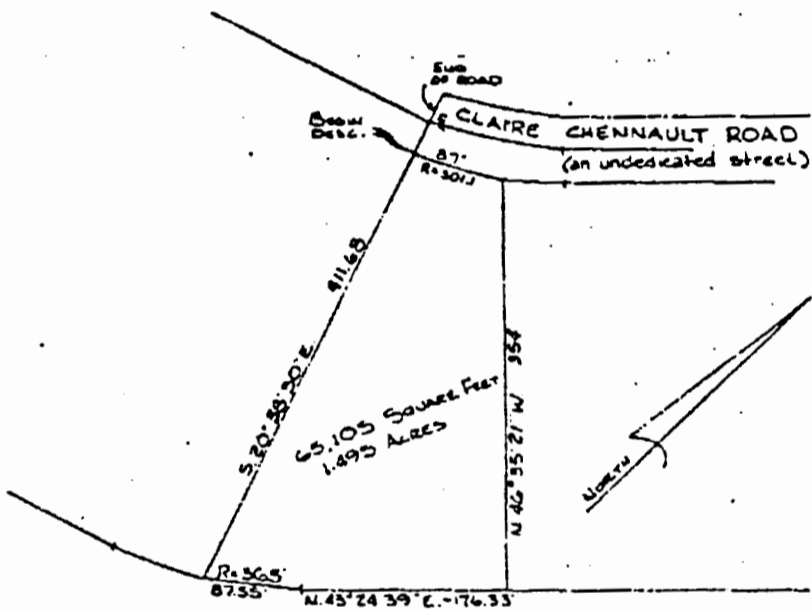
THENCE South 20 degrees 38 minutes 30 seconds East, 411.68 feet to a point in a curve to the left having a radius of 365 feet; said point also being in the Northwest R.O.W. line of an existing taxiway;

THENCE along said curve to the left and in a Northeasterly direction 87.55 feet;

THENCE North 43 degrees 24 minutes 39 seconds East along the Northwest line of the existing taxiway, 176.33 feet;

THENCE North 46 degrees 35 minutes 21 seconds West, 354 feet to a point in the Southeast R.O.W. line of Claire Chennault Road (an undedicated street), said point being in a curve to the right having a radius of 301.1 feet;

THENCE in a Southwesterly direction around said curve to the right, 87 feet to the PLACE OF BEGINNING and containing 65,105 square feet or 1.495 acres of land.



EXISTING TAXIWAY

The plat herein is a true correct, and accurate representation of the property as described by metes, the lines and dimensions of said property being as indicated by the plat, the acre locations and type of buildings and improvements as shown, all improvements being within the boundaries of the property, all bearings and distances being as shown, and that the distance from the nearest intersecting street, or road, is as shown on said plat.

Scale 1" = 100'
Date MAR 27 1969
A.M. No. 430

Surveyor's Seal and Signature

Signature of Surveyor

Registered Professional Surveyor # 1127
10218 Garland Rd.
Dallas, Texas 75218

THE STATE OF TEXAS
COUNTY OF DALLAS

EXHIBIT B
GROUND LEASE

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of December 28, 1982, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and OMEGA INDUSTRIES, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor of AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of September 30, 1983, or the first day of the first calendar month after Tenant completes the construction hereinafter described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without ^{917.00} ~~gross~~ deduction, rent for the demised premises at the rate of ONE THOUSAND ONE HUNDRED THIRTY-THREE ^{917.00} ~~per~~ month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefor.

6. **Use of Demised Premises and Construction of Improvements:** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

- 1 - Aircraft hangar with associated shop, office, aircraft ramp and vehicle parking. Also, possible separate one story office building. Addison Airport to approve construction drawings prior to start of construction.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises:** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law:** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. Assignment, Subletting and Mortgaging of Leasehold Estate:

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 8 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgage or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgages shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee become the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgages shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

All mortgages or deeds of trust whereby Tenant mortgages the leasehold estate of Tenant created hereby shall contain provisions giving the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

D. Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a leasehold mortgage and written notice to such effect has been given to Landlord, to give the holder of such leasehold mortgage at such address or addresses as may be specified in such written notice to Landlord for the giving of notices to the leasehold mortgagee, or as otherwise may be specified by the leasehold mortgagee to Landlord in writing, written notice of any default hereunder by Tenant, simultaneously with the giving of such notice to Tenant, and the holder of any such leasehold mortgage shall have the right, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make payment as may be necessary or appropriate to cure any such default so specified, it being the intention of the parties hereto that Landlord shall not exercise Landlord's right to terminate this Lease without first giving any such leasehold mortgagee the notice provided for herein and affording any such leasehold mortgagee the right to cure such default as provided for herein.

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to any proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgagee.

10. Property Taxes and Assessments: Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs thereof expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. Alterations, Additions and Improvement. After completion of the improvements described in paragraph 8, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed in a first class, workmanlike manner, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection therewith.

13. Insurance. Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one accident and not less than \$200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. Casualty Damage or Destruction:

A. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant will promptly give written notice thereof to Landlord, generally describing the nature and extent of such damage and/or destruction.

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

C. All insurance proceeds, if any, payable on account of such damage to or destruction of the buildings, structures and equipment on the demised premises shall be held by Landlord. Landlord shall be protected in acting upon any certificate believed by Landlord to be genuine and to have been executed by the proper party and shall receive such certificate as conclusive evidence of any fact or as to any matter therein set forth. Such certificate shall be full warranty, authority and protection to Landlord in acting thereon, and Landlord shall be under no duty to take any action other than as set forth in this paragraph 14.

D. Insurance proceeds received by Landlord on account of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof (less the costs, fees and expenses incurred by Landlord and Tenant in the collection thereof, including, without limitation, adjuster's and attorney's fees and expenses) shall be applied as follows:

(i) Net insurance proceeds as above defined shall be paid to Tenant or as Tenant may direct from time to time as Restoration proceeds to pay (or reimburse Tenant for) the cost of Restoration, upon written request of Tenant to Landlord accompanied by (a) certificate of a supervising architect or engineer approved by Landlord, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has theretofore been reimbursed, and specifying the additional amount, if any, necessary to complete the Restoration, and (b) an opinion of counsel satisfactory to Landlord that there exist no mechanics', materialmen's or similar liens for labor or materials except such, if any, as are discharged by the payment of the amount requested.

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

6. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

A. If during the term hereof, any part of the demised premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the demised premises is not susceptible to efficient and economic occupation and operation by Tenant, this Lease shall automatically terminate as of the date that said condemning authority takes possession of the demised premises, and Landlord shall refund to Tenant any prepaid but unaccrued rental less any sum then owing by Tenant to Landlord.

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

C. If this Lease is not terminated pursuant to Section A, Tenant shall promptly restore the improvements on the demised premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the demised premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant, as their interest may appear. If this Lease is terminated pursuant to Section A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

16. **Utilities.** Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections et or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

17. **Common Facilities.** Tenant and Tenant's employees, agents, servants, customers and other invitees shall have the non-exclusive right to use all common facilities, improvements, equipment and services which may now exist or which may hereafter be provided by Landlord for the accommodation and convenience of Landlord's customers and tenants, including landing and takeoff facilities, means of ingress and egress to the demised premises, other airport installations, and all other reasonable services which may be provided without charge from time to time by Landlord in operating the Airport. All such common facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

18. **Rules and Regulations.** Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. **Signs and Equipment.** After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

20. **Landlord's Right of Entry.** Landlord and Landlord's authorized representatives shall have the right, during the normal business hours, to enter the demised premises (i) to inspect the general condition and state of repair thereof, (ii) to make repairs permitted under this Lease, (iii) to show the demised premises to any prospective tenant or purchaser or (iv) for any other reasonable and lawful purpose.

During the final one hundred eighty (180) days of the term hereof, Landlord and Landlord's authorized representatives shall have the right to erect and maintain on or about the demised premises customary signs advertising the demised premises for lease or for sale.

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whatsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whatsoever, excepting only duly authorized agents and employees of Landlord.

22. Default by Tenant. The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations.

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. **Remedies of Landlord.** Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

A. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on demand the amount of all loss and damages which Landlord may suffer by reason of such termination, whether through inability to relet the demised premises on satisfactory terms or otherwise.

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other persons who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

from time to time any deficiency that may arise by reason of any such letting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, remodeling expenses and other costs of letting shall be subtracted from the amount of rent received under such letting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, conditions and covenants herein contained.

24. **Default by Landlord.** No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay rent) or grant Tenant any right of deduction, abatement, set-off or recoupment or entitle Tenant to take any action whatsoever with regard to the demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

(i) Proceed to cure such default and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding rental installment(s) due by Tenant to Landlord hereunder; or

(ii) Proceed to cure such default and bring suit against Landlord for the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum.

If any mortgagee of Landlord has given Tenant its address for notices and specifically requests such notice, Tenant agrees to give the notice required hereinabove to such mortgagee at the time Tenant gives same to Landlord, and to accept curative action, if any, undertaken by such mortgagee as if such curative action had been taken by Landlord.

25. **Waiver of Subrogation.** Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during the term of this Lease for any and all loss of, or damage to, any of such party's property located within or upon, or constituting a part of, the demised premises, which loss or damage is covered by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. Such mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the parties hereto. Inasmuch as such mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation or otherwise to an insurance company (or any other person), each party hereby agrees immediately to give to each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of such mutual waivers, and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation of such insurance coverages by reason of such waivers.

26. **Title to Improvements.** Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. **Mechanics' and Materialmen's Liens.** Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. **Title.** Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

29. **Quiet Enjoyment and Subordination.** Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall peacefully and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon the demised premises. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises; provided, however, any such subordination shall be upon the express conditions that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns, and perform all of the covenants and conditions required by the terms of this lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

30. **Rent on Net Return Basis.** Except for the rental due under the Base Lease during the time that AAT is the Landlord hereunder, it is intended that the rent provided for in this Lease shall be an absolutely net return to Landlord for the term of this Lease, free of any loss, expenses or charges with respect to the demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. **Holding Over.** Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. **Waiver of Default.** No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Lease shall be deemed to be a waiver of any subsequent default or breach of the same or any other term, condition or covenant contained herein.

33. **Release of Landlord Upon Transfer.** All of Landlord's personal liability for the performance of the terms and provisions of this Lease (except for any liability accruing prior to such transfer) shall terminate upon a transfer of the demised premises by Landlord, provided that the obligations of Landlord under this Lease are covenants running with the land and shall be binding upon the transferee of Landlord's interest in this Lease and the demised premises.

34. **Attorneys' Fees.** If, on account of any breach or default by Landlord or Tenant of their respective obligations under this Lease, it shall become necessary for the other to employ an attorney to enforce or defend any of such party's rights or remedies hereunder, and should such party prevail, such party shall be entitled to collect reasonable attorneys' fees incurred in such connection from the other party.

35. **Financial Information.** Tenant agrees that Tenant will from time to time upon the written request of Landlord during the term of this Lease furnish to Landlord such credit and banking references as Landlord may reasonably request.

36. **Estoppel Certificates.** Tenant agrees that from time to time, upon not less than ten (10) days' prior written request by Landlord, Tenant will deliver to Landlord a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Landlord is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Henry Street
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 18 day of January, 1983.

Elizabeth L. James
Notary Public
Dallas
County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared George Redding
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 17 day of Feb, 1983.

Jaqueline Kwool
Notary Public
Dallas
County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Walter Green
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12 day of January, 1983.

Leta B. Lewis
Notary Public
County, Texas

LETA B. LEWIS
Notary Public State of Texas
Commission Expires June 12, 1984

EXHIBIT "B"

(1) "Documents" shall mean any written, printed, typed, drawn, punched, taped, filed, recorded or graphic matter, including copies of originals with different markings thereon, which are in your possession, custody or control, including but not limited to, any account, record, book, pamphlet, brochure, catalogue, periodical, publication, advertisement, schedule, list, manual, letter, correspondence, telegram, telephone record, memorandum, contract, lease, loan, invoice, manifest, log, computer record, bulletin, study, survey, call report, sales letter, chart, graph, index, data sheet, inter or intra company communication, report, plan, work sheet, note, bill, check, bank statement, ledger, journal, travel record, desk calendar, minutes, transcript, accounting record, financial record, book keeping record, photograph, phono record, tape recording, video tape, annual report, shop drawing, delivery ticket, construction plan, construction specification, production report, contract, bill of lading, subcontract, payment request, payment voucher, application for payment, statement, estimate, as built drawings, option, deed, deed of trust, UCC filing, security agreement, or other form of data compilation.

2. "Ground Leases" means the Ground Leases between R.R. Investments, Inc. and Addison Airport of Texas, Inc. and the City of Addison, Texas dated as of April 6, 1983, which are identified as Exhibits "A", "B" and "C" to Plaintiff's First Amended Petition and Application for Injunctive Relief herein.

3. "You" shall mean Addison Airport of Texas, Inc. ("AATI") and its officers, directors, attorneys, agents, and employees.

DOCUMENTS TO BE PRODUCED

1. All documents evidencing or relating to R. R. Investments, Inc.'s payment history under the Ground Leases from their inception to the present.

2. All documents evidencing or relating to the efforts undertaken by you at any time to determine the existence of a leasehold mortgage on the leased premises under the Ground Leases.

3. All documents obtained from the Town of Addison relating in any way to the Ground Leases at any time.

4. All correspondence between you and R.R. Investments, Inc. at any time.

5. All documents relating in any way to R.R. Investments, Inc. d/b/a Million Air, and/or the Ground Leases.

February 3RD, 1989

Addison Airport of Texas, Inc.
P.O. Box 34067
Dallas, TX 75234

City of Addison, Texas
P.O. Box 144
Addison, TX 75001

Re: Ground Lease (the "Lease") dated December 28, 1982, by and among the City of Addison, Texas, a municipal corporation (the "City"), Addison Airport of Texas, Inc., a Texas corporation ("AATI") (City and AATI being hereinafter collectively referred to as the "Landlord"), and Omega Industries, Inc. (the "Tenant"), the interest of Tenant under the Lease now being held by Gayle Peery d/b/a G.P. Investments, successor to Tenant ("Assignor"), whereby Landlord leases to Assignor certain real property (the "Real Property") at the Addison Airport in Dallas County, Texas, specifically described in the Lease, on the terms and conditions set forth in such Lease

Gentlemen:

RR Investments, Inc. ("Assignee") intends to acquire by assignment the interest of Assignor under the Lease and the improvements located on the Real Property, which assignment will be financed by Assignor and will be secured by a deed of trust lien against the leasehold interest of Assignee in the Real Property to be created pursuant to a deed of trust, which deed of trust shall substantially be in the form of the Deed of Trust attached hereto as Exhibit A.

As a condition precedent to consummation of the assignment of the leasehold estate under the Lease and the financing thereof, Assignor and Assignee require the written acknowledgment and consent of Landlord to (i) such assignment of the Lease, and (ii) the execution by Assignee of the above-described Deed of Trust and the written acknowledgment and consent of the Landlord to the other representations, warranties and agreements set forth in this letter.

Therefore, by executing the enclosed copy of this letter and returning it to the undersigned, Landlord hereby specifically represents, warrants and consents as follows:

Addison Airport of Texas, Inc.
City of Addison, Texas
Page 2
February 3RD, 1989

1. Landlord is the "Landlord" under the Lease and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to Assignor and Assignee. Landlord acknowledges and agrees that Assignor is the "Tenant" under the Lease.

2. Landlord takes notice of the above-described Deed of Trust, and accepts and consents to the secondary liens provided for therein to be imposed against the leasehold interest of Assignee in the Real Property.

3. To the knowledge of Landlord, there presently exists no default by Assignor under the Lease, nor does any fact or circumstance exist which would, solely with the passage of time or giving of notice, constitute an event of default thereunder.

4. The Lease has not been modified, altered or amended; or if modified, altered or amended, copies of all such modifications, alterations and amendments are attached hereto.

5. Landlord has no actual knowledge of the existence of any lien against the Real Property.

6. Landlord shall give to Assignor, at the address of Assignor specified in this letter or at such other address as Assignor may hereafter designate in writing to the Landlord, prompt written notice of any default by Assignee under the Lease simultaneously with the giving of such notice to Assignee, and Assignor shall have the right, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make such payment as may be necessary or appropriate to cure any such default so specified, the intent being that Landlord shall not exercise Landlord's right to terminate the Lease without first giving Assignor the notice provided for herein and affording Assignor the right to cure such default as provided for herein.

7. For the purposes of this letter, any notice to Assignor may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to Assignor at the above-described address.

8. In the event Assignor succeeds to the interest of Assignee in and to the Lease and the Real Property by means of foreclosure under the Deed of Trust, by means of a transfer in lieu of such foreclosure, or any other means due to the failure or inability of Assignee to pay the indebtedness secured by the Deed

Addison Airport of Texas, Inc.
City of Addison, Texas
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February 3rd, 1989

of Trust, Landlord shall hereafter accept, recognize and treat Assignor as the tenant under the Lease and Landlord shall continue to perform all of its obligations under the Lease. Assignor may thereafter, with the consent of the Landlord, which consent shall not be unreasonably withheld, sell, convey, assign, transfer or sublet, in whole or in part, its right, title and interest in and to the Lease and the Real Property.

Very truly yours,

G.P. INVESTMENTS

By: 

Its: _____

ACKNOWLEDGED AND CONSENTED TO
the 16 day of February, 1989:

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: President

ACKNOWLEDGED AND CONSENTED TO
the 28th day of February, 1989:

CITY OF ADDISON, TEXAS

By: 

Its: MAYOR

EXHIBIT A

2402

Prepared by the State Bar of Texas for use by lawyers only.

Revised 10/85; 12/87.

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DEED OF TRUST

Date: February 3rd, 1989

Grantor: RR INVESTMENTS, INC.

Grantor's Mailing Address (including county):

4300 Westgrove
Dallas, Dallas County, Texas 75248

Trustee: William Moise

Trustee's Mailing Address (including county):

500 North Akard, Suite 2900
Dallas, Dallas County, Texas 75201

Beneficiary: GAYLE PEERY D/B/A G.P. INVESTMENTS

Beneficiary's Mailing Address (including county):

Route 7, Box 490
Waco, McLennan County, Texas 76705

Note(s)

Date: February __, 1989

Amount: \$300,000.00

Maker: Grantor

Payee: Beneficiary

Final Maturity Date: February 1, 1999

Terms of Payment (optional):

Property (including any improvements):

The leasehold estate of Grantor in and to the real property described in Exhibit "A" attached hereto.

Prior Liens (including recording information):

Other Exceptions to Conveyance and Warranty:

The matters set forth on Exhibit "B" attached hereto and made a part hereof.

For value received and to secure payment of the note, Grantor conveys the property to Trustee in trust. Grantor warrants and agrees to defend the title to the property. If Grantor performs all the covenants and pays the note according to its terms, this deed of trust shall have no further effect, and Beneficiary shall release it at Grantor's expense.

Grantor's Obligations

Grantor agrees to:

1. keep the property in good repair and condition;
2. pay all taxes and assessments on the property ~~when due~~ prior to delinquency;
3. preserve the lien's priority as it is established in this deed of trust;
4. maintain, in a form acceptable to Beneficiary, an insurance policy that:
 - a. covers all improvements for their full insurable value as determined when the policy is issued and renewed, unless Beneficiary approves a smaller amount in writing;
 - b. contains an 80% coinsurance clause;
 - c. provides fire and extended coverage, including windstorm coverage;
 - d. protects Beneficiary with a standard mortgage clause;
 - e. provides flood insurance at any time the property is in a flood hazard area; and
 - f. contains such other coverage as Beneficiary may reasonably require;
5. comply at all times with the requirements of the 80% coinsurance clause;
6. deliver the insurance policy to Beneficiary and deliver renewals to Beneficiary at least ten days before expiration;
7. keep any buildings occupied as required by the insurance policy; and
8. if this is not a first lien, pay all prior lien notes that Grantor is personally liable to pay and abide by all prior lien instruments.

Beneficiary's Rights

1. Beneficiary may appoint in writing a substitute or successor trustee, succeeding to all rights and responsibilities of Trustee.
2. If the proceeds of the note are used to pay any debt secured by prior liens, Beneficiary is subrogated to all of the rights and liens of the holders of any debt so paid.
3. Beneficiary may apply any proceeds received under the insurance policy either to reduce the note or to repair or replace damaged or destroyed improvements covered by the policy.
4. If Grantor fails to perform any of Grantor's obligations, Beneficiary may perform those obligations and be reimbursed by Grantor on demand at the place where the note is payable for any sums so paid, including attorney's fees, plus interest on those sums from the dates of payment at the rate stated in the note for matured, unpaid amounts. The sum to be reimbursed shall be secured by this deed of trust.
5. If Grantor defaults on the note or fails to perform any of Grantor's obligations or if default occurs on a prior lien note or other instrument, and the default continues after Beneficiary gives Grantor notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Beneficiary may:
 - a. declare the unpaid principal balance and earned interest on the note immediately due;
 - b. request Trustee to foreclose this lien, in which case Beneficiary or Beneficiary's agent shall give notice of the foreclosure sale as provided by the Texas Property Code as then amended; and
 - c. purchase the property at any foreclosure sale by offering the highest bid and then have the bid credited on the note.

Trustee's Duties

If requested by Beneficiary to foreclose this lien, Trustee shall:

1. either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code as then amended;
2. sell and convey all or part of the property to the highest bidder for cash with a general warranty binding Grantor, subject to prior liens and to other exceptions to conveyance and warranty; and
3. from the proceeds of the sale, pay, in this order:
 - a. expenses of foreclosure, including a commission to Trustee of 5% of the bid;
 - b. to Beneficiary, the full amount of principal, interest, attorney's fees, and other charges due and unpaid;
 - c. any amounts required by law to be paid before payment to Grantor; and
 - d. to Grantor, any balance.

General Provisions

1. If any of the property is sold under this deed of trust, Grantor shall immediately surrender possession to the purchaser. If Grantor fails to do so, Grantor shall become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.
2. Recitals in any Trustee's deed conveying the property will be presumed to be true.
3. Proceeding under this deed of trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.
4. This lien shall remain superior to liens later created even if the time of payment of all or part of the note is extended or part of the property is released.
5. If any portion of the note cannot be lawfully secured by this deed of trust, payments shall be applied first to discharge that portion.
6. Grantor assigns to Beneficiary all sums payable to or received by Grantor from condemnation of all or part of the property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the property. After deducting any expenses incurred, including attorney's fees, Beneficiary may release any remaining sums to Grantor or apply such sums to reduce the note. Beneficiary shall not be liable for failure to collect or to exercise diligence in collecting any such sums.
7. Grantor assigns to Beneficiary absolutely, not only as collateral, all present and future rent and other income and receipts from the property. Leases are not assigned. Grantor warrants the validity and enforceability of the assignment. Grantor may as Beneficiary's licensee collect rent and other income and receipts as long as Grantor is not in default under the note or this deed of trust. Grantor will apply all rent and other income and receipts to payment of the note and performance of this deed of trust, but if the rent and other income and receipts exceed the amount due under the note and deed of trust, Grantor may retain the excess. If Grantor defaults in payment of the note or performance of this deed of trust, Beneficiary may terminate Grantor's license to collect and then as Grantor's agent may rent the property if it is vacant and collect all rent and other income and receipts. Beneficiary neither has nor assumes any obligations as lessor or landlord with respect to any occupant of the property. Beneficiary may exercise Beneficiary's rights and remedies under this paragraph without taking possession of the property. Beneficiary shall apply all rent and other income and receipts collected under this paragraph first to expenses incurred in exercising Beneficiary's rights and remedies and then to Grantor's obligations under the note and this deed of trust in the order determined by Beneficiary. Beneficiary is not required to act under this paragraph, and acting under this paragraph does not waive any of Beneficiary's other rights or remedies. If Grantor becomes a voluntary or involuntary bankrupt, Beneficiary's filing a proof of claim in bankruptcy will be tantamount to the appointment of a receiver under Texas law.
8. Interest on the debt secured by this deed of trust shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.
9. When the context requires, singular nouns and pronouns include the plural.
10. The term *note* includes all sums secured by this deed of trust.
11. This deed of trust shall bind, inure to the benefit of, and be exercised by successors in interest of all parties.
12. If Grantor and Maker are not the same person, the term *Grantor* shall include Maker.
13. Grantor represents that this deed of trust and the note are given for the following purposes:
 14. Compliance by Grantor with the terms of the Ground Lease dated December 28, 1982, by and among the City of Addison, Addison Airport of Texas, Inc., and Omega Industries, Inc., and assigned to Grantor, shall be deemed compliance with the terms of this Deed of Trust.
15. Grantor shall not be in default hereunder unless Beneficiary has given Grantor thirty (30) days' written notice of the default.

RR INVESTMENTS, INC.

By: Barry W. Wilson
Name: Barry W. Wilson
Title: President

(Acknowledgment)

STATE OF TEXAS
COUNTY OF

This instrument was acknowledged before me on the 15th day of February, 1989
by

[Signature]

Notary Public, State of Texas
Notary's name (printed): Leuse Gouthroff

Notary's commission expires: 4/15/90

(Corporate Acknowledgment)

STATE OF TEXAS
COUNTY OF DALLAS

This instrument was acknowledged before me on the 3 day of February, 1989
by
of RR INVESTMENTS, INC.,
a Texas corporation, on behalf of said corporation.

[Signature]

Notary Public, State of Texas
Notary's name (printed): Patricia H. Bass

Notary's commission expires: 5-5-89

AFTER RECORDING RETURN TO:

PREPARED IN THE LAW OFFICE OF:

COUNTY CLERK'S MEMO
PORTIONS OF THIS
DOCUMENT NOT
REPRODUCIBLE
WHEN RECORDED

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 1st day of November, 1991,
at Addison, Texas, between RR INVESTMENTS, INC., hereinafter called
"Assignor," and KPI PROPERTIES, INC., hereinafter called
"Assignee."

DEED 46.00
TOTAL 46.00
ADD1 8901 0000000 4607 8:12AM 4/06/92

WHEREAS, a Ground Lease (the "Lease") executed on December 28,
1989, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC.,
as the Landlord, and OMEGA INDUSTRIES, INC., as Tenant, by the
terms of which certain real property located on the Addison Airport
described in Exhibit "A" attached hereto and made a part hereof was
leased to the Assignor as Tenant upon the terms and conditions
provided therein; and

WHEREAS, Assignor is the owner of the interest of the Tenant
under the Lease; and

WHEREAS, the Assignor now desires to assign the Lease to
Assignee, and the Assignee desires to accept the assignment
thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and
No/100 Dollars (\$10.00), receipt of which is hereby acknowledged,
and the agreement of the Assignee, hereinafter set forth, the
Assignor hereby assigns and transfers to the Assignee, its suc-
cessors and assigns, all of his right, title and interest in and to
the Lease hereinabove described, a copy of which is attached hereto
as Exhibit "B", and the Assignee hereby agrees to and does accept
the assignment, and in addition, expressly assumes and agrees to
keep, perform and fulfill all the terms, covenants, conditions and
obligations required to be kept, performed and fulfilled by the

Assignor as the Tenant thereunder arising from and after the date hereof, including the making of all payments due to or payable on behalf of the Tenant under said Lease arising from and after the date hereof when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

RR INVESTMENTS, INC.

By: 

Name: Louis J. Pepper

Title: President

ASSIGNEE:

KPI PROPERTIES, INC.

By: 

Name: TOM C. DOELL

Title: VICE-PRESIDENT

CONSENT OF LANDLORD

The undersigned is the Landlord in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Tenant or the Assignee.

LESSOR:

CITY OF ADDISON

By: John Baumgartner
Name: John Baumgartner
Title: City Manager

ADDISON AIRPORT OF TEXAS, INC.

By: Sam Stuart
Name: SAM STUART
Title: President

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared John Baumgartner, the City Manager of the CITY OF ADDISON, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated on behalf of the City of Addison.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 13th day of March, 1991.

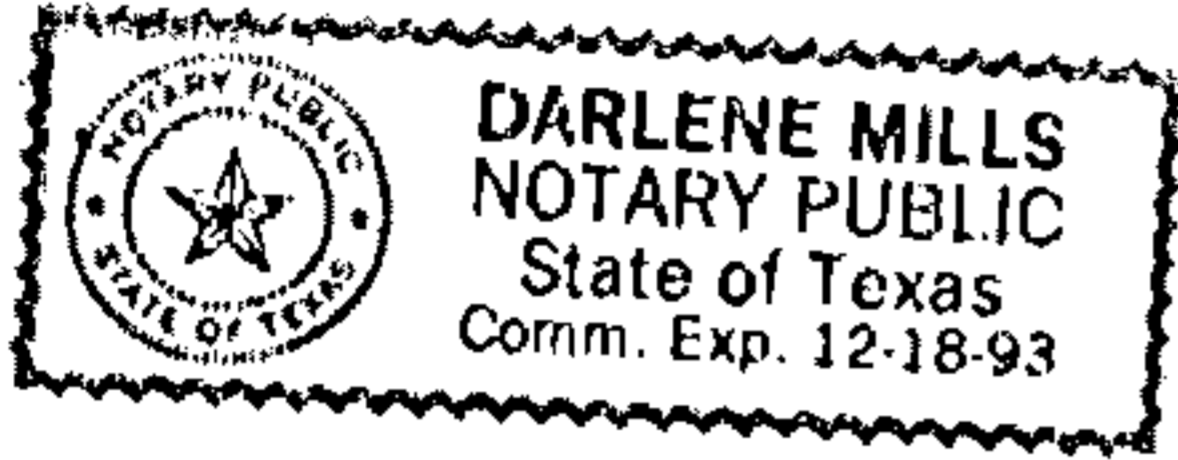


Michele L. Covino
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared SAM STUART, the President of ADDISON AIRPORT OF TEXAS, INC., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated on behalf of such corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 2th day of February, 1991.



Darlene Mills
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Sam C. Doell, the Vice-President of KPI PROPERTIES, INC., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated on behalf of such corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 18th day of December, 1991.

Karen Sayles
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Louis T. Pepper, the President of RR INVESTMENTS, INC., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated on behalf of such corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 3rd day of January, 1991. 1992

Vernica L. Culver
Notary Public, State of Texas

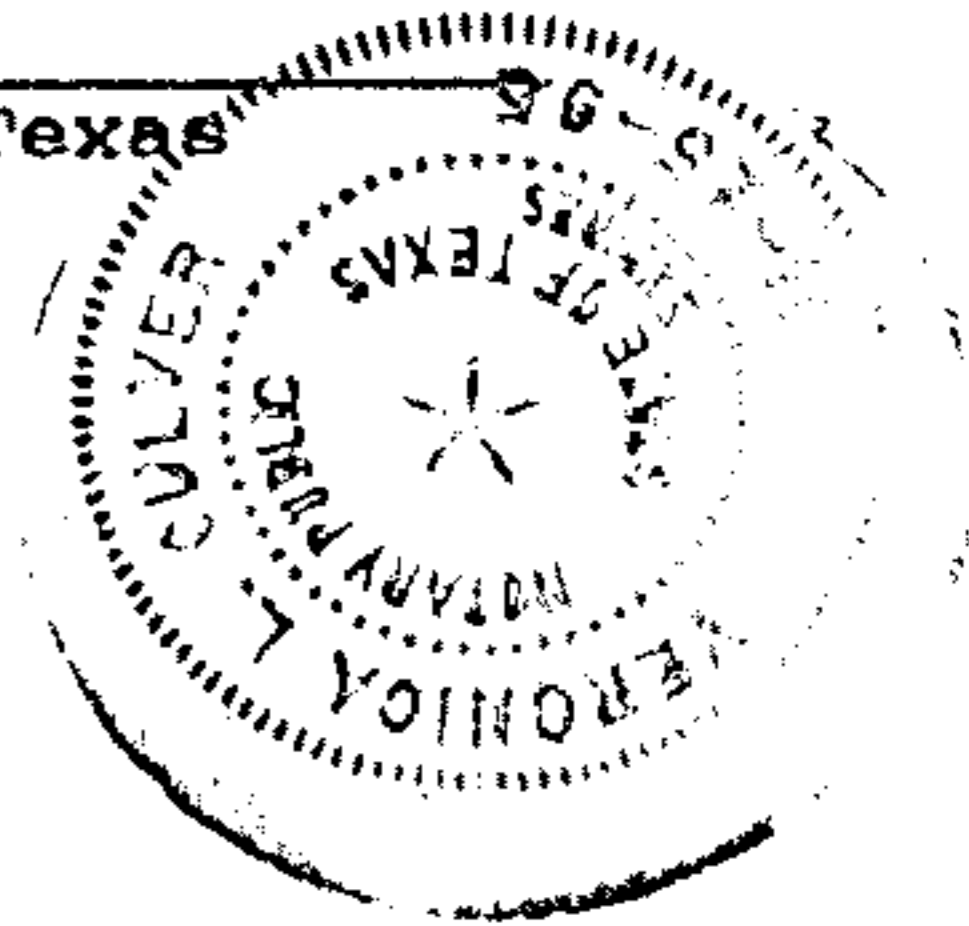


EXHIBIT "A"

PREMISES

Being a tract of land situated in the William Lomax Survey, Abstract No. 792, City of Addison, Dallas County, Texas, and being part of the Addison Municipal Airport, and being more particularly described as follows:

COMMENCING at the intersection of the West line of Addison Road (a 60 foot right-of-way) and the South line of Westgrove Road (a 60 foot right-of-way);

THENCE South 89°54'46" West, 730.00 feet, with the said South line of Westgrove Road to the centerline of Claire Chennault (an undedicated road);

THENCE South 00°03'37" East, 296.55 feet, with said Claire Chennault Road;

THENCE South 43°24'39" West, 1150.71 feet, with said Claire Chennault Road;

THENCE South 69°24'39" West, 62.59 feet, with said Claire Chennault Road, to the end of said Road;

THENCE South 20°38'30" East, 30.00 feet to a 1/2" diameter iron rod set at the PLACE OF BEGINNING, said iron rod also being in the Southeast line of said Claire Chennault Road;

THENCE South 20°38'30" East, 411.68 feet to a 1/2" diameter iron rod set in the Northwest line of an Existing Taxiway, said iron rod also being at the beginning of a curve to the left having a central angle of 13°44'35", a radius of 365.00 feet and a tangent bearing North 57°09'14" East;

THENCE with said curve in a Northeasterly direction and with the said Northwest line of Existing Taxiway, an arc distance of 87.55 feet to a 1/2" diameter iron rod set at the end of said curve;

THENCE North 43°24'39" East, 176.33 feet, with the said Northwest line of Existing Taxiway, to an "X" found in concrete;

THENCE North 46°35'21" West, 354.00 feet to an 1/2" diameter iron rod set in the said Southeast line of Claire Chennault Road, said iron rod also being at the beginning of a curve to the right having a central angle of 16°37'46", a radius of 301.10 feet and a tangent bearing South 52°54'08" West;

THENCE with said curve in a Southwesterly direction and with the said Southeast line of Claire Chennault Road, an arc distance of 87.39 feet to the PLACE OF BEGINNING and containing 65,193 square feet (1.4966 acres) of land, more or less.

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of December 28, 1982, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and OMEGA INDUSTRIES, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor of AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of September 30, 1983, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of ONE THOUSAND ONE HUNDRED THIRTY-THREE & 91/100 per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as possible shall be substituted therefor.

6. **Use of Demised Premises and Construction of Improvements.** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

1 - Aircraft hangar with associated shop, office, aircraft ramp and vehicle parking. Also, possible separate one story office building. Addison Airport to approve construction drawings prior to start of construction.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises.** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law.** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. **Assignment, Subletting and Mortgaging of Leasehold Estate:**

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee become the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

A. If during the term hereof, any part of the demised premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the demised premises is not susceptible to efficient and economic occupation and operation by Tenant, this Lease shall automatically terminate as of the date that said condemning authority takes possession of the demised premises, and Landlord shall refund to Tenant any prepaid but unaccrued rental less any sum then owing by Tenant to Landlord.

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

C. If this Lease is not terminated pursuant to Section A, Tenant shall promptly restore the Improvements on the demised premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the demised premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant, as their interest may appear. If this Lease is terminated pursuant to Section A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

17. Common Facilities. Tenant and Tenant's employees, agents, servants, customers and other invitees shall have the non-exclusive right to use all common facilities, improvements, equipment and services which may now exist or which may hereafter be provided by Landlord for the accommodation and convenience of Landlord's customers and tenants, including landing and takeoff facilities, means of ingress and egress to the demised premises, other airport installations, and all other reasonable services which may be provided without charge from time to time by Landlord in operating the Airport. All such common facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

20. Landlord's Right of Entry. Landlord and Landlord's authorized representatives shall have the right, during the normal business hours, to enter the demised premises (i) to inspect the general condition and state of repair thereof, (ii) to make repairs permitted under this Lease, (iii) to show the demised premises to any prospective tenant or purchaser or (iv) for any other reasonable and lawful purpose.

During the first one hundred eighty (180) days of the term hereof, Landlord and Landlord's authorized representatives shall have the right to erect and maintain on or about the demised premises customary signs advertising the demised premises for lease or for sale.

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or falling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

22. Default by Tenant. The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations.

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

A. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on demand the amount of all loss and damages which Landlord may suffer by reason of such termination, whether through inability to relet the demised premises on satisfactory terms or otherwise.

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

furnished to Landlord also being furnished to Landlord's mortgagee and Landlord's mortgagee falls to cure such default within the curative period allowed Landlord under this Lease.

Landlord agrees that from time to time, upon not less than ten (10) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Tenant is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

37. Interest on Tenant's Obligations and Manner of Payment. All monetary obligations of Tenant to Landlord under this Lease remaining unpaid ten (10) days after the due date of the same (if no due date has been established under other provisions hereof, the "due date" shall be the date upon which Landlord demands payment from Tenant in writing) shall bear interest at the rate of ten percent (10%) per annum from and after said tenth (10th) day until paid. If more than twice during the term of the Lease Tenant's personal or corporate check is not paid by the bank on which it is drawn for whatever reason, Landlord may require by giving written notice to Tenant that the payment of all future monetary obligations of Tenant under this Lease are to be made on or before the due date by cash, cashier's check, certified check or money order, and the delivery of Tenant's personal or corporate check will no longer constitute payment of such monetary obligations. Any acceptance by Landlord of a personal or corporate check after such notice shall not be deemed or construed as a waiver or estoppel of Landlord to require other payments as required by said notice.

38. Independent Contractor. It is understood and agreed that in leasing and operating the demised premises, Tenant is acting as an independent contractor and is not acting as agent, partner, joint venturer or employee of Landlord.

39. Force Majeure. In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord is so delayed or hindered.

40. Exhibits. All exhibits, attachments, annexed instruments and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

41. Use of Language. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

42. Captions. The captions or headings or paragraphs in this Lease are inserted for convenience only, and shall not be considered in construing the provisions hereof if any question of intent should arise.

43. Successors. The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. All rights, powers, privileges, immunities and duties of Landlord under this Lease, including, but not limited to, any notices required or permitted to be delivered by Landlord to Tenant hereunder, may, at Landlord's option, be exercised or performed by Landlord's agent or attorney.

44. Severability. If any provision in this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

45. Notices. Any notice or document required or permitted to be delivered hereunder may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the parties at the addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Omega Industries, Inc.
106 Decker Drive, Suite 260
Irving, Texas 75062

Gayle Peery

(214) 256-7525

46. Fees or Commissions. Each party hereto hereby covenants and agrees with the other that such party shall be solely responsible for the payment of any brokers', agents' or finders' fees or commissions agreed to by such party arising from the execution of this Lease or the performance of the terms and provisions contained herein, and such party agrees to indemnify and hold the other party harmless from the payment of any such fees or commissions.

47. Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

48. Governing Law and Venue. This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas.

49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

EXECUTED as of the day month and year first above written.

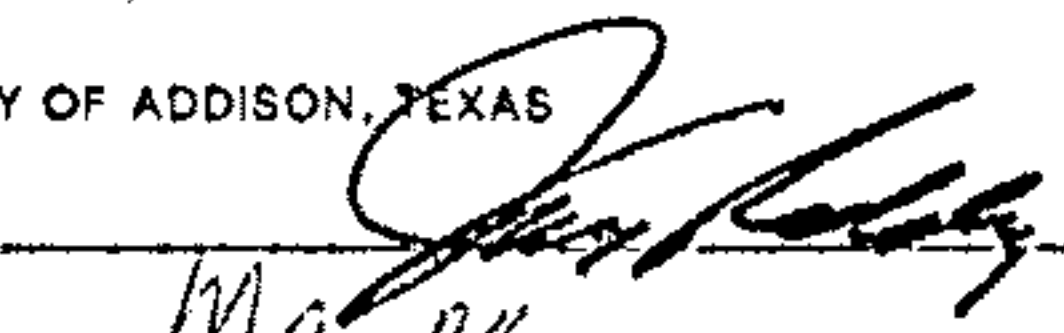
LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: 

CITY OF ADDISON, TEXAS

By: 

Its: 

TENANT:

By: 

Its: 

5

92067 1232

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Henry Stewart
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 18 day of January, 1983.

Robert L. Jones
Notary Public
Dallas
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared James Redden
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 17 day of Feb., 1983.

James Reese
Notary Public
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Alfred Perry
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 21st day of January, 1983.

Leta B. Lewis
Notary Public
County, Texas

LETA B. LEWIS
Notary Public State of Texas
Commission Expires June 12, 1984

LEGAL DESCRIPTION

STATE OF TEXAS:
 COUNTY OF DALLAS:

BEING a tract of land situated in the WILLIAM LOMAX SURVEY, ABSTRACT NO. 792, Dallas County, Texas and located on Addison Municipal Airport, Addison, Texas, and being more fully described as follows;

COMMENCING at a point for the intersection of the west Right-of-Way line of Addison Road, a 60 foot street, and the South Right-of-way line of Westgrove Road a 60 foot street, and the south Right-of-Way line of Westgrove Road a 60 foot street;

THENCE South 39 degrees 54 minutes 46 seconds West along the South line of said Westgrove Road a distance of 730.0 feet to a point for the centerline of a proposed 60 foot street (Claire Chennault Road) (an undedicated street);

THENCE South 43 degrees 24 minutes 39 seconds West, in the R.O.W. of Claire Chennault Road, (an undedicated street) 1150.71 feet to an angle point;

THENCE South 69 degrees 24 minutes 39 seconds West, 62.59 feet in the R.O.W. of Claire Chennault Road, to an angle point in the center and the end of Claire Chennault Road, (an undedicated street);

THENCE South 20 degrees 38 minutes 30 seconds East along the Southwest end of Claire Chennault Road, 30 feet to the Place of Beginning;

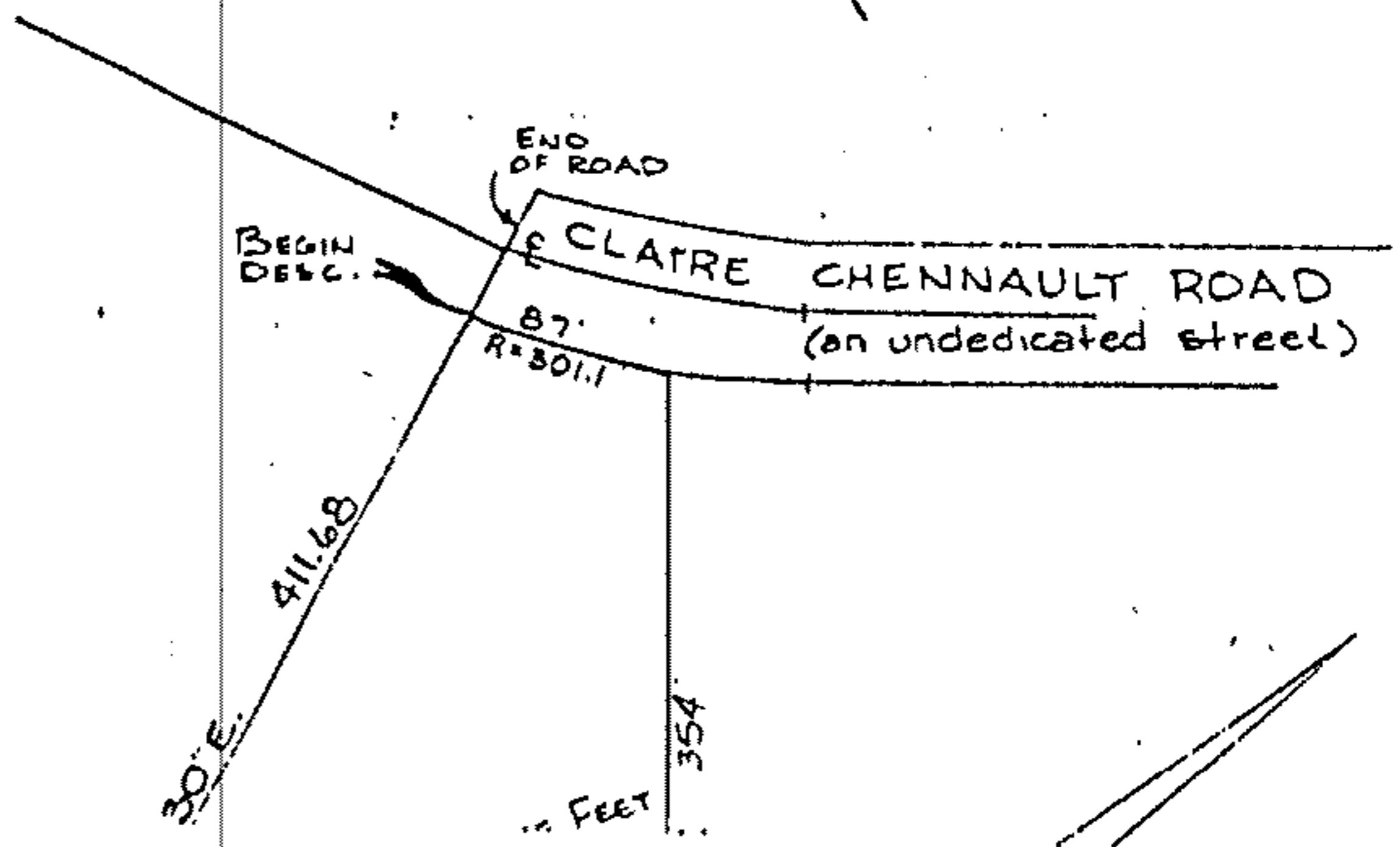
THENCE South 20 degrees 38 minutes 30 seconds East, 411.68 feet to a point in a curve to the left having a radius of 365 feet; said point also being in the Northwest R.O.W. line of an existing taxiway;

THENCE along said curve to the left and in a Northeasterly direction 87.55 feet;

THENCE North 43 degrees 24 minutes 39 seconds East along the Northwest line of the existing taxiway, 176.33 feet;

THENCE North 46 degrees 35 minutes 21 seconds West, 354 feet to a point in the Southeast R.O.W. line of Claire Chennault Road (an undedicated street), said point being in a curve to the right having a radius of 301.1 feet;

THENCE in a Southwesterly direction around said curve to the right, 87 feet to the PLACE OF BEGINNING and containing 65,105 square feet or 1.495 acres of land.



AGREEMENT FOR
OPERATION OF THE ADDISON AIRPORT
BETWEEN
THE CITY OF ADDISON, TEXAS
AND
ADDISON AIRPORT, INC.

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

WITNESSETH:

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas, it being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto.

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof, and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

- (i) the land described in Exhibit "1" as the Property and the improvements thereon owned by the City;
- (ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and
- (iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand (\$800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

Section 1. Definitions

- (a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;
- (b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereto on the Leased Premises.
- (c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely affect the Gross Receipts shall first require the approval of the City.

Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peacefully to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

Section 5. Rent

(a) Company shall pay the City, on demand, the sum of \$100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise be liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City \$6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment: all levies, fees, water and sewer rents or other rents, rates and charges, permit fees, inspection fees and other charges, if any, in each case whether general and special, ordinary and extraordinary, which are lawfully imposed, whether or not the same were within the contemplation of the parties

Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

- (i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;
- (ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;
- (iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;
- (iv) For the storage of fuel and for the fueling of aircraft;
- (v) For the charter and leasing of aircraft;
- (vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;
- (vii) For the storage, parking, maintenance, servicing and fueling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;
- (viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;
- (ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and
- (x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements.

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (i) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

Section 12. Delivery of Evidence of Insurance

Company shall deliver to the City at the execution and delivery of this Agreement the original or duplicate policies or satisfactory

expiration of any such insurance, deliver in the place of expired policies other original or duplicate policies or other certificates of insurance endorsed as in above provided section 10 hereof evidencing renewal of such insurance.

Section 13. Casualty.

If any improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the improvements, at its expense in conformity with the requirements of Section 14, in such manner as to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and improvements or any part thereof, in order to keep and maintain the Leased Premises and improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event be liable for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

Section 16. Alterations, Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvements, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

- (a) The Leased Premises or any part thereof,
- (b) City's ownership interest, or
- (c) the Rent or other sums payable by Company under this Agreement.

The existence of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lien, or any right in respect thereof shall not constitute a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lien(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to sublease such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be unreasonably withheld.

(c) The Company shall not enter into any sublease unless the term of such sublease, including any renewal or option provisions, expires and terminates on or before twenty years after the effective date of this Agreement, without the prior written consent of the City.

any such subtenant its estoppel certificate certifying unto the subtenant that this Agreement is in full force and effect.

Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy of any part thereof.

Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgments of any nature whatsoever, arising from:

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the Improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leased Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 20 hereof, which such dissolution or liquidation it is acknowledged will occur.

Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 30 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublessee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other amounts payable by the Company hereunder.

(b) The City may terminate this Agreement.

...agreement or covenant of the Company and this Agreement.

Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require activity over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, at its then fair market value, any personal property which the City deems essential.

Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company,

(i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,

(ii) until Company has paid all other sums due under this Agreement.

Section 38. Quiet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

Section 47. Covenant by Company

It is understood and agreed by the parties hereto, that the Company will not make any improvements, changes, alterations, modifications, or removals at the Airport, which will effectively destroy the ability of the Airport to render firstclass service to its customers and for the maximization of revenues.

The Company shall maintain in accordance with accepted accounting practice and make the same available to an authorized representative of the City for consideration records, books, and is annual audit prepared by an independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably convenient to the Company.

Section 40. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed if to the City — The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company — Addison Airport, Inc., P. O. Box 34067, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

ATTEST:

Joyce H. Stevens
SECRETARY

CITY OF ADDISON, TEXAS

BY: Jerry Redding

APPROVED AS TO FORM:

Robert L. McCall
CITY ATTORNEY

ATTEST:

Margaret E. Bunch
SECRETARY

ADDISON AIRPORT, INC.

BY: [Signature]

FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 18' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.07 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.98 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 69° 18' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 45" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.20 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.65 feet to a point;

THENCE N. 69° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 745.30 feet, for a distance of 24.67 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50", a radius of 585.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2081.01 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 69° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 263.11 feet to a point;

THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.00 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.60 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.28 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

HENCE N. 89° 56' 35" W. a distance of 65 feet to a point;
 HENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;
 HENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;
 HENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;
 HENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;
 HENCE N. 75° 48' 25" E. a distance of 408.35 feet to an iron pin in the easterly line of said Addison Airport Industrial District;
 HENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;
 HENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;
 HENCE N. 89° 49' 30" E. a distance of 9.00 feet to an iron pin;
 HENCE N. 20° 17' 10" W. a distance of 309.50 feet to an iron pin;
 HENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;
 HENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 65.340 acres of land, more or less, save and except the following 1 acre tract:
 beginning at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 50' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 86° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;
 HENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;
 HENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;
 HENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;
 HENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.
 The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.
 Easements of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977
 Date

W. J. Wischmeyer
 W. J. Wischmeyer
 Registered Professional Engineer

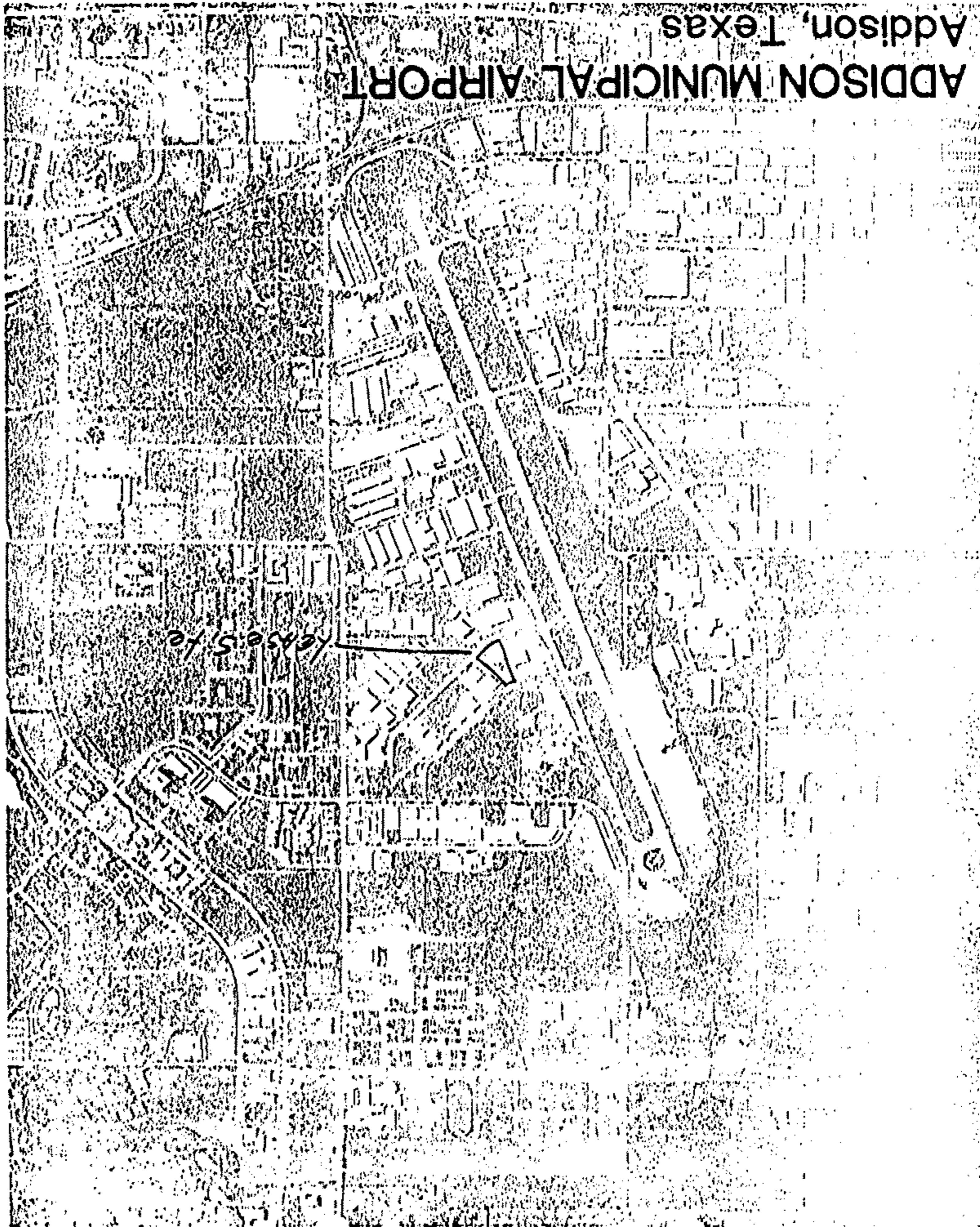


EXHIBIT "A"
 PROPERTY MAP
 ADDISON MUNICIPAL AIRPORT
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.
 CONSULTING ENGINEERS
 DALLAS TEXAS

DECEMBER 1976

12-28-82



92067 1244

92067 1245

FILED
92 APR -3 PM 2:43

EARL BULLOCK
COUNTY CLERK
DALLAS COUNTY

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.
STATE OF TEXAS
I hereby certify this instrument was filed on the date and time stamped hereon by me and was duly recorded in the volume and page of the named records of Dallas County, Texas as stamped hereon by me.

APR 8 1992

COUNTY OF DALLAS
Earl Bullock
COUNTY CLERK, Dallas County, Texas



AFTER RECORDING, RETURN TO:
Mr. Tom Doell
KPI Properties, Inc.
4554 Claire Chennault
Dallas, TX 75248

4554 CLAIRE CHENNAULT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

AMENDMENT TO GROUND LEASE

This Amendment to Ground Lease (hereinafter referred to as the "Amendment") is entered into and effective as of May 24, 2000 between the Town of Addison, Texas (the "City"), a municipal corporation, Addison Airport of Texas, Inc. ("AATI"), a Texas corporation (the City and AATI being hereinafter referred to together as "Landlord"), and KPI Properties, Inc. (hereinafter referred to as "Tenant").

WHEREAS, Landlord and Omega Industries, Inc. entered into that certain Ground Lease dated December 28, 1982 (hereinafter referred to as the "Ground Lease"), a true and correct copy of which is attached hereto as Exhibit A, which leased to Omega Industries, Inc. a tract of land approximately 1.495 acres in size (the "Demised Premises") located within the Addison Airport; and

WHEREAS, the Ground Lease was thereafter assigned to RR Investments, Inc., and later assigned by RR Investments, Inc. to Tenant by that Assignment of Lease dated November 1, 1991 (see Exhibit B); and

WHEREAS, Tenant has proposed to construct certain additional improvements on the Demised Premises, and the Landlord and Tenant desire to amend the Ground Lease in the manner set forth below contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

NOW, THEREFORE, for an in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

Section 1. Amendment to Paragraph 3. Paragraph 3 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"3. Term:

A. The term hereof shall commence on the earlier of September 30, 1983, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue."

B. Notwithstanding subparagraph A of this paragraph 3, this Lease shall be extended for an additional six (6) years, eight (8) months from May 30, 2000 so that this Lease shall end on May 30, 2030 (the "Lease Extension Period"); provided, however, that before the Lease Extension Period shall become effective, Tenant shall first fully comply with each of the following terms and conditions:

- (i) On or before June 1, 2001, Tenant shall have completed upon the Demised Premises at least 1,200 square feet of additional shop space, 3,800 square feet of additional office space, and 1,300 square feet of additional storage space; and
- (ii) Tenant shall present evidence to AATI (in the event the Base Lease is still in effect at the time of such presentation) and to the City that the construction value of the said hangar facilities and the office/shop facilities exceeds \$500,000.00. Such evidence shall include true and correct copies of all receipts or other documents or records indicating the nature of the construction work performed, the cost thereof and the amount paid for such construction work; and
- (iii) Tenant shall not, at the time of the issuance of the letter described in subparagraph E of this paragraph 3, then be in default of any provision of this Lease beyond any applicable cure period.

C. For purposes of subparagraph B of this paragraph 3, the Improvements shall be deemed completed upon the issuance by the City of a certificate of occupancy for such facilities.

D. Tenant shall, prior to the construction of the Improvements or any other facilities or improvements on the Demised Premises, present to AATI (in the event the Base Lease is still in effect at the time of such presentation) and to the City for their review and approval the plans and specifications for the construction of the Improvements or any other improvements or facilities. For purposes of this subparagraph D, plans and specifications shall be approved by the City if such plans and specifications are approved by the City Manager or his designee. All construction of the Improvements and any other facilities or improvements shall be strictly in accordance with the approved plans and specifications, and such construction shall be in a first class, workmanlike manner. Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with any such construction.

E. Upon the completion of the Improvements and the presentation of evidence satisfactory to AATI (if necessary) and the City of the value of the completed facilities, AATI and the City shall promptly issue a letter to Tenant that the terms and conditions precedent to the Lease Extension Period as stated above have been fulfilled, and the Lease Extension Period shall thereafter be in effect. Such letter or letters shall be attached to and shall be made a part of this Lease. In the event the

Improvements are not completed in accordance herewith, this Lease shall not be extended for the Lease Extension Period.”

Section 2. No Other Amendments. Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

Section 3. Applicable Law; Venue. This Amendment shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the parties created by this Amendment are performable in Dallas County, Texas. Venue for any action under this Amendment shall be in Dallas County, Texas.

Section 4. Authority to Execute. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

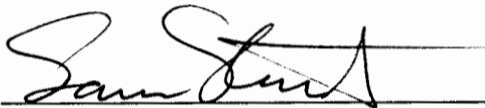
IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 28th day of July, 2000.

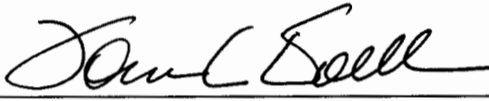
LANDLORD:

TENANT:

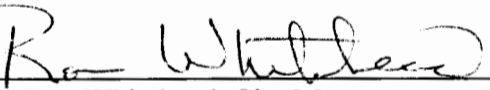
ADDISON AIRPORT OF TEXAS, INC.

KPI PROPERTIES, INC.

By: 
Sam Stuart, President

By: 
Its: VICE PRESIDENT

TOWN OF ADDISON, TEXAS

By: 
Ron Whitehead, City Manager



April 9, 2001

Mr. Tom C. Doell
Keith Products, Inc.
4554 Claire Chennault
Addison, TX 75001

FILE

Re: Ground Lease Extension
To May 30, 2030

Dear Mr. Doell:

KPI Properties is the tenant by assignment under a ground lease dated December 28, 1982. The ground lease covers a tract of land located at Addison Airport approximately 1.495 acres in size and runs for a term of 480 months. By that document entitled "Amendment to Ground Lease" dated May 24, 2000, the term of the ground lease was extended so that it would end on May 30, 2030 provided the following conditions were satisfied:

1. By June 1, 2001, KPI must have completed construction (as evidenced by a certificate of occupancy issued by the City) of at least 1,200 square feet of additional shop space, 3,800 square feet of additional office space, and 1,300 square feet of additional storage space (total of 6,300 additional square feet of space);
2. The construction value of the additional facilities must have exceeded \$500,000.00 (as evidenced by true and correct copies of receipts, etc.);
3. At the time of issuance of a letter by the City that the conditions to receiving the extension of the term of the lease have been satisfied, KPI must not be in default of any provision of the Lease beyond any applicable cure period.
4. All costs, expenses, liens, etc. in connection with the construction of the improvements must have been paid and discharged.

The Amendment to Ground Lease provides that, upon the above conditions being met, the City would issue a letter confirming the same, and that thereafter the Lease Extension Period (as defined in the Amendment to Ground Lease) would be in effect. Our review of this matter indicates that these conditions have been satisfied. In accordance with the

Amendment to Ground Lease, this letter shall serve as the letter confirming the fulfillment and satisfaction of the conditions to the Lease Extension Period taking effect.

Should you have any questions please contact me at 972-392-4856.

Sincerely,

A handwritten signature in black ink, appearing to be 'RK' with a long horizontal stroke extending to the right.

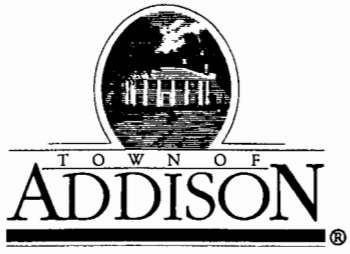
Robert Katzen
Real Estate Operations Manager

Cc: Mr. Chris Terry, Town of Addison
Mr. Mark Acevedo, Town of Addison
Mr. John Hill
Mr. David Pearce

Certificate of Occupancy

Town of Addison

Building Inspection Department



This certificate issued pursuant to the requirements of Section 109 of the Uniform Building Code certifying that at the time of issuance this structure was in compliance with the various ordinances of the City regulating building construction or use. For the Following:

Name of Business Keith Products, Inc. **C. O.** 00128041

Building Address 4554 Claire Chennault Drive

Group S-5 **Type Construction** IIN **Use Zone** I-3 **Business Type** AirConditioning

Owner of Business Tom C. Doell, James T. Doell, Pat DePole

Building Official Simon O. Chandas **Date** March 30, 2001

POST IN A CONSPICUOUS PLACE



FILE

Bobs Copy

4651 Airport Parkway • Addison, Texas 75001 • 972-392-4850 • 972-788-9334 Fax

March 26, 2001

Mr. Tom C. Doell
Keith Products, Inc.
4554 Claire Chennault
Addison, TX 75001

Re: Ground Lease Extension
To May 30, 2030

Dear Mr. Doell:

Your letter request of December 5, 2000 to Mr. Chris Terry has been forwarded to me for handling. As you know, Washington Staubach Addison Airport Venture has only recently taken over the management of the Addison Airport on behalf of the Town of Addison. Do to our recent involvement in this matter, we do not have a complete knowledge of the proposed expansion to your facilities. It is because of this that I have to refer back to your Amendment to Ground Lease effective May 24, 2000. Before we recommend the extension letter to be issued, I request that you provide me with a copy of the proposed improvements (documents indicating the nature of the construction work performed), and lien waivers from all contractors and sub-contractors. Upon receipt and review of the requested material and a walking inspection of the facility improvements, I will be able to recommend the extension letter to be issued.

Should you have any questions please contact me at 972-392-4856.

Sincerely,

Robert Katzen
Real Estate Operations Manager

Cc: Mr. Chris Terry, Town of Addison
Mr. Mark Acevedo, Town of Addison
Mr. John Hill,
Mr. David Pearce



Environmental Systems

Keith Products, Inc.
155 Claire Chennault
Dallas, Texas 75248
Phone (972) 407-1234
Fax (972) 407-1571

Keith Products
RECEIVED

DEC 07 2000

Assn:

RECEIVED

DEC 07 2000

Assistant City Manager's Office

December 5, 2000

Mr. Chris Terry
Assistant City Manager
Town of Addison
P.O. Box 9010
Addison, TX 75001

*David -
Please check @
engineer we have
done this - then
have key fall
through. Done*

Dear Chris,

We have completed the expansion of our facilities on Addison Airport. We expended \$518,119.48 on this project and I have enclosed a copy of the final certificate of payment for your records.

In accordance with our agreement, the Town is now obligated to extend our ground lease expiration date to May 30, 2030.

Please send me the appropriate paperwork to evidence the extension. If it would be more convenient for the Town to wait until after January 1, 2001, I will understand the delay.

Yours truly,

Tom C. Doell

*gave to Bob
1-31-01*

APPLICATION AND CERTIFICATE FOR PAYMENT AIA DOCUMENT G702 (Instructions on reverse side) PAGE ONE OF _____ PAGES

TO OWNER: **Keith Products, Inc.**
4554 Claire Chennault
Addison, TX

PROJECT: **Building Addition**
4554 Claire Chennault
Addison, TX

APPLICATION NO.: **5**
 PERIOD TO: **11/31/2000**
 PROJECT NOS.:

Distribution to:
 OWNER
 ARCHITECT
 CONTRACTOR

FROM CONTRACTOR: **Bandy Contractors, Inc.**
P.O. Box 728
Forney, TX 75126

VIA ARCHITECT:

CONTRACT DATE: **4/13/2000**

CONTRACT FOR:

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM \$ 468,702.00
2. Net change by Change Orders \$ 49,417.49
3. CONTRACT SUM TO DATE (Line 1 + 2) \$ 518,119.49
4. TOTAL COMPLETED & STORED TO DATE \$ 518,119.49
 (Column G on G703)
5. RETAINAGE:
 - a. _____% of Completed Work \$ _____
 (Columns D + E on G703)
 - b. _____% of Stored Material \$ _____
 (Column F on G703)
 Total Retainage (Line 5a + 5b or Total in Column I of G703) \$ _____
6. TOTAL EARNED LESS RETAINAGE \$ 518,119.49
 (Line 4 less Line 5 Total)
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT
 (Line 6 from prior Certificate) \$ 392,351.93
8. CURRENT PAYMENT DUE \$ 125,767.56
9. BALANCE TO FINISH, INCLUDING RETAINAGE
 (Line 3 less Line 6) \$ -0-

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	13,528.93	
Total approved this Month	35,888.56	
TOTALS	49,417.49	
NET CHANGES by Change Order	49,417.49	

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: **Bandy Contractors, Inc.**

By: Charlie Bandy Date: 12-3-2000

State of:
 County of:
 Subscribed and sworn to before me this _____ day of _____

Notary Public:
 My Commission expires: _____

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising this application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ _____

(Attach explanation if amount certified differs from the amount applied for. Initial all figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.)

ARCHITECT:
 By: _____ Date: _____

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.



Item #21 - Motion made and unanimously carried to pass Resolution No. R00-043 authorizing the City manager to enter into an agreement with Dell Corporation in the amount of \$32,157.

Item #R3 - Motion made and unanimously carried to appoint Diane Mallory as Mayor Pro Tempore and Glynda Turner as Deputy Mayor Pro Tempore.

Item #R4 - Motion made and unanimously carried to reappoint William Griggs to a third term on the Board of Zoning Adjustment and to appoint Don Harvey to the Board of Zoning Adjustment.

Item #R5 - Motion made and unanimously carried to appoint Bob Gordon to the Architect Selection Committee.

Item #R6 - Motion made and unanimously carried to pass Ordinance No. 000-017 in the amount of \$9,905,000 providing for the issuance, sale and delivery of General Obligation Bonds, Series 2000.

Item #R7 - Motion made and unanimously carried to approve aviation development expansion and ground lease extension to expire on May 30, 2030, from Keith Products, Inc.

Item #R8 - Consideration of an ordinance approving a meritorious exception to Chapter 62, Signs, Section 62-163, Area for Hallmark located at Brookhaven Village Shopping Center. Item was tabled.

Item #R9 - Motion made and unanimously carried to pass Ordinance No. 000-018 approving a meritorious exception to Chapter 62, Section 62-186, Monument Signs, located at 4949 Keller Springs.

Item #R10 - Motion made to deny a meritorious exception to Ordinance No. 096-022 to increase letter height and square footage on signs at Village on the Parkway, 5100 Belt Line Road on application from 24-Hour Fitness. Motion seconded and unanimously carried.

Item #R11 - Motion made and unanimously carried to pass Resolution No. R00-044 authorizing the City Manager to enter into an agreement with JCW Electronics for an Inmate Telecommunications System for the Addison Jail.

Item #R12 - Motion made and unanimously carried to pass Resolution No. R00-045 adopting the Town of Addison Purchasing Manual, as amended.

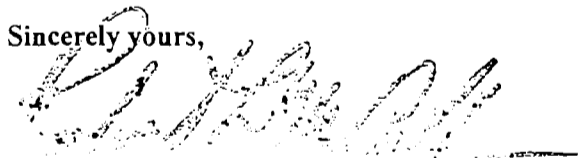
Item #R13 - Motion made and unanimously carried to pass Ordinance No. 000-019 amending Chapter 2, Article VI of the Town of Addison Code of Ordinances -Disposal of Unclaimed or Surplus Property.

Item #R14 - Motion made and unanimously carried to pass Resolution No. R00-046 rejecting TXU Electric's request to close or delete certain tariffs.

Item #R15 - Motion made and unanimously carried to approve a new full time position for Conference Coordinator at the Addison Conference & Theatre Centre.

There being no further business before the Council, the meeting was adjourned.

Sincerely yours,



Robert L. McCallum

Work Session and Regular Meeting**Meeting Date:** 05/22/2018**Department:** Infrastructure- Development Services**Pillars:** Excellence in Asset Management
Excellence in Transportation Systems

AGENDA CAPTION:

Consider Action to Approve a **Resolution for an Emergency Purchase for the Repair of the Airport's Engineered Materials Arresting System (EMAS) in the Amount of \$447,415.**

BACKGROUND:

On April 7, 2018, a Cessna P210 landed approximately 1,000 feet short of the Runway 33 threshold, in the Engineered Materials Arresting System (EMAS) on the south end of Addison Airport. Sixty-seven EMAS blocks and two deflector plates that are on the front end of the EMAS were damaged and need to be replaced.

The EMAS consists primarily of crushable concrete blocks that are manufactured by Zodiac Aerospace, the sole provider of the blocks. EMAS is a proprietary product of Zodiac Aerospace. In February of this year, Zodiac Aerospace notified airports that have EMAS that Zodiac intends to cease further production of EMAS blocks in September 2018. Therefore, the blocks must be purchased immediately or the airport will not be able to obtain the materials necessary to repair the EMAS. If the EMAS is not repaired, the airport will need to publish declared distances for the runway that will have the effect of shortening the available runway landing distance because, without the EMAS in place, the safety area is not sufficient to meet standards. At present, a Notice to Airmen (NOTAM) is in effect advising that the EMAS is non-standard because of the damage.

On April 11, 2018, a representative from Zodiac Aerospace came to the airport to assess the damage and subsequently provided an estimate for the repair. A claim against the aircraft owner's insurance has been filed but this will not be settled before replacement blocks need to be ordered. Zodiac advised that based on their current production capacity, an order for the blocks must be received by May 15 or the blocks will not be available for purchase, in which event the EMAS could not be repaired.

Staff proceeded with the EMAS repair on an emergency basis to preserve and protect public health and safety. The repair cost is \$447,415 which will be paid using reserves from the Airport Fund, and will be reimbursed when the insurance settlement for the damages is settled.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution - EMAS Emergency Repair

EMAS Emergency Repair - City Manager approval 180502

EMAS Repair Purchase Order
Sworn Statement of Loss for Insurance Claim

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS DECLARING AN EMERGENCY FOR NEEDED REPAIRS ON THE ENGINEERED MATERIALS ARRESTING SYSTEM (EMAS) AT THE ADDISON AIRPORT AND RATIFYING ACTIONS TO REPAIR THE EMAS SYSTEM IN THE AMOUNT OF \$447,415.00, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on April 7, 2018, a small plane landed short of the runway at the Addison Airport and caused significant damage to the Airport's Engineered Materials Arresting System (EMAS) on the south end of the airport; and

WHEREAS, without immediate repairs to the EMAS, the Airport would be required to issue a Notice to Airmen (NOTAM) effectively shortening the available runway landing distance; and

WHEREAS, the only manufacturer of the materials needed to repair the system, Zodiac Aerospace, announced that it will no longer manufacture the necessary parts to repair the EMAS; and

WHEREAS, insurance coverage is expected to cover the cost of repair; and

WHEREAS, the Airport Fund had funds available to pay for the repairs to the EMAS; and

WHEREAS, the City Council finds that emergency repairs were necessary to protect the health, safety and welfare of the public and of the users of the Addison Airport.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. The recitals set forth above are true and correct and are incorporated as if fully set forth herein.

Section 2. The Contract Agreement between the Town of Addison and Zodiac Aerospace/Engineered Arresting Systems Corporation for materials and services to repair the EMAS, in an amount not to exceed \$447,415.00, a copy of which is attached as **Exhibit A**, is hereby ratified and the City Manager is hereby authorized to take any additional steps necessary to complete the repairs.

Section 3. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 22nd day of May, 2018.

Joe Chow, Mayor

ATTEST:

By: _____
Christie Wilson, Interim City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

ENGINEERED ARRESTING SYSTEMS CORPORATION

AEROSAFETY & TECHNOLOGY
Emergency Arresting Systems



April 27, 2018

Joel P. Jenkinson - Airport Director
Addison Airport
16051 Addison Road, Suite 220
Addison, TX 75001

Subject: Proposal 14022 to Repair Aircraft Damage to the EMAS on the ADS Runway 15 Departure End

Reference: Proposal for Materials to Repair 67 Blocks (2) Deflector Shield for ADS Runway 15 Departure End-
Revision A

Dear Joel:

Engineered Arresting Systems Corporation d/b/a Zodiac Arresting Systems Corporation ("ZASA") was sorry to hear about the recent aircraft incursion into your EMAS. The pricing to repair includes shipping and handling. Sales tax is not included. To the extent a manufacturer extended a warranty to us, we will assign it to the airport.

As per your request, we are pleased to offer the following turn-key proposal to complete the repair. Proposal for replacement of (67) EMASMAX blocks and (2) deflector shield assembly kits. ZASA to provide labor and supervision to complete the repair for the 15 departure end EMAS bed.

Pricing:

The pricing for this project is broken down as follows:

- 67 EMASMAX Blocks: \$234,500.00
- Installation Materials: \$16,969.00
- On site Supervision: \$26,428.00
- Contractor Labor: \$159,974.00

Price for turnkey repair of sixty-seven (67) EMASMAX blocks and three (2) deflector shield repair: \$447,415.00

In addition to the materials required for the repair, the price includes contractor labor necessary to remove and reinstall the 67 blocks and the 2 deflector shield kits. The shipping costs are included in the quote.

ZASA will require sixteen (16) weeks from receipt of a Notice to Proceed (NTP) / Purchase Order (PO) to have the manpower and materials ready to make the repair.

We thank you for the opportunity to provide this proposal, and look forward to working with you on this project.

Sincerely,

Mike C. Barnes, C.M.
Regional Director
Ph: (856) 491-6315
Email: mike.barnes@zodiacaerospace.com

ENGINEERED ARRESTING SYSTEMS CORPORATION
2239 High Hill Road, Logan Township, NJ 08085 - USA. Tel: +856 241 8620 - Fax: +856 241 8621 - www.zodiacaerospace.com

Terms & Conditions:

- This proposal is quoted firm-fixed price and valid for a period of thirty (30) days from proposal submittal date.
- Payment terms are Net 30 days. Late payments shall accrue interest at a rate of 1.0% per month or portion thereof.
- When drafting the purchase order (PO) for the repair, the following statement needs to be added to the PO: "Terms & conditions stated in the Engineered Arresting Systems Corporation d/b/a Zodiac Arresting Systems Corporation ("ZASA") Proposal 14022 Rev A dated April 27, 2018 for the amount of \$447,415.00 shall supersede and replace the terms and conditions on an Addison Airport purchase order #_____"
- No sales, use, or other taxes are included in above price. Any such taxes, if applicable, must be paid by the airport directly to the taxing authority.
- Pricing does not include any bond fees.
- It is anticipated that this work can be accomplished in no more than 6 day (60 hrs).
- It is preferred that the repair be accomplished during daylight operations and that 10 hours of uninterrupted time be allowed per shift.
- The airport shall provide space at the airport for block storage and staging (to park trucks, stage blocks) at no cost to ZASA. Extended storage fees (TBD) could apply if installations are delayed from target installation dates (TBD-mutually agreed upon between ZASA and the airport).
- ZASA will provide a 90 day limited commercial warranty against defects in materials and workmanship, provided ZASA supervises the repair and the process is completed in accordance with ZASA standards (as validated and accepted by ZASA representatives upon completion of the repair). A copy of the warranty is attached.
- Due to the nature and purpose of the EMAS product, and the many variables associated with and conditions that affect the arrestment of an aircraft, ZASA will not accept any liability, indemnity, consequential or incidental damages.
- The materials provided are in accordance with FAA Advisory Circular 150/5220-22B.

ENGINEERED ARRESTING SYSTEMS CORPORATION D/B/A ZODIAC

ARRESTING SYSTEMS AMERICA

ENGINEERED MATERIAL ARRESTING SYSTEM LIMITED WARRANTY

ENGINEERED ARRESTING SYSTEMS CORPORATION d/b/a ZODIAC ARRESTING SYSTEMS AMERICA (“ZASA”) warrants to the original purchaser (the “Owner”) of the ZASA Engineered Material Arresting System replacement materials (“EMAS Replacement Materials”) that, for a period of ninety days (90) from the date the EMAS Replacement Materials are installed, and subject to the limitations stated herein, the EMAS Replacement Materials (excludes base surface preparation) shall conform to the product specifications contained in the documents previously provided by ZASA with the initial installation of the EMAS. This Warranty is expressly conditioned on the Owner’s satisfying all of the following requirements:

MAINTENANCE: ZASA requires that the Owner initiate and follow a preventative maintenance program in accordance with the ZASA Inspection, Maintenance and Repair Manual listed under the clause “Applicable Documents”.

RIGHT OF INSPECTION: The Owner shall provide ZASA with reasonable access to the EMAS Replacement Materials after their installation for the purpose of conducting inspections if necessary. Reasonable access shall include, without limitation, access during daylight hours to permit careful visual assessment of the condition of the EMAS Replacement Materials and access to all records of maintenance carried out by the Owner.

NOTIFICATION: If the Owner believes that it has a claim arising from the failure of the EMAS Replacement Materials to conform with this Warranty, the Owner must notify ZASA of the claim, within ten (10) days after discovering the conditions giving rise to the claim, and in any case before the Warranty period has expired. All such notices shall be given by certified mail addressed to **Director of Quality Assurance, Attention: Warranty Claim** Engineered Arresting Systems Corporation, 2239 High Hill Road, Logan Township, NJ 08085, USA.

Failure to adhere to any of the conditions stated above shall void this Warranty.

WARRANTY REMEDY If the Warranty set forth above is breached, ZASA will, at its sole option, either (1) correct the non-conformity at its own cost within a reasonable time after receiving notice of the breach, or (2) replace the non-conforming EMAS Replacement Material(s) at its own cost within a reasonable time after receiving notice of the breach. The Owner shall give ZASA reasonable access to the EMAS that allows ZASA to perform its warranty obligations on its most cost-effective basis possible.

EXCLUSIONS

ZASA shall not be liable for any damage to the EMAS Replacement Materials or other property attributable to any of the following (or any combination thereof):

1. Standing water in and around the EMAS bed;
2. Vehicular traffic;
3. Aircraft traffic in contact with the EMAS bed;
4. Damage caused by snow removal equipment that does not meet ZASA specifications detailed under the clause “Applicable Documents” which were provided with the original EMAS installation;

5. Acts of nature, including, but not limited to, lightning, flood, winds in excess of 100 mph, earthquake, hurricane, tornado, hail storm, or impact of objects or other violent storm or casualty;
6. Damage caused by wild life indigenous to the installation location;
7. Repairs or alterations of the EMAS, unless performed by personnel trained and qualified by ZASA and in a manner meeting the ZASA specifications and procedures listed under the clause "Applicable Documents", which were provided with the initial EMAS installation;
8. Excessive build up of debris in and around the EMAS bed;
9. Impact or contact with other objects, spilled liquids or immersion in liquids (including fuel dropped from over-flying aircraft);
10. Use of the EMAS for purposes other than those for which it is customarily used;
11. Improper maintenance, abuse or other neglect;
12. Exposure to chemicals other than de-icers and aircraft engine exhaust;
13. Jet Blast in excess of 100 mph;
14. Damage or defect due to faulty or improper workmanship, including installation of the product that is not in accordance with ZASA's published specifications and installation recommendations in effect at the time of installation;
15. Damage to the EMAS Replacement Materials related to or caused by the base surface not being constructed per the drawings and specifications. ZASA must check and accept the base surface prior to the start of EMAS arrestor bed installation; and
16. Any subsequent failure of the base surface whether or not originally constructed per the drawings and specifications.

APPLICABLE DOCUMENTS

Project Installation Drawings

Item P-555 EMAS Bed Installation by Prime Contractor

EMAS Quality Control plan for EMAS installation at the Airport, with associated Quality Control Instructions.

Inspection, Maintenance and Repair Manual, Current Version

WARRANTY EXCLUSIVE/LIMITATION OF LIABILITY

THE EXPRESS WARRANTY SET FORTH ABOVE IS EXCLUSIVE AND NO OTHER WARRANTIES OF ANY KIND, WHETHER STATUTORY, ORAL, WRITTEN, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, SHALL APPLY. THE OWNER'S EXCLUSIVE REMEDIES AND ZASA'S ONLY OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH DEFECTS OR NON-CONFORMITIES IN THE EMAS REPLACEMENT MATERIALS, WHETHER BASED ON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, SHALL BE THOSE STATED HEREIN. NOTWITHSTANDING ANY PROVISION TO THE CONTRARY IN ANY CONTRACT DOCUMENT, ZASA'S TOTAL LIABILITY TO THE OWNER ARISING FROM OR RELATING TO DEFECTS

**ENGINEERED ARRESTING
SYSTEMS CORPORATION**

AEROSAFETY & TECHNOLOGY
Emergency Arresting Systems



OR NON-CONFORMITIES IN THE EMAS REPLACEMENT MATERIALS SHALL BE LIMITED TO THE ORIGINAL PURCHASE PRICE OF THE EMAS REPLACEMENT MATERIALS PAID TO ZASA. ZASA SHALL HAVE NO LIABILITY TO THE OWNER FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES. REGARDLESS OF ANY STATUTORY LIMITATION PERIODS, ZASA SHALL NOT BE LIABLE FOR ANY BREACH OF WARRANTY OF WHICH IT IS NOT NOTIFIED AS REQUIRED BEFORE THE WARRANTY PERIOD HAS EXPIRED.

NO WARRANTY MODIFICATIONS

This Warranty may not be modified except in a writing signed by ZASA's President for the Logan Business Unit. No representative, employee, or agent of ZASA, or any person, other than the President for the Logan Business Unit of ZASA, has the authority to assume for ZASA any additional liability or responsibility in connection with the EMAS or this Warranty.

To ensure registration of this Warranty, please return a signed copy to:

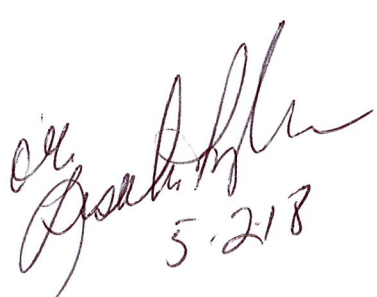
Manager, Quality Assurance
Engineered Arresting Systems Corporation
2239 High Hill Road
Logan Township, NJ 08085
Phone (856) 241-8620 - Fax (856) 241-8621

Name (Please Print) of Authorized Airport Individual: _____

Signature: _____ Date: _____



City Manager Contract Approval

Date Submitted:	05/01/2018	Submitted By:	Joel Jenkinson
Department Name:	Airport		
PLEASE PROVIDE SHORT DESCRIPTION OF ITEM:			
Zodiac Aerospace Proposal 14022 to Repair Aircraft Damage to the EMAS on the ADS Runway 15 Departure End			
LIST KEY POINTS OF AGREEMENT:			
<ul style="list-style-type: none">• Proposal must be accepted no later than May 15, 2018 to ensure that EMAS blocks for the repair will be available (Zodiac Aerospace announced in February of this year that they will cease production of these proprietary EMAS blocks in September 2018; new blocks will not be available from any source after that date).• Payment terms are net 30 days for a repair cost of \$447,415.00 (while we expect to recover the full amount from insurance, we cannot wait on a settlement to proceed with the repair). Finance has advised that adequate funds for this repair are available in Airport Fund reserves.• The airport must issue a purchase order within 25 days of execution of the NTP or execute a contract between Addison Airport and ZASA which includes the amount listed on the Proposal 14022, dated April 27, 2018.• ZASA will require sixteen (16) weeks from receipt of a Notice to Proceed (NTP) / Purchase Order (PO) to have the manpower and materials ready to make the repair.			
 5-2-18			
Contract Term:	FROM: N/A	To: N/A	
Amount and funding source	\$447,415.00		
Is this budgeted?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Approved by Council?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
		Approval Date: 5/2/2018	

ENGINEERED ARRESTING SYSTEMS CORPORATION

AEROSAFETY & TECHNOLOGY
Emergency Arresting Systems



April 27, 2018

Standard Notice to Proceed (NTP)

To whom it may concern,

This is a notice to proceed (NTP) for the production of 67 EMASMAX blocks and the purchasing of installation materials necessary to repair damage to the one (1) EMAS be located at Addison Airport (ADS) in accordance with Engineered Arresting Systems Corporation d/b/a Zodiac Arresting Systems ("ZASA") Proposal 14022, dated April 27, 2018 for the lump sum price of \$447,415.00. The pricing for the project is broken down as follows:

- 67 EMASMAX Blocks: \$234,500.00
- Installation Materials: \$16,969.00
- On site Supervision: \$26,428.00
- Contractor Labor: \$159,974.00

This NTP authorizes ZASA to manufacture blocks and purchase materials and start production.

Terms & Conditions stated in the Engineered Arresting Systems Corporation d/b/a Zodiac Arresting Systems ("ZASA") Proposal 14022, dated April 27, 2018 for the lump sum price of \$447,415.00.

The Zodiac proposal shall supersede and replace the terms and conditions on a Addison Airport purchase order #_____.

The airport will issue a purchase order within 25 days of execution of the NTP or execute a contract between Addison Airport and ZASA which includes the amount listed on the Proposal 14022, dated April 27, 2018.

Agreed by Addison Airport

A handwritten signature in blue ink, appearing to read "Dorothy Stallen", written over a horizontal line.

Authorized Agent, Title

The handwritten title "City Manager" in blue ink, written over a horizontal line.

Date

5/2/2018

ENGINEERED ARRESTING SYSTEMS CORPORATION

2239 High Hill Road, Logan Township, NJ 08085 – USA. Tel: +856 241 8620 – Fax: +856 241 8621 – www.zodiacaerospace.com



Town of Addison

PO Box 9010
Addison, TX 75001

Purchase Order

Fiscal Year 2018

Page: 1 of: 1

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Addison Finance
5350 Belt Line Road
Dallas, TX 75254
PH: 972-450-7051

THIS NUMBER MUST APPEAR ON ALL
INVOICES, PACKAGES AND SHIPPING PAPERS.

Purchase Order # **21800462**

Delivery must be made within doors of
specified destination.

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ENGINEERED ARRESTING SYSTEMS CORPORATION
2550 MARKET STREET
ASTON, PA 19090

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ADDISON INFRASTRUCTURE &
DEVELOPMENT SERVICES
16801 WESTGROVE DR.
ADDISON, TX 75001

Vendor Phone Number		Vendor Fax Number		Requisition Number		Delivery Reference			
				11801533					
Date Ordered	Vendor Number	Date Required	Freight Method/Terms			Department/Location			
05/08/2018	13862					UTILITIES - DEPT. BUDGET			
Item#	Description/PartNo					QTY	UOM	Unit Price	Extended Price
1	EMASS SYSTEM REPAIRS The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading					1.0	EACH	\$447,415.00	\$447,415.00

By: 
Authorized Signature

Total Ext. Price \$447,415.00
PO Total \$447,415.00

SWORN STATEMENT IN PROOF OF LOSS

\$ 131,125.879
AMOUNT OF COVERAGE AT TIME OF LOSS
October 01, 2017
COVERAGE EFFECTIVE DATE
October 01, 2018
COVERAGE EXPIRATION DATE

4407
CONTRACT NUMBER
PR0000000077504
TML CLAIM NUMBER

To the Texas Municipal League Intergovernmental Risk Pool of Austin, Texas.

At time of loss, the TMLIRP provided self-insurance coverage through the Interlocal Agreement to:

Addison Town of
against loss by Crash of airplane to the property described according to the terms and conditions of said contract and all forms, endorsements, transfers and assignments attached thereto.

- Time and Origin:** A PROPERTY loss occurred about the hour of 10 o'clock A m. on the 7th day of April, 2018. The cause and origin of the said loss were: EMAS System at airport damaged by an aircraft.
- Occupancy:** The building described, or containing the property described, was occupied at the time of the loss as follows, and for no other purpose whatever: Member
- Title and Interest:** At the time of the loss, the interest of your member in the property described therein was OWNER. No other person or persons had any interest therein or encumbrance thereon, except: _____
- Changes:** Since the said contract was issued, there has been no assignment thereof, or change of interest, use, occupancy, possession, location or exposure of the property described, except: _____
- Total Insurance:** The total amount of coverage upon the property described by this contract was, at the time of the loss \$ 131,125.879 as more particularly specified in the apportionment attached, besides which there was no policy or other contract of insurance, written or oral, valid or invalid.

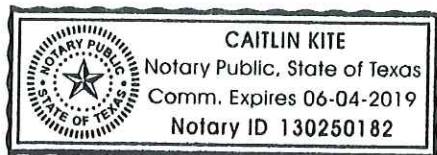
6. The Whole Loss and Damage	\$ <u>447,415.00</u>
7. The Actual Cash Value Of Claim	\$ <u>333,061.25</u>
8. Recoverable Depreciation pending repairs	\$ <u>111,853.75</u>
Less Amount of Deductible	\$ <u>2,500.00</u>
9. The Amount Claimed under the above numbered contract is	\$ <u>333,061.25</u>

The said loss did not originate by any act, design or procurement on the part of your member, or this affiant; nothing has been done by or with the privity or consent of your member or this affiant, to violate the conditions of the contract, or render it void; no articles are mentioned herein or in annexed schedule but such as were destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no attempt to deceive the said TMLIRP, as to the extent of said loss, has in any manner been made. Any other information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of proofs by a representative of the above self-insurance fund is not a waiver of any of its rights.

State of Texas
County of Dallas
Authorized Representative of Town of Addison

Subscribed and sworn to before me this 9 day of May, 2018.



Caitlin Kite
Notary Public



Insured: Town of Addison
Property: 15000 Airport Pkwy
Addison, TX 75501

Home: (972) 450-7055
E-mail: oriley@addisontx.gov

Claim Rep.: David Goldston
Company: Texas Municipal League Intergovernmental Risk
Pool
Business: P.O. Box 149194
Austin, TX 78714-9194

Business: (512) 491-2426
E-mail: dgoldston@tmlirp.org

Estimator: David Goldston
Company: Texas Municipal League Intergovernmental Risk
Pool
Business: P.O. Box 149194
Austin, TX 78714-9194

Business: (512) 491-2426
E-mail: dgoldston@tmlirp.org

Claim Number: PR77504

Policy Number: PR_CP_4407

Type of Loss: Other

Date Contacted: 5/2/2018 10:41 AM

Date of Loss: 4/7/2018 12:00 AM

Date Inspected:

Date Received: 5/2/2018 10:41 AM

Date Entered: 5/2/2018 10:40 AM

Price List: TXTE8X_MAY18
Restoration/Service/Remodel

Estimate: 2018-05-02-1040

Dear Valued Member,

Please refer to the enclosed itemized estimate. The estimate contains our valuation of the damages for the reported loss and was prepared using reasonable and customary prices for your geographic area. If this document contains estimated structural repairs and you choose to hire a contractor, please provide this estimate to them.

If any hidden, or additional damage, and/or damaged items, are discovered, please contact me or have your contractor or vendor contact me immediately. Coverage for hidden or additional damages and/or damaged items, would need to be determined, and may require an inspection/re-inspection, before any supplemental payment would be authorized. Please do not destroy, or discard any of the hidden, or additional damages, and/or damaged items, until we have had an opportunity to review the hidden or additional damages and/or damaged items, and have reached an agreement with you on any supplemental cost.

If you, or your contractor, or vendor determine that there are additional building fees and/or permits associated with the estimated repairs, that may not be included in this estimate, please contact me immediately so that I may review and make a determination as to the appropriate payment.

Thank you for allowing Texas Municipal League Intergovernmental Risk Pool to serve your needs. Please contact me at the numbers listed above if you have any questions regarding this estimate or any other matter pertaining to your claim.



2018-05-02-1040

EMAS System

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	RCV	DEPREC.	ACV
1. Replace MISC. EQUIPMENT - COMMERCIAL repair of EMAS system from single source provider	1.00 EA	447,415.00	0.00	447,415.00	(111,853.75)	335,561.25
Totals: EMAS System			0.00	447,415.00	111,853.75	335,561.25
Line Item Totals: 2018-05-02-1040			0.00	447,415.00	111,853.75	335,561.25

Summary for Airport

Line Item Total	447,415.00
Replacement Cost Value	\$447,415.00
Less Depreciation	(111,853.75)
Actual Cash Value	\$335,561.25
Less Deductible	(2,500.00)
Net Claim	\$333,061.25
Total Recoverable Depreciation	111,853.75
Net Claim if Depreciation is Recovered	\$444,915.00

David Goldston

Recap of Taxes

Recap by Room

Estimate: 2018-05-02-1040

EMAS System

447,415.00

100.00%

Subtotal of Areas

447,415.00

100.00%

Total

447,415.00

100.00%



Recap by Category with Depreciation

Items	RCV	Deprec.	ACV
MISC. EQUIPMENT - COMMERCIAL	447,415.00	111,853.75	335,561.25
Subtotal	447,415.00	111,853.75	335,561.25

You have Replacement Cost Coverage under your contract for this loss. Once repairs have been completed, TMLIRP requires that final invoices be submitted to our office. The invoices will be reviewed to determine if an additional payment is due. Please note that you have two years from the date of loss to make repairs needed to make claim for all or a portion of the previously withheld depreciation.

Please advise whether the repairs have been completed, and if so, please provide the final invoices. **If the repairs have not been completed, please provide a time line describing the plans for completing the repairs.** If you determine that no additional review and/or funds will be needed, please notify me to that TMLIRP can document and close the file. The pending claim will remain open for an additional 30 days in anticipation of your reply. If no response is received, the file will be closed.

Work Session and Regular Meeting**Meeting Date:** 05/22/2018**Department:** City Manager**Pillars:** Excellence in Transportation Systems**Milestones:** Develop a Cotton Belt Strategy**AGENDA CAPTION:**

Consider Action to Approve a **Resolution Supporting a Dallas Area Rapid Transit (DART) Service Plan Amendment to Add a Fixed Guideway Route West of the Green Line on the Proposed Cotton Belt Regional Rail Corridor Alignment and Providing for Additional Requests to the DART Board.**

BACKGROUND:

The current Dallas Area Rapid Transit (DART) Service Plan includes a fixed guideway (rail road) route on the Cotton Belt corridor from the Green Line in Carrollton to the Red Line in Plano. The proposed amendment would add a fixed guideway route west of the Green Line into Dallas-Fort Worth Airport and east of the Red Line to Shiloh Road in Plano. The regional rail line would divert from the existing railroad corridor at four locations:

1. The CityLine Alignment would divert from the existing corridor in Richardson to interface with the existing CityLine/Bush Station
2. The Downtown Carrollton Reconfiguration would divert from the existing corridor slightly to accommodate the station platform and allow for future rail connections
3. The Cypress Waters Alignment would divert from the existing corridor in Coppell to provide a station at the Cypress Waters development in Dallas
4. The DFW Terminal B Connection would divert from the existing corridor to terminate the line at DFW Terminal B

Freight service would continue to operate on the existing corridor in all locations.

In accordance with Texas Transportation Code Section 452.304 Adoption of a Major Service Change, if the change to the Service Plan includes the addition of a fixed guideway route, the governing body of each municipality through which the route would pass must approve the route before the DART Board may add the route to the Service Plan. As the fixed guideway route through Addison is currently in the Service Plan, a resolution is not required; however, a resolution of support is encouraged.

Also included in the resolution is support for the hike and bike trail as part of the Cotton Belt Corridor, the design of the aerial crossing at Midway Road, and additional parking at the Addison station.

The DART Board is anticipated to vote on this proposed Service Plan Amendment in the June 2018 timeframe.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution - DART Service Plan Amendment

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, SUPPORTING A DALLAS AREA RAPID TRANSIT (DART) SERVICE PLAN AMENDMENT TO ADD A FIXED GUIDEWAY ROUTE WEST OF THE GREEN LINE ON THE PROPOSED COTTON BELT REGIONAL RAIL CORRIDOR ALIGNMENT; PROVIDING ADDITIONAL REQUESTS TO THE DART BOARD AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, DART's current Service Plan includes a fixed guideway route on the Cotton Belt Corridor extending from the Green Line to the Red Line; and

WHEREAS, DART proposes to amend the Service Plan to add a fixed guideway route west of the Green Line to DFW Airport and east of the Red Line to Shiloh Road in Plano ("Service Plan Amendment"); and

WHEREAS, the Service Plan Amendment will deviate from the current railroad alignment to serve DFW Airport, Downtown Carrollton, Cypress Water and CityLine; and

WHEREAS, DART has requested that the Town of Addison adopt a resolution supporting the Service Plan Amendment; and

WHEREAS, DART has requested the Town of Addison provide additional input that may relate to DART's other duties and obligations, including but not limited to, the location of stations, grade separations or other required infrastructure.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS THAT:

Section 1. The Addison City Council supports the proposed DART Service Plan Amendment to add a fixed guideway route west of the Green Line to DFW Airport and east of the Red Line to Shiloh Road in Plano as shown in the attached figure **Exhibit A**.

Section 2. The Addison City Council supports DART's efforts to plan for the implementation of a Cotton Belt Corridor regional hike and bike trail and requests that DART work towards obtaining environmental clearance of the Trail along their right-of-way and to build the portions of the Cotton Belt Trail as part of the Cotton Belt Rail project that will be impractical for other agencies to build after rail operations are initiated.

Section 3. The Addison City Council agrees with the findings of the Cotton Belt Corridor Regional Rail Project Draft Environmental Impact Statement that, while necessary, an aerial crossing of the Cotton Belt line at Midway Road will have a significant visual impact that requires mitigation, and, therefore, the aerial crossing should be designed at a minimum based on the conceptual image attached as **Exhibit B** with a preference for two arches if feasible and aesthetically compatible with the Wheeler Bridge.

Section 4. The Addison City Council requests that DART provide additional parking at the Addison Station and University of Texas, Dallas Station using savings should the Preston Road/Keller Springs Station and/or Coit Station be eliminated for the project.

Section 5. This resolution shall be effective from and after its passage date.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 22nd day of May, 2018.

Joe Chow, Mayor

ATTEST:

APPROVED AS TO FORM:

Christie Wilson, Interim City Secretary

Brenda N. McDonald, City Attorney

EXHIBIT A

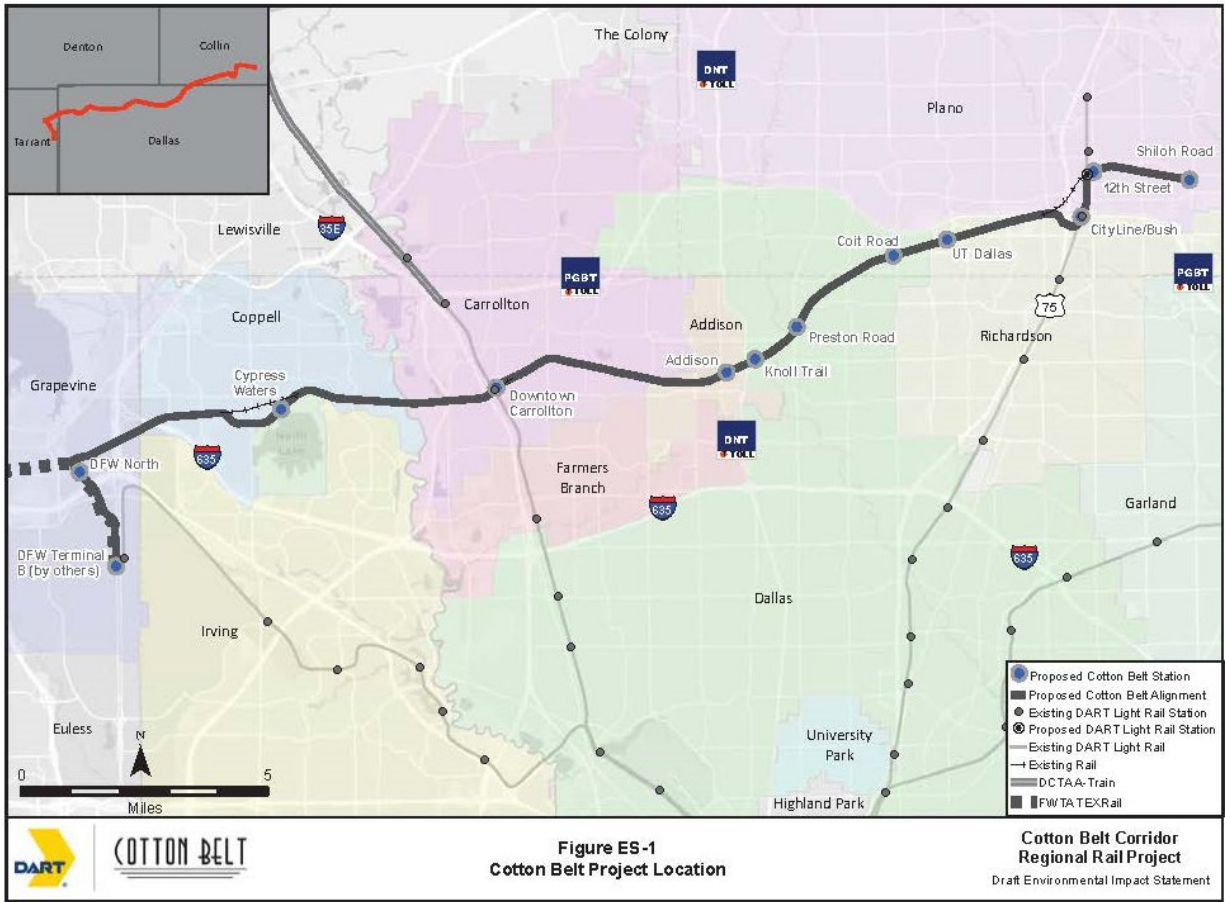
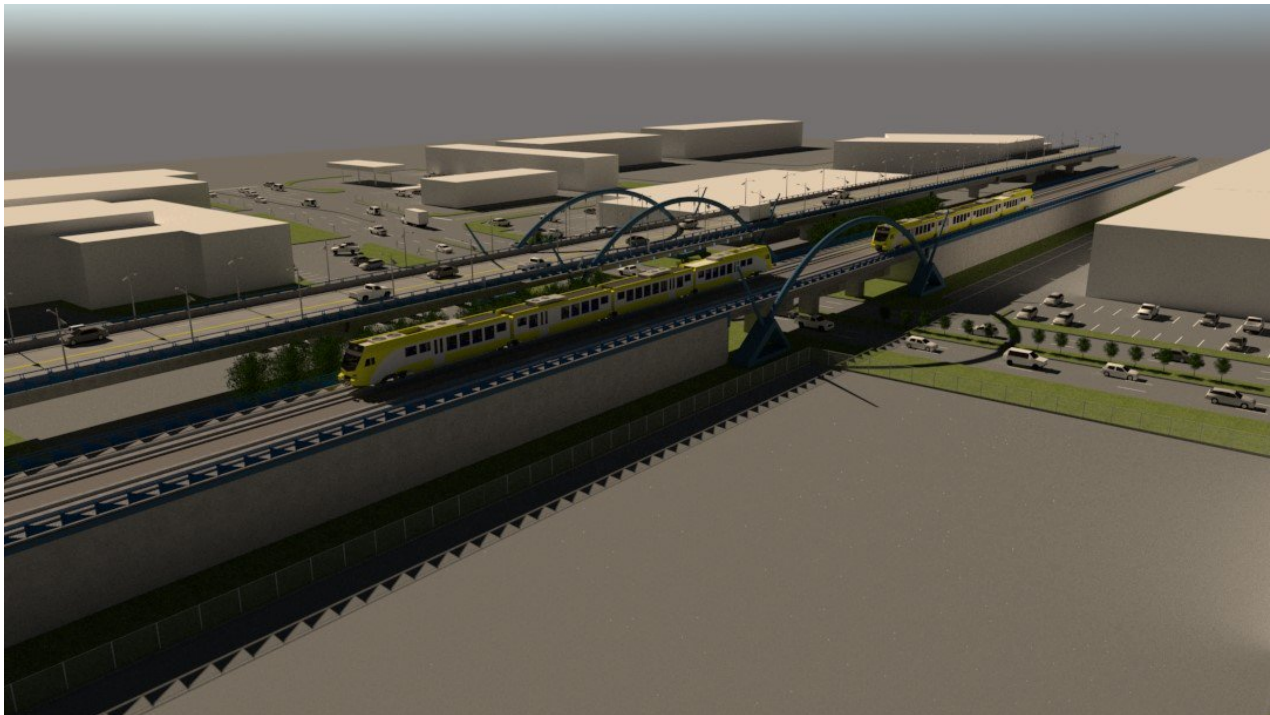


EXHIBIT B



AI-2713

11.

Work Session and Regular Meeting

Meeting Date: 05/22/2018

Department: City Manager

AGENDA CAPTION:

Consider Action to Approve a **Resolution Appointing Irma Parker to serve as the City Secretary for the Town of Addison.**

BACKGROUND:

The City Secretary position is a Council appointment. The duties of the City Secretary are to coordinate all the open record requests to ensure that the Town is adhering to all legal requirements; coordinate the elections; manage the Town's documents and record functions; and manage the meeting agendas and minutes functions.

The attached resolution appoints Irma Parker to serve as the City Secretary for the Town of Addison.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution - City Secretary Appointment

TOWN OF ADDISON, TEXAS

RESOLUTION NO. R018-___

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS AUTHORIZING IRMA PARKER TO SERVE AS THE CITY SECRETARY OF THE TOWN OF ADDISON AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. That Irma Parker is appointed at the City Secretary of the Town of Addison and is authorized to act with all of the authority of the city secretary of the Town of Addison as provided in the Charter, the Code of Ordinances, City of Addison, Texas, and the statutory and common laws of the State of Texas.

Section 2. This Resolution shall take effect upon its passage and approval.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 22nd day of May, 2018.

Joe Chow, Mayor

ATTEST:

By: _____
Christie Wilson, Interim City Secretary

APPROVED AS TO FORM:

By: _____
Brenda McDonald, City Attorney

Work Session and Regular Meeting**Meeting Date:** 05/22/2018**Department:** City Manager

AGENDA CAPTION:

Consider Action to Approve a **Resolution Commemorating the Service of Michael Miles, Vice President of Government Relations, with Dallas Area Rapid Transit (DART) Upon his Retirement Effective June 1, 2018.**

BACKGROUND:

Michael Miles has played an active role in bringing the vision of regional mobility to North Texas for more than 30 years. He is generally considered the first employee of Dallas Area Rapid Transit (DART) since before its creation by voters on August 13, 1983 by serving the agency in a variety of capacities including Project Management, Community Affairs, and, most recently, as Vice President, Government Relations.

During his tenure, DART has grown from an idea, to a voter-approved agency, to an internationally recognized multi-modal transit system responsible for more than 60 million passenger trips annually contributing multiple billions of dollars in economic development. In his various roles, he has helped shape public perception of the value of their investment in transit prepared the region for the next generation of mobility services.

Michael Miles is retiring from DART on June 1, 2018, having helped the agency grow and mature and, more important, made substantial contributions to our region and the quality of life of its residents. The attached resolution recognizes his service to the people of Addison and the region. May he enjoy a long and enjoyable retirement, knowing he is leaving North Texas better than when he started.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution - Commemorating Michael Miles' Service

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON,
TEXAS, COMMEMORATING THE SERVICE OF MICHAEL MILES.**

WHEREAS, Michael Miles has played an active role in bringing the vision of regional mobility to North Texas for more than 30 years; and

WHEREAS, Michael Miles is generally considered the first employee of Dallas Area Rapid Transit (DART) since before its creation by voters on August 13, 1983; and

WHEREAS, Michael Miles has served the agency in a variety of capacities including Project Management, Community Affairs, and, most recently, as Vice President, Government Relations; and

WHEREAS, during his tenure DART has grown from an idea, to a voter-approved agency, to an internationally recognized multi-modal transit system responsible for more than 60 million passenger trips annually contributing multiple billions of dollars in economic development; and

WHEREAS, in his various roles he has helped shape public perception of the value of their investment in transit and prepared the region for the next generation of mobility services; and

WHEREAS, he is retiring from DART on June 1, 2018, having helped the agency grow and mature and, more importantly, made substantial contributions to our region and the quality of life of its residents.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
TOWN OF ADDISON, TEXAS THAT:**

Section 1. That Michael Miles be recognized by this body and thanked for his many years of service to the people of Addison. May he enjoy a long and enjoyable retirement, knowing he is leaving North Texas better than when he started.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 22nd day of May, 2018.

Joe Chow, Mayor

ATTEST:

APPROVED AS TO FORM:

Christie Wilson, Interim City Secretary

Brenda N. McDonald, City Attorney

Work Session and Regular Meeting**Meeting Date:** 05/22/2018**Department:** City Manager

AGENDA CAPTION:

Consider Action on a Resolution to **Reappoint Steve Mitchell, City of Richardson Council Member, as the Primary Representative and Ivan Hughes as the Alternate Representative to the Regional Transportation Council (RTC) of the North Central Texas Council of Governments.**

BACKGROUND:

The Regional Transportation Council is a 44 member independent transportation policymaking body which determines how regional transportation funds should be spent. The municipalities of Richardson and Addison share one representative. With this resolution, the City Council appoints Council Member Ivan Hughes as the alternate representative and Richardson City Council Member Steve Mitchell as the primary representative. Both of these individuals are currently serving in their respective roles.

Former Mayor Pro Tempore Bruce Arfsten served as the primary representative from June 2015 to May 2017. The City of Richardson and the Town of Addison rotate the appointments and collaborate together to ensure the interests of both cities are represented.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution - RTC Appointment

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, APPOINTING STEVE MITCHELL TO THE AGGREGATED POSITION OF REPRESENTATIVE; AND IVAN HUGHES AS ALTERNATE TO THE AGGREGATED POSITION OF REPRESENTATIVE TO THE REGIONAL TRANSPORTATION COUNCIL OF THE NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS, WHICH FRACTIONAL ALLOCATION MEMBERSHIP IS SHARED WITH THE TOWN OF ADDISON; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, regional transportation planning and improved mobility are goals of the Town of Addison; and

WHEREAS, the Town of Addison desires to have a representative on the Regional Transportation Council.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

SECTION 1. That Steve Mitchell, Council Member for the City of Richardson, is hereby appointed to the Regional Transportation Council of the North Central Texas Council of Governments.

SECTION 2. That Ivan Hughes, Council Member of the Town of Addison, is hereby appointed as Alternate to the Regional Transportation Council of the North Central Texas Council of Governments.

SECTION 3. This resolution shall become effective immediately from and after its passage.

DULY RESOLVED AND ADOPTED by the City Council of the Town of Addison, Texas, on this the 22nd day of May, 2018.

Joe Chow, Mayor

APPROVED AS TO FORM:

ATTEST:

Brenda McDonald, City Attorney

Christie Wilson, Interim City Secretary

AI-2718

14.

Work Session and Regular Meeting

Meeting Date: 05/22/2018

Department: City Manager

AGENDA CAPTION:

Consider Action to Approve a **Resolution Accepting the Resignation of Denise Quintanilla from the Planning and Zoning Commission.**

BACKGROUND:

Denise Quintanilla was appointed to the Planning and Zoning Commission on November 14, 2017 by Council Member Tom Braun for the term beginning on January 1, 2018.

Ms. Quintanilla notified the Town of her resignation by email on May 11, 2018, effective immediately, due to the recent election of her husband, Guillermo Quintanilla, to City Council.

The attached resolution formally accepts Ms. Quintanilla's resignation. Council Member Braun will appoint a replacement for this vacancy at a future Council meeting.

RECOMMENDATION:

Administration recommends acceptance.

Attachments

Resolution - Acceptance of Resignation for Denise Quintanilla

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS ACCEPTING THE RESIGNATION OF DENISE QUINTANILLA AS A MEMBER OF THE ADDISON PLANNING & ZONING COMMISSION AND ACKNOWLEDGING HER SERVICE TO THE TOWN OF ADDISON, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Denise Quintanilla was appointed to the Addison Planning & Zoning Commission on November 14, 2017; and

WHEREAS, since that time, Denise Quintanilla has honorably and faithfully discharged her duties as a Planning & Zoning Commissioner; and

WHEREAS, on May 5, 2018, Guillermo Quintanilla was elected to serve as a councilmember on the Addison City Council; and

WHEREAS, as a result of her husband's election to the Addison City Council, Denise Quintanilla has tendered her resignation as a member of the Planning & Zoning Commission.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. The recitals set forth above are true and correct and are incorporated herein for all purposes.

Section 2. The Addison City Council hereby accepts the resignation of Denise Quintanilla from her service on the Addison Planning & Zoning Commission effective May 15, 2018 and hereby offers its gratitude and appreciation for her service on the Planning & Zoning Commission.

Section 3. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 22nd day of May, 2018.

Joe Chow, Mayor

ATTEST:

By: _____
Christie Wilson, Interim City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

AI-2535

15.

Work Session and Regular Meeting

Meeting Date: 05/22/2018

Department: Infrastructure- Development Services

AGENDA CAPTION:

Consider Action to Approve a **Resolution for a Permanent Air Rights Easement Agreement with Urban Intown Homes, LTD to Allow Certain Townhome Units to Extend Over Public Easements Within the Addison Grove Development and to Authorize the City Manager to Execute the Agreement.**

BACKGROUND:

In 2016, the City Council approved the zoning for the Addison Grove redevelopment of the former Sam's Club Property at 4150 Belt Line Road. Subsequently, the City Council approved more detailed development plans for the first 57 townhome units. As part of the development plan approval, it was contemplated that the townhome units adjacent to the intersection of the public streets and the private alleys would bridge over the alley and connect to the adjacent row of townhomes. An example of this can be seen in the rendering attached to this item.

These private alleys are encumbered by a Fire Lane, Access and Utility Easement (FLAUE) that was granted by the developer to the Town when the property was replatted. This FLAUE is necessary because the alleys provide the Fire Department access to the townhomes and serve as the corridor for water, sanitary sewer, drainage and electrical service facilities. Typically, no structure is allowed in or above an easement. To improve the aesthetics of the development, staff has worked with the developer to allow these bridge units while ensuring that proper access is maintained.

This agreement covers six units within the first block of development. Additional agreements may be brought forward for Council consideration for other blocks as those units are designed.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution - Addison Grove Air Rights Easement

Bridge Unit Rendering

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE TOWN OF ADDISON, TEXAS, REQUIRING DEDICATION OF A PERMANENT AIR RIGHTS EASEMENT FOR CERTAIN PROPERTY WITHIN THE REPLAT OF ADDISON GROVE TO AUTHORIZE THE CONSTRUCTION OF TOWNHOME UNITS ABOVE THE FIRE LANE AND UTILITY EASEMENT GRANTED TO THE TOWN IN THE REPLAT OF ADDISON GROVE; REQUIRING INDEMNIFICATION OF THE TOWN OF ADDISON; APPROVING A PERMANENT AIR RIGHTS EASEMENT; AUTHORIZING THE EXECUTION OF THE EASEMENT AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Addison is a home rule municipality with the powers of self-government; and

WHEREAS, the Town approved the Replat of Addison Grove recorded December 19, 2017 as Instrument # 201700353297 in the Official Public Records of Dallas County, Texas (the “Addison Grove Replat”); and

WHEREAS, the Addison Grove Replat granted to the Town of Addison, a Fire Lane and Utility Easement to provide for public utility and emergency services for the benefit of the Addison Grove development; and

WHEREAS, acting pursuant to law and upon the request and application of Urban Intown Homes, LTD., owner of the property that is the subject of the Addison Grove Replat, which property has several lots and blocks which require airspace easement rights to be granted to the owners of certain townhomes within the Addison Grove development; and

WHEREAS, the Town of Addison deems it advisable to consent to the grant of permanent airspace easement rights to each owner of the affected lots and blocks identified in the attached Exhibit A, attached hereto and made a part hereof, (the “Townhomes with Airspace Rights”), and City Council is of the opinion that, subject to the terms and conditions herein provided, said dedication of airspace to the Townhomes with Airspace Rights, is needed for subsequent Grantee/Owner’s use for ownership as well as to make each lot and block subject to such easement insurable via Texas Title Insurance; and

WHEREAS, the City Council, after careful study and consideration, is of the opinion and finds that the best interest and welfare of the City and subsequent owners and Grantees will be better served if this Permanent Air Rights Easement is a condition of the granting of the Addison Grove Replat.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. The recitals set forth above are true and correct and are incorporated as if fully set forth herein.

Section 2. The owner of the property in the Addison Grove Replat shall be required to grant a permanent air rights easement to the owners of townhomes spanning the Fire Lane and Utility Easement granted to the Town of Addison in the Addison Grove Replat and the Town shall have the right to consent to the air rights easement.

Section 3. The beneficiary of the permanent air rights easement, including the homeowners association formed for the benefit of the Addison Grove residential properties, shall be required to provide an indemnification to the Town of Addison for the townhome improvements constructed over the Town's Fire Lane and Utility Easement.

Section 4. The Permanent Air Rights Easement attached hereto as **Exhibit A** shall be and is hereby approved and the City Manager is authorized to execute the easement.

Section 5. This resolution shall be effective from and after its date of passage.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 22nd day of May, 2018.

Joe Chow, Mayor

ATTEST:

Christie Wilson, Interim City Secretary

APPROVED AS TO FORM:

Brenda N. McDonald, City Attorney

Exhibit A

PERMANENT AIR RIGHTS EASEMENT AGREEMENT

This PERMANENT AIR RIGHTS EASEMENT AGREEMENT (this “Agreement”) is made as of the ____ day of _____, 2018 (the “Effective Date”), by and between Town of Addison, Texas (“City”), and Urban Intownhomes, LLC, a Texas limited liability company (“Developer” and “Grantor”), its successors and/or assigns. City and Developer are sometimes referred to together herein as the “Parties” and individually as a “Party.”

WITNESSETH:

WHEREAS, City is located in Dallas County, Texas, and is the beneficiary of an easement for public utility and emergency services over the alleys and adjacent air space above such alleys located on the Developer Property as defined herein for the benefit of the Townhome Improvements, as defined below (referred to herein as “City Grant”); and

WHEREAS, Developer is the Owner of that certain property situated in the City of Addison, Dallas County, Texas, more particularly described in the Replat Addison Grove recorded December 19, 2017 as Instrument # 201700353297 in the Official Public Records of Dallas County, Texas, attached hereto **Exhibit A** (the document itself, the “Addison Grove Replat” and the property described therein, the “Developer Property”) which is subject to the City Grant; and

WHEREAS, Developer is constructing a multi-story townhome development and other related improvements (collectively, the “Townhome Improvements” or the “Project”) on the Developer Property and such Project will require granting of airspace rights to certain Townhome Improvements within the Project that span the City Grant previously described and recorded from the Developer to the City for public utilities and emergency services as a condition of the Addison Grove Replat; and

WHEREAS, in compliance with the City’s Resolution No. _____, passed by the City on the 22nd day of May, 2018, Developer acknowledges and agrees it shall and does hereby reserve and convey to each owner of the townhome units identified in **Exhibit B**, attached hereto and made a part hereof, within the Addison Grove Replat, (hereinafter referred to as the “Air Space Townhome Units”) easement and rights to air space at the locations, being the Permanent Air Rights Easement (as defined below) as described herein. The Permanent Air Rights Easement is subject to the City Grant for the benefit of the Townhome Improvements in the Addison Grove Replat. The Permanent Air Rights Easement for the benefit of each Air Space Townhome Unit identified in **Exhibit B** adjacent to and served by such Permanent Air Rights Easement shall cover and include the area beginning at a plane measured sixteen feet (16’) from the surface finished pavement and measured across from the base of the arch on the Air Space Townhome Units on either side of the Fire Lane, Access and Utility Easement shown (being a minimum of twenty-four feet [24’] wide from finished arch to finished arch, but in any event as shown on **Exhibit C** attached hereto), and including the air space measured from such sixteen foot (16’) plane up to and including a minimum of fourteen feet (14’).

WHEREAS, Developer and the City agree that the air space rights granted herein, run with the land for the benefit of specific Air Space Townhome Units identified in **Exhibit B** and the owners of each such Air Space Townhome Unit, subject only to maintenance rights reserved by Developer and granted herein for the benefit of the HOA (as defined below) and the City by the Developer. At such time as Developer creates a homeowner's association or townhome association for the Project ("HOA") then Developer shall convey its maintenance rights and obligations hereunder, if any, with regard to any improvements constructed within the Permanent Air Rights Easements to such HOA to enable the HOA to perform the maintenance, repair and/or insurance obligations hereunder; **provided, however**, the primary responsibility and liability for the maintenance and repair of any Townhome Improvements constructed within the Permanent Air Rights Easements and the obligation to maintain insurance required hereunder shall be that of the owner of the Air Space Townhome Unit within each such Permanent Air Rights Easement Area, and such improvements shall be treated and be part of the such owner's Air Space Townhome Unit maintained by the owner thereof and for insurability by the owner thereof in accordance with the terms hereof. Any policy of insurance obtained by the owners of such Air Space Townhome Units with respect to improvements or operation of the Permanent Air Rights Easements shall conform with the requirements set forth in Section 5 below; and

WHEREAS, City consents to Developer's grant of the Permanent Air Rights Easements running with the land for the benefit of each Air Space Townhome Unit described in **Exhibit B** and the owners of each such Air Space Townhome Unit, spanning the Fire Lane, Access and Utility Easement as shown on **Exhibit C** attached hereto, within the Addison Grove Replat as approved by the City under the resolution referenced herein, and in accordance with the provisions set forth herein.

NOW THEREFORE, for valuable consideration in hand paid, the receipt and sufficiency of which are hereby confessed and acknowledged, the Parties hereby agree as follows:

1. **Recitals.** The recitals set forth above are true and accurate and are incorporated as if fully set forth herein.

2. **Permanent Air Rights Easement.**

A. **Consideration.** Ten Dollars (\$10.00) in hand paid by Grantee, the receipt and sufficiency of which is acknowledged by Grantor, and other good and valuable consideration.

B. **Grantees.** The current and future owners, and their successors and assigns, of the Air Space Townhome Units identified in **Exhibit B** attached hereto; provided, however, that the HOA shall be an additional beneficiary of such Permanent Air Rights Easement as may be necessary to satisfy and/or perform the maintenance, repair and/or insurance obligations of such owners of the Air Space Townhome Units in the event of any failure of such owners hereunder.

C. **Easement Property.** The Easement Property (herein so called) affected by the Air Right Easements herein granted shall be the air space within those areas shown on **Exhibit C** attached

hereto and incorporated herein, beginning at a plane measured sixteen feet (16') from the surface finished pavement and measured across from the base of the arch on the Air Space Townhome Units on either side of the Fire Lane, Access and Utility Easement shown (being a minimum of twenty-four feet [24'] wide from finished arch to finished arch, but in any event as shown on Exhibit C attached hereto), and including the air space measured from such sixteen foot (16') plane up to and including a minimum of fourteen feet (14').

D. Grant. Grantor, for the Consideration described above and subject to the Reservations from Conveyance, GRANTS, SELLS, and CONVEYS to Grantee and Grantee's successors and assigns an easement, subject to the City Grant, over and across the Easement Property, together with all and singular the rights and appurtenances thereto in any way belonging (collectively, the "Permanent Air Rights Easement"), TO HAVE AND TO HOLD the Permanent Air Rights Easement to Grantee and Grantee's heirs, successors and assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators, successors and assigns to WARRANT AND FOREVER DEFEND the title to the Permanent Air Rights Easement in Grantee and Grantee's heirs, successors and assigns against every person whomsoever lawfully claiming or to claim the Permanent Air Rights Easement or any part of the Permanent Air Rights Easement, except as to the Reservations from Conveyance and the Exceptions to Warranty.

E. Easement Purpose. The construction, use, occupation, maintenance and reconstruction of single-family residential townhome units and related improvements and appurtenances thereto, which maintenance shall include, without limitation, maintenance of the exterior structure over the City Grant.

F. City Consent. The Town of Addison, the beneficiary of the City Grant, hereby consents to Grantor's further grant of this Permanent Air Rights Easement for the purposes stated herein and subject to the maintenance requirements stated herein.

G. Reservations from Conveyance. This Permanent Air Rights Easement is nonexclusive and is granted subject to all matters of record affecting the Easement Property as of the date hereof, specifically including the Addison Grove Replat and the City Grant conveyed therein and all applicable laws.

H. Duration. The Permanent Air Rights Easement shall be effective as of this Effective Date and shall terminate automatically upon the removal of the Townhome Improvements or the entire Project. Upon termination of this Permanent Air Rights Easement, the then current Owner of record of the affected lot and block on which the Air Space Townhome Units were located that were utilizing the airspace in its ownership may, but without limiting the self-effecting nature of such termination, file an executed written notice of termination of this Permanent Air Rights Easement in the Official Public Records of Real Property of Dallas County, Texas, which notice shall be effective, without the joinder of Developer or then Common Area Property Owner, upon filing.

3. No Responsibility for Costs. City shall not bear any costs or expenses of or associated with the rights exercised by Developer or subsequent Grantee/Owner of under or pursuant to this Agreement for maintenance or operation of the Permanent Air Rights Easement. City will not be responsible for the maintenance and operation of said Permanent Air Rights Easement or maintenance of the exterior of the Townhome Improvements over the City Grant, or injury to private property or person that results from the use or occupation of the easement. Each owner of an Air Space Townhome Unit (with respect to the Airspace Townhome Unit owned by such owner) and the HOA (with respect to all Air Space Townhome Units) shall each be responsible for all the necessary costs and expenses of the Project, including the duty to maintain the safety and integrity of all Townhome Improvements in the Easement Property affected by the Permanent Air Rights Easement granted herein, as well as for the safety within the Permanent Air Rights Easement.

4. Indemnification. DEVELOPER, ITS SUCCESSORS AND OR ASSIGNS HEREBY AGREE TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY, AND ITS OFFICERS, EMPLOYEES, AGENTS, CONTRACTORS, ATTORNEYS, CONSULTANTS AND ANY SUCCESSORS OR ASSIGNS OF THE FOREGOING AND THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, AND REPRESENTATIVES (COLLECTIVELY, THE “INDEMNIFIED PARTIES”) FROM AND AGAINST ANY AND ALL LIENS, CLAIMS, OR DAMAGES OF ANY KIND OR NATURE, INCLUDING ANY DEMANDS, ACTIONS OR CAUSES OF ACTION, ASSESSMENTS, COSTS, EXPENSES, LIABILITIES, INTEREST AND PENALTIES, AND ATTORNEYS’ FEES (COLLECTIVELY, THE “CLAIMS”) SUFFERED, INCURRED, OR SUSTAINED BY ANY OF THE INDEMNIFIED PARTIES CAUSED BY DEVELOPER OR DEVELOPER’S CONTRACTORS AND/OR CONSULTANTS, OR ASSIGNS OR THEIR RESPECTIVE AGENTS OR REPRESENTATIVES WITH RESPECT TO ANY ACTS OR OMISSIONS OF THE DEVELOPER, DEVELOPER’S CONTRACTORS OR CONSULTANTS OR THEIR RESPECTIVE AGENTS OR REPRESENTATIVES WHICH ARISES OUT OF OR IS, IN ANY MANNER CONNECTED WITH THE CONSTRUCTION OF THE PORTIONS OF THE PROJECT AND THE STRUCTURAL INTEGRITY OF THE SPAN OF THE TOWNHOMES LOCATED WITHIN THE EASEMENT PROPERTY AND AFFECTED BY THE PERMANENT AIR RIGHTS EASEMENT, AND MAINTENANCE OR REPAIR OF THE EASEMENT IMPROVEMENTS IN THE AIRSPACE IDENTIFIED HEREIN AS PART OF THE EASEMENT PROPERTY OR ANY OTHER ACTIVITIES OF DEVELOPER OR ITS CONTRACTORS OR CONSULTANTS OR THEIR RESPECTIVE AGENTS OR REPRESENTATIVES ON OR AFFECTING THE AIRSPACE PURSUANT TO THIS AGREEMENT OR OTHERWISE WITH RESPECT TO THE PORTION OF THE PROJECT AFFECTED BY SUCH PERMANENT AIR RIGHTS EASEMENT HEREIN GRANTED; PROVIDED, HOWEVER, IN NO EVENT SHALL THIS INDEMNITY AND HOLD HARMLESS APPLY TO ANY CLAIMS ARISING OUT OF THE GROSS NEGLIGENCE OR WILFUL MISCONDUCT OF ANY INDEMNIFIED PARTY. IN THE EVENT ANY INDEMNIFIED PARTY IS MADE A PARTY TO ANY LITIGATION, TO THE EXTENT SUCH CLAIM IS COVERED BY THE INDEMNITY CONTAINED HEREIN, DEVELOPER (ITS SUCCESSORS AND OR ASSIGNS) SHALL DEFEND THE

INDEMNIFIED PARTIES WITH RESPECT TO ANY “ACTION” (HEREAFTER DEFINED) AND SHALL PAY ALL JUDGMENTS, CLAIMS, DAMAGES, LIABILITIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS’ FEES AND DISBURSEMENTS) IN CONNECTION WITH THE LITIGATION. DEVELOPER SHALL ADVISE THE APPLICABLE INDEMNIFIED PARTY PROMPTLY, IN WRITING OF THE SERVICE UPON DEVELOPER OF ANY SUMMONS, NOTICES, LETTERS OR OTHER COMMUNICATIONS ALLEGING ANY CLAIM OR LIABILITY AGAINST THE APPLICABLE INDEMNIFIED PARTY OR WITH RESPECT TO THE PROJECT OR AIRSPACE UPON WHICH DEVELOPER HAS MADE SUCH IMPROVEMENTS. DEVELOPER AND THE APPLICABLE INDEMNIFIED PARTIES AGREE TO REASONABLY COOPERATE IN THE EVENT THAT ANY SUCH SUMMONS OR CLAIM AS AFORESAID IS FILED OR DELIVERED ALLEGING LIABILITY ON THE PART OF THE APPLICABLE INDEMNIFIED PARTY.

Additionally, the applicable Indemnified Parties agree that if any third party claims are made or any action or proceeding (each, an “Action”) is instituted against any of the Indemnified Parties for which indemnity is sought pursuant to this Agreement, the applicable Indemnified Party will promptly notify Developer in writing and will thereafter continue to give Developer reasonably prompt written notice of all developments in connection therewith within the applicable Indemnified Party’s actual knowledge. With respect to any Action, to the extent covered by the scope of the indemnity contained herein, Developer shall defend the Action, at Developer’s sole cost and expense, in the name of the applicable Indemnified Party, and will have the right to designate any counsel reasonably acceptable to the applicable Indemnified Party to defend such action (and the applicable Indemnified Party hereby agrees that any counsel designated by the applicable insurance company is deemed acceptable – it being hereby expressly understood that the insurance required herein is in addition to and separate from any other obligation contained in this Agreement). Developer will conduct all proceedings with respect to the Action with due diligence. Developer shall not agree to any settlement or admission of liability that adversely affects the applicable Indemnified Party without the written consent of such applicable Indemnified Party. Developer will arrange to provide such information to the applicable Indemnified Party as is reasonably necessary to keep the applicable Indemnified Party fully informed of all proceedings. The applicable Indemnified Party will cooperate in all reasonable respects with Developer and Developer’s attorney at all stages of the Action at no cost or expense to the applicable Indemnified Party. The applicable Indemnified Party agrees to promptly supply to Developer and Developer’s attorneys, upon written request, all papers, documents and evidence in the applicable Indemnified Party’s possession or control and such other information with the applicable Indemnified Party’s knowledge pertinent to the Action. In the event that Developer does not timely notify the applicable Indemnified Party of Developer’s defense of each Action or fails to continue to discharge such defense obligation in accordance with this Agreement, the applicable Indemnified Party may elect to defend the Action at Developer’s cost and expense and Developer shall reimburse Indemnified Party’s reasonable and actual expense incurred. Notwithstanding anything set forth herein to the contrary, the indemnification and restoration obligations of Developer in this Agreement shall survive the termination of this Agreement.

5. Insurance. Each owner of an Air Space Townhome Unit (with respect to the Airspace Townhome Unit owned by such owner) shall carry and maintain for the Permanent Air Rights Easement as part of the Townhome Improvements owned by such owner, the following insurance policies:

- A. Premises Liability Insurance with minimum limits of \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate; and
- B. No exclusion for explosion, collapse, and underground hazard.

Insurance coverage is to be written by companies duly authorized to do business in the State of Texas at the time the policies are issued and must be written by companies with an A. M. Best rating of A-VIII or better. The policy(ies) will contain a provision in favor of the Indemnified Parties (defined below) waiving subrogation or other rights of recovery against any of the Indemnified Parties. In addition, (i) the premises liability or commercial general liability policy, including any umbrella/excess liability policies, must be endorsed to include the City as an additional insured and to provide that its coverage is primary and non-contributing with regard to any insurance of City, (ii) contain a “separation of insureds” provision; and (iii) to the extent commercially reasonably available, all policies must be endorsed to provide that such policy will not be canceled without 30 days prior written notice to City (10 days prior written notice in the event of cancellation for non-payment of premium). Each owner of an Air Space Townhome Unit (with respect to the Airspace Townhome Unit owned by such owner), its successors and / or assigns shall be responsible for premiums, deductibles and self-insured retentions, if any, stated in the policies it maintains. The insurance coverages required under this Agreement are required minimums and are not intended to limit the responsibility or liability of each owner of an Air Space Townhome Unit (with respect to the Airspace Townhome Unit owned by such owner), or its successors or assigns. Upon written request, each owner of an Air Space Townhome Unit (with respect to the Airspace Townhome Unit owned by such owner), or its successors and / or assigns shall also cause true and correct copies of the required insurance policies (including endorsements) to be promptly delivered to City and the HOA. If at any time an owner fails to obtain the insurance as required hereunder, the HOA may obtain such insurance coverages required hereunder on behalf of such owner, and levy an assessment as may be permitted under any covenants, conditions and restrictions encumbering the Project and administered by the HOA (the “CCRs”) against such owner’ Townhome Unit in an amount required to reimburse the HOA or such costs and expenses incurred in procuring such policy(ies) of insurance on behalf of such owner.

A certificate of insurance evidencing coverage required hereunder must be provided and delivered to City and HOA simultaneous with the granting of the Certificate of Occupancy, authorizing occupancy of the affected units in the Project.

All insurance certificates must include a clause stating that the insurance policy must not be canceled, not renewed, reduced, restricted, or otherwise limited until 30 days after City or HOA has received (a) written notice as evidenced by a return receipt of certified mail and (b) substitute certificates of insurance evidencing equivalent substitute insurance. All insurance certificates must affirmatively show that City and HOA are named as an additional insureds.

6. **Homeowners Association.** Developer covenants and agrees, that it shall establish an HOA for the Project. Such HOA shall be additionally liable for any and all maintenance and operation of the Permanent Air Rights Easement, including, without limitation, maintenance of the exterior of the Townhome Improvements over the City Grant, and any costs or expenses incurred by the HOA in connection with the performance of any maintenance or repair obligations hereunder, or in connection with procuring required insurance under Section 5 hereof, shall be funded through the levying of assessments pursuant to the CCRs. Prior to Developer's conveyance of an Air Space Townhome Unit to an owner and establishment of the HOA and CCRs providing for funding of any maintenance and repair of such Permanent Air Rights Easements by the HOA, the Developer covenants and agrees to fund same. The CCRs shall provide for the levying of an assessment against any Air Space Townhome Unit within the Project for which the HOA must fund the maintenance, repair and/or insurance obligations therefor on behalf of any responsible owner, which assessment shall be a personal obligation of the owner of such Air Space Townhome Unit for which the HOA incurs such cost and/or expense, and shall be a continuing lien upon the Air Space Townhome Unit(s) within the Project shown on the Addison Grove Replat for which such cost and/or expense was incurred by the HOA.

7. **Enforcement.** Enforcement of these Covenants shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate them, or to recover damages, or to enforce any lien created by these Covenants. Failure by the City, Developer, its successors and assigns, or HOA to enforce the rights herein shall not be deemed a waiver of such rights.

8. **Creation of Lien.** Assessments for the costs of maintenance and operation of the Permanent Air Rights Easements granted herein upon the Developer and thereafter the Grantee, its successors and assigns are secured by a continuing lien on the Easement Property for the benefit of the City. By acceptance of the deed to property including the Easement Property, the Developer or Grantee of such Easement Property grants the lien, together with the power of sale, to the City to secure Assessments.

9. **Commencement.** The Permanent Air Rights Easements herein granted shall become effective upon recordation and become subject to assessments upon conveyance of the Easement Property by Developer to Grantee or any owner of the Airspace Townhome Units.

10. **Bind and Inure; Covenants Running with Land.** Except as otherwise stated herein, the benefits and burdens, rights and obligations, easements and restrictions created by this Agreement **shall be appurtenant to and run with and burden and be binding upon the** Developer Property to the extent stated by the express terms hereof and shall inure to the benefit of the future Grantees/ Owners of the Airspace Townhome Units identified on **Exhibit B** as benefitted by this Permanent Air Rights Easement and burden the Easement Property, and be binding upon Developer, and its successors and assigns, and those claiming by, through, or under them as owners and holders of the Permanent Air Rights Easements or holding any rights to the Easement Property, for so long as the Permanent Air Rights Easements are in force and effect hereunder. The covenants, agreements, terms, provisions, and conditions of this Agreement shall bind and benefit the successors-in-interest as Owners of the Developer Property hereto with the same effect as if mentioned in each instance when a Party hereto is named or referred to, it being understood and agreed that upon any transfer of Ownership of all or any part of the Developer Property parcel or

all or any part of the Developer Property affected by the Permanent Air Rights Easement, as the case may be (and it shall be deemed and construed as a **covenant running with the land**) each such successor-in-interest shall thereupon and thereafter by virtue of transfer, assume, and perform and observe, any and all of the obligations of its predecessors in interest under this Agreement, except that Developer and each owner of an Air Space Townhome Unit (with respect to the Airspace Townhome Unit owned by such owner), and its successors and assigns shall retain the obligation of Indemnity and Insurance as stated herein and in accordance with the express terms of this Agreement.

11. Choice of Law. This Agreement will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction. Venue shall be in Dallas County, Texas.

12. Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all signatory Parties had signed the same document. All counterparts will be construed together and will constitute one and the same instrument.

13. Further Assurances. Each Party agrees to execute and deliver any additional documents and instruments that may be necessary or appropriate to enable the performance of the terms, provisions, and conditions of this Agreement and all transactions contemplated by this Agreement so long as such documents and instruments are in form reasonably acceptable to each Party and do not expand any Party's obligations or duties hereunder.

14. Legal Construction. If any provision in this Agreement is for any reason unenforceable, to the extent the unenforceability does not destroy the basis of the bargain among the Parties, the unenforceability will not affect any other provision hereof, and this Agreement will be construed as if the unenforceable provision had never been a part of the Agreement. Article and section headings in this Agreement are for reference only and are not intended to restrict or define the text of any section. This Agreement will not be construed more or less favorably between the Parties by reason of authorship or origin of language.

15. Waiver of Default. Either party may waive any default of the other at any time, without affecting or impairing any right arising from any subsequent or other default.

16. Notices. Any notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to be given (a) when actually received by that Party, (b) when sent via overnight courier service and confirmation of receipt by the addresses is obtained from the courier's tracking system, or (c) three (3) days after being deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the Party in question at the address indicated for such Party on the signature page herein below, or to a different address as previously given in a notice to the other Parties. Any such notice, if given to Developer, shall be addressed as follows:

If given to Developer:

Urban Intown Homes, LTD
1520 Oliver Street
Houston, TX 77007

with copy to:

BoyarMiller
Attention: Hilary Tyson
Kirby Grove
2925 Richmond Ave., 14th Floor
Houston, Texas 77098

and, if given to City, shall be addressed as follows:

City of Addison
City Manager
P.O. Box 9010
Addison, TX 75001
Email: wpierson@addisontx.gov

with a copy to:

Addison City Attorney
Brenda N. McDonald
Messer Rockefeller & Fort, PLLC
6371 Preston Road
Suite 200
Frisco, Texas 75034
Email: brenda@txmunicipallaw.com

15. Legal Fees/General Reimbursements. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, agreements, representations or warranties on the part of the other party arising out of this Agreement, then, in that event, notwithstanding anything in this Agreement to the contrary, the prevailing party in such action or dispute, whether by judgment or out of court settlement, shall be entitled to have and recover of and from the other party all costs and expenses of suit, including actual attorney's fees. In the event Developer is liable to City for reimbursement of any expenses as provided in this Agreement, such reimbursement shall be promptly paid by Developer when due, and all such amounts payable herein by Developer to City shall bear interest from thirty (30) days after demand until paid at the rate of six percent (8%) per annum.

16. No Further Agreement. This Agreement contains a complete expression of the agreement between the Parties, and there are no promises, representations or inducements, verbal or written except such as are herein provided, and the terms of this Agreement cannot be varied or terminated except by the written agreement of the Parties.

[Signature Pages Follow]

IN WITNESS WHEREOF, the City has executed this agreement to be effective as of the Effective Date.

CITY:

Wesley S. Pierson, City Manager

STATE OF TEXAS §
COUNTY OF DALLAS §

This instrument was ACKNOWLEDGED before me, the undersigned authority, on the ____ day of _____, 2018, by Wesley S. Pierson, in his capacity as the City Manager of the Town of Addison, Texas, a Texas home-rule municipality, on behalf of said municipality.

NOTARY PUBLIC STATE OF TEXAS

IN WITNESS WHEREOF, the Developer has executed this agreement to be effective as of the Effective Date.

DEVELOPER:

URBAN INTOWNHOMES, LLC,
a Texas limited liability company

By: David Foor
Name: DAVID FOOR
Title: VP

STATE OF TEXAS §
COUNTY OF Harris §

This instrument was ACKNOWLEDGED before me, the undersigned authority, on the 17th day of May, 2018, by David Foor, in his/~~her~~ capacity as the Vice President of Urban Intownhomes, LLC, a Texas limited liability company, on behalf of said limited liability company.

Travis Derk Brandenburg
NOTARY PUBLIC STATE OF TEXAS

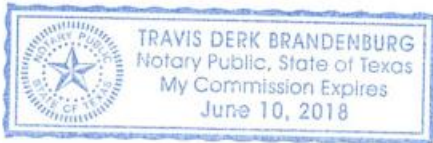


EXHIBIT A

DEVELOPER PROPERTY

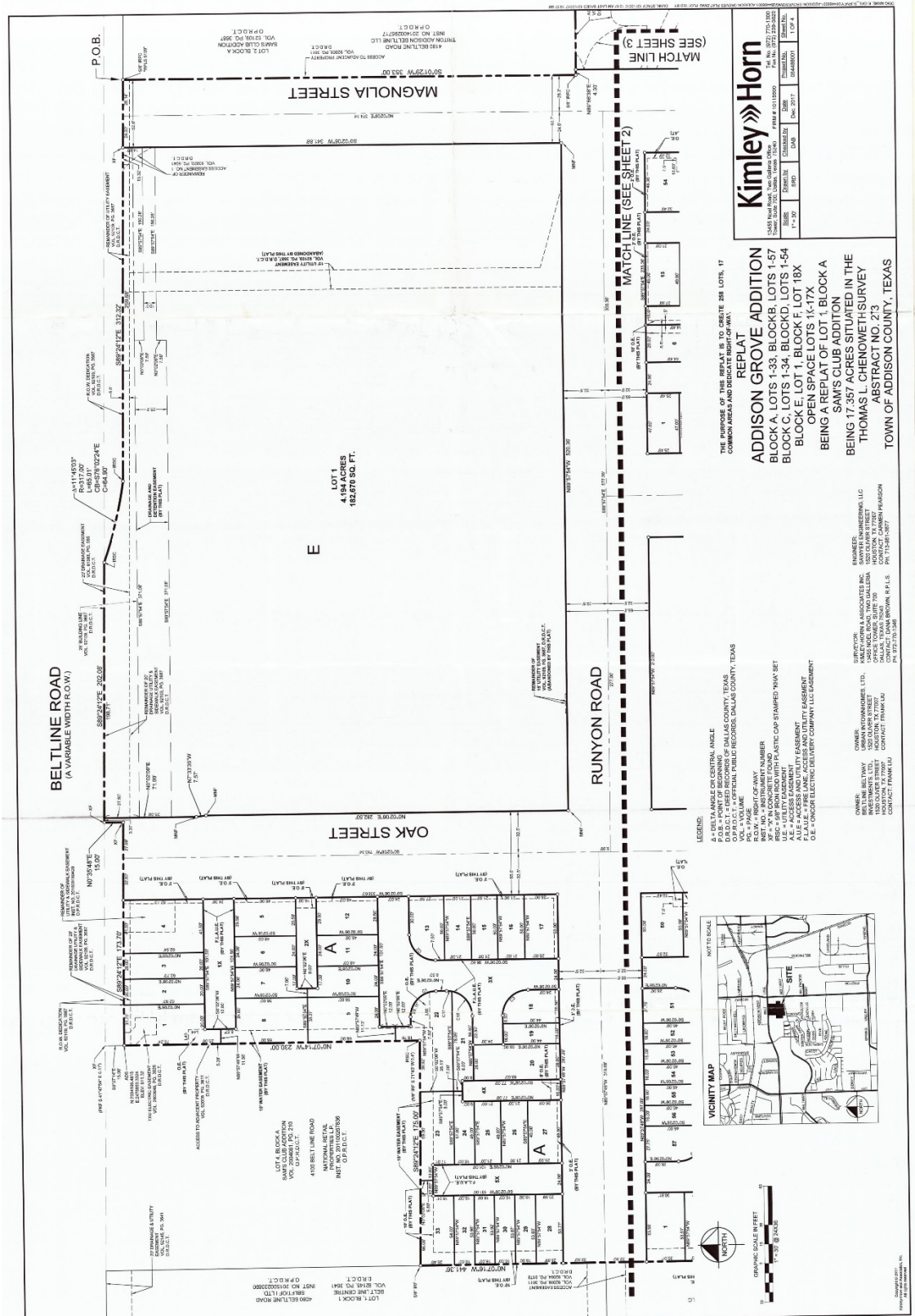


EXHIBIT A



Kimley»Horn

1402 North Loop West, Suite 700, Dallas, Texas 75240
 Phone: (214) 797-7300
 Fax: (214) 797-7300
 Website: www.kimley-horn.com

Project	Client	Engineer	Checker	Date
ADDISON GROVE ADDITION	SAMS CLUB	DAVID L. HORN	DAVID L. HORN	11-25-2011

THE PURPOSE OF THIS PLAN IS TO CREATE 286 LOTS, 17 COMMON AREAS AND DEDICATE RIGHT-OF-WAY.

REPLAT
ADDISON GROVE ADDITION
 BLOCK A, LOTS 1-33; BLOCK B, LOTS 1-57
 BLOCK C, LOTS 1-34; BLOCK D, LOTS 1-54
 BLOCK E, LOT 1; BLOCK F, LOT 18X
 OPEN SPACE LOTS 17X-17X

BEING A REPLAT OF LOT 1, BLOCK A
 BEING 17.357 ACRES SITUATED IN THE
 TOWN OF ADDISON COUNTY, TEXAS
 THOMAS L. CHENOWETH SURVEY
 ABSTRACT NO. 273

OWNER: SAMS CLUB ASSOCIATED, INC.
 1500 GARDNER STREET
 HOUSTON, TX 77057
 CONTACT: FRANK LIU
 PH: 713-981-5877

ENGINEER: KIMLEY-HORN
 1402 NORTH LOOP WEST, SUITE 700
 DALLAS, TEXAS 75240
 CONTACT: DAVID L. HORN
 PH: 214-797-7300

OWNER: HOLE GRANDE DRIVE
 1500 GARDNER STREET
 HOUSTON, TX 77057
 CONTACT: FRANK LIU
 PH: 713-981-5877

ENGINEER: KIMLEY-HORN
 1402 NORTH LOOP WEST, SUITE 700
 DALLAS, TEXAS 75240
 CONTACT: DAVID L. HORN
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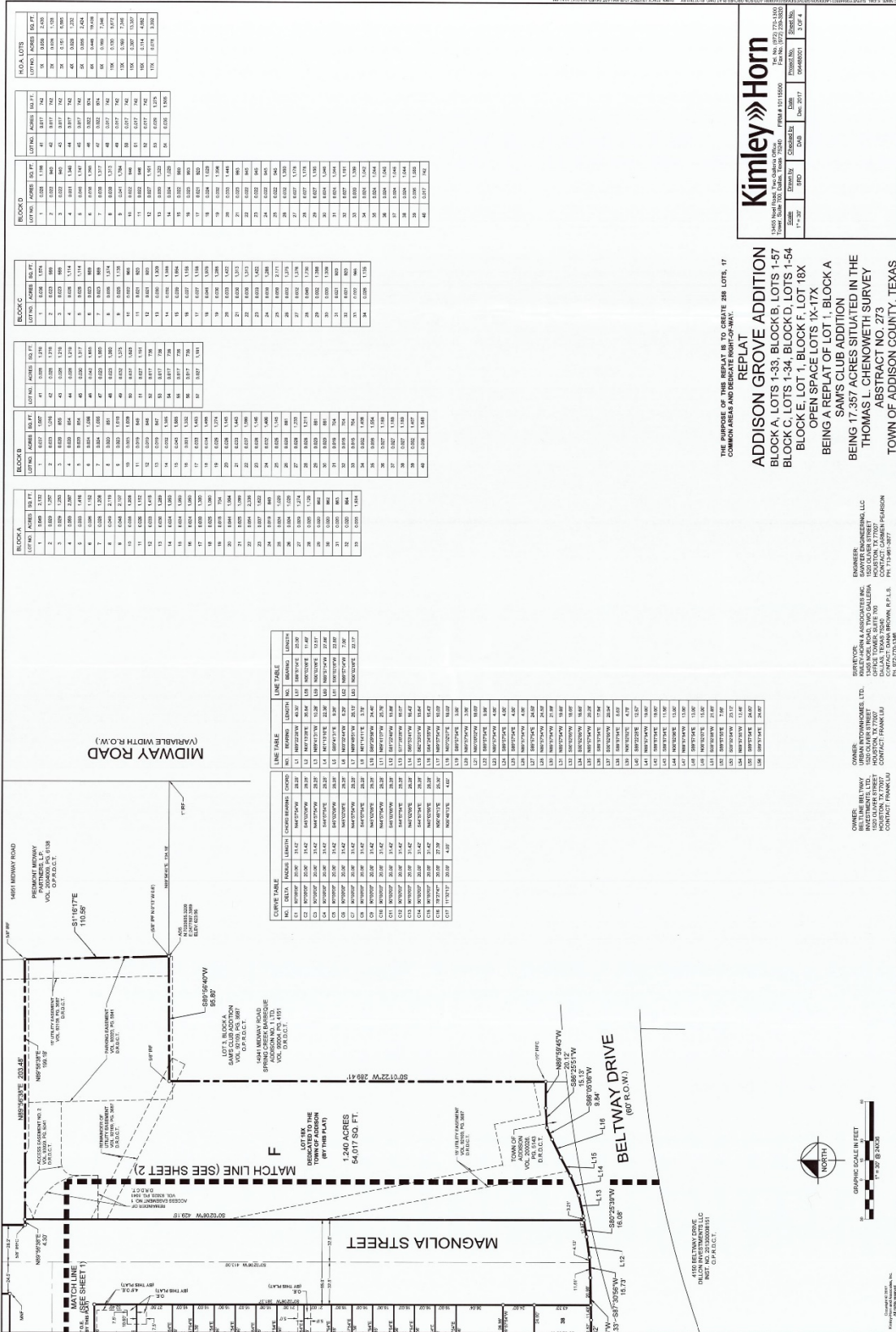
OWNER: HOLE GRANDE DRIVE
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 HOUSTON, TX 77057
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 DALLAS, TEXAS 75240
 CONTACT: DAVID L. HORN
 PH: 214-797-7300

EXHIBIT A



Kimley-Horn
14455 Redwood, The Woodlands, Texas 77380
Phone: 281-360-7222 Fax: 281-360-7223
www.kimley-horn.com

THE PURPOSE OF THIS REPEAT IS TO CREATE 286 LOTS, 17 COMMON AREAS AND DEDEGATE RIGHT-OF-WAY.

REPEAT

ADDITIONAL GROVE ADDITION

BLOCK A, LOTS 1-33, BLOCK B, LOTS 1-57
BLOCK C, LOTS 1-34, BLOCK D, LOTS 1-54
BLOCK E, LOT 1, BLOCK F, LOTS 1-17
OPEN SPACE LOTS 1X-17X
BEING A REPEAT OF LOT 1, BLOCK A
SAM'S CLUB ADDITION

BEING 17.357 ACRES SITUATED IN THE
THOMAS L. CHENOIETH SURVEY
ABSTRACT NO. 273
TOWN OF ADDISON COUNTY, TEXAS

OWNER:
MIDWAY BELTWAY
15014 MIDWAY STREET
HOUSTON, TX 77050
CONTACT: FRANK JIU
PH: 281-941-3827

ENGINEER:
URBAN ENGINEERING, LTD.
10000 BELTWAY DRIVE
HOUSTON, TX 77050
CONTACT: FRANK JIU
PH: 281-941-3827

REGISTERED PROFESSIONAL ENGINEER
STATE OF TEXAS
EXPIRES: 12/31/2027
PH: 281-941-3827



EXHIBIT A

OWNERS DEDICATION
NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:
THE URBAN INTERIORS, LTD. AND BELLE BELWY INVESTMENTS, LTD. (collectively, "Owners") do hereby dedicate to the Town of Addison, Texas, the easement described herein for the purposes and conditions set forth herein.

THE URBAN INTERIORS, LTD. AND BELLE BELWY INVESTMENTS, LTD. (collectively, "Owners") do hereby dedicate to the Town of Addison, Texas, the easement described herein for the purposes and conditions set forth herein.

APPROVED BY THE PLANNING AND ZONING COMMISSION OF THE TOWN OF ADDISON, TEXAS:
August 15, 2017
Approved by: [Signature]
City Secretary

APPROVED BY THE PLANNING AND ZONING COMMISSION OF THE TOWN OF ADDISON, TEXAS:
August 15, 2017
Approved by: [Signature]
City Secretary

Kimley-Horn
15405 North Loop, Suite 200, Dallas, Texas 75244
Phone: (214) 343-1300
Fax: (214) 343-1301
www.kimley-horn.com

OWNERS CERTIFICATE
WHEREAS THE URBAN INTERIORS, LTD. AND BELLE BELWY INVESTMENTS, LTD. (collectively, "Owners") do hereby dedicate to the Town of Addison, Texas, the easement described herein for the purposes and conditions set forth herein.

WHEREAS THE URBAN INTERIORS, LTD. AND BELLE BELWY INVESTMENTS, LTD. (collectively, "Owners") do hereby dedicate to the Town of Addison, Texas, the easement described herein for the purposes and conditions set forth herein.

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WHEREAS THE URBAN INTERIORS, LTD. AND BELLE BELWY INVESTMENTS, LTD. (collectively, "Owners") do hereby dedicate to the Town of Addison, Texas, the easement described herein for the purposes and conditions set forth herein.

OWNER: BELLE BELWY INVESTMENTS, LTD.
15405 NORTH LOOP, SUITE 200, DALLAS, TEXAS 75244
CONTACT: CAMDEN PEARSON
PH: 214-343-1300

NOTES:
All easements shall be subject to the applicable provisions of the Texas Uniform Easement Act.
Development standards shall be in accordance with the applicable provisions of the Addison Code of Ordinances.

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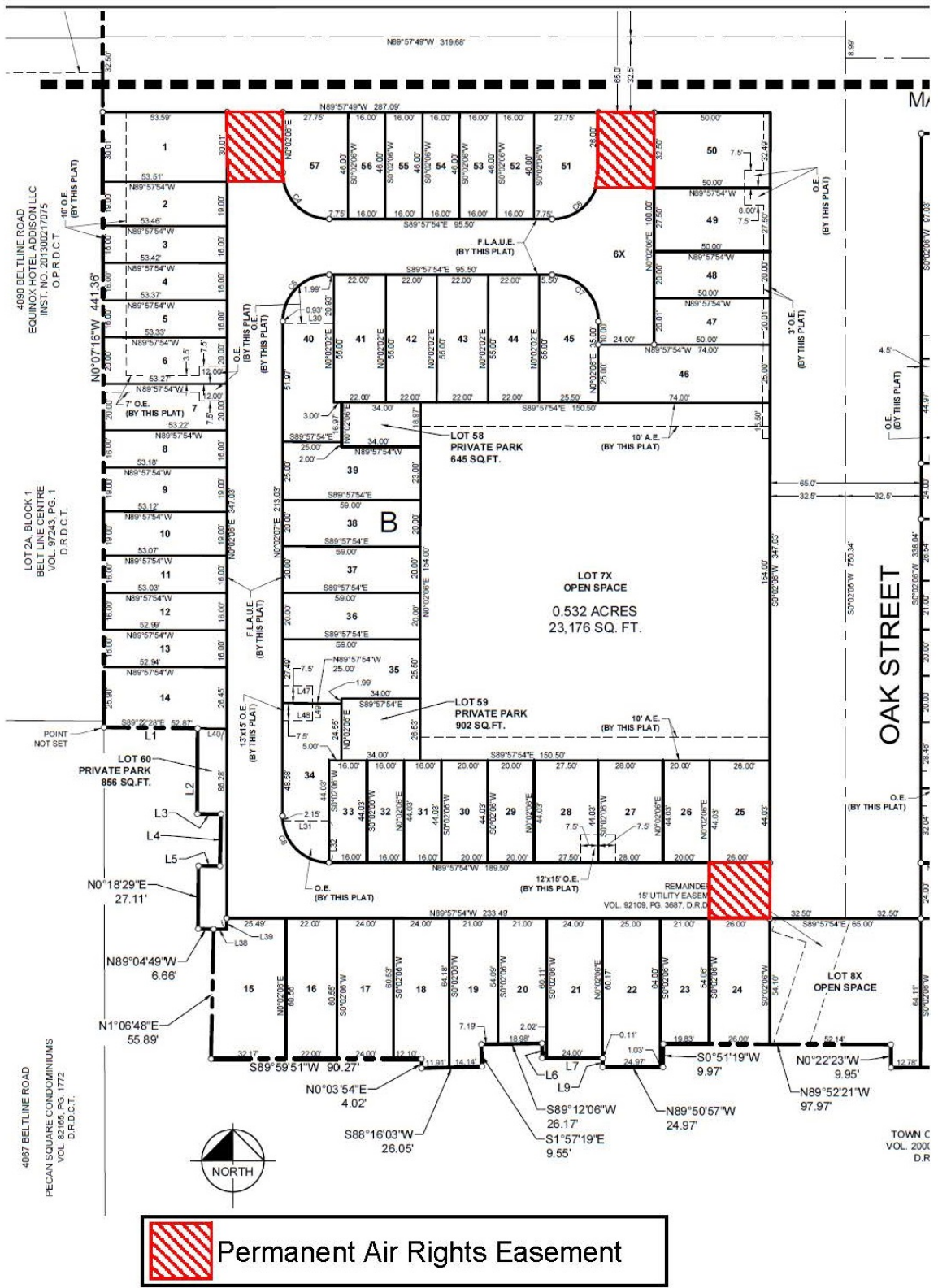
OWNER: BELLE BELWY INVESTMENTS, LTD.
15405 NORTH LOOP, SUITE 200, DALLAS, TEXAS 75244
CONTACT: CAMDEN PEARSON
PH: 214-343-1300

EXHIBIT B

**LOTS SUBJECT TO AIR SPACE RIGHTS WITHIN THE REPLAT OF ADDISON
GROVE**

Block B Lots 1, 24, 25, 50, 51, 57

EXHIBIT C





Work Session and Regular Meeting**Meeting Date:** 05/22/2018**Department:** Parks & Recreation**AGENDA CAPTION:**

Present, Discuss, and Consider Action on the **HVAC Improvements Bid for the Addison Athletic Club.**

BACKGROUND:

The Addison Athletic Club Master Plan process began in 2014 when Council funded a study in the amount of \$40,000 to complete a facility assessment and master plan. Staff selected Barker Rinker Seacat Architecture (BRS) as the most qualified firm through a Request for Qualifications (RFQ) to perform this service.

The Master Plan was adopted by Council on October 11, 2016, and selected a preferred renovation list at the October 20, 2016 meeting, in a total amount of \$1,047,000 that included:

- Air Conditioning and Heating System
- Elevator Replacement
- General Painting
- Carpet Replacement
- Convert 2 Racquetball Courts to Exercise Space
- New Lighting in Gym

At the July 11, 2017 meeting, Council discussed potential funding uses from the sale of the Belt Line Road properties. During the presentation, staff indicated that due to consultant error, the estimate for the preferred Athletic Club master plan renovation list was not accurate. Staff reached out to the consultants and received up-to-date numbers for the list of priorities. The new cost for the entire list was estimated to be \$1,574,300, an increase of \$527,300 from the original amount.

Council agreed that the two pressing priorities would be the elevator and the HVAC system overhaul and directed staff to move forward with completing those two improvements for a total of \$1,029,700.

At the September 13, 2017 meeting, Council approved the City Manager to execute an agreement with PGAL for professional services related to the Addison Athletic Club Renovations.

At the February 13, 2018 Council meeting, staff presented an extensive review of the history of the HVAC, and the consultant presented the findings from the HVAC evaluation and discussed potential design options with the Council. Council approved a resolution selecting Option 2 for the design of the HVAC system. This option includes:

- The replacement of the undersized packaged units for the expansion with an appropriately sized air-cooled chiller (200 ton)

- The replacement of high priority air handling units

Bid #18-116 Addison Athletic Club HVAC Improvements was initiated on April 9, 2018 and closed on May 3, 2018. The Town received only one bid in the amount of \$1,589,814 which significantly exceeded the budget presented to Council. Staff is recommending rejection of this bid since it exceeds the budget.

The attached presentation will provide a project update and discuss the next steps for the project. Also attached is a staff memo that provides a summary of the Addison Athletic Club HVAC project.

RECOMMENDATION:

Administration recommends rejection.

Attachments

Presentation - HVAC Improvements

Memo - HVAC Summary

Addison Athletic Club HVAC Improvements

May 22, 2018

The logo for Addison Athletic Club, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. This circle is set against a blue background that is part of a larger graphic design on the right side of the slide, which includes diagonal white lines and a grey triangle in the top right corner.

ADDISON

History – AAC Master Plan

- October 2014 – Council approves contract With Barker Rinker Seacat Architecture (BRS) for the Addison Athletic Club Master Plan
- December 2014 – Athletic Club Master Plan Kick-off
- January 2015 – Design Charrettes/Community Feedback for Master Plan
- June 2015 – Presentation of the Athletic Club Master Plan including recommendations from the Master Plan Committee
- February 2016 – Council requests additional public input
- July 2016 – Public input meetings and online survey
- October 2016 – Public input findings presented to Council. Council approves Master Plan and funding priorities
- September 2017 – The contract with BRS ended with the approval of the Master Plan; Council approved contract with PGAL for professional services related to renovations
- February 2018 – Staff presented the 3 design options for the Addison Athletic Club HVAC. Council directs staff to move forward with Option 2 (\$960,000) which will result in a future budget amendment of \$95,000.

HVAC Evaluation – Recommendations from the Consultant

1. Replace the five (5) packaged units with chilled water units. The new equipment will also provide heating, outside air to ventilate and pressurize the wing (Included in All Options)
2. Install large diameter ceiling fans in the Fitness area to generate air movement and provide a cooling effect. (Included in All Options)
3. Replace the wall mounted supply grilles in the Fitness area with new grilles that allow the direction of air flow to be adjusted. (Included in All Options)
4. Replace all of the air handling units except the unit serving the Natatorium (AHU-4) (Included in Option 3)
5. Modify or completely replace the ductwork in the Gym to provide better air distribution. (Included in Option 3)
6. Clean the cooling tower basin, fill media, and adjust the chemical content in the condenser water system. This will extend the life of the towers as well as improve the performance of the cooling towers. (Included in Option 3)
7. Replace the pneumatic controls system with a new electronic system. (Included in Option 3)

HVAC Evaluation – Design Options



Existing Equipment	Option 1 - HVAC Improvements Entire Facility (70 Ton)	Option 2 - HVAC Improvements Entire Facility (200 Ton)	Option 3 - Complete HVAC Upgrade (200 Ton)
Chiller	✗	—	—
Cooling Tower	✗	—	—
Boiler #1	✗	✗	✓
Package Unit #1*	✓	✓	✓
Package Unit #2*	✓	✓	✓
Package Unit #3*	✓	✓	✓
Package Unit #4*	✓	✓	✓
Package Unit #5*	✓	✓	✓
Air Handling Unit #1	✗	✗	✓
Air Handling Unit #2	✗	✗	✓
Air Handling Unit #3	✗	✗	✓
Air Handling Unit #4	✗	✗	✗
Air Handling Unit #5	✓	✓	✓
Air Handling Unit #6	✗	✗	✓
Air Handling Unit #7	✗	✗	✓
Air Handling Unit #8	✓	✓	✓
Air Handling Unit #9	✓	✓	✓
Air Handling Unit #10	✓	✓	✓
Pump #8	✗	✗	✓
Pump #9	✗	✗	✓
Pump #10	✗	✗	✓
(7) Large Diameter Ceiling Fans	✓	✓	✓
Gym Ductwork	✗	✗	✓
70 ton air cooled chiller	✓	—	—
200 ton air cooled chillers	—	✓	✓
Sitework and tree removal**	✓	✓	✓
Total Improvements Cost	\$860,000.00	\$960,000.00	\$1,336,000.00

PRIORITY AIR HANDLING UNITS
 AHU 5 – Conference Room
 AHU 8 – Women’s Locker Room
 AHU 9 – Men’s Locker Room
 AHU 10 – Aerobics Studio

* Replace the existing DX units with chilled water units
 **\$50,000 allowance for screening the new unit.

- During the creation of the proposal for the Professional Services Agreement with PGAL, Staff requested professional cost estimating services be added to the scope of the project to ensure the project remained on budget
- PGAL proposed two methods for obtaining budget numbers
 1. Hire a cost estimator to review documents and provide budget numbers
 2. Work with a local mechanical contractor interested in bidding the project and willing to observe and evaluate the existing conditions to understand the magnitude of the effort and develop the cost estimate for the entire scope of work based on the current market environment.(PGAL Recommendation)
- Staff followed PGAL's recommendation for obtaining budget numbers
- Throughout the development of the bid documents, staff asked the consultant if the project was on budget, including the 10% contingency.
 - The answer was always 'Yes'

■ **Addison Athletic Club HVAC Improvements**

- Project Budget - \$960,000
- Bid Open – April 9, 2018
- Bid End – May 3, 2018
- 1 Bid Submitted in the amount of \$1,589,814
 - \$629,814 (+65%) differential from project estimate
- Staff is recommending the bid be rejected since it was not in the best interest of the Town

- **Reasons Identified for the Cost Differential*:**
 - Upgraded Electrical Service is required
 - Scope creep occurred with specification of the HVAC controls
 - Increased material costs
 - Increased labor due to compressed schedule
 - Underestimate of required project supervision
 - Corresponding increase in overhead & profit

*Determined by conversations between the Town, PGAL, RWB and the bidder.

Proposed Revisions to the Bid Documents

- **Below is a list of proposed changes to the Bid Documents that will reduce the construction cost to the Athletic Club HVAC while still delivering ‘Option 2’ as approved on February 13, 2018**.**
 - Specified a different model air cooled chiller without the noise reduction package
 - Removed (5) five supplemental cooling cassettes units in the Cardio area along with the associated chilled water piping, controls, electrical connections, and wall/ceiling repair
 - Install grooved pipe instead of welded pipe for the new chilled water piping
 - Changed out all variable frequency drives (VFD) to motor starters for the new air handling units
 - Changed all disconnect switches to in panel circuit breakers

****Proposed changes were identified by the Town, PGAL and RWB after review meetings with the bidder.**

Proposed Revisions to the Bid Documents - Continued

- Removed the electrical data logger that determines peak electrical demand on the existing system
- Changed the electrical power distribution devices that serve the new chiller and pump to a more economical installation
- Switched to a fundamental controls package provided by the manufacturer for the HVLS fans in the Cardio area. Modified the placement of the fans to reduce the cost of the structural steel supports
- Changed the new air handling unit that will be installed in the Staff area on Level 1 to a different type of unit with the same heating and cooling capacity
- Relaxed the construction schedule. The bidding contractor and other potential bidders indicated that the construction schedule was too short and that extending the construction schedule would reduce the project cost. (Specifically, one contractor declined to bid the project due to the proposed schedule and their current workload)
- Removed some of the options and upgrades for the HVAC controls to be a more fundamental system that can be expanded on an as needed basis. The air handling units in the original building will remain on the existing controls system and new electronic controls will operate the new equipment serving the Cardio area

Questions?

A blue circular logo with the word "ADDISON" in white, uppercase letters.



Memorandum

May 11, 2018

To: Wes Pierson, City Manager
From: Michael Kashuba, Director of Parks and Recreation
CC: Ashley Mitchell, Deputy City Manager
Rob Bourestom, Director of General Services
Randy Rogers, Assistant Director of Recreation

Subject: Addison Athletic Club HVAC Project

Wes,

As you know, the bid closed for AAC HVAC project and the one submitted bid was not advantageous for the Town. I wanted to provide an update and summary of the AAC HVAC Project history and next steps.

Project History

The Addison Athletic Club Master Plan process began in 2014 when Council funded a study in the amount of \$40,000 to complete a facility assessment and master plan. Staff selected Barker Rinker Seacat Architecture (BRS) as the most qualified firm through a Request for Qualifications (RFQ) to perform this service.

The Master Plan was adopted by Council on October 11, 2016, and selected a preferred renovation list at the October 20, 2016 meeting, in a total amount of \$1,047,000 that included:

- Air Conditioning and Heating System
- Elevator Replacement
- General Painting
- Carpet Replacement
- Convert 2 Racquetball Courts to Exercise Space
- New Lighting in Gym

At the July 11, 2017 meeting, Council discussed potential funding uses from the sale of the Belt Line Road properties. During the presentation, staff indicated that due to consultant error, the estimate for the preferred renovation list was not accurate. Staff reached out to the consultants and received up-to-date numbers for the preferred renovation list. The new cost for the entire list was estimated to be \$1,574,300, an increase of \$527,300 from the original amount.

Council agreed that the two pressing priorities would be the elevator and the HVAC system overhaul and directed staff to move forward with completing those two improvements for a total of \$1,029,700.

Staff decided to not move forward with BRS' after the completion and adoption of the Master Plan because of cost estimating errors during the project.

At the September 13, 2017 meeting, Council approved the City Manager to execute an agreement with PGAL for professional services related to the Addison Athletic Club Renovations.

At the February 13, 2018 Council meeting, staff presented an extensive review of the history of the HVAC, and the consultant presented the findings from the HVAC evaluation and discussed potential design options with the Council. Council approved a resolution selecting Option 2 for the design of the HVAC system. This option includes:

- The replacement of the undersized packaged units for the expansion with an appropriately sized air-cooled chiller (200 ton)
- The replacement of high priority air handling units

Development of Bid Documents and Cost Estimates

Based on the history and mistakes of the previous architect for the AAC Master Plan, staff wanted to make sure that steps were taken to ensure the project was on-time and on-budget. On August 22, 2017, Addison staff asked PGAL to ensure that the professional services agreement included funding for detailed cost estimation and expressly stated that exceeding the project budget was not acceptable. As a result, PGAL added item 2.2.4 "HVAC Cost Estimating" to the professional service agreement to ensure the project stayed within budget. The consultant discussed two different strategies for cost estimation: (1) hire a cost estimation firm; or, (2) engage a contractor to provide project costs.

PGAL thought it was most advantageous to engage a contractor to get the best project costs, especially with the fluctuations in the current construction market. Staff followed the recommendation of the consultant. The project budget of \$909,700 included design fees, HVAC improvements and a 10% owner contingency (clearly defined in 1.3 of the Project Scope in the professional services agreement). This agreement for Professional Services was adopted by Council on September 13, 2017.

Throughout the design process, staff continued to ask if the project was on budget (including the required 10% contingency) and the answer was always 'Yes.' When the bids opened on May 3, 2018, staff was shocked to see that the only bid we received was for \$1.59 million - \$630,000 over the approved budget and contingency – and was submitted by the contractor (MIINC Mechanical Contractors) that assisted in providing the budget numbers. This is absolutely unacceptable. Staff is recommending rejection of this bid.

Follow-up Discussions

Staff met with PGAL (prime consultant), Reed Wells Benson (Mechanical sub-consultant), and MIINC (contractor that provided budget numbers and was the only bidder on the project) to determine the cause for such a drastic budgeting miss. During the meeting on May 8, 2018 @ 9:00am, the conversation focused on the discrepancies between the project cost estimate and the actual bid numbers. It was determined that a series of budgeting errors by Reed Wells Benson and cost estimating contractor MIINC caused the project to come in significantly over budget. The budgetary oversights discussed in the meeting were:

- \$100,000 for upgraded electrical service
- \$100,000 for upgraded temperature controls
- \$50,000 equipment cost increase
- \$100,000 changes to the chilled water piping design (scope creep)
- \$20,000 fire and sprinkler
- \$90,000 sheet metal cost increase
- \$40,000 (estimated) Davis-Bacon Fair Wage implications
- \$10,000 electrical testing
- \$12,000 large diameter fan cost increase

- \$75,000 additional fee for project supervision

The remaining cost difference were identified as overhead and profit

PGAL had a follow-up meeting with Reed Wells Benson and MIINC (May 10, 2018) to create a list of revisions which will be reflected in the project requirements, drawings and specifications. These revisions will address scope creep and items that were missed by the consultant. The goal is to still deliver the HVAC scope as presented to the City Council.

Due to the volatile construction market, PGAL anticipates the cost increase of the project may exceed the 10% project contingency that is available.

AI-2682

17.

Work Session and Regular Meeting

Meeting Date: 05/22/2018

Department: Infrastructure- Development Services

AGENDA CAPTION:

Hold a Public Hearing, Present, Discuss and Consider Action to Approve an Ordinance Rezoning the Property Located at 16803 Dallas Parkway, North of Excel Parkway, Which Property is Currently Zoned Local Retail (LR), to A Commercial-1 (C-1) Zoning District.
Case 1775-Z/16803 Dallas Parkway.

BACKGROUND:

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 17, 2018, voted to recommend approval of an ordinance changing the zoning on property located at 16803 Dallas Parkway, which property is currently zoned Local Retail (LR), to a Commercial-1 (C-1) zoning district, without conditions.

Voting Aye: Dougan, Groce, Meleky, Quintanilla, Resnik, Souers, Wheeler

Voting Nay: none

Absent: none

SPEAKERS AT THE PUBLIC HEARING: None

Please refer to the attached staff report for additional information.

RECOMMENDATION:

Administration recommends approval.

Attachments

Ordinance - 1775-Z

Staff Report - 1775-Z

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE TO REZONE THE PROPERTY LOCATED AT 16803 DALLAS PARKWAY, FROM LR, LOCAL RETAIL, TO C-1, COMMERCIAL-1; PROVIDING A PENALTY NOT TO EXCEED TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00) FOR EACH OFFENSE AND A SEPARATE OFFENSE SHALL BE DEEMED COMMITTED EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; SAVINGS, NO SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the property located at 16803 Dallas Parkway, is zoned LR, Local Retail; and

WHEREAS, at its regular meeting held on April 17, 2018, the Planning & Zoning Commission considered and made recommendations on a request for a rezoning, from LR, Local Retail, to C-1, Commercial-1, to bring an existing legal nonconforming, three-story, office building into compliance. (Case No.1775-Z); and

WHEREAS, this change of zoning is in accordance with the adopted Comprehensive Plan of the Town of Addison, as amended; and

WHEREAS, after due deliberations and consideration of the recommendation of the Planning and Zoning Commission, the information received at a public hearing, and other relevant information and materials, the City Council of the Town of Addison, Texas finds that this amendment promotes the general welfare and safety of this community.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. That the recitals and findings set forth above are hereby found to be true and correct and incorporated as if fully set forth herein.

Section 2. That the property located at 16803 Dallas Parkway, as further described as Block 1, Lot 1 of the Triangle Pacific Addition, is hereby rezoned from LR, Local Retail, to C-1, Commercial-1, subject to no conditions.

Section 3. That any person, firm, or corporation violating any of the provisions or terms of this ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the city, as heretofore amended, and upon conviction shall be punished by a fine set in accordance with Chapter 1, General Provisions, Section 1.10, General penalty for violations of Code; continuing violations, of the Code of Ordinances for the Town of Addison.

Section 4. That it is the intention of the City Council that this ordinance be considered in its entirety, as one ordinance, and should any portion of this ordinance be held to be void or unconstitutional, then said ordinance shall be void in its entirety, and the City Council would not

have adopted said ordinance if any part or portion of said ordinance should be held to be unconstitutional or void.

Section 5. That all ordinances of the City in conflict with the provisions of this ordinance be, and the same are hereby repealed and all other ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

Section 6. That this Ordinance shall become effective from and after its passage and approval and after publication as may be required by law or by the City Charter or ordinance.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, on this the 22nd day of May, 2018.

Joe Chow, Mayor

ATTEST:

Christie Wilson, Interim City Secretary

CASE NO: 1775-Z/16803 Dallas Parkway

APPROVED AS TO FORM:

Brenda N. McDonald, City Attorney

PUBLISHED ON: _____

1775-Z

PUBLIC HEARING Case 1775-Z/16803 Dallas Parkway. Public hearing, discussion, and take action on a recommendation regarding an ordinance changing the zoning on property located at 16803 Dallas Parkway, which property is currently zoned Local Retail (LR), to a Commercial-1 (C-1) zoning district.

LOCATION MAP





April 13, 2018

STAFF REPORT

RE: Case 1775-Z/16803 Dallas Parkway
LOCATION: 16803 Dallas Parkway
REQUEST: Approval of a zoning change from a Local Retail (LR) district to a Commercial-1 (C-1) district.
APPLICANT: Michael S. Haynes, Longfellow Energy, LP

DISCUSSION:

Background: The property located at 16803 Dallas Parkway occupies 3.87 acres. Originally constructed in 1980, this 3-story office building totals 20,927 square feet. The building has served as the headquarters for Longfellow Energy, LP since 2011. They recently entered into an agreement to sell the property.

The property is currently zoned LR, Local Retail, and, while the Town's records are not clear, it appears to have been zoned as such since at least the late-1970s. The LR district allows for office buildings, but limits the height of any building or structure to two and a half stories (29 feet). The existing office building is 40 feet tall, making it non-conforming. It is also not clear how the project was originally approved by the Town for construction. Because the existing building is non-conforming, the proposed buyer is unwilling to close on the sale until the issue is remedied. Their concern is that if the building was damaged significantly, it could not be rebuilt to its existing three stories.

Proposed Plan: Longfellow Energy, LP requests that the property be rezoned to Commercial-1 (C-1), which allows six story structures, to bring the existing building into compliance.

Site Plan: There are no site plan changes proposed as part of this request.

Landscaping: The property originally developed prior to the Town's current landscape standards. Given its age, it is remarkably landscaped compared to other properties that developed during that period. In 2011, Longfellow Energy, LP, invested significantly to improve the property's landscaping. These improvements received the *Silver Award for Texas Excellence in Landscaping, Commercial Installation – Over \$100,000* by the Texas Nursery and Landscape Association.

Rezoning typically requires that property be brought up to current requirements. There are some minor landscape requirements such as interior landscaping for the parking lot which are lacking, but given the unusual circumstances necessitating this request, staff believes that the property owner should not be required to invest in such improvements at this time.

Building Elevations: There are no building elevation changes proposed as part of this request and the existing building complies with the masonry requirement for the C-1 district.

Comprehensive Plan: The Comprehensive Plan states that properties along the Tollway should be reserved for office development. Additionally, the Comprehensive Plan establishes the following Goal and applicable Objective regarding office development:

Goal:

Recognize that office buildings are a valuable land use asset for the Town and take steps to keep them competitive through code enforcement and Economic Development efforts.

RECOMMENDATION: APPROVAL

After in depth review of the zoning background and permitting history of this property, staff was unable to determine how this building came to be constructed in violation of the height restriction. Regardless, the current zoning establishes this building as a non-conforming and would not allow it to be rebuilt as it exists today if significantly damaged. As noted above, the Comprehensive Plan directs the Town to encourage and maintain office uses along the Tollway corridor. Rezoning this property to Commercial-1 mirrors that objective and brings the existing building into compliance with zoning. Staff recommends approval of the request, subject to no conditions.



Case 1775-Z/16803 Dallas Parkway
April 17, 2018

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 17, 2018, voted to recommend approval of an ordinance changing the zoning on property located at 16803 Dallas Parkway, which property is currently zoned Local Retail (LR), to a Commercial-1 (C-1) zoning district, without conditions.

Voting Aye: Dougan, Groce, Meleky, Quintanilla, Resnik, Souers, Wheeler
Voting Nay: none
Absent: none

SPEAKERS AT THE PUBLIC HEARING:

For: none
On: none
Against: none

Work Session and Regular Meeting**Meeting Date:** 05/22/2018**Department:** Infrastructure- Development Services

AGENDA CAPTION:

Hold a Public Hearing, Present, Discuss, and Consider Action on an **Ordinance Changing the Zoning on Property Located at 4980 Belt Line Road, Suite 250 and Suite 100A, at the Southwest Corner of Belt Line Road and Quorum Drive, Which Property is Currently Zoned Planned Development (PD), Through Ordinance 001-002, by Approving a New Special Use Permit for a Restaurant with the Sale of Alcoholic Beverages for On-Premises Consumption Only, in Order to Allow an Expansion in Floor Area.** Case 1776-SUP/The Improv.

BACKGROUND:**COMMISSION FINDINGS:**

The Addison Planning and Zoning Commission, meeting in regular session on April 17, 2018, voted to recommend approval of an ordinance changing the zoning on property located at 4980 Belt Line Road, Suite 250 and Suite 100A, which property is currently zoned Planned Development (PD), through Ordinance 001-002, by approving a new Special Use Permit for a restaurant with the sale of alcoholic beverages for on-premises consumption only, in order to allow an expansion in floor area, with the following condition:

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.

Voting Aye: Dougan, Groce, Meleky, Quintanilla, Resnik, Souers, Wheeler

Voting Nay: none

Absent: none

SPEAKERS AT THE PUBLIC HEARING: None

Subsequent to the Planning and Zoning Commission hearing, the applicant revised the floor plan for Suite 100A, decreasing the square footage of the storage and cooler area by about 53 square feet, in order to create a corridor for other tenants to access their vent hood ducts in the adjacent suite, as required by the property owner.

Please see attached staff report for additional information.

RECOMMENDATION:

Administration recommends approval.

Attachments

Ordinance - 1776-SUP

Staff Report - 1776-SUP
Plans - 1776-SUP

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE, TO REPEAL ORDINANCE NO. 718 AND ORDINANCE NO. 087-071 AND GRANTING A SPECIAL USE PERMIT FOR A RESTAURANT WITH THE SALE OF ALCOHOLIC BEVERAGES FOR ON-PREMISES CONSUMPTION FOR PROPERTY LOCATED AT 4980 BELT LINE ROAD, SUITE 250 AND SUITE 100A; PROVIDING A PENALTY NOT TO EXCEED TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00) FOR EACH OFFENSE AND A SEPARATE OFFENSE SHALL BE DEEMED COMMITTED EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; SAVINGS, NO SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the property located at 4980 Belt Line Road, Suite 250 and Suite 100A, is zoned PD, Planned Development, through Ordinance Number 001-002; and

WHEREAS, at its regular meeting held on April 20, 2018, the Planning & Zoning Commission considered and made recommendations on a request for a Special Use Permit for a restaurant with the sale of alcoholic beverages for on-premises consumption (Case No.1776-SUP); and

WHEREAS, this change of zoning is in accordance with the adopted Comprehensive Plan of the Town of Addison, as amended; and

WHEREAS, after due deliberations and consideration of the recommendation of the Planning and Zoning Commission, the information received at a public hearing, and other relevant information and materials, the City Council of the Town of Addison, Texas finds that this amendment promotes the general welfare and safety of this community.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. That the recitals and findings set forth above are hereby found to be true and correct and incorporated as if fully set forth herein.

Section 2. Ordinance No. 718 and Ordinance No. 087-071 are hereby repealed in their entirety.

Section 3. That a Special Use Permit authorizing a restaurant with the sale of alcoholic beverages for on-premises consumption only, on the property located at 4980 Belt Line Road, Suite 250 and Suite 100A, is hereby granted subject to the following conditions:

- (a) Prior to the issuance of a Certificate of Occupancy, said Property shall be improved in accordance with the site plan, floor plan, and building elevations, which are attached hereto as **Exhibit A** and made a part hereof for all purposes.
- (b) The Special Use Permit granted herein for a restaurant with the sale of alcoholic beverages for on-premises consumption only shall be limited to that particular area designated on the final site plan as encompassing a total area not to exceed 6,367 square feet.
- (c) No signs advertising sale of alcoholic beverages shall be permitted other than those authorized under the Liquor Control Act of the State of Texas, and any sign ordinance of the Town of Addison, Texas.
- (d) The sale of alcoholic beverages under this Special Use Permit shall be permitted in restaurants. Restaurants are hereby defined as establishments which receive at least sixty percent (60%) of their gross revenues from the sale of food.
- (e) Said establishment shall make available to the city or its agents, during reasonable hours its bookkeeping records for inspection, if required, by the city to insure that the conditions of subparagraph (d) above are being met.
- (f) Any use of property considered as a nonconforming use under the Comprehensive Zoning Ordinance of the Town of Addison shall not be permitted to receive a license or permit for the sale of alcoholic beverages.
- (g) If the property for which this Special Use Permit is granted is not used for the purposes for which said permits were granted within one (1) year after the adoption of this ordinance, the City Council may authorize hearings to be held for the purpose of considering a change of zoning and repeal of the Special Use Permit granted herein.
- (h) If a license or permit to sell alcoholic beverages on property covered by this Special Use Permit is revoked, terminated or cancelled by proper authorities, the City Council may authorize hearings to be held for the purpose of considering a change of zoning repeal of the Special Use Permits granted herein.
- (i) The establishment shall not use the term “bar”, “tavern”, or any other terms or graphic depictions that relate to the sale of alcoholic beverages on any signs visible from the exterior of the premises.

Section 4. That any person, firm, or corporation violating any of the provisions or terms of this ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the city, as heretofore amended, and upon conviction shall be punished by a fine set in accordance with Chapter 1, General Provisions, Section 1.10, General penalty for violations of Code; continuing violations, of the Code of Ordinances for the Town of Addison.

Section 5. That it is the intention of the City Council that this ordinance be considered in its entirety, as one ordinance, and should any portion of this ordinance be held to be void or unconstitutional, then said ordinance shall be void in its entirety, and the City Council would not have adopted said ordinance if any part or portion of said ordinance should be held to be unconstitutional or void.

Section 6. That all ordinances of the City in conflict with the provisions of this ordinance be, and the same are hereby repealed and all other ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

Section 7. That this Ordinance shall become effective from and after its passage and approval and after publication as may be required by law or by the City Charter or ordinance.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, on this the 22nd day of May, 2018.

Joe Chow, Mayor

ATTEST:

Christie Wilson, Interim City Secretary

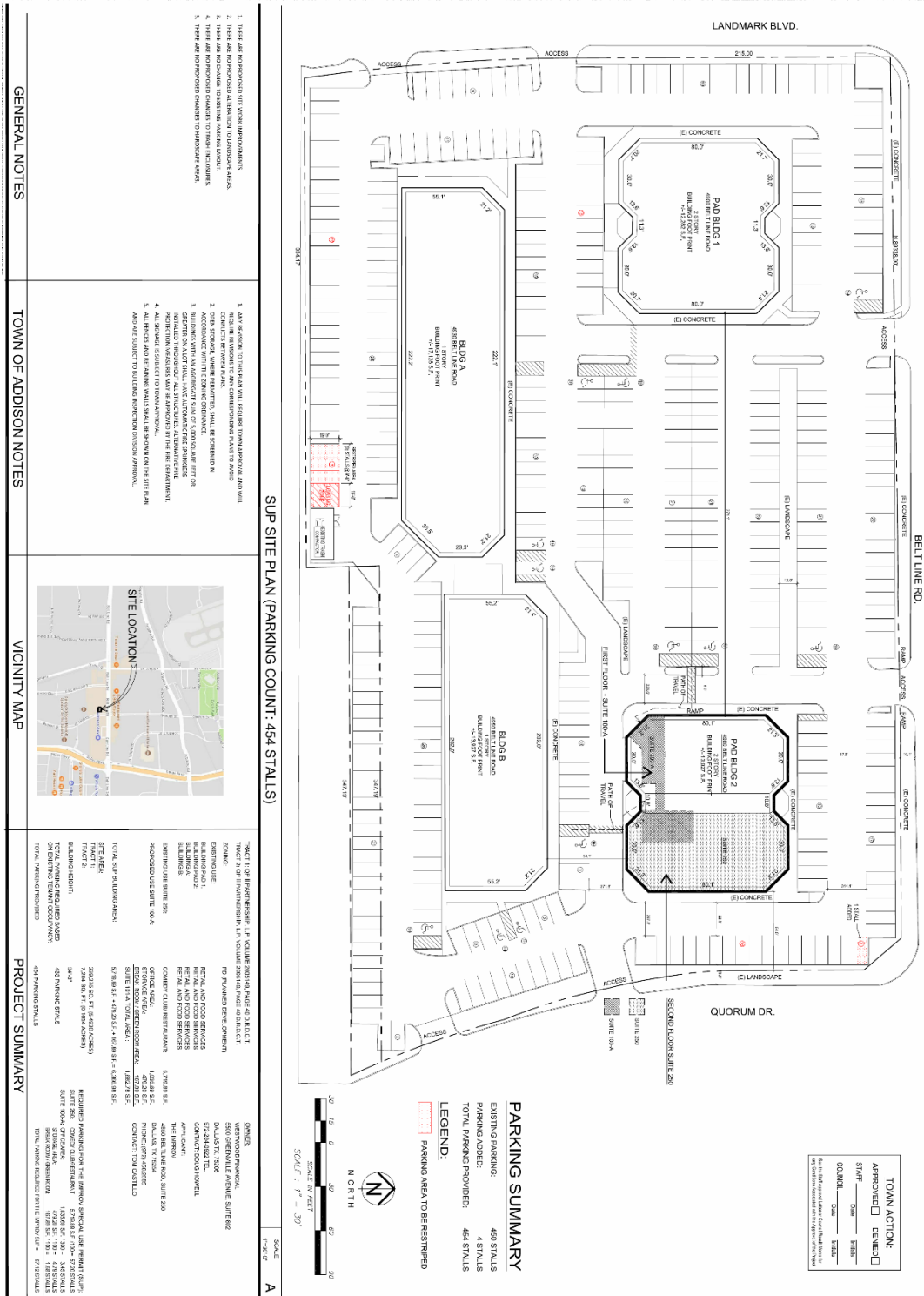
CASE NO: 1776-SUP/The Improv

APPROVED AS TO FORM:

Brenda N. McDonald, City Attorney

PUBLISHED ON:

EXHIBIT A



TOWN ACTION:

APPROVED DENIED

STAFF: CHAIR VICE CHAIR

COMMITTEE: CHAIR VICE CHAIR

PARKING SUMMARY

EXISTING PARKING: 400 STALLS
 PARKING CODE: 45 STALLS
 TOTAL PARKING PROVIDED: 454 STALLS

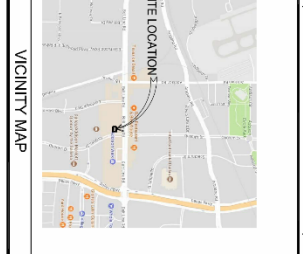
LEGEND:

 PARKING AREA TO BE RESTORED



- GENERAL NOTES**
1. THERE ARE NO PROPOSED NEW WORK IMPROVEMENTS.
 2. THERE ARE NO PROPOSED NEW UTILITIES TO LANDSCAPE AREAS.
 3. THERE ARE NO PROPOSED NEW UTILITIES TO TRAIL IMPROVEMENTS.
 4. THERE ARE NO PROPOSED CHANGES TO TRAIL IMPROVEMENTS.
 5. THERE ARE NO PROPOSED CHANGES TO LANDSCAPE AREAS.

- TOWN OF ADDISON NOTES**
1. ANY REVISION TO THIS PLAN WILL INCLUDE TOWN APPROVAL AND WILL BE SUBJECT TO TOWN REVIEW.
 2. OWNER SHALL MAINTAIN ALL EXISTING UTILITIES TO REMAIN UNLESS OTHERWISE NOTED.
 3. CONFORMANCE WITH THE PROPOSED IMPROVEMENTS SHALL BE SUBMITTED IN WRITING TO THE TOWN ENGINEER FOR REVIEW AND APPROVAL.
 4. ALL UTILITIES SHALL BE SUBJECT TO TOWN APPROVAL.
 5. ALL UTILITIES SHALL BE SUBJECT TO TOWN APPROVAL.



PROJECT SUMMARY

TRACT 1: 0.17 ACRES (APPROXIMATE) - 1/4 SECTION 20, TOWNSHIP 10N, RANGE 14E, DISTRICT 1	TRACT 2: 0.17 ACRES (APPROXIMATE) - 1/4 SECTION 20, TOWNSHIP 10N, RANGE 14E, DISTRICT 1
ZONING: PD (PLANNED DEVELOPMENT)	PD (PLANNED DEVELOPMENT)
EXISTING USE: COMMERCIAL OFFICE	COMMERCIAL OFFICE
PROPOSED USE: COMMERCIAL OFFICE	COMMERCIAL OFFICE
OWNER: WESTWOOD FINANCIAL	WESTWOOD FINANCIAL
DATE: 06/28/2010	06/28/2010
DESIGNER: THE IMPROV GROUP	THE IMPROV GROUP
PROJECT NO.: 1776-SUP	1776-SUP
TOTAL PARKING PROVIDED: 454 STALLS	454 STALLS

SUP SITE PLAN

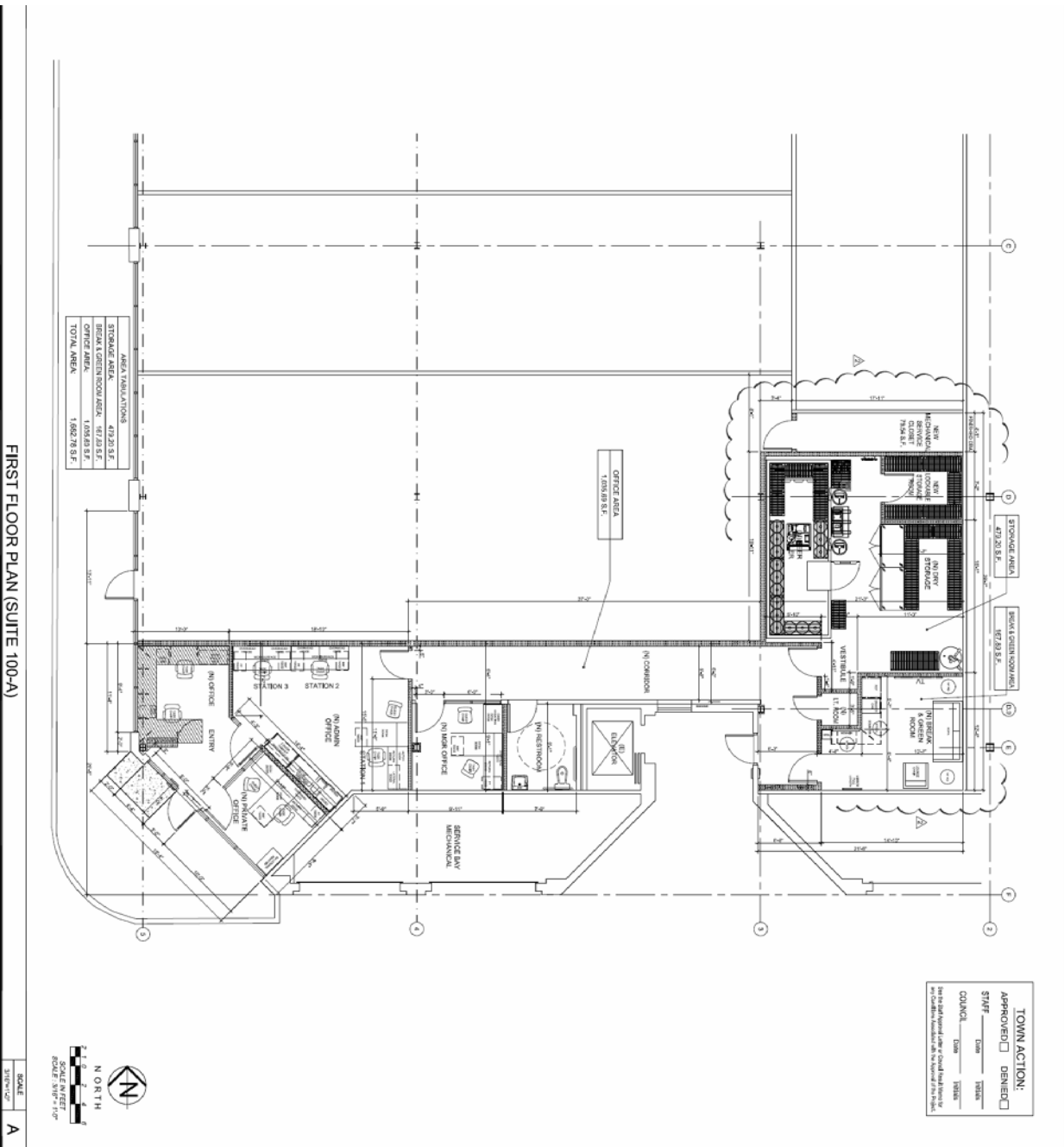
SUP SP-1

QUORUM PLAZA II
 THE IMPROV TENANT IMPROVEMENT
 4980 BELT LINE ROAD, SUITES 250 & 100-A
 SUP APPLICATION

ADDISON TEXAS

WESTWOOD FINANCIAL
 11440 SAN VICENTE BLVD.
 LOS ANGELES, CA 90049

EXHIBIT A



QUORUM PLAZA II
 THE IMPROV TENANT IMPROVEMENT
 4980 BELT LINE ROAD, SUITES 250 & 100-A
 SUP APPLICATION

ADDISON TEXAS

WESTWOOD FINANCIAL
 11440 SAN VICENTE BLVD.
 LOS ANGELES, CA 90049

DAVID HINDLADO ARCHITECTS
 11440 SAN VICENTE BLVD., SUITE 200
 LOS ANGELES, CA 90049
 TEL: (310) 470-1111
 FAX: (310) 470-1112
 WWW.DHA-ARCHITECTS.COM

TOWN ACTION:
 APPROVED DENIED
 STAFF: _____
 COUNCIL: _____

DESIGN/REVISIONS

NO.	DATE	BY

PROJECT INFO

PROJECT TITLE: SUP FIRST FLOOR PLAN

PROJECT NO.: 1776-SUP

DATE: 11/11/11

SCALE: AS NOTED

PROJECT NO.: 1776-SUP

DATE: 11/11/11

SCALE: AS NOTED

PROJECT NO.: 1776-SUP

DATE: 11/11/11

SCALE: AS NOTED

EXHIBIT A

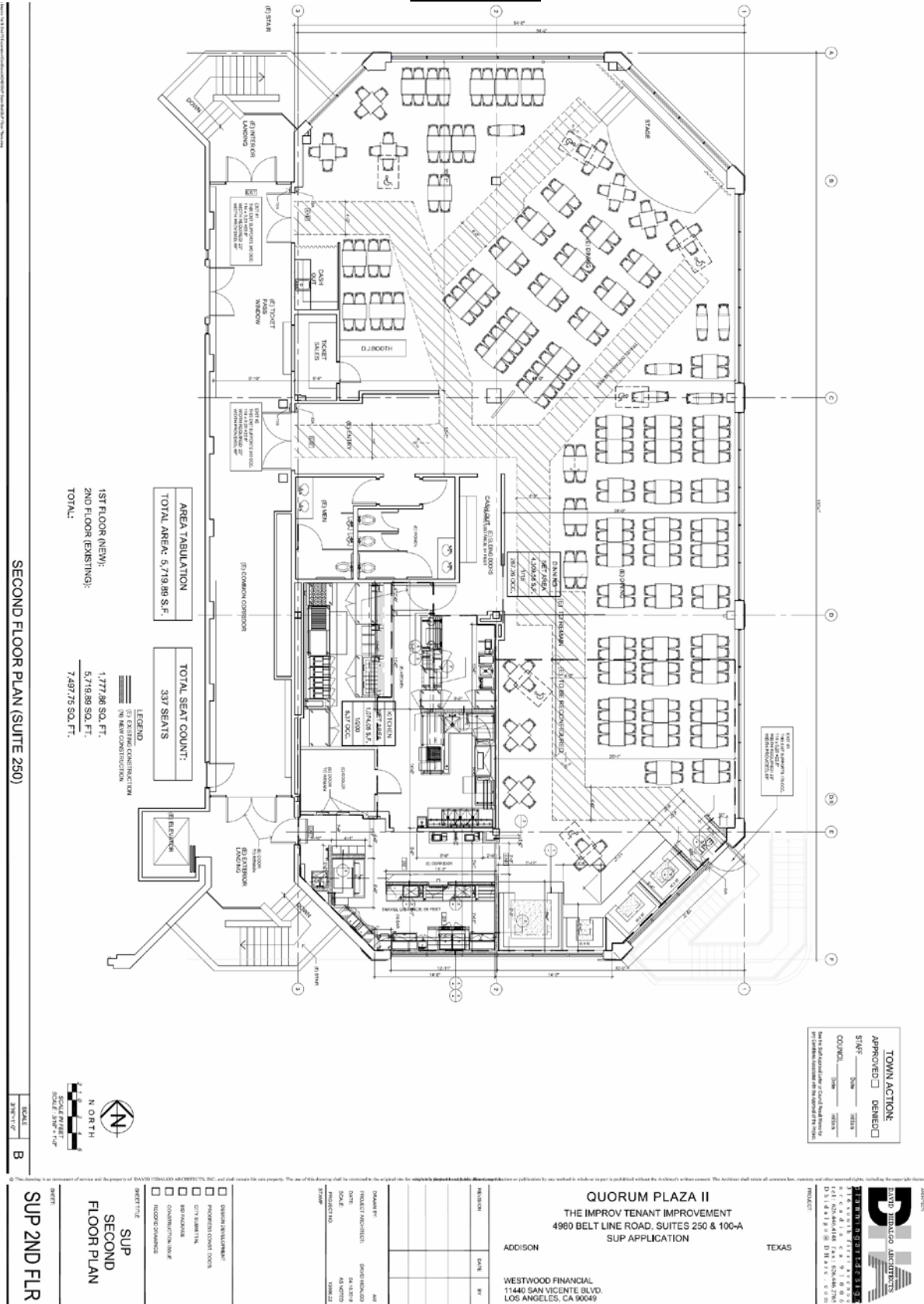


EXHIBIT A

NOTE: THERE ARE NO PROPOSED CHANGES ON FACADE MATERIALS OR GLAZING.

EXISTING WEST ELEVATION

SCALE: 1/8" = 1'-0"

DATE: 02/27/19

NOTE: THERE ARE NO PROPOSED CHANGES ON FACADE MATERIALS OR GLAZING.

EXISTING EAST ELEVATION

SCALE: 1/8" = 1'-0"

DATE: 02/27/19

NOTE: THERE ARE NO PROPOSED CHANGES ON FACADE MATERIALS OR GLAZING.

EXISTING NORTH ELEVATION

SCALE: 1/8" = 1'-0"

DATE: 02/27/19

NOTE: THERE ARE NO PROPOSED CHANGES ON FACADE MATERIALS OR GLAZING.

EXISTING SOUTH ELEVATION

SCALE: 1/8" = 1'-0"

DATE: 02/27/19

TOWN ACTION:
 APPROVED DENIED
 STAFF: _____
 COUNCIL: _____

QUORUM PLAZA II
 THE IMPROV TENANT IMPROVEMENT
 4980 BELT LINE ROAD, SUITES 250 & 100-A
 SUP APPLICATION

ADDISON TEXAS

WESTWOOD FINANCIAL
 11440 SAN VICENTE BLVD.
 LOS ANGELES, CA 90049

SUP EXTERIOR ELEVATIONS

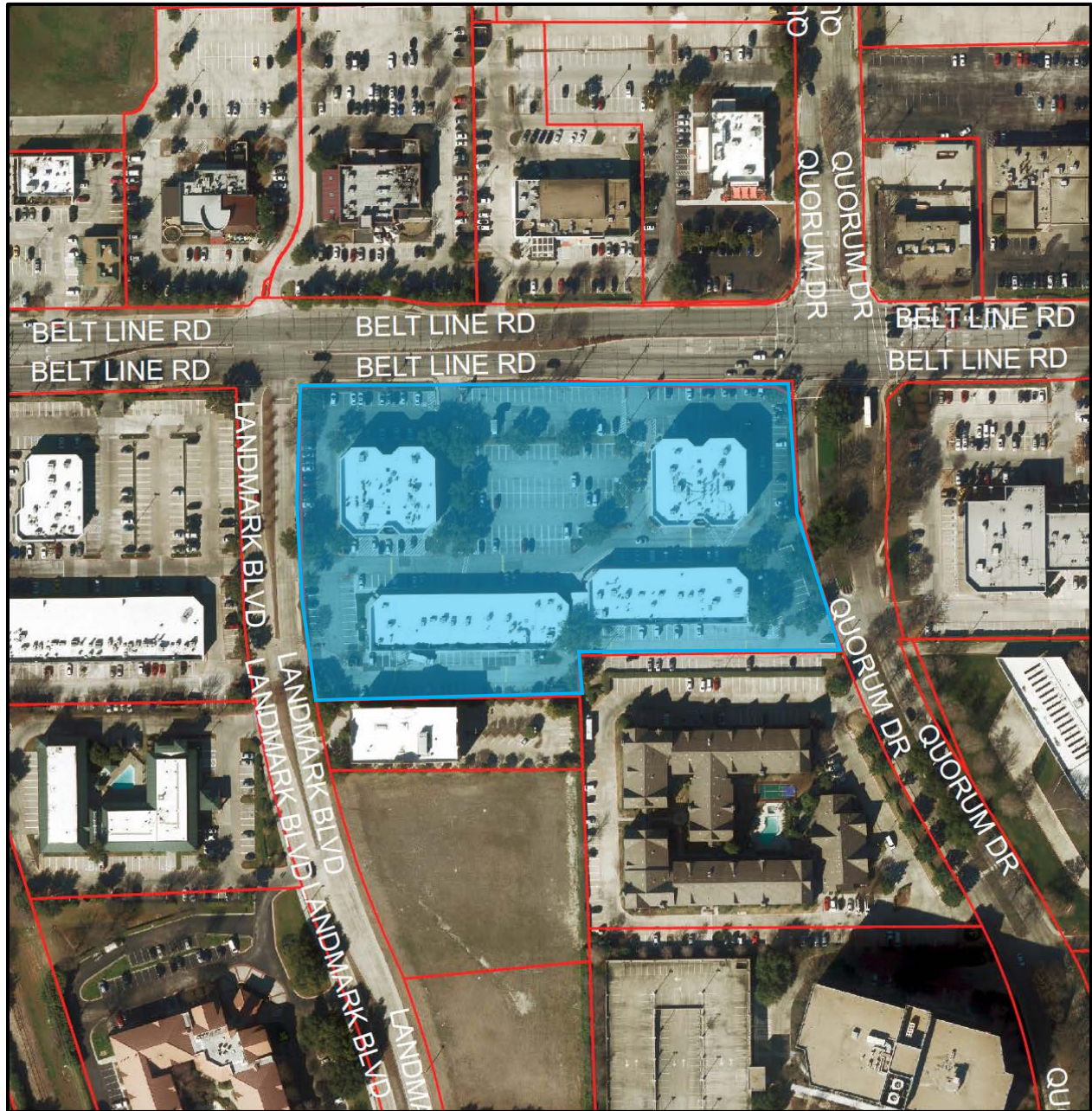
SUP ELV

- SCHEDULED ELEMENT
- PROPOSED NEW WORK
- EXISTING WORK
- OPTIONAL WORK
- CONSTRUCTION MARK
- REDUCED CHANGES

1776-SUP

PUBLIC HEARING Case 1776-SUP/The Improv. Public hearing, discussion, and take action on a recommendation regarding an ordinance changing the zoning on property located at 4980 Belt Line Road, Suite 250 and Suite 100A, which property is currently zoned Planned Development (PD), through Ordinance 001-002, by approving a new Special Use Permit for a restaurant with the sale of alcoholic beverages for on-premises consumption only, in order to allow an expansion in floor area.

LOCATION MAP





April 13, 2018

STAFF REPORT

RE: Case 1776-SUP/The Improv
LOCATION: 4980 Belt Line Road, Suite 250 and 100A
REQUEST: Approval of a new Special Use Permit for a restaurant with the sale of alcoholic beverages for on-premises consumption only
APPLICANT: Tom Castillo, The Improv

DISCUSSION:

Background: The Improv is located in an existing restaurant space at 4980 Belt Line Road, Suite 250, totaling 5,720 square feet. This restaurant space is located within the retail center known as Plaza at the Quorum II, which is zoned as a Planned Development (PD) district through Ordinance 001-002. The original Special Use Permit was approved in 1981, and, in 1987, the Special Use Permit was amended to accommodate floor plan revisions for the Improv.

To comply with Building and Fire Code requirements, the property owner was required to add a stairway from the Improv's suite at the southeast corner of the building. To allow for better egress within the suite, the applicant is intending to renovate and reconfigure the existing space. Additionally, the applicant has leased a 1,778-square foot downstairs space, Suite 100A. Some of these changes require a new Special Use Permit.

Proposed Plan: The applicant is proposing to add office space in Suite 100A. This office will be used to coordinate operations of several Improv locations. These improvements are treated as a separate use, have already been reviewed and approved by Town staff, and are not part of the current request. Additionally, 700 square feet of the space will be used for liquor storage, dry storage, coolers and to provide a small green room to accommodate the comics.

Site Plan: The site plan will be amended slightly to add 3 new parking spaces as discussed as part of the Parking section below.

Landscaping: There are no landscape plan changes proposed as part of this request.

Building Elevations: There are no building elevation changes proposed as part of this request.

Parking: Ordinance 001-002 requires restaurants providing valet service to be parked at a ratio of one parking space per 100 square feet and restaurants without valet service to be parked at one parking space per 160 square feet. The Improv is one of two restaurants in this center that currently provides valet service for their customers.

While the proposed downstairs expansion will primarily be used as office space, the storage space and green room directly serve the upstairs restaurant use. Therefore, the additional square footage has been divided into office and restaurant uses. The 1,078 square feet of office requires a parking ratio of one space per 300 square feet. The 700 square feet of new restaurant space combined with the existing 5,720 square feet of restaurant space, requires 64 parking spaces. Based on these uses, the Improv requires a total of 68 parking spaces.

Plaza at the Quorum II provides a total of 450 parking spaces. At its current tenant occupancy, including the Improv expansion, the center requires 432 parking spaces. This leaves the center with 18 available parking spaces, with four vacant suites

While not directly part of this request, the property owner has a tenant, Butcher Block, lined up for another vacant restaurant suite of 3,600 square feet, which would require a total of 23 parking spaces. At the current parking ratios, there is not enough parking to accommodate the proposed new restaurant tenant. To address this parking situation, the owner has identified four additional parking spaces and is proposing to restrict valet service to just The Improv. Given these efforts, the center will be able to accommodate Butcher Block and leave the property with 20 parking spaces for the three remaining vacant suites.

RECOMMENDATION: **CONDITIONAL APPROVAL**

The Improv has been operating in the same location for over 30 years and intends to continue operations in Town of Addison. Staff recommends approval of the request, subject to the following condition:

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.



Case 1776- SUP/The Improv
April 17, 2018

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 17, 2018, voted to recommend approval of an ordinance changing the zoning on property located at 4980 Belt Line Road, Suite 250 and Suite 100A, which property is currently zoned Planned Development (PD), through Ordinance 001-002, by approving a new Special Use Permit for a restaurant with the sale of alcoholic beverages for on-premises consumption only, in order to allow an expansion in floor area, with the following condition:

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.

Voting Aye: Dougan, Groce, Meleky, Quintanilla, Resnik, Souers, Wheeler

Voting Nay: none

Absent: none

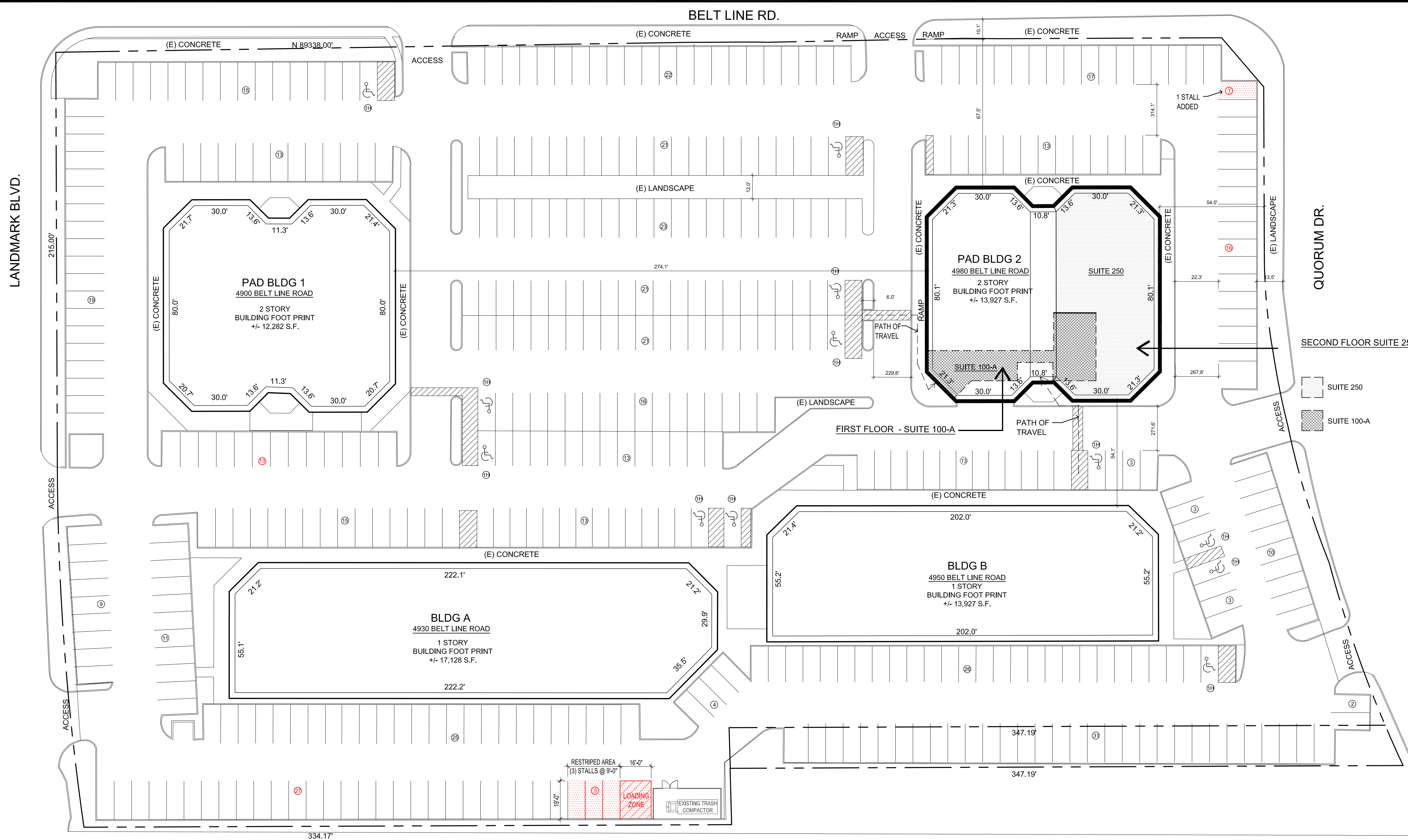
SPEAKERS AT THE PUBLIC HEARING:

For: none

On: none

Against: none

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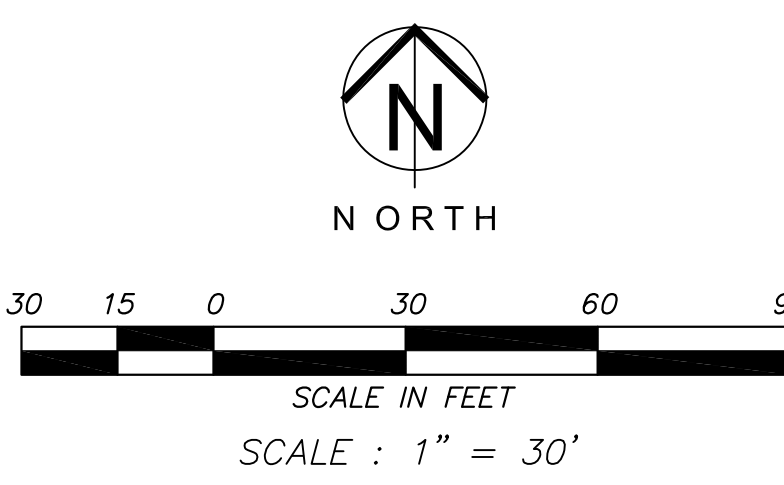


TOWN ACTION:
 APPROVED DENIED
 STAFF _____ Date _____ Initials _____
 COUNCIL _____ Date _____ Initials _____
 See the Staff Approval Letter or Council Result Memo for any Conditions Associated with the Approval of the Project.

PARKING SUMMARY

EXISTING PARKING:	450 STALLS
PARKING ADDED:	4 STALLS
TOTAL PARKING PROVIDED:	454 STALLS

LEGEND:
 PARKING AREA TO BE RESTRIPE

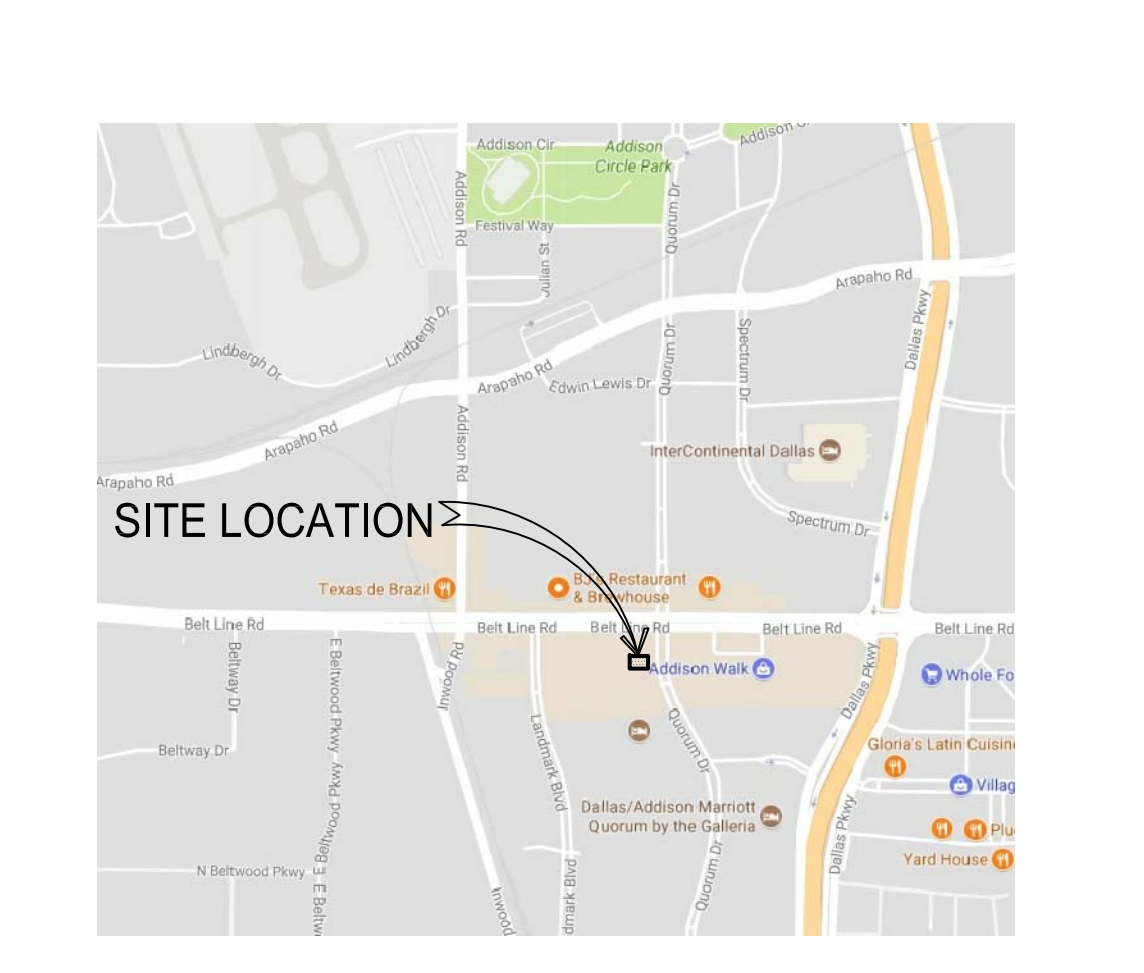


SUP SITE PLAN (PARKING COUNT: 454 STALLS)

SCALE	A
1"=30'-0"	

- GENERAL NOTES**
- THERE ARE NO PROPOSED SITE WORK IMPROVEMENTS.
 - THERE ARE NO PROPOSED ALTERATION TO LANDSCAPE AREAS.
 - THERE ARE NO CHANGE TO EXISTING PARKING LAYOUT.
 - THERE ARE NO PROPOSED CHANGES TO TRASH ENCLOSURES.
 - THERE ARE NO PROPOSED CHANGES TO HARDSCAPE AREAS.

- TOWN OF ADDISON NOTES**
- ANY REVISION TO THIS PLAN WILL REQUIRE TOWN APPROVAL AND WILL REQUIRE REVISIONS TO ANY CORRESPONDING PLANS TO AVOID CONFLICTS BETWEEN PLANS.
 - OPEN STORAGE, WHERE PERMITTED, SHALL BE SCREENED IN ACCORDANCE WITH THE ZONING ORDINANCE.
 - BUILDINGS WITH AN AGGREGATE SUM OF 5,000 SQUARE FEET OR GREATER ON A LOT SHALL HAVE AUTOMATIC FIRE SPRINKLERS INSTALLED THROUGHOUT ALL STRUCTURES. ALTERNATIVE FIRE PROTECTION MEASURES MAY BE APPROVED BY THE FIRE DEPARTMENT.
 - ALL SIGNAGE IS SUBJECT TO TOWN APPROVAL.
 - ALL FENCES AND RETAINING WALLS SHALL BE SHOWN ON THE SITE PLAN AND ARE SUBJECT TO BUILDING INSPECTION DIVISION APPROVAL.



PROJECT SUMMARY

TRACT 1: QP II PARTNERSHIP, L.P. VOLUME 2005149, PAGE 40 D.R.D.C.T.	
TRACT 2: QP II PARTNERSHIP, L.P. VOLUME 2005149, PAGE 40 D.R.D.C.T.	
ZONING:	PD (PLANNED DEVELOPMENT)
EXISTING USE:	
BUILDING PAD 1:	RETAIL AND FOOD SERVICES
BUILDING PAD 2:	RETAIL AND FOOD SERVICES
BUILDING A:	RETAIL AND FOOD SERVICES
BUILDING B:	RETAIL AND FOOD SERVICES
EXISTING USE SUITE 250:	COMEDY CLUB/ RESTAURANT: 5,719.89 S.F.
PROPOSED USE SUITE 100-A:	OFFICE AREA: 1,035.69 S.F.
	STORAGE AREA: 479.20 S.F.
	BREAK ROOM / GREEN ROOM AREA: 167.89 S.F.
	SUITE 101-A TOTAL AREA: 1,682.78 S.F.
TOTAL SUP BUILDING AREA:	5,719.89 S.F. + 479.20 S.F. + 167.89 S.F. = 6,366.98 S.F.
SITE AREA:	
TRACT 1:	239,275 SQ. FT. (6.4930 ACRES)
TRACT 2:	7,204 SQ. FT. (0.1654 ACRES)
BUILDING HEIGHT:	34'-0"
TOTAL PARKING REQUIRED BASED ON EXISTING TENANT OCCUPANCY:	433 PARKING STALLS
TOTAL PARKING PROVIDED	454 PARKING STALLS

OWNER:
 WESTWOOD FINANCIAL
 5500 GREENVILLE AVENUE, SUITE 602
 DALLAS TX, 75206
 972-284-0922 TEL.
 CONTACT: DOUG HOWELL

APPLICANT:
 THE IMPROV
 4850 BELTLINE ROD, SUITE 250
 DALLAS, TX 75254
 PHONE: (972) 450.2885
 CONTACT: TOM CASTILLO

REQUIRED PARKING FOR THE IMPROV SPECIAL USE PERMIT (SUP):
 SUITE 250: COMEDY CLUB/RESTAURANT: 5,719.89 S.F. / 100 = 57.20 STALLS
 SUITE 100-A: OFFICE AREA: 1,035.69 S.F. / 300 = 3.45 STALLS
 STORAGE AREA: 479.20 S.F. / 100 = 4.79 STALLS
 BREAK ROOM / GREEN ROOM: 167.89 S.F. / 100 = 1.68 STALLS
 TOTAL PARKING REQUIRED FOR THE IMPROV SUP = 67.12 STALLS

ARCHITECT:
DAVID HIDALGO ARCHITECTS
 planning + design
 316 south first avenue
 arcadia ca 91006
 tel: 626.446.4148 fax: 626.446.2765
 D.hidalgo@DHarc.com

PROJECT:
QUORUM PLAZA II
 THE IMPROV TENANT IMPROVEMENT
 4880 BELT LINE ROAD, SUITES 250 & 100-A
 SUP APPLICATION
 ADDISON TEXAS
 WESTWOOD FINANCIAL
 11440 SAN VICENTE BLVD.
 LOS ANGELES, CA 90049

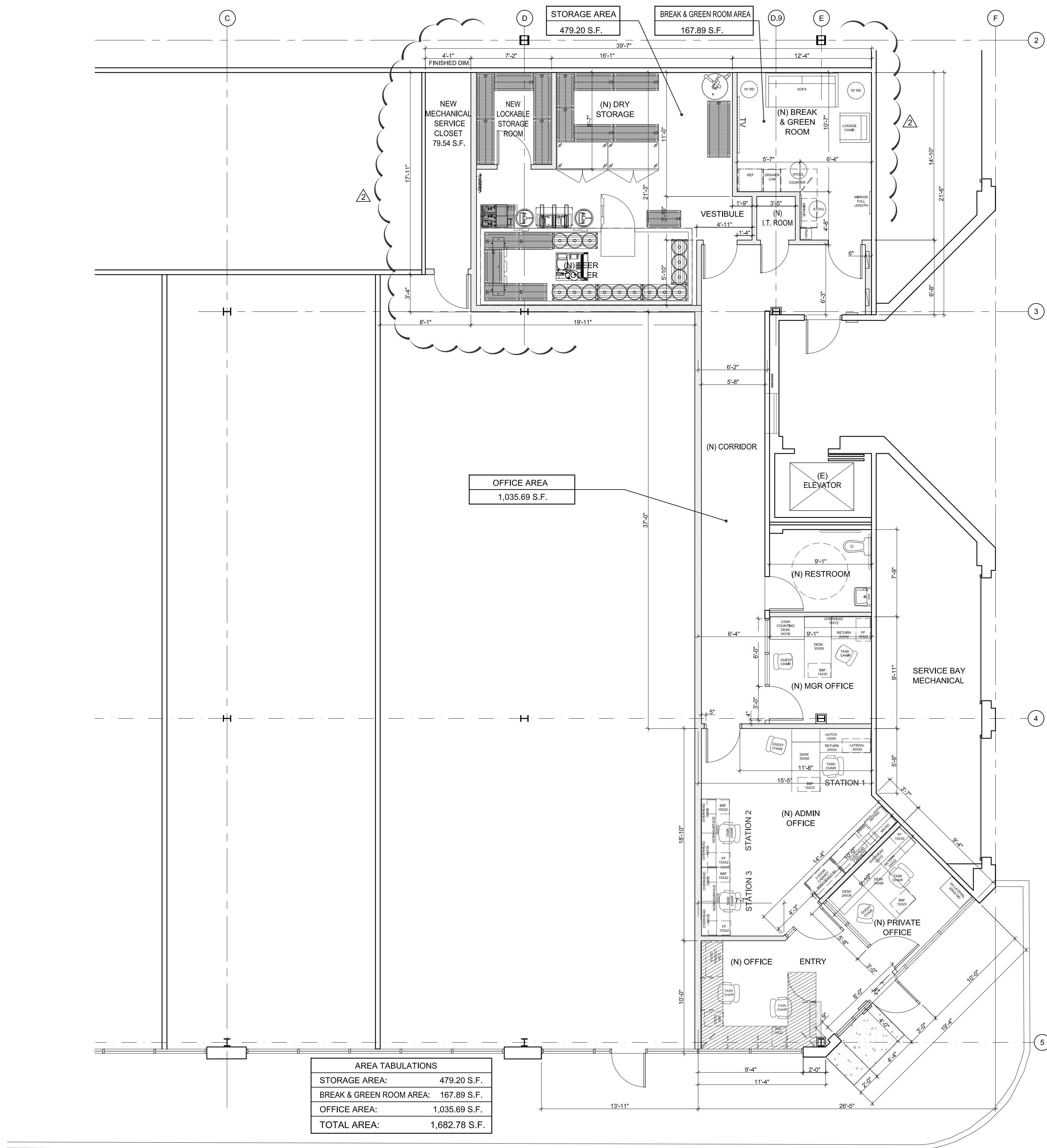
REVISION	DATE	BY

DRAWN BY: GZ
 PROJECT ARCHITECT: DAVID HIDALGO
 DATE: 05.10.2018
 SCALE: AS NOTED
 PROJECT NO. 13066.22
 STAMP

- DESIGN DEVELOPMENT
- PROGRESS CONST. DOCS.
- CITY SUBMITTAL
- BID PACKAGE
- CONSTRUCTION ISSUE
- RECORD DRAWINGS

SHEET TITLE
SUP SITE PLAN
 SHEET:
SUP SP-1

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AREA TABULATIONS	
STORAGE AREA:	479.20 S.F.
BREAK & GREEN ROOM AREA:	167.89 S.F.
OFFICE AREA:	1,035.69 S.F.
TOTAL AREA:	1,682.78 S.F.

TOWN ACTION:
 APPROVED DENIED
 STAFF _____ Date _____ Initials _____
 COUNCIL _____ Date _____ Initials _____
 See the Staff Approval Letter or Council Result Memo for any Conditions Associated with the Approval of the Project.



FIRST FLOOR PLAN (SUITE 100-A)

SCALE	A
3/16" = 1'-0"	

ARCHITECT:
DAVID HIDALGO ARCHITECTS
 planningartdesign
 316 south first avenue
 arcadia ca 91006
 tel: 626.446.4148 fax: 626.446.2765
 D.hidalgo@DHarc.com

PROJECT:
QUORUM PLAZA II
THE IMPROV TENANT IMPROVEMENT
4980 BELT LINE ROAD, SUITES 250 & 100-A
 SUP APPLICATION
 TEXAS
 ADDISON
 WESTWOOD FINANCIAL
 11440 SAN VICENTE BLVD.
 LOS ANGELES, CA 90049

REVISION	DATE	BY

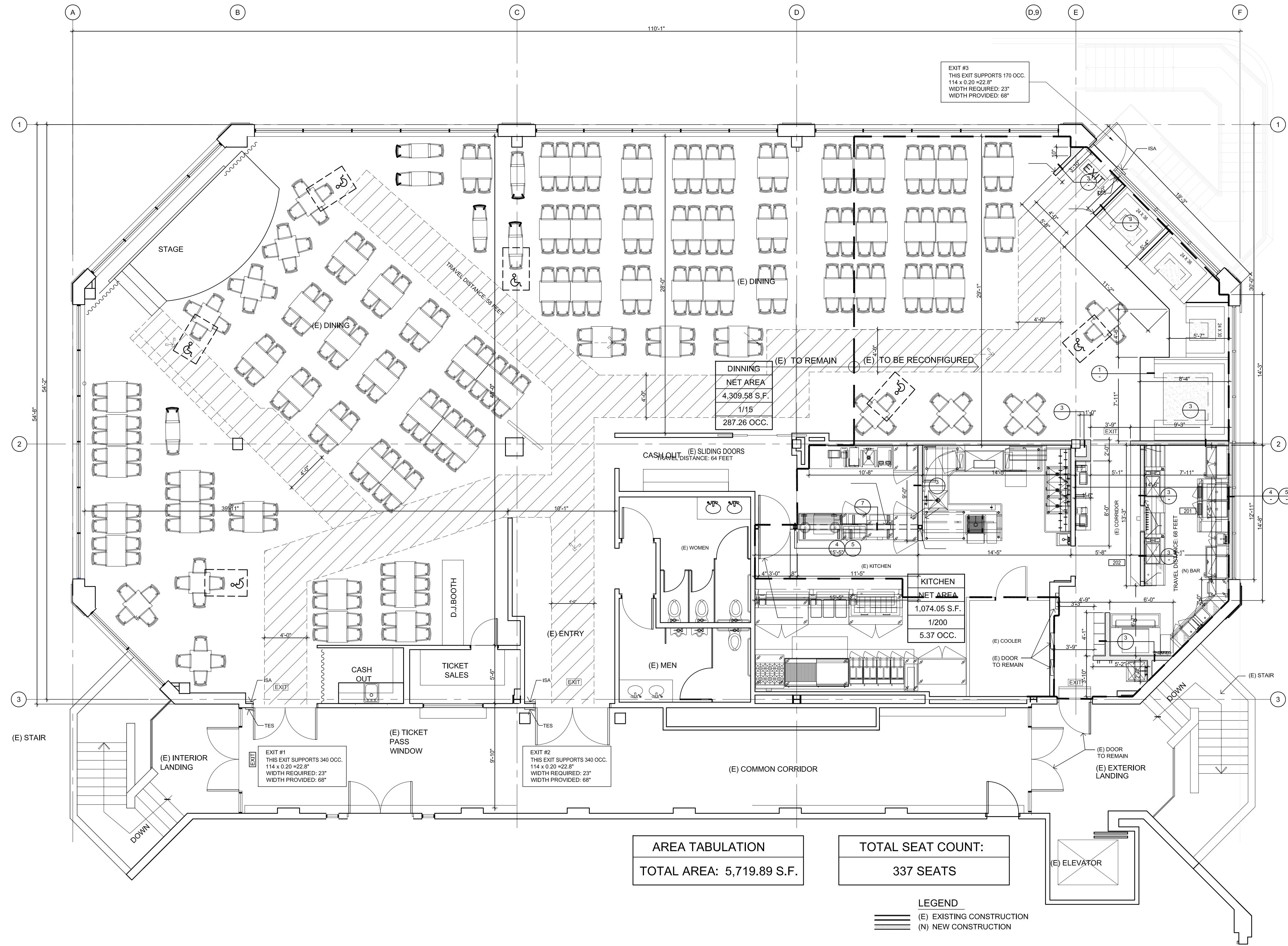
DRAWN BY: GZ
 PROJECT ARCHITECT: DAVID HIDALGO
 DATE: 05.10.2018
 SCALE: AS NOTED
 PROJECT NO. 13066.22
 STAMP

- DESIGN DEVELOPMENT
- PROGRESS CONST. DOCS.
- CITY SUBMITTAL
- BID PACKAGE
- CONSTRUCTION ISSUE
- RECORD DRAWINGS

SHEET TITLE
SUP FIRST FLOOR PLAN

SHEET:
SUP 1ST FLR

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AREA TABULATION	
TOTAL AREA:	5,719.89 S.F.

TOTAL SEAT COUNT:	
	337 SEATS

1ST FLOOR (NEW):	1,777.86 SQ. FT.
2ND FLOOR (EXISTING):	5,719.89 SQ. FT.
TOTAL:	7,497.75 SQ. FT.

LEGEND
 (E) EXISTING CONSTRUCTION
 (N) NEW CONSTRUCTION

TOWN ACTION:
 APPROVED DENIED
 STAFF _____ Date _____ Initials _____
 COUNCIL _____ Date _____ Initials _____
 See the Staff Approval Letter or Council Result Memo for any Conditions Associated with the Approval of the Project.

ARCHITECT:
DAVID HIDALGO ARCHITECTS
 planning + design
 316 south first avenue
 arcadia ca 91006
 tel: 626.446.4148 fax: 626.446.2765
 Dhidalgo@DHarc.com

PROJECT:
QUORUM PLAZA II
THE IMPROV TENANT IMPROVEMENT
4980 BELT LINE ROAD, SUITES 250 & 100-A
 SUP APPLICATION
 TEXAS
 ADDISON
 WESTWOOD FINANCIAL
 11440 SAN VICENTE BLVD.
 LOS ANGELES, CA 90049

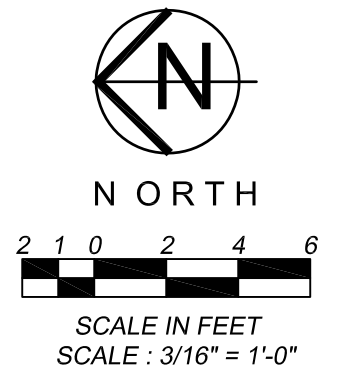
REVISION	DATE	BY

DRAWN BY: _____ AM
 PROJECT ARCHITECT: DAVID HIDALGO
 DATE: 04.10.2018
 SCALE: AS NOTED
 PROJECT NO. 13066.22
 STAMP

- DESIGN DEVELOPMENT
- PROGRESS CONST. DOCS.
- CITY SUBMITTAL
- BID PACKAGE
- CONSTRUCTION ISSUE
- RECORD DRAWINGS

SHEET TITLE
**SUP
 SECOND
 FLOOR PLAN**

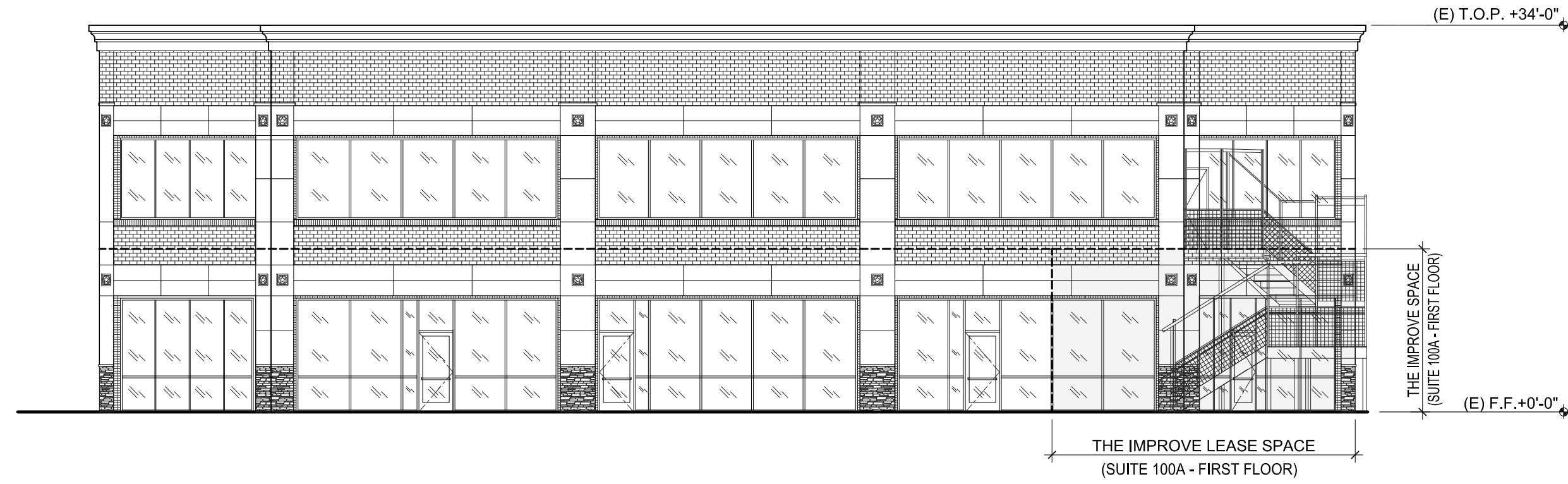
SHEET:
SUP 2ND FLR



SCALE	B
3/16"=1'-0"	

SECOND FLOOR PLAN (SUITE 250)

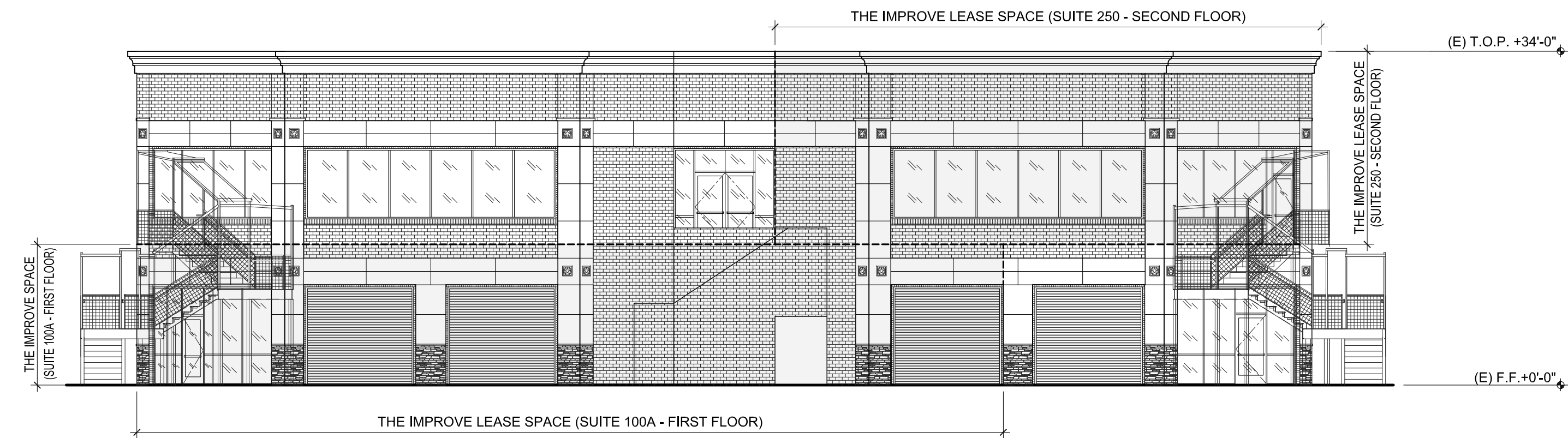
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NOTE: THERE ARE NO PROPOSED CHANGES ON FACADE MATERIALS OR GLAZING.

EXISTING WEST ELEVATION

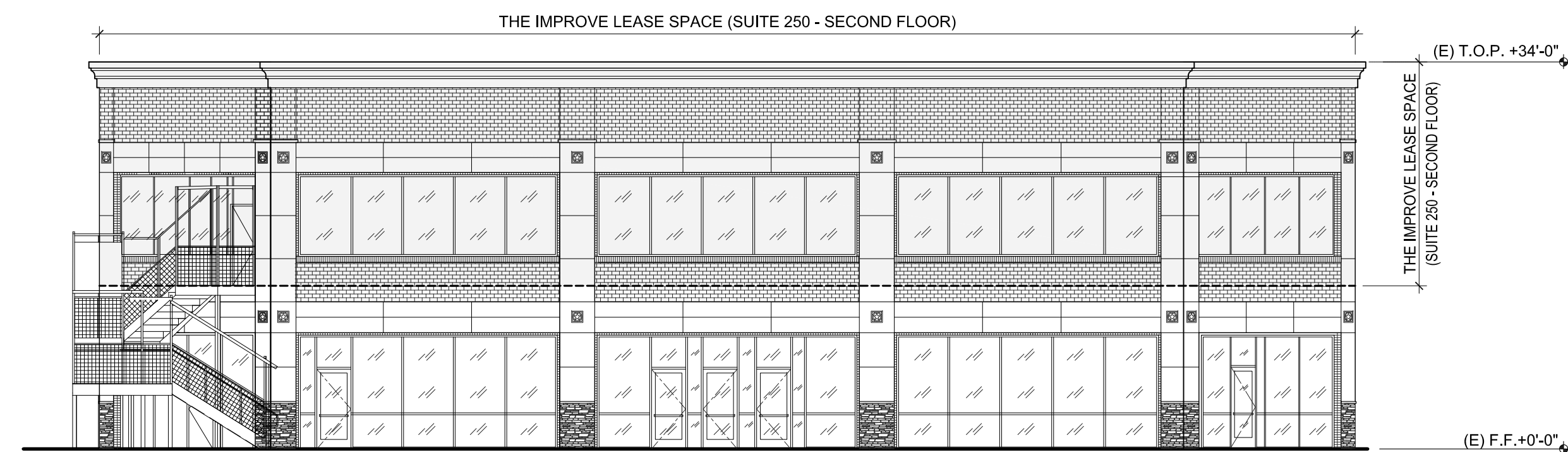
SCALE	D
3/32"=1'-0"	



NOTE: THERE ARE NO PROPOSED CHANGES ON FACADE MATERIALS OR GLAZING.

EXISTING SOUTH ELEVATION

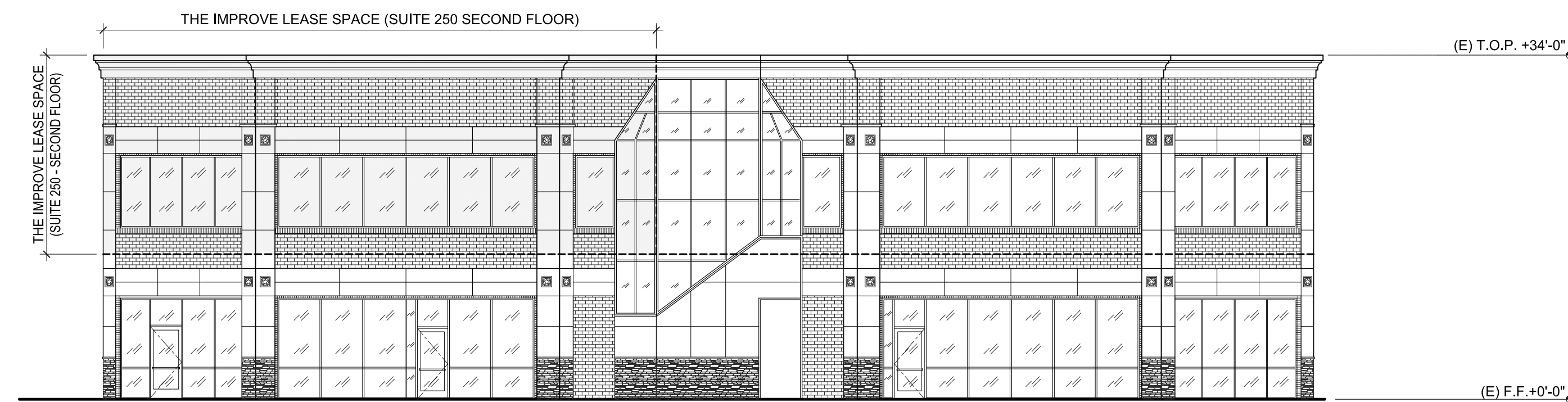
SCALE	B
3/32"=1'-0"	



NOTE: THERE ARE NO PROPOSED CHANGES ON FACADE MATERIALS OR GLAZING.

EXISTING EAST ELEVATION

SCALE	C
3/32"=1'-0"	



NOTE: THERE ARE NO PROPOSED CHANGES ON FACADE MATERIALS OR GLAZING.

EXISTING NORTH ELEVATION

SCALE	A
3/32"=1'-0"	

TOWN ACTION:
 APPROVED DENIED
 STAFF _____ Date _____ Initials _____
 COUNCIL _____ Date _____ Initials _____
 See the Staff Approval Letter or Council Result Memo for any Conditions Associated with the Approval of the Project.

ARCHITECT:
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 11440 SAN VICENTE BLVD.
 LOS ANGELES, CA 90049

REVISION	DATE	BY

DRAWN BY: AM
 PROJECT ARCHITECT: DAVID HIDALGO
 DATE: 04.10.2018
 SCALE: AS NOTED
 PROJECT NO. 13066.22
 STAMP

- DESIGN DEVELOPMENT
- PROGRESS CONST. DOCS.
- CITY SUBMITTAL
- BID PACKAGE
- CONSTRUCTION ISSUE
- RECORD DRAWINGS

SHEET TITLE
SUP EXTERIOR ELEVATIONS
 SHEET:
SUP ELV

AI-2715

19.

Work Session and Regular Meeting

Meeting Date: 05/22/2018

Department: City Manager

AGENDA CAPTION:

Present, Discuss, And Consider Action To Approve The **Location For One (1) Glass and Corten Steel Sculpture Located in the Northwest Corner of Bosque Park.**

BACKGROUND:

The Addison Arbor Foundation is seeking approval from council for locating one (1) glass and corten steel sculpture in the northwest corner of Bosque Park located within Addison Circle at 15675 Quorum Drive. The sculpture is estimated to cost less than \$15,000 and will be funded from the grant funding that the Town provided to the Addison Arbor Foundation for Fiscal Year 2018. Installation is estimated to be completed in summer 2018. The specifications of this sculpture are listed in the attached presentation, along with a photo of the sculpture and a photo of the requested location in Bosque Park.

The artist, Pascale Pryor, is an emerging Dallas-based artist who works in steel and mixed media (glass and steel) for her art. She has multiple installations located in the Dallas-Fort Worth area.

RECOMMENDATION:

Administration recommends approval.

Attachments

Presentation - Arbor Foundation Sculpture Location Request



ADDISON ARBOR FOUNDATION

Public Art Approval Request



Location: Northwest corner of Bosque Park

Sculpture is Glass and Corten Steel; glass design and colors subject to change



ADDISON ARBOR FOUNDATION

Public Art Approval Request



Artist: Pascale Pryor

- Emerging Dallas based artist
- Art works in steel and mixed media (glass and steel)
- Multiple installations in the DFW area

Original design by Pascale

- Estimated cost: less than \$15,000 installed; to be funded from 2017-2018 grant
- Estimated completion: Summer 2018

Specifications:

- 7'8" tall x 3' wide x 1-1/4" deep.
- Color slab glass is 3/4" to 1" thick.
 - Durable and does not fade

Work Session and Regular Meeting**Meeting Date:** 05/22/2018**Department:** Finance**Pillars:** Gold Standard for Financial Health**Milestones:** Review town ordinances and regulations with a focus on modernization in order to facilitate redevelopment

AGENDA CAPTION:

Present and Discuss the **Finance Department Quarterly Financial Report of the Town for the Quarter Ended March 31, 2018.**

BACKGROUND:

The Town of Addison's financial policies require the publication of a financial report 60 days subsequent to the end of each fiscal quarter. This report covers the financial performance for the second quarter for Fiscal Year 2018 (January 1, 2018 – March 31, 2018). Enclosed in the report is an executive dashboard that provides a high level look at some of the key financial indicators also included are more detailed exhibits that demonstrate the current financial position for the various funds. These reports include information for the following funds: General, Hotel, Economic Development, Airport, Utility, and Storm Water funds. Key highlights for the second quarter:

- Overall General Fund revenues are up approximately 4% compared to the prior year, Sales tax collections are up approximately 4% compared to the prior year and expenditures for the various departments are on pace with or below their respective budgets.
- Hotel occupancy tax revenues are 2.1% lower than last year, however, expenditures remain in line with budgeted amounts.
- Airport fund revenues are up 4% principally due to the increase in receipts of fees, however, expenditures remain in line with budgeted amounts.
- Utility fund revenues are 7% more than at the same time in fiscal year 2017. As a part of the adopted fiscal year 2018 budget, utility rates were increased approximately 5%. Operating expenses are also higher than in fiscal year 2017 as a result of increases in the cost of water from the City of Dallas, wastewater treatment, and the legal expenses related to the Landmark lawsuit.
- Storm water revenues are up approximately 9% compared to the prior year, while operating expenses remain in line with budgeted amounts.

The financial condition of the Town remains strong and all reported funds adhere to the fund balance requirements.

Also included is the 2nd Quarter Investment Report for Council's review. Investments adhere to the Towns Investment Policy as adopted by Council.

RECOMMENDATION:

Information only, no action required.

Attachments

Report - Fiscal Year 2018 2nd Quarter

Report - Fiscal Year 2018 2nd Quarter Investments



Department of Finance
Quarterly Review

For the Period Ended March 31, 2018

Town of Addison

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Executive Dashboard - 2nd Quarter, 2018 Fiscal Year

Financial Indicators

Positive variance compared to historical trends

Positive

Negative variance of 3%-5% and more than \$50,000 compared to historical trends

Warning

Negative variance of >5% and more than \$50,000 compared to historical trends

Negative

Key Revenue Sources	FY2018 Budget	Actual through 3/31/18	% Annual Budget
Ad Valorem Taxes - General Fund	\$ 15,724,469	\$ 15,822,252	100.62%
Non-Property Taxes - General Fund	14,660,000	7,440,363	50.75%
Hotel Tax	5,760,000	2,324,618	40.36%
Franchise Fees - General Fund	2,850,300	1,419,809	49.81%
Service/Permitting/License Fees - General Fund	2,439,020	1,547,602	63.45%
Rental Income - All Funds	5,328,000	2,661,798	49.96%
Fines and Penalties - All Funds	575,000	224,891	39.11% (1)
Special Event Revenue - Hotel Fund	2,354,000	102,272	4.34%
Fuel Flowage Fees - Airport Fund	907,040	481,773	53.11%
Water and Sewer Charges - Utility Fund	11,167,226	4,522,202	40.50%

Key Expenditures	FY2018 Budget	Actual through 3/31/18	% Annual Budget
General Fund	\$ 37,566,437	\$ 17,355,155	46.20%
Hotel Fund	9,015,513	2,810,788	31.18%
Economic Development	1,773,570	672,189	37.90%
Airport Operations	5,194,156	2,569,880	49.48%
Utility Operations	12,340,667	6,211,282	50.33%

Executive Dashboard - 2nd Quarter, 2018 Fiscal Year

Financial & Staffing Indicators

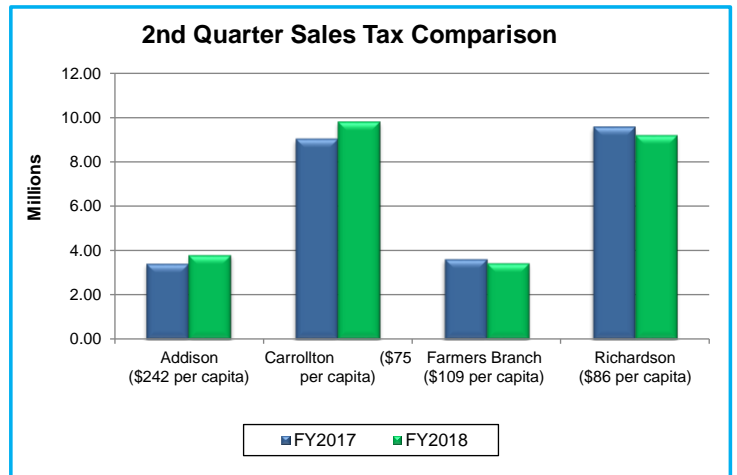
Personnel Information:

New Hires - Benefitted Positions				
	1/2018-3/2018			FY2018
Department	Part-Time Positions	Full-time positions	Total, 2nd Qtr	YTD
Economic Development	0	1	1	1
Finance	0	2	2	5
Fire	0	0	0	1
Infrastructure	0	0	0	1
Police	0	4	4	5
Grand Total	0	7	7	13

Separations - Benefitted Positions				
	1/2018-3/2018			FY2018
Department	Part-Time Positions	Full-time positions	Total, 2nd Qtr	YTD
City Manager	0	0	0	1
Conference Centre	0	0	0	1
Development Services	0	1	1	1
Economic Development	0	0	0	1
Finance	0	0	0	3
Fire	0	1	1	2
General Services / SE	0	1	1	1
Infrastructure	0	1	1	2
Police	0	8	8	10
Grand Total	0	12	12	22

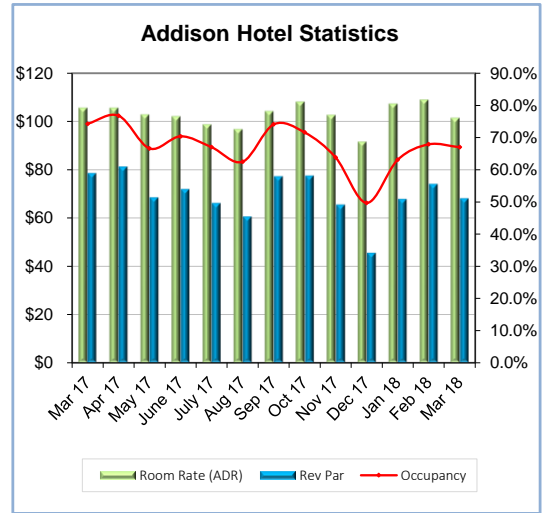
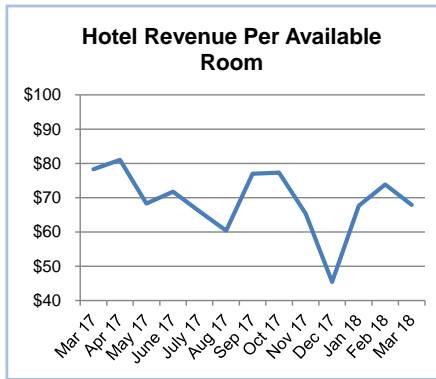
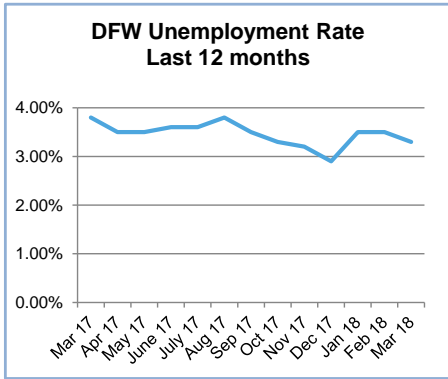
Economic Development Incentives:

Executed Agreements	Amount Paid FY18	Total Incentives Committed
1	\$315,118	\$455,334



Executive Dashboard - 2nd Quarter, 2018 Fiscal Year

Economic Indicators



Occupancy Indicators:

Office Occupancy = 82.9%

Retail Occupancy = 91.9%

Hotel Indicators

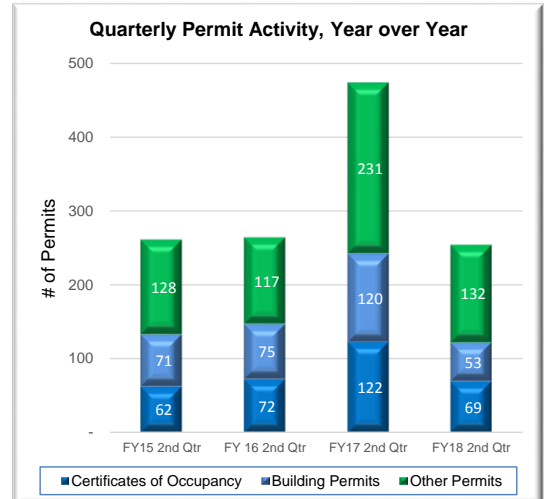
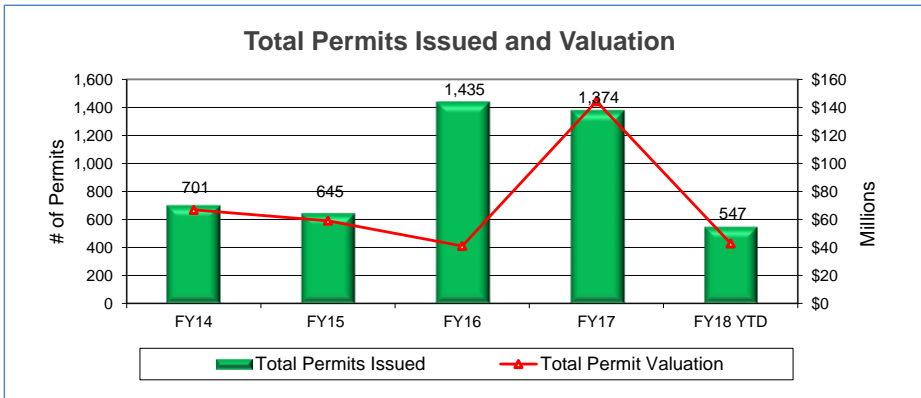
Hotel Occupancy = 66.0%

RevPar = \$69.79



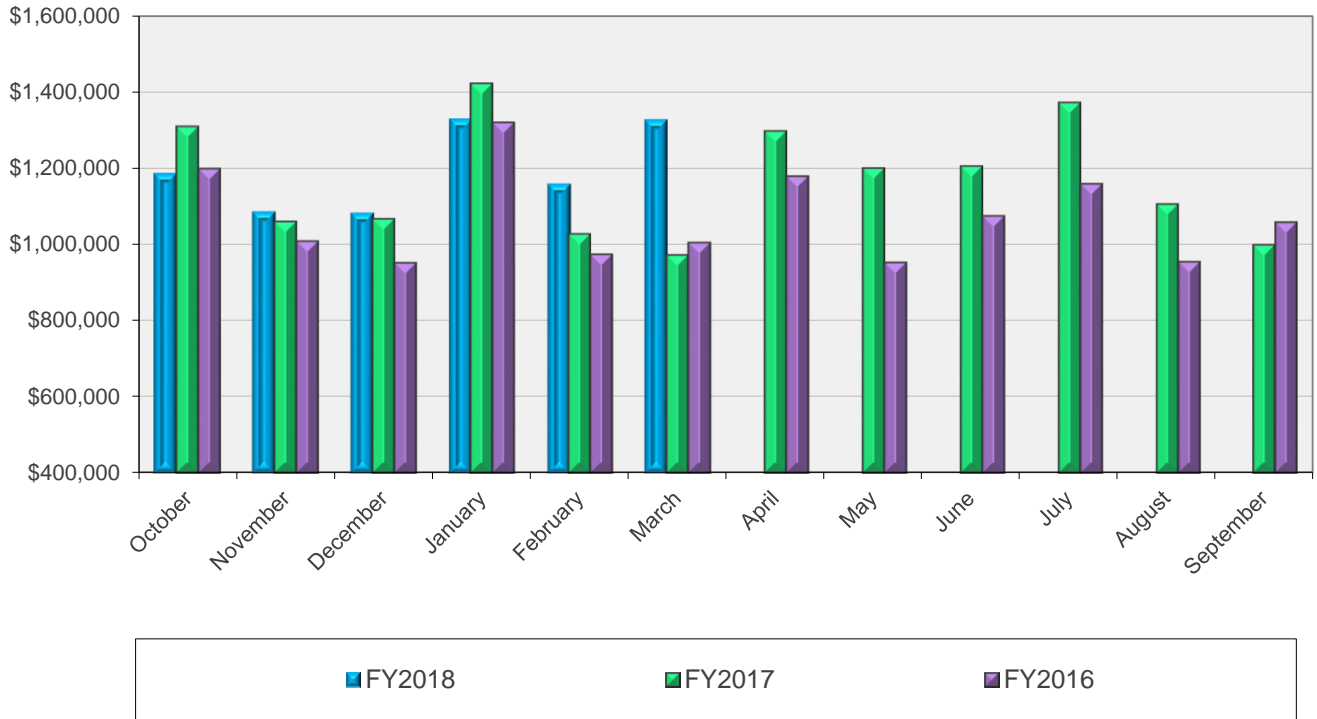
Source: CoStar (compares to prior year)

Source: STR Report (compares to prior year)



Sales Tax Information

Monthly Sales Tax Collections





To: Wes Pierson, City Manager
From: Olivia Riley, Chief Financial Officer
Re: Second Quarter Financial Review
Date: 5/15/2018

This is the second quarter report for the 2017-2018 fiscal year. Revenues and expenditures reflect activity from October 1, 2017 through March 31, 2018 or fifty percent of the fiscal year.

GENERAL FUND

- Fiscal year to date revenue totaled approximately \$26.6 million, which is 73 percent of the overall budget amount. Total revenue is approximately \$707 thousand more than received in the second quarter of fiscal year 2017. Property tax revenues are at 100% of budget.
 1. Court fines are declining as fewer tickets are issued. Current fine revenue is 33.9% of budget for fiscal year 2018.
 2. Telecommunications access fees are 36.7% of budget thru the second quarter. These fees are based on gross revenues of companies using city right-of-way. As fewer consumers purchase traditional telecommunications services, franchise fees paid by telecommunications providers are decreasing.
 3. Rental income is at 2.0% of the fiscal year 2018 budget. The fiscal year 2018 revenue projection was incorrect and did not correctly project revenue in this line item after the sale of city-owned restaurant properties.
- Fiscal year-to-date expenditures and transfers totaled approximately \$17.4 million, which is 46.2 percent of budget. All departments are on pace with or below their respective budgets.

HOTEL FUND

- Revenues through the second quarter totaled approximately \$2.8 million or 31.8% of the fiscal year 2018 budget. Hotel occupancy tax collections are \$50 thousand, or 2.1 percent less than at this time last year. Proceeds from Special Events are 4.3% of the fiscal year 2018 budget due to the timing of events; all significant events occur between May and September.
- Hotel Fund expenditures of \$2.8 million are 31.2 percent of budget. Performing Arts is at 99.6 percent of budget; all grant payments have made to Water Tower Theatre. Special Events is at 8.9% of budget; all significant events occur between May and September. All other departments are below 50% of the fiscal year 2018 budget.

AIRPORT FUND

- Operating revenue through the second quarter totaled approximately \$2.9 million, compared to \$2.8 million in the prior year.
- Year-to-date operating expenses amounted to approximately \$2.6 million, resulting in operating income of around \$307 thousand.

UTILITY FUND

- Operating revenue through the second quarter totaled approximately \$4.6 million, compared to \$4.3 million in the prior year, the result of increased water and sewer rates adopted in the FY2018 budget.
- Operating expenses through the second quarter totaled approximately \$6.2 million, 50.3% of the fiscal year 2018 budget.
 4. Audit and legal services has exceeded the fiscal year 2018 budget by approximately \$51 thousand or 17.8%, the result of the lawsuit between the Town and Landmark Structures.

STORMWATER FUND

- Operating revenue through the second quarter totaled \$941 thousand, or 46.6% of projected revenues for fiscal year 2018.
- Operating expenses through the second quarter totaled approximately \$589 thousand or 45.8% of the fiscal year 2018 budget.

Positive variance compared to historical trends
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive
 Warning
 Negative

TOWN OF ADDISON
 GENERAL FUND
 FY 2018 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2016-17 ACTUAL PRIOR YEAR	FY 2017-18 ADOPTED BUDGET	FY 2017-18 ACTUAL 2ND QTR	FY 2017-18 ACTUAL YTD	ACTUAL YTD as % of Budget
Revenues:					
Ad Valorem taxes:					
Current taxes	\$ 14,702,022	\$ 15,753,469	\$ 11,441,749	\$ 15,898,594	100.9%
Delinquent taxes	(4,428)	(58,000)	(91,567)	(89,769)	154.8%
Penalty & interest	44,923	29,000	12,000	13,428	46.3%
Non-property taxes:					
Sales tax	14,032,616	13,400,000	3,808,829	7,158,223	53.4%
Alcoholic beverage tax	1,229,708	1,260,000	282,140	282,140	22.4%
Franchise / right-of-way use fees:					
Electric franchise	1,536,852	1,675,000	352,672	801,758	47.9%
Gas franchise	203,779	217,400	228,841	228,841	105.3%
Telecommunication access fees	545,932	636,500	114,738	233,765	36.7% (2)
Cable franchise	314,966	316,400	70,344	143,601	45.4%
Street rental fees	-	5,000	11,844	11,844	236.9%
Licenses and permits:					
Business licenses and permits	200,681	137,300	32,920	60,318	43.9%
Building and construction permits	1,024,692	627,000	170,006	553,789	88.3%
Service fees:					
General government	152	500	11	11	2.2%
Public safety	974,327	785,200	306,157	456,319	58.1%
Urban development	2,950	3,000	250	300	10.0%
Streets and sanitation	391,126	282,200	95,320	180,534	64.0%
Recreation	83,336	73,300	15,669	31,071	42.4%
Interfund	348,910	530,520	132,630	265,260	50.0%
Court fines	426,144	500,000	82,919	169,433	33.9% (1)
Interest earnings	168,959	70,000	73,935	122,478	175.0%
Rental income	77,330	175,000	1,650	3,460	2.0% (3)
Other	3,519,157	78,000	11,373	105,095	134.7%
Total Revenues	39,824,134	36,496,789	17,154,431	26,630,492	73.0%

Positive variance compared to historical trends
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive
 Warning
 Negative

TOWN OF ADDISON
 GENERAL FUND
 FY 2018 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2016-17 ACTUAL PRIOR YEAR	FY 2017-18 ADOPTED BUDGET	FY 2017-18 ACTUAL 2ND QTR	FY 2017-18 ACTUAL YTD	ACTUAL YTD as % of Budget
Expenditures:					
General Government:					
City secretary	130,631	200,071	52,933	99,615	49.8%
City manager	1,039,257	1,122,398	283,680	530,503	47.3%
Finance	1,682,923	1,772,042	378,326	792,136	44.7%
General services	788,332	720,103	178,639	302,563	42.0%
Municipal court	631,182	652,165	169,067	302,679	46.4%
Human resources	625,665	677,438	168,243	300,677	44.4%
Information technology	1,796,615	2,028,630	550,581	960,508	47.3%
Combined services	866,597	1,672,262	118,566	722,565	43.2%
Council projects	292,823	346,924	19,681	176,348	50.8%
Public safety:					
Police	8,410,582	9,112,629	2,304,770	4,254,497	46.7%
Emergency communications	1,340,668	1,459,046	695,590	1,031,609	70.7%
Fire	7,176,401	7,355,247	2,065,910	3,752,562	51.0%
Development services					
Streets	1,158,970	1,502,265	335,181	605,636	40.3%
Parks and Recreation:					
Parks	1,942,585	2,106,357	353,354	617,959	29.3%
Recreation	3,307,065	3,837,739	843,486	1,607,764	41.9%
Other financing uses:					
Transfers to other funds	1,713,906	1,894,121	422,560	744,034	39.3%
Total Expenditures	36,346,878	37,566,437	9,217,317	17,355,155	46.2%
Net Change in Fund Balance	3,477,256	(1,069,648)	7,937,114	9,275,337	
Fund Balance at Beginning of Year	12,890,799	14,000,978		16,368,055	43.6%
Fund Balance at End of Year	\$ 16,368,055	\$ 12,931,330		\$ 25,643,392	147.8%

Positive variance compared to historical trends
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive
 Warning
 Negative

TOWN OF ADDISON
 HOTEL FUND
 FY 2018 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2016-17 ACTUAL PRIOR YEAR	FY 2017-18 ADOPTED BUDGET	FY 2017-18 ACTUAL 2ND QTR	FY 2017-18 ACTUAL YTD	ACTUAL YTD as % of Budget
Revenues:					
Hotel/Motel occupancy taxes	\$ 5,954,703	\$ 5,760,000	\$ 1,309,722	\$ 2,324,618	40.4%
Proceeds from special events	2,617,265	2,354,000	55,355	102,272	4.3%
Conference centre rental	630,538	678,000	226,952	374,312	55.2%
Theatre centre rental	70,747	120,000	3,995	20,244	16.9%
Interest and miscellaneous	34,301	17,000	11,569	18,360	108.0%
Total Revenues	9,307,554	8,929,000	1,607,593	2,839,806	31.8%
Expenditures:					
Conference centre	1,211,293	1,118,361	219,096	426,260	38.1%
Marketing	964,987	1,068,418	160,611	323,551	30.3%
Special events operations	-	974,087	209,007	443,071	45.5%
Special events	4,491,069	3,439,378	88,817	306,258	8.9%
Addison theatre centre	376,971	408,822	71,622	130,193	31.8%
Performing arts	444,923	447,000	150,000	445,000	99.6%
General hotel operations	106,167	238,647	47,410	76,055	31.9%
Other financing uses:					
Transfer to debt serv & ED funds	1,259,500	1,320,800	330,200	660,400	50.0%
Total Expenditures	8,854,910	9,015,513	1,276,763	2,810,788	31.2%
Net Change in Fund Balance	452,644	(86,513)	330,830	29,018	
Fund Balance at Beginning of Year	3,386,414	3,558,972		3,839,058	42.6%
Fund Balance at End of Year	\$ 3,839,058	\$ 3,472,459		\$ 3,868,076	137.6%

Positive variance compared to historical trends
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive
 Warning
 Negative

TOWN OF ADDISON
 ECONOMIC DEVELOPMENT FUND
 FY 2018 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2016-17 ACTUAL PRIOR YEAR	FY 2017-18 ADOPTED BUDGET	FY 2017-18 ACTUAL 2ND QTR	FY 2017-18 ACTUAL YTD	ACTUAL YTD as % of Budget
Revenues:					
Ad Valorem taxes:	\$ 994,498	\$ 1,015,359	\$ 733,628	\$ 1,021,603	100.6%
Business license fee	60,181	67,000	42,700	43,150	64.4%
Interest income and other	12,318	14,100	7,844	11,177	79.3%
Transfers from General/Hotel Fund	973,000	610,000	152,500	305,000	50.0%
Total Revenues	2,039,997	1,706,459	936,672	1,380,930	80.9%
Expenditures:					
Personnel services	409,190	441,302	92,987	191,077	43.3%
Supplies	27,319	23,409	2,238	5,571	23.8%
Maintenance	18,187	23,175	4,425	7,204	31.1%
Contractual services	1,270,046	1,167,996	210,581	409,493	35.1%
Capital replacement/lease	23,006	17,688	4,422	8,844	50.0%
Other financing uses:					
Transfers to other funds	-	100,000	25,000	50,000	50.0%
Total Expenditures	1,747,748	1,773,570	339,653	672,189	37.9%
Net Change in Fund Balance	292,249	(67,111)	597,019	708,741	
Fund Balance at Beginning of Year	1,003,514	989,411		1,295,763	73.1%
Fund Balance at End of Year	\$ 1,295,763	\$ 922,300		\$ 2,004,504	298.2%

Positive variance compared to historical trends

Negative variance of 3%-5% and more than \$50,000 compared to historical trends

Negative variance of >5% and more than \$50,000 compared to historical trends

Positive
Warning
Negative

AIRPORT FUND
FY 2018 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2016-17 ACTUAL PRIOR YEAR	FY 2017-18 ADOPTED BUDGET	FY 2017-18 ACTUAL 2ND QTR	FY 2017-18 ACTUAL YTD	ACTUAL YTD as % of Budget
Operating Revenues:					
Operating grants	\$ 50,000	\$ 50,000	\$ -	\$ -	0.0%
Customs fees	131,689	152,960	36,965	66,700	43.6%
Fuel flowage fees	924,328	907,040	236,867	481,773	53.1%
Rental income	4,369,905	4,355,000	1,161,703	2,263,782	52.0%
Interest income and other	112,921	24,500	46,833	65,109	265.8%
Total Operating Revenues:	5,588,843	5,489,500	1,482,368	2,877,364	52.4%
Operating Expenses:					
Town - Personnel services	353,000	423,447	102,879	199,022	47.0%
Town - Supplies	41,859	40,000	1,859	3,929	9.8%
Town - Maintenance	152,701	48,000	9,616	15,294	31.9%
Town - Contractual services	221,565	263,154	41,706	117,756	44.7%
Town - Capital Replacement/Lease	27,878	26,823	6,706	13,412	50.0%
Town - Debt service	580,331	592,972	532,583	532,583	89.8%
Operator - Operations and maintenance	2,802,952	3,405,903	670,795	1,474,175	43.3%
Operator - Service contract	429,675	393,857	91,355	213,709	54.3%
Total Operating Expenses:	4,609,961	5,194,156	1,457,499	2,569,880	49.5%
Net Change in Fund Balance	978,882	295,344	24,869	307,484	
Fund Balance at Beginning of Year	2,407,024	3,200,576		3,385,906	65.2%
Fund Balance at End of Year	\$ 3,385,906	\$ 3,495,920		\$ 3,693,390	143.7%

Positive variance compared to historical trends
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive
 Warning
 Negative

UTILITY FUND
FY 2018 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2016-17 ACTUAL PRIOR YEAR	FY 2017-18 ADOPTED BUDGET	FY 2017-18 ACTUAL 2ND QTR	FY 2017-18 ACTUAL YTD	ACTUAL YTD as % of Budget
Operating revenues:					
Water sales	\$ 6,261,005	\$ 6,286,823	\$ 1,220,270	\$ 2,456,387	39.1%
Sewer charges	4,595,090	4,880,403	1,178,247	2,065,815	42.3%
Tap fees	53,375	7,000	7,200	12,075	172.5%
Penalties	73,283	75,000	27,972	55,458	73.9%
Interest income and other	159,362	94,600	20,488	21,826	23.1%
Total Operating Revenues:	11,142,115	11,343,826	2,454,177	4,611,561	40.7%
Operating expenses:					
Personnel services	1,521,054	1,659,385	421,372	774,556	46.7%
Supplies	126,573	142,149	32,622	61,453	43.2%
Maintenance	365,823	490,803	74,937	103,186	21.0%
Contractual services					
Water purchases	3,444,692	3,926,500	635,044	1,632,427	41.6%
Wastewater treatment	2,625,588	2,842,330	718,490	1,616,551	56.9%
Other services	854,204	1,372,934	468,028	803,382	58.5% (4)
Capital Replacement/Lease	56,759	54,394	13,598	27,197	50.0%
Debt service	989,789	1,077,172	-	843,038	78.3%
Capital outlay	10,768	275,000	-	99,492	36.2%
Other financing uses:					
Transfers to other funds	800,000	500,000	125,000	250,000	50.0%
Total Operating Expenses:	10,795,250	12,340,667	2,489,091	6,211,282	50.3%
Net Change in Fund Balance	346,865	(996,841)	(34,914)	(1,599,721)	
Fund Balance at Beginning of Year	8,165,448	7,811,879		8,512,313	69.0%
Fund Balance at End of Year	\$ 8,512,313	\$ 6,815,038		\$ 6,912,592	111.3%

Positive variance compared to historical trends
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends
 Negative variance of >5% and more than \$50,000 compared to historical trends

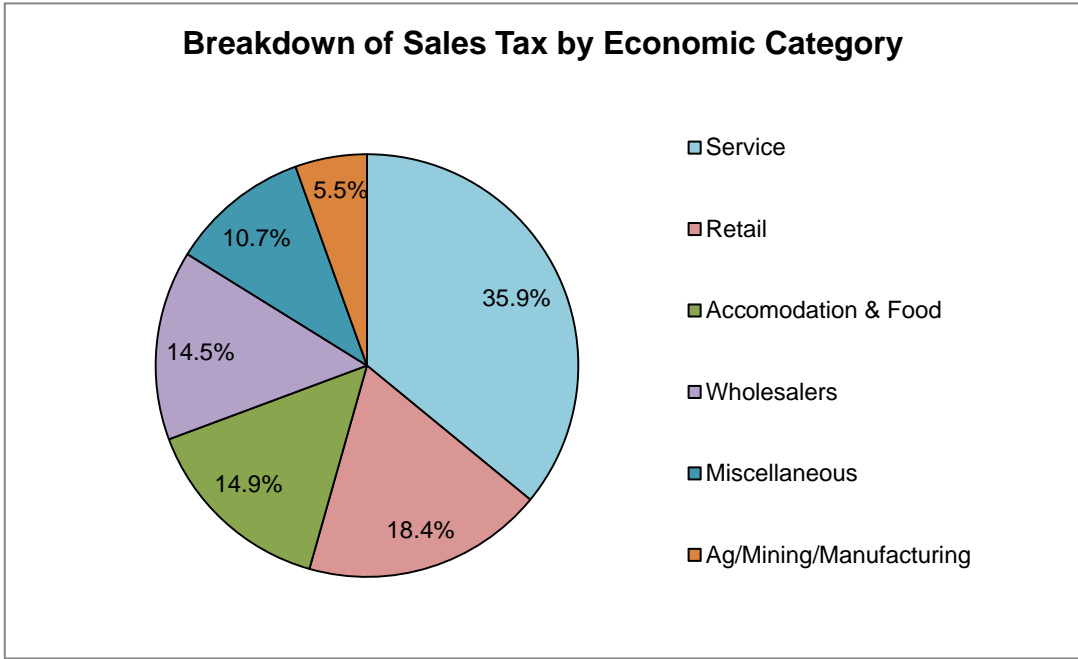
Positive
 Warning
 Negative

STORMWATER UTILITY FUND
 FY 2018 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2016-17 ACTUAL PRIOR YEAR	FY 2017-18 ADOPTED BUDGET	FY 2017-18 ACTUAL 2ND QTR	FY 2017-18 ACTUAL YTD	ACTUAL YTD as % of Budget
Operating revenues:					
Drainage Fees	\$ 2,034,101	\$ 1,950,000	\$ 535,199	\$ 914,872	46.9%
Interest income and other	93,785	67,700	15,581	26,193	38.7%
Total Operating Revenues:	2,127,886	2,017,700	550,780	941,065	46.6%
Operating expenses					
Personnel services	115,163	158,023	41,624	76,213	48.2%
Supplies	4,449	23,200	1,685	6,313	27.2%
Maintenance	123,754	222,200	3,034	17,239	7.8%
Contractual services	118,755	341,027	51,627	76,387	22.4%
Debt service	514,077	541,561	413,258	413,258	76.3%
Total Operating Expenses:	876,198	1,286,011	511,228	589,410	45.8%
Net Change in Fund Balance	1,251,688	731,689	39,552	351,655	
Fund Balance at Beginning of Year	3,756,553	4,625,539		5,008,241	389.4%
Fund Balance at End of Year	\$ 5,008,241	\$ 5,357,228		\$ 5,359,896	909.4%

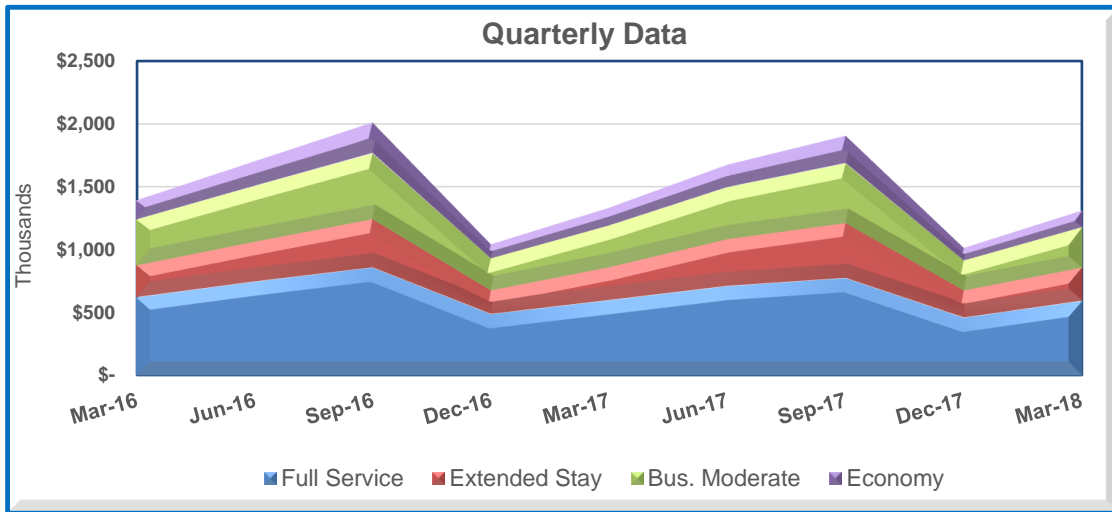
TOWN OF ADDISON
Schedule of Sales Tax Collections
For the quarter ending March 31, 2018

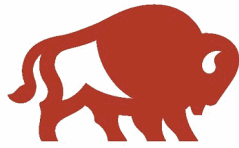
	FY2018 Monthly Collections	% Change from Prior Year	FY2017 Monthly Collections
October	\$ 1,184,668	-9.5%	\$ 1,309,129
November	1,084,154	2.3%	1,059,533
December	1,080,572	1.3%	1,066,606
January	1,326,683	-6.7%	1,421,424
February	1,156,819	12.6%	1,027,098
March	1,325,327	36.4%	971,913
April			1,296,871
May			1,199,541
June			1,204,870
July			1,371,537
August			1,105,558
September			998,537
	\$ 7,158,223		\$ 14,032,616
Budget:	13,400,000	53.4%	13,400,000



TOWN OF ADDISON
HOTEL OCCUPANCY TAX COLLECTION
Hotels By Service Type for the Quarter and Year-to-Date Ended March 31, 2018
With Comparative Information from Prior Fiscal Year

	Rooms		Jan - Mar 2018		18 to 17	YTD FY 2018		18 to 17	
	Number	%	Amount	%	% Diff.	Amount	%	% Diff.	
Full Service									
Marriott Quorum	547	14%	\$ 239,451	18%	-5%	\$ 428,639	18%	-2%	
Intercontinental	528	13%	227,640	17%	6%	377,971	16%	-2%	
Crowne Plaza	428	11%	123,761	9%	-2%	240,524	10%	-6%	
	1,503	37%	590,852	45%	-1%	1,047,134	45%	-3%	
Extended Stay									
Budget Suites	344	9%	2,690	0%	-33%	5,354	0%	0%	
Hawthorn Suites	70	2%	15,575	1%	-22%	29,260	1%	-19%	
Marriott Residence Inn	150	4%	48,283	4%	-14%	85,767	4%	-13%	
Hyatt House	132	3%	43,568	3%	-25%	79,253	3%	-21%	
Homewood Suites	120	3%	34,715	3%	-32%	71,595	3%	-22%	
Home2Suites	132	3%	60,439	5%	0%	104,733	5%	1160%	
Springhill Suites	159	4%	61,819	5%	-8%	110,696	5%	-5%	
	1,107	27%	267,087	20%	1%	486,658	21%	6%	
Business Moderate									
Marriott Courtyard Quorum	176	4%	84,098	6%	-3%	150,505	6%	0%	
LaQuinta Inn	152	4%	47,139	4%	6%	80,396	3%	6%	
Marriott Courtyard Proton	145	4%	55,438	4%	-2%	96,392	4%	-4%	
Radisson - Addison	101	2%	37,269	3%	-1%	65,836	3%	-1%	
Hilton Garden Inn	96	2%	47,584	4%	-4%	85,272	4%	-2%	
Holiday Inn Express	102	3%	24,738	2%	-21%	36,921	2%	-40%	
Best Western Plus	85	2%	26,264	2%	-1%	47,681	2%	-1%	
	857	21%	322,529	25%	-3%	563,003	24%	-4%	
Economy									
Motel 6	124	3%	19,463	1%	-19%	34,525	1%	-18%	
Hampton Inn	158	4%	56,024	4%	-5%	96,669	4%	-9%	
Red Roof Inn	105	3%	24,954	2%	-2%	43,800	2%	-5%	
Quality Suites North/Galleria	78	2%	16,712	1%	-8%	30,966	1%	-4%	
Super 8	65	2%	6,445	0%	-17%	11,787	1%	-19%	
America's Best Value Inn	50	1%	5,655	0%	1%	10,076	0%	-1%	
	580	14%	129,253	10%	-8%	227,823	10%	-9%	
TOTAL	4,047	100%	\$ 1,309,722	100%	-2%	\$ 2,324,618	100%	-2%	





Town of Addison



For the Quarter Ended

March 31, 2018

Report Name

- Certification Page
- Executive Summary
- Benchmark Comparison
- Detail of Security Holdings
- Change in Value
- Earned Income
- Investment Transactions
- Amortization and Accretion
- Projected Fixed Income Cash Flows

MARKET RECAP - MARCH 2018:

Repeating the pattern of recent months, economic data got off to a good start in early March, then faltered as the month progressed. The Conference Board's survey of consumer confidence jumped to a 17-year high of 130.8 in February, as Americans anticipated bigger paychecks resulting from recent tax reform. Purchasing managers were also quite upbeat as the ISM manufacturing index climbed to 60.8 in February, the highest since May 2004, while the ISM non-manufacturing (service sector) index slipped to 59.5 in February ...still within half a point of a 13 year high. Nonfarm payrolls rose by +313k last month, far exceeding the +205k median forecast, while net revisions to the previous two months added another +54k. The three-month average of +242k is the strongest pace of job creation in 18 months. The unemployment rate held steady at +4.1% for the fifth straight month. Despite strong job creation, wages remained surprisingly low. Hourly earnings rose by just +0.1% in February, while the year-over-year increase slipped from a revised +2.8% in January to +2.6%. This was the most important number in the report as it indicates that wage inflation isn't the concern it appeared to be in January. Americans may have slightly fatter paychecks as a result of recent tax reform, but there are few signs consumers are choosing to spend those extra dollars. Headline retail sales fell by -0.1% in February, well below the +0.3% median forecast, and identical to the revised January decline. Car and truck sales registered the fourth straight monthly decline. Inflation measures were generally well-behaved in February as both the headline and core consumer price index (CPI) rose +0.2% in February. The year-over-year pace of overall CPI rose from +2.1% to +2.2%, while core CPI held steady at +1.8%. The final measure of fourth quarter GDP climbed from an annualized quarterly pace of +2.7% to +2.9%. Core PCE was unrevised at +1.9% for the quarter, holding the year-over-year rate at +1.5%, still well below the Fed's +2.0% inflation target.

The FOMC looked past the weak consumer spending and tame inflation readings, focusing instead on the strong job market, and voted unanimously to raise the overnight fed funds target by 25 basis points to a range of 1.50% to 1.75%. It was the sixth 25 basis point increase since the "liftoff" from zero began in December 2015. The latest "dot plot" still indicates a total of three hikes in 2018, but the dots themselves have risen and are now just one dot away from four hikes in 2018. The 2019 projection rose from two to three hikes with two still expected in 2020. The official statement had a hawkish slant, which pushed the 2-year Treasury note yield to a cycle high of 2.35% while the 10-year rose to 2.90%.

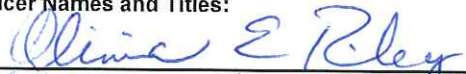
Stock markets suffered through another difficult month. The initial salvo was President Trump's announcement that he would impose tariffs of 25% on imported steel and 10% on imported aluminum. That was enough to turn the DOW's 40 point gain into a 450 point loss on the first day of the month. A mid-March announcement of \$50 billion in tariffs on some 1,300 imported Chinese products added to fears of a trade war and sparked a 724 point drop in the DOW. Hawkish rhetoric from the Fed also contributed to stock weakness through much of the month. Revelations surrounding the use and abuse of Facebook user data ignited concerns that regulators would begin to crack down on Facebook, Google, Microsoft, et al, hammering those shares. As the month drew to a close, President Trump went after Amazon in a series of threatening tweets, sending its stock plunging. For the month of March, the DOW extended February's -4.3% decline with another -3.7% loss, the S&P 500 shed another -2.7% on top of February's -3.9%, and the NASDAQ followed up last month's -1.9% decline by falling -2.9%. Equity market weakness would drive a modest flight to safety rally in bonds as the month drew to a close, pulling the yield on the two-year Treasury down to 2.27% and the 10-year down to 2.74%.

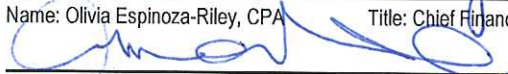
**For the Quarter Ended
March 31, 2018**

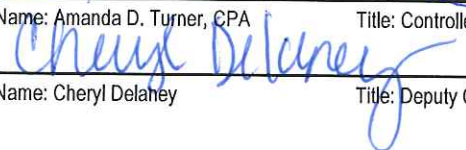
This report is prepared for the Town of Addison (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Officer Names and Titles:


Name: Olivia Espinoza-Riley, CPA Title: Chief Financial Officer


Name: Amanda D. Turner, CPA Title: Controller


Name: Cheryl Delahey Title: Deputy City Manager

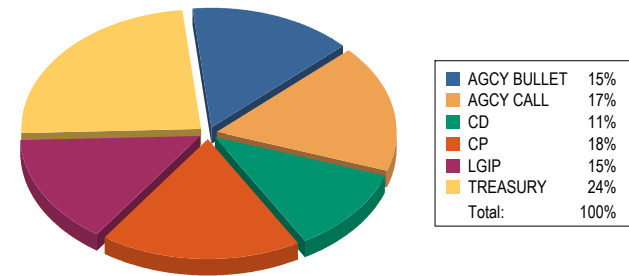
Account Summary

Allocation by Security Type

Beginning Values as of 12/31/17

Ending Values as of 03/31/18

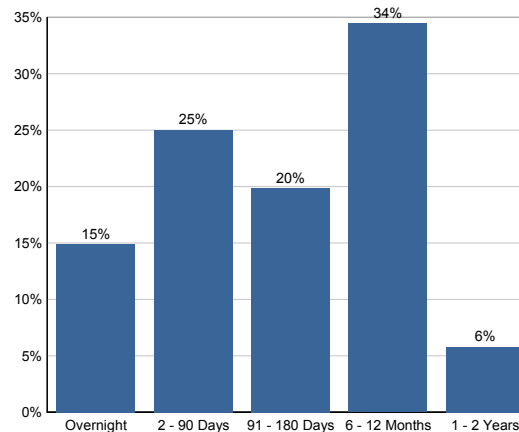
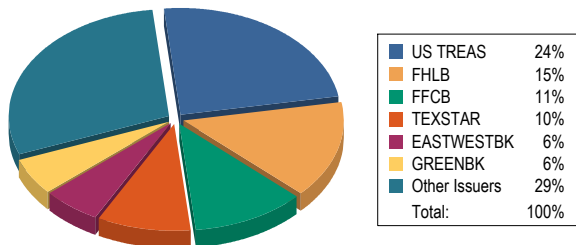
Par Value	74,103,524.91	88,173,887.15
Market Value	74,004,772.91	87,871,927.15
Book Value	74,075,313.64	87,957,178.09
Unrealized Gain/(Loss)	(70,540.73)	(85,250.94)
Market Value %	99.90%	99.90%
Weighted Avg. YTW	1.184%	1.482%
Weighted Avg. YTM	1.184%	1.482%



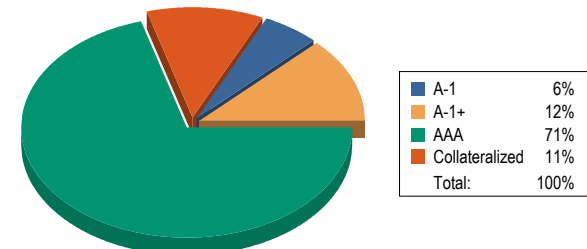
Allocation by Issuer

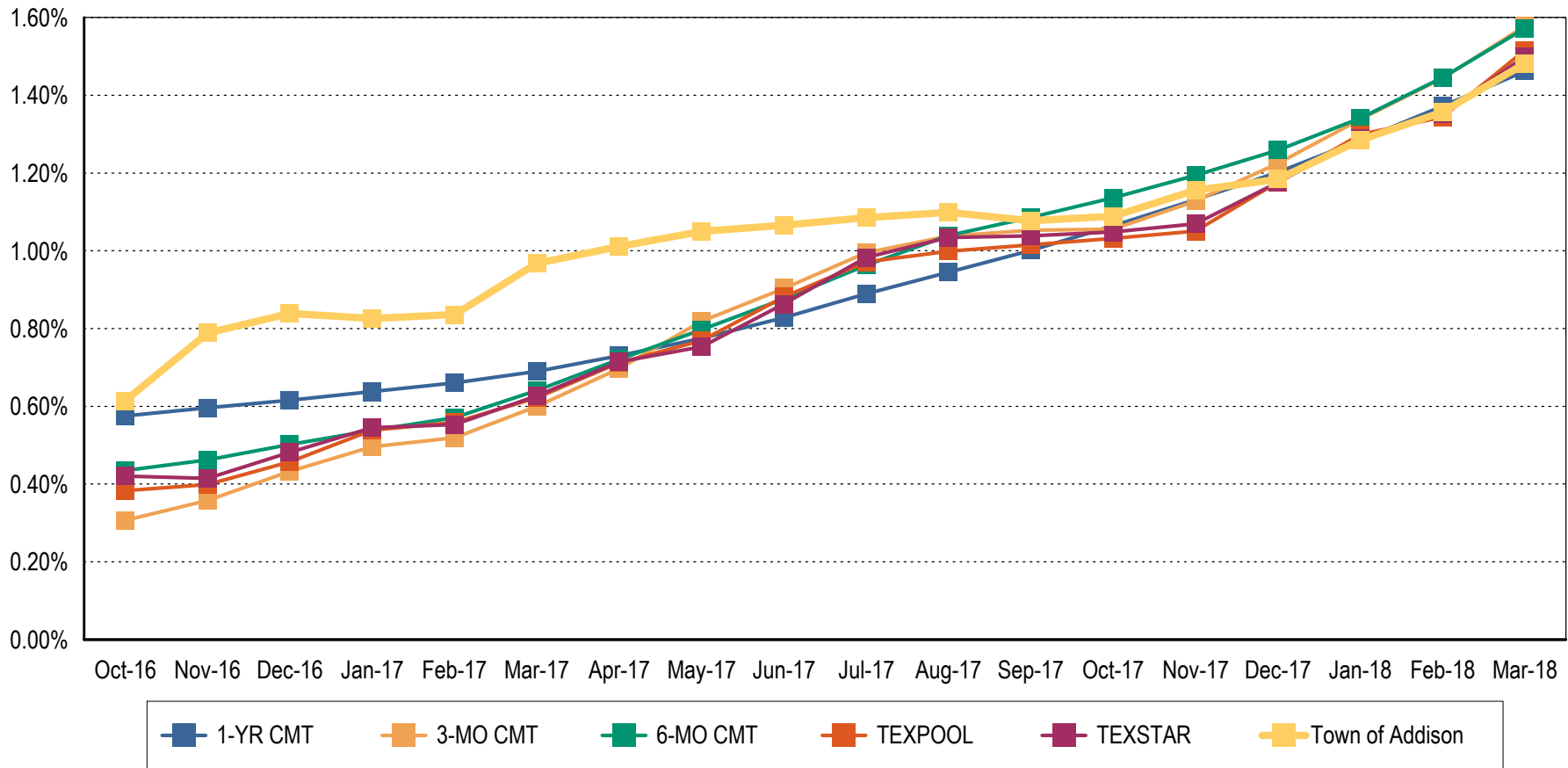
Maturity Distribution %

Credit Quality



Weighted Average Days to Maturity: 153





Note 1: CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

Note 2: Benchmark data for TexPool is the monthly average yield.

Note 3: Benchmark data for TexSTAR is the monthly average yield.

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
Pooled Funds																	
TEXPOOL		LGIP	TexPool					4,685,297.10	100.000	4,685,297.10	4,685,297.10	100.000	4,685,297.10	1		1.516	1.516
TEXSTAR		LGIP	TexSTAR					8,408,309.56	100.000	8,408,309.56	8,408,309.56	100.000	8,408,309.56	1		1.499	1.499
3133EFJM0	10/30/15	AGCY CALL	FFCB	0.930	04/13/18	Anytime	CONT	10,000,000.00	99.805	9,980,500.00	9,999,732.50	99.974	9,997,370.00	13	5	1.011	1.011
46640QDP3	07/28/17	CP - DISC	J.P.Morgan Sec		04/23/18			2,000,000.00	98.872	1,977,433.89	1,998,154.44	99.866	1,997,326.00	23		1.527	1.527
3134G9JD0	04/26/17	AGCY CALL	FHLMC	1.000	05/11/18	Expired	QRTLY	5,000,000.00	99.848	4,992,400.00	4,999,187.40	99.913	4,995,660.00	41		1.147	1.147
313379DT3	03/28/17	AGCY BULET	FHLB	1.250	06/08/18			5,000,000.00	100.130	5,006,500.00	5,001,020.10	99.901	4,995,070.00	69		1.140	1.140
46640QG62	03/08/18	CP - DISC	J.P.Morgan Sec		07/06/18			2,500,000.00	99.300	2,482,500.00	2,486,000.00	99.347	2,483,685.00	97		2.115	2.115
912828XK1	04/21/17	TREAS NOTE	U.S. Treasury	0.875	07/15/18			2,000,000.00	99.719	1,994,375.00	1,998,674.76	99.729	1,994,580.00	106		1.105	1.105
912828K82	11/01/17	TREAS NOTE	U.S. Treasury	1.000	08/15/18			2,500,000.00	99.691	2,492,285.16	2,496,319.75	99.684	2,492,090.00	137		1.395	1.395
912828RE2	11/27/17	TREAS NOTE	U.S. Treasury	1.500	08/31/18			5,000,000.00	99.938	4,996,875.00	4,998,311.40	99.833	4,991,640.00	153		1.582	1.582
78009BJ78	03/08/18	CP - DISC	Royal Bank of Canada		09/07/18			2,500,000.00	98.902	2,472,550.00	2,476,150.00	98.942	2,473,555.00	160		2.184	2.184
313375K48	03/28/17	AGCY BULET	FHLB	2.000	09/14/18			3,000,000.00	101.196	3,035,880.00	3,011,183.16	100.002	3,000,063.00	167		1.172	1.172
912828L81	11/01/17	TREAS NOTE	U.S. Treasury	0.875	10/15/18			2,500,000.00	99.453	2,486,328.13	2,492,257.63	99.410	2,485,255.00	198		1.455	1.455
36164KKS9	01/29/18	CP - DISC	GE Capital Treasury		10/26/18			5,000,000.00	98.515	4,925,750.00	4,942,800.00	98.661	4,933,065.00	209		2.010	2.010
89233HL28	02/08/18	CP - DISC	Toyota Mtr Cr		11/02/18			4,000,000.00	98.509	3,940,370.00	3,951,983.32	98.570	3,942,788.00	216		2.040	2.040
912828M64	01/08/18	TREAS NOTE	U.S. Treasury	1.250	11/15/18			5,000,000.00	99.551	4,977,539.06	4,983,576.15	99.527	4,976,365.00	229		1.784	1.784
912828N22	02/08/18	TREAS NOTE	U.S. Treasury	1.250	12/15/18			4,000,000.00	99.484	3,979,375.00	3,982,835.68	99.449	3,977,968.00	259		1.864	1.864
CD-3820-2	01/30/16	CD	Green Bk CD	1.000	01/29/19			5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.000	5,000,000.00	304		1.000	1.000
3130AAXX1	03/07/18	AGCY BULET	FHLB	1.375	03/18/19			5,000,000.00	99.254	4,962,700.00	4,965,104.65	99.231	4,961,560.00	352		2.110	2.110
CD-8603	07/28/16	CD	East West Bk CD	0.950	07/28/19			5,080,280.49	100.000	5,080,280.49	5,080,280.49	100.000	5,080,280.49	484		0.950	0.950
Total for Pooled Funds								88,173,887.15	99.666	87,877,248.39	87,957,178.09	99.659	87,871,927.15	153		1.482	1.482
Total for Town of Addison								88,173,887.15	99.666	87,877,248.39	87,957,178.09	99.659	87,871,927.15	153		1.482	1.482

CUSIP	Security Type	Security Description	12/31/17 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	03/31/18 Book Value	12/31/17 Market Value	03/31/18 Market Value	Change in Mkt Value
Pooled Funds											
TEXPOOL	LGIP	TexPool	4,669,304.54	15,992.56	0.00	0.00	0.00	4,685,297.10	4,669,304.54	4,685,297.10	15,992.56
TEXSTAR	LGIP	TexSTAR	10,365,826.19	4,030,028.73	(5,987,545.36)	0.00	0.00	8,408,309.56	10,365,826.19	8,408,309.56	(1,957,516.63)
89233HAV6	CP - DISC	Toyota Mtr Cr 0.000 01/29/18	4,994,788.90	0.00	(5,000,000.00)	5,211.10	0.00	0.00	4,993,705.00	0.00	(4,993,705.00)
79584KB77	CP - DISC	Salvation Army 0.000 02/07/18	2,995,991.67	0.00	(3,000,000.00)	4,008.33	0.00	0.00	2,995,122.00	0.00	(2,995,122.00)
3133EGE68	AGCY BULET	FFCB 0.800 03/08/18	3,998,145.08	0.00	(4,000,000.00)	1,854.92	0.00	0.00	3,996,356.00	0.00	(3,996,356.00)
3133EFJM0	AGCY CALL	FFCB 0.930 04/13/18	9,997,726.40	0.00	0.00	2,006.10	0.00	9,999,732.50	9,978,190.00	9,997,370.00	19,180.00
46640QDP3	CP - DISC	J.P.Morgan Sec 0.000 04/23/18	1,990,604.44	0.00	0.00	7,550.00	0.00	1,998,154.44	1,989,376.00	1,997,326.00	7,950.00
3134G9JD0	AGCY CALL	FHLMC 1.000 05/11/18	4,997,359.05	0.00	0.00	1,828.35	0.00	4,999,187.40	4,990,635.00	4,995,660.00	5,025.00
313379DT3	AGCY BULET	FHLB 1.250 06/08/18	5,002,390.35	0.00	0.00	(1,370.25)	0.00	5,001,020.10	4,992,845.00	4,995,070.00	2,225.00
46640QG62	CP - DISC	J.P.Morgan Sec 0.000 07/06/18	0.00	2,482,500.00	0.00	3,500.00	0.00	2,486,000.00	0.00	2,483,685.00	2,483,685.00
912828XK1	TREAS NOTE	U.S. Treasury 0.875 07/15/18	1,997,542.66	0.00	0.00	1,132.10	0.00	1,998,674.76	1,992,810.00	1,994,580.00	1,770.00
912828K82	TREAS NOTE	U.S. Treasury 1.000 08/15/18	2,493,906.18	0.00	0.00	2,413.57	0.00	2,496,319.75	2,490,025.00	2,492,090.00	2,065.00
912828RE2	TREAS NOTE	U.S. Treasury 1.500 08/31/18	4,997,281.80	0.00	0.00	1,029.60	0.00	4,998,311.40	4,993,685.00	4,991,640.00	(2,045.00)
78009BJ78	CP - DISC	Royal Bank of Canada 0.000 09/07/18	0.00	2,472,550.00	0.00	3,600.00	0.00	2,476,150.00	0.00	2,473,555.00	2,473,555.00
313375K48	AGCY BULET	FHLB 2.000 09/14/18	3,017,328.72	0.00	0.00	(6,145.56)	0.00	3,011,183.16	3,004,749.00	3,000,063.00	(4,686.00)
912828L81	TREAS NOTE	U.S. Treasury 0.875 10/15/18	2,488,723.48	0.00	0.00	3,534.15	0.00	2,492,257.63	2,483,750.00	2,485,255.00	1,505.00
36164KKS9	CP - DISC	GE Capital Treasury 0.000 10/26/18	0.00	4,925,750.00	0.00	17,050.00	0.00	4,942,800.00	0.00	4,933,065.00	4,933,065.00
89233HL28	CP - DISC	Toyota Mtr Cr 0.000 11/02/18	0.00	3,940,370.00	0.00	11,613.32	0.00	3,951,983.32	0.00	3,942,788.00	3,942,788.00
912828M64	TREAS NOTE	U.S. Treasury 1.250 11/15/18	0.00	4,977,539.06	0.00	6,037.09	0.00	4,983,576.15	0.00	4,976,365.00	4,976,365.00
912828N22	TREAS NOTE	U.S. Treasury 1.250 12/15/18	0.00	3,979,375.00	0.00	3,460.68	0.00	3,982,835.68	0.00	3,977,968.00	3,977,968.00
CD-3820-2	CD	Green Bk CD 1.000 01/29/19	5,000,000.00	0.00	0.00	0.00	0.00	5,000,000.00	5,000,000.00	5,000,000.00	0.00
3130AAXX1	AGCY BULET	FHLB 1.375 03/18/19	0.00	4,962,700.00	0.00	2,404.65	0.00	4,965,104.65	0.00	4,961,560.00	4,961,560.00
CD-8603	CD	East West Bk CD 0.950 07/28/19	5,068,394.18	11,886.31	0.00	0.00	0.00	5,080,280.49	5,068,394.18	5,080,280.49	11,886.31
Total for Pooled Funds			74,075,313.64	31,798,691.66	(17,987,545.36)	70,718.15	0.00	87,957,178.09	74,004,772.91	87,871,927.15	13,867,154.24
Total for Town of Addison			74,075,313.64	31,798,691.66	(17,987,545.36)	70,718.15	0.00	87,957,178.09	74,004,772.91	87,871,927.15	13,867,154.24

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
Pooled Funds									
TEXPOOL	LGIP	TexPool	0.00	15,992.56	15,992.56	0.00	0.00	0.00	15,992.56
TEXSTAR	LGIP	TexSTAR	0.00	42,483.37	42,483.37	0.00	0.00	0.00	42,483.37
89233HAV6	CP - DISC	Toyota Mtr Cr 0.000 01/29/18	0.00	0.00	0.00	0.00	0.00	5,211.10	5,211.10
79584KB77	CP - DISC	Salvation Army 0.000 02/07/18	0.00	0.00	0.00	0.00	0.00	4,008.33	4,008.33
3133EGE68	AGCY BULET	FFCB 0.800 03/08/18	10,044.44	5,955.56	16,000.00	0.00	0.00	1,854.92	7,810.48
3133EFJM0	AGCY CALL	FFCB 0.930 04/13/18	20,150.00	23,250.00	0.00	0.00	43,400.00	2,006.10	25,256.10
46640QDP3	CP - DISC	J.P.Morgan Sec 0.000 04/23/18	0.00	0.00	0.00	0.00	0.00	7,550.00	7,550.00
3134G9JD0	AGCY CALL	FHLMC 1.000 05/11/18	6,944.44	12,500.00	0.00	0.00	19,444.44	1,828.35	14,328.35
313379DT3	AGCY BULET	FHLB 1.250 06/08/18	3,993.06	15,625.00	0.00	0.00	19,618.06	(1,370.25)	14,254.75
46640QG62	CP - DISC	J.P.Morgan Sec 0.000 07/06/18	0.00	0.00	0.00	0.00	0.00	3,500.00	3,500.00
912828XK1	TREAS NOTE	U.S. Treasury 0.875 07/15/18	8,084.24	4,339.79	8,750.00	0.00	3,674.03	1,132.10	5,471.89
912828K82	TREAS NOTE	U.S. Treasury 1.000 08/15/18	9,442.93	6,164.80	12,500.00	0.00	3,107.73	2,413.57	8,578.37
912828RE2	TREAS NOTE	U.S. Treasury 1.500 08/31/18	25,483.43	18,538.31	37,500.00	0.00	6,521.74	1,029.60	19,567.91
78009BJ78	CP - DISC	Royal Bank of Canada 0.000 09/07/18	0.00	0.00	0.00	0.00	0.00	3,600.00	3,600.00
313375K48	AGCY BULET	FHLB 2.000 09/14/18	17,833.33	15,000.00	30,000.00	0.00	2,833.33	(6,145.56)	8,854.44
912828L81	TREAS NOTE	U.S. Treasury 0.875 10/15/18	4,687.50	5,408.65	0.00	0.00	10,096.15	3,534.15	8,942.80
36164KKS9	CP - DISC	GE Capital Treasury 0.000 10/26/18	0.00	0.00	0.00	0.00	0.00	17,050.00	17,050.00
89233HL28	CP - DISC	Toyota Mtr Cr 0.000 11/02/18	0.00	0.00	0.00	0.00	0.00	11,613.32	11,613.32
912828M64	TREAS NOTE	U.S. Treasury 1.250 11/15/18	0.00	14,330.11	0.00	(9,323.20)	23,653.31	6,037.09	20,367.20
912828N22	TREAS NOTE	U.S. Treasury 1.250 12/15/18	0.00	7,142.85	0.00	(7,554.95)	14,697.80	3,460.68	10,603.53
CD-3820-2	CD	Green Bk CD 1.000 01/29/19	8,767.12	12,328.77	12,602.74	0.00	8,493.15	0.00	12,328.77
3130AAXX1	AGCY BULET	FHLB 1.375 03/18/19	0.00	4,583.33	34,375.00	(32,274.31)	2,482.64	2,404.65	6,987.98
CD-8603	CD	East West Bk CD 0.950 07/28/19	131.92	11,886.62	11,886.31	0.00	132.23	0.00	11,886.62
Total for Pooled Funds			115,562.41	215,529.72	222,089.98	(49,152.46)	158,154.61	70,718.15	286,247.87
Total for Town of Addison			115,562.41	215,529.72	222,089.98	(49,152.46)	158,154.61	70,718.15	286,247.87

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
Pooled Funds															
Maturities															
01/29/18	01/29/18	89233HAV6	CP - DISC	Toyota Mtr Cr		01/29/18		5,000,000.00	100.000	5,000,000.00	0.00	5,000,000.00		1.354	
02/07/18	02/07/18	79584KB77	CP - DISC	Salvation Army		02/07/18		3,000,000.00	100.000	3,000,000.00	0.00	3,000,000.00		1.305	
03/08/18	03/08/18	3133EGE68	AGCY BULET	FFCB	0.800	03/08/18		4,000,000.00	100.000	4,000,000.00	0.00	4,000,000.00		1.050	
Total for: Maturities								12,000,000.00		12,000,000.00	0.00	12,000,000.00		1.240	
Purchases															
01/05/18	01/08/18	912828M64	TREAS NOTE	U.S. Treasury	1.250	11/15/18		5,000,000.00	99.551	4,977,539.06	9,323.20	4,986,862.26		1.784	1.784
01/26/18	01/29/18	36164KKS9	CP - DISC	GE Capital Treasury		10/26/18		5,000,000.00	98.515	4,925,750.00	0.00	4,925,750.00		2.010	2.010
02/07/18	02/08/18	89233HL28	CP - DISC	Toyota Mtr Cr		11/02/18		4,000,000.00	98.509	3,940,370.00	0.00	3,940,370.00		2.040	2.040
02/07/18	02/08/18	912828N22	TREAS NOTE	U.S. Treasury	1.250	12/15/18		4,000,000.00	99.484	3,979,375.00	7,554.95	3,986,929.95		1.864	1.864
03/06/18	03/08/18	78009BJ78	CP - DISC	Royal Bank of Canada		09/07/18		2,500,000.00	98.902	2,472,550.00	0.00	2,472,550.00		2.184	2.184
03/06/18	03/07/18	3130AAXX1	AGCY BULET	FHLB	1.375	03/18/19		5,000,000.00	99.254	4,962,700.00	32,274.31	4,994,974.31		2.110	2.110
03/07/18	03/08/18	46640QG62	CP - DISC	J.P.Morgan Sec		07/06/18		2,500,000.00	99.300	2,482,500.00	0.00	2,482,500.00		2.115	2.115
Total for: Purchases								28,000,000.00		27,740,784.06	49,152.46	27,789,936.52		1.996	1.996
Income Payments															
01/16/18	01/15/18	912828XK1	TREAS NOTE	U.S. Treasury	0.875	07/15/18				0.00	8,750.00	8,750.00			
01/29/18	01/29/18	CD-3820-2	CD	Green Bk CD	1.000	01/29/19				0.00	12,602.74	12,602.74			
02/15/18	02/15/18	912828K82	TREAS NOTE	U.S. Treasury	1.000	08/15/18				0.00	12,500.00	12,500.00			
02/28/18	02/28/18	912828RE2	TREAS NOTE	U.S. Treasury	1.500	08/31/18				0.00	37,500.00	37,500.00			
03/08/18	03/08/18	3133EGE68	AGCY BULET	FFCB	0.800	03/08/18				0.00	16,000.00	16,000.00			
03/14/18	03/14/18	313375K48	AGCY BULET	FHLB	2.000	09/14/18				0.00	30,000.00	30,000.00			
03/18/18	03/18/18	3130AAXX1	AGCY BULET	FHLB	1.375	03/18/19				0.00	34,375.00	34,375.00			
03/31/18	03/31/18	CD-8603	CD	East West Bk CD	0.950	07/28/19				0.00	11,886.31	11,886.31			
Total for: Income Payments										0.00	163,614.05	163,614.05			
Capitalized Interest															
03/31/18	03/31/18	CD-8603	CD	East West Bk CD	0.950	07/28/19		11,886.31	100.000	11,886.31	0.00	11,886.31			

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
Pooled Funds															
Total for: Capitalized Interest								11,886.31		11,886.31	0.00	11,886.31			

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
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Total for All Portfolios

Transaction Type	Quantity	Total Amount	Realized G/L	YTM	YTW
Total Maturities	12,000,000.00	12,000,000.00		1.240	
Total Purchases	28,000,000.00	27,789,936.52		1.996	1.996
Total Income Payments	0.00	163,614.05			
Total Capitalized Interest	11,886.31	11,886.31			

CUSIP	Settle Date	Security Type	Security Description	Next Call Date	Purchase Qty	Orig Price	Original Cost	Amrt/Accr for Period	Total Amrt/Accr Since Purch	Remaining Disc / Prem	Book Value
Pooled Funds											
89233HAV6	05/04/17	CP - DISC	Toyota Mtr Cr 0.000 01/29/18		0.00	98.995	0.00	5,211.10	0.00	0.00	0.00
79584KB77	10/27/17	CP - DISC	Salvation Army 0.000 02/07/18		0.00	99.628	0.00	4,008.33	0.00	0.00	0.00
3133EGE68	11/25/16	AGCY BULET	FFCB 0.800 03/08/18		0.00	99.681	0.00	1,854.92	0.00	0.00	0.00
3133EFJM0	10/30/15	AGCY CALL	FFCB 0.930 04/13/18		10,000,000.00	99.805	9,980,500.00	2,006.10	19,232.50	267.50	9,999,732.50
46640QDP3	07/28/17	CP - DISC	J.P.Morgan Sec 0.000 04/23/18		2,000,000.00	98.872	1,977,433.89	7,550.00	20,720.55	1,845.56	1,998,154.44
3134G9JD0	04/26/17	AGCY CALL	FHLMC 1.000 05/11/18	02/11/18	5,000,000.00	99.848	4,992,400.00	1,828.35	6,787.40	812.60	4,999,187.40
313379DT3	03/28/17	AGCY BULET	FHLB 1.250 06/08/18		5,000,000.00	100.130	5,006,500.00	(1,370.25)	(5,479.90)	(1,020.10)	5,001,020.10
46640QG62	03/08/18	CP - DISC	J.P.Morgan Sec 0.000 07/06/18		2,500,000.00	99.300	2,482,500.00	3,500.00	3,500.00	14,000.00	2,486,000.00
912828XK1	04/21/17	TREAS NOTE	U.S. Treasury 0.875 07/15/18		2,000,000.00	99.719	1,994,375.00	1,132.10	4,299.76	1,325.24	1,998,674.76
912828K82	11/01/17	TREAS NOTE	U.S. Treasury 1.000 08/15/18		2,500,000.00	99.691	2,492,285.16	2,413.57	4,034.59	3,680.25	2,496,319.75
912828RE2	11/27/17	TREAS NOTE	U.S. Treasury 1.500 08/31/18		5,000,000.00	99.938	4,996,875.00	1,029.60	1,436.40	1,688.60	4,998,311.40
78009BJ78	03/08/18	CP - DISC	Royal Bank of Canada 0.000 09/07/18		2,500,000.00	98.902	2,472,550.00	3,600.00	3,600.00	23,850.00	2,476,150.00
313375K48	03/28/17	AGCY BULET	FHLB 2.000 09/14/18		3,000,000.00	101.196	3,035,880.00	(6,145.56)	(24,696.84)	(11,183.16)	3,011,183.16
912828L81	11/01/17	TREAS NOTE	U.S. Treasury 0.875 10/15/18		2,500,000.00	99.453	2,486,328.13	3,534.15	5,929.50	7,742.37	2,492,257.63
36164KKS9	01/29/18	CP - DISC	GE Capital Treasury 0.000 10/26/18		5,000,000.00	98.515	4,925,750.00	17,050.00	17,050.00	57,200.00	4,942,800.00
89233HL28	02/08/18	CP - DISC	Toyota Mtr Cr 0.000 11/02/18		4,000,000.00	98.509	3,940,370.00	11,613.32	11,613.32	48,016.68	3,951,983.32
912828M64	01/08/18	TREAS NOTE	U.S. Treasury 1.250 11/15/18		5,000,000.00	99.551	4,977,539.06	6,037.09	6,037.09	16,423.85	4,983,576.15
912828N22	02/08/18	TREAS NOTE	U.S. Treasury 1.250 12/15/18		4,000,000.00	99.484	3,979,375.00	3,460.68	3,460.68	17,164.32	3,982,835.68
CD-3820-2	01/30/16	CD	Green Bk CD 1.000 01/29/19		5,000,000.00	100.000	5,000,000.00	0.00	0.00	0.00	5,000,000.00
3130AAXX1	03/07/18	AGCY BULET	FHLB 1.375 03/18/19		5,000,000.00	99.254	4,962,700.00	2,404.65	2,404.65	34,895.35	4,965,104.65
CD-8603	07/28/16	CD	East West Bk CD 0.950 07/28/19		5,080,280.49	100.000	5,080,280.49	0.00	0.00	0.00	5,080,280.49
Total for Pooled Funds					75,080,280.49		74,783,641.73	70,718.15	79,929.70	216,709.06	74,863,571.43
Total for Town of Addison					75,080,280.49		74,783,641.73	70,718.15	79,929.70	216,709.06	74,863,571.43

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
Pooled Funds						
3133EFJM0	AGCY CALL	FFCB 0.930 04/13/18	04/13/18	46,500.00	10,000,000.00	10,046,500.00
912828L81	TREAS NOTE	U.S. Treasury 0.875 10/15/18	04/15/18	10,937.50	0.00	10,937.50
46640QDP3	CP - DISC	J.P.Morgan Sec 0.000 04/23/18	04/23/18	0.00	2,000,000.00	2,000,000.00
CD-3820-2	CD	Green Bk CD 1.000 01/29/19	04/29/18	12,500.00	0.00	12,500.00
3134G9JD0	AGCY CALL	FHLMC 1.000 05/11/18	05/11/18	25,000.00	5,000,000.00	5,025,000.00
912828M64	TREAS NOTE	U.S. Treasury 1.250 11/15/18	05/15/18	31,250.00	0.00	31,250.00
313379DT3	AGCY BULET	FHLB 1.250 06/08/18	06/08/18	31,250.00	5,000,000.00	5,031,250.00
912828N22	TREAS NOTE	U.S. Treasury 1.250 12/15/18	06/15/18	25,000.00	0.00	25,000.00
CD-8603	CD	East West Bk CD 0.950 07/28/19	06/30/18	12,065.66	0.00	12,065.66
46640QG62	CP - DISC	J.P.Morgan Sec 0.000 07/06/18	07/06/18	0.00	2,500,000.00	2,500,000.00
912828XK1	TREAS NOTE	U.S. Treasury 0.875 07/15/18	07/15/18	8,750.00	2,000,000.00	2,008,750.00
CD-3820-2	CD	Green Bk CD 1.000 01/29/19	07/29/18	12,500.00	0.00	12,500.00
912828K82	TREAS NOTE	U.S. Treasury 1.000 08/15/18	08/15/18	12,500.00	2,500,000.00	2,512,500.00
912828RE2	TREAS NOTE	U.S. Treasury 1.500 08/31/18	08/31/18	37,500.00	5,000,000.00	5,037,500.00
78009BJ78	CP - DISC	Royal Bank of Canada 0.000 09/07/18	09/07/18	0.00	2,500,000.00	2,500,000.00
313375K48	AGCY BULET	FHLB 2.000 09/14/18	09/14/18	30,000.00	3,000,000.00	3,030,000.00
3130AAXX1	AGCY BULET	FHLB 1.375 03/18/19	09/18/18	34,375.00	0.00	34,375.00
Total for Pooled Funds				330,128.16	39,500,000.00	39,830,128.16

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
Total for All Portfolios						
			April 2018	69,937.50	12,000,000.00	12,069,937.50
			May 2018	56,250.00	5,000,000.00	5,056,250.00
			June 2018	68,315.66	5,000,000.00	5,068,315.66
			July 2018	21,250.00	4,500,000.00	4,521,250.00
			August 2018	50,000.00	7,500,000.00	7,550,000.00
			September 2018	64,375.00	5,500,000.00	5,564,375.00
Total Projected Cash Flows for Town of Addison				330,128.16	39,500,000.00	39,830,128.16

Work Session and Regular Meeting

Meeting Date: 05/22/2018
Department: Infrastructure- Development Services
Pillars: Excellence in Asset Management

AGENDA CAPTION:

Present, Discuss, and Consider Action on a **Resolution for a Professional Services Agreement with Dannenbaum Engineering Corp., for the Design of the Basin I Sanitary Sewer Improvements Project and Authorize the City Manager to Execute the Agreement** in an Amount not to Exceed \$309,961.

BACKGROUND:

In October 2017, Farmers Branch notified Addison that the unmetered sanitary sewer flows in Basin I would need to be metered or a new agreement with Farmers Branch would be needed. Basin I (also called the Beltwood portion of the Farmers Branch Creek Basin), is bordered by Inwood Road to the east, Belt Line Road to the north, Beltwood Parkway to the west, and Addison's city limits to the south. On January 11, 2018, Addison requested to begin discussions with Farmers Branch on a new agreement to allow Addison's sewage to flow through Farmers Branch's system to Trinity River Authority (TRA).

On January 15, 2018, Farmers Branch notified Addison that the Town would need to work with TRA to install a metering station that would eliminate unmetered access points into their system. On March 24, 2018, Farmers Branch sent a letter to Addison requiring the Town to either divert the flow or install a TRA deduct meter to measure the sanitary sewer flows by May 25th, at which time the line would be capped if either of these conditions are not met. Staff worked with a consultant engineer to determine the best alternative for this improvement. Three alternatives were considered and staff presented those options to Council on April 24th. Those alternatives are presented in the table below:

Alternative	Description
A	A new TRA approved metering station to measure sanitary sewer flows discharged into the Farmers Branch system
B-1	A new gravity sewer collection line to re-route sewer flows away from the Farmers Branch system to adjacent Addison basin already connected to Trinity River Authority (TRA) meter station
C	A new lift station and force main pipeline to re-route sewer flows away from the Farmers Branch system into an adjacent Addison sewer basin that is connected to a TRA meter station

Staff conducted a Business Case Evaluation that showed that Alternative B-1 is the most cost effective alternative, even though the initial cost is higher than the other alternatives. Alternative B-1 has the lowest life-cycle costs related to on-going operations, maintenance, and refurbishment costs. This alternative will reroute the existing sanitary sewer flows for Basin I from Beltwood Parkway to a manhole in Midway Road. The alignment of the new sewer line will move west down Beltway Drive then turn south at the intersection of Beltway Drive and Midway Road. The preliminary project cost estimate for the construction of Alternative B-1 is \$1,623,911. This is a very preliminary, planning level cost estimate and is likely to change. A more comprehensive cost estimate will be developed as the project moves further into design.

Dannenbaum Engineering Corp. was selected to perform services including: design of the new sanitary sewer line and all associated appurtenances, right-of-way/easement acquisition assistance, survey, subsurface utility exploration (SUE), and geotechnical analysis. A breakdown of the costs is provided in the table below:

Design	Survey, SUE, Land Acquisition	Total
\$197,827	\$112,134	\$309,961

Design for this project is expected to take approximately 6 months and the construction is expected to take approximately 10 months, weather permitting. The cost for these design services is \$309,961 and will be paid for from the Sanitary Sewer Line Replacement Rehabilitation project in the Utility Capital Improvements Program budget.

RECOMMENDATION:

Administration recommends approval.

Attachments

- Resolution - Basin I Sanitary Sewer Design
- Presentation - Basin I Sanitary Sewer Design
- Map - Basin I



TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING THE AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES BETWEEN THE TOWN OF ADDISON AND DANNENBAUM ENGINEERING CORPORATION DALLAS, LLC., FOR DESIGN, BID, AND CONSTRUCTION PHASE SERVICES ASSOCIATED WITH THE BASIN I SANITARY SEWER IMPROVEMENTS PROJECT IN AN AMOUNT NOT TO EXCEED \$309,961, AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. The Agreement for Professional Engineering Services between the Town of Addison and Dannenbaum Engineering Corporation Dallas, LLC., for design, bid, and construction phase services associated with the Basin I Sanitary Sewer Improvements Project in an amount not to exceed \$309,961, a copy of which is attached to this Resolution as **Exhibit A**, is hereby approved. The City Manager is hereby authorized to execute the agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 22nd day of May 2018.

Joe Chow, Mayor

ATTEST:

By: _____
Christie Wilson, Interim City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

**AGREEMENT
BETWEEN
THE TOWN OF ADDISON, TEXAS (TOWN)
AND
DANNENBAUM ENGINEERING COMPANY - DALLAS, LLC.
(CONSULTANT)

FOR

PROFESSIONAL ENGINEERING SERVICES**

Made as of the 11th day of May in the year 2018,

BETWEEN the Town: The Town of Addison, Texas
 16801 Westgrove Drive
 Addison, Texas 75001
 Telephone: (972) 450-7001

and the Consultant: DANNENBAUM ENGINEERING COMPANY –
 DALLAS, L.L.C.
 3030 LBJ FREEWAY, SUITE 910
 DALLAS, TX 75234
 Telephone: (972) 239-2002

for the following Project: Addison Re-Route Basin I Final Design

The Town and the Consultant agree as set forth below.

THIS AGREEMENT is made and entered by and between the **Town of Addison, Texas**, a Home-Rule Municipal Corporation, hereinafter referred to as "Town," and **CONSULTANT**, hereinafter referred to as "Consultant," to be effective from and after the date as provided herein, hereinafter referred to as "Agreement."

WHEREAS, the Town desires to engage the services of the Consultant to provide professional services which shall include, but not be limited to, final design plans, specifications and bid documents for approximately 4,650 LF of 15" gravity sewer to re-route flow from Basin I to Basin F, replacement of approximately 900 LF of 8" water distribution main and provide the associated easement documents to effectuate the Project, within the Town of Addison, Texas; hereinafter referred to as "Project"; and

WHEREAS, the Consultant desires to render such professional engineering services for the Town upon the terms and conditions provided herein.

EXHIBIT A

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS:

That for and in consideration of the covenants contained herein, and for the mutual benefits to be obtained hereby, the parties agree as follows:

ARTICLE 1 CONSULTANT'S SERVICES

- 1.1 **Employment of the Consultant** – The Town hereby agrees to retain the Consultant to perform professional engineering services in connection with the Project. Consultant agrees to perform such services in accordance with the terms and conditions of this Agreement. The standard of care for all professional services performed or furnished by Consultant under this Agreement will be the skill and care used by members of Consultant's profession practicing under similar circumstances at the same time and in the same locality.
- 1.2 **Scope of Services** – The parties agree that Consultant shall perform such services as are set forth and described in Exhibit "A," which is attached hereto and incorporated herein by reference for all purposes. The parties understand and agree that deviations or modifications to the scope of services described in Exhibit "A," in the form of written change orders, may be authorized from time to time by the Town.
 - 1.2.1 **Requirement of Written Change Order** – "Extra" work, or "claims" invoiced as "extra" work, or "claims" which have not been issued as a duly executed, written change order by the Addison Town Manager, will not be authorized for payment and/or shall not become part of the subcontracts. A duly executed written change order shall be preceded by the Addison Town Council's authorization for the Addison Town Manager to execute said change order.
 - 1.2.2 **DO NOT PERFORM ANY EXTRA WORK AND/OR ADDITIONAL SERVICES WITHOUT A DULY EXECUTED WRITTEN CHANGE ORDER ISSUED BY THE ADDISON TOWN MANAGER.** Project Managers, Superintendents, and/or Inspectors of the Town are not authorized to issue verbal or written change orders.
- 1.3 **Schedule of Work** – The Consultant agrees to commence work immediately upon the execution of this Agreement and receipt of written

EXHIBIT A

Notice to Proceed, and to proceed diligently with said work to completion as described in the Compensation Schedule / Project Billing / Project Budget attached hereto as **Exhibit "B"** and incorporated herein by reference for all purposes, but in no event shall the Project be completed any later than as identified in **Exhibit "A"**.

- 1.4 **Failure to Meet Established Deadlines** – Consultant acknowledges and agrees that time is of the essence and therefore, services will be performed as expeditiously as is consistent with professional skill and care and the orderly progress of the Project as required by this Agreement.

ARTICLE 2 THE TOWN'S RESPONSIBILITIES

Town shall do the following in a timely manner so as not to delay the services of Consultant:

- 2.1 **Project Data** – The Town shall furnish required information that is currently has in its possession, as expeditiously as necessary for the orderly progress of the work, and the Consultant shall be entitled to rely upon the accuracy and completeness thereof.
- 2.2 **Town Project Manager** – The Town shall designate, when necessary, a representative authorized to act on the Town's behalf with respect to the Project (the "Project Manager"). The Town or such authorized representative shall examine the documents submitted by the Consultant and shall render any required decisions pertaining thereto as soon as practicable so as to avoid unreasonable delay in the progress of the Consultant's services. The Project Manager is not authorized to issue verbal or written change orders for "extra" work or "claims" invoiced as "extra" work.

ARTICLE 3 CONSULTANT'S COMPENSATION

- 3.1 **Compensation for Consultant's Services** – As described in "Article 1, Consultant's Services," compensation for this Project shall be on a Type of Payment Basis not to exceed **Three Hundred and Nine Thousand Nine Hundred and Sixty One and 00/100 Dollars (\$309,961)**, ("Consultant's Fee") and shall be paid in accordance with Article 3 and the Compensation Schedule / Project Billing / Project Budget as set forth in Exhibit "B." **The final five percent (5%) of the Consultant's Fee, or Fifteen Thousand Four Hundred and Ninety Eight Dollars and 00/100 Dollars (\$15,498), shall not be paid until the Consultant has**

EXHIBIT A

completed all of the services described in Exhibit "A" and delivered to the Town all of the documents, plans, data, maps, and/or other information required in Exhibit "A."

3.1.1 **Completion of Final Report** – Town and Consultant agree that when the Engineer's Recommendation of Award is submitted to, and accepted by the Town then payment of the **final five percent (5%) of the Consultant's Fee will be made, or Fifteen Thousand Four Hundred and Ninety Eight Dollars and 00/100 Dollars (\$15,498)**. The electronic formatting shall be consistent with the standards established in Town of Addison Guidelines for Computer Aided Design and Drafting ("CADD").

3.1.2 **Disputes between Town and Construction Contractor** – If the Project involves the Consultant performing Construction Administration Services relating to an agreement between a Construction Contractor (the "Contractor") and the City, and upon receipt of a written request by City, Consultant shall research previous and existing conditions of the Project, and make a determination whether or not to certify that sufficient cause exists for the City to declare the Contractor in default of the terms and conditions of the agreement. Consultant shall submit his findings in writing to the City, or submit a written request for a specific extension of time (including the basis for such extension), within fifteen (15) calendar days of receipt of the written request from the City. City and Consultant agree that if requested by the City, completion of this task shall be included in the Consultant's Fee and considered to be within the Scope of Services as defined under this Agreement.

3.1.3 **Consultation and Approval by Governmental Authorities and Franchised Utilities** – Consultant shall be responsible for identifying and analyzing the requirements of governmental agencies and all franchise utilities involved with the Project, and to participate in consultation with said agencies in order to obtain all necessary approvals and/or permissions. The Consultant shall be responsible for preparation and timely submittal of documents required for review, approval, and/or recording by such agencies. The Consultant shall be responsible for making such changes in the Construction Documents as may be required by existing written standards promulgated by such agencies at no additional charge to City.

3.2 **Direct Expenses – Direct Expenses are included in the Consultant's Fee as described** in Article 3.1 and include actual reasonable and

EXHIBIT A

necessary expenditures made by the Consultant and the Consultant's employees and subcontractors in the interest of the Project. All submitted Direct Expenses are to be within the amounts as stated in the Compensation Schedule / Project Billing / Project Budget set forth in Exhibit "B," and consistent with Exhibit "C," Town of Addison Guidelines for Direct Expenses, General and Administrative Markup, and Travel and Subsistence Expenses. The Consultant shall be solely responsible for the auditing of all Direct Expenses, including the subcontractors, prior to submitting to the Town for reimbursement, and shall be responsible for the accuracy thereof. Any over-payment by the Town for errors in submittals for reimbursement may be deducted from the Consultant's subsequent payment for services; provided, however this shall not be the Town's sole and exclusive remedy for said overpayment.

- 3.3 **Additional Services** – The Consultant shall provide the services as described in the Scope of Services as set forth in Exhibit "A" of this Agreement. If authorized in writing by the Town, the Consultant shall provide additional services, to be compensated on an hourly basis in accordance with this paragraph ("Additional Services"). These services may include, but are not limited to:
- 3.3.1 Additional meetings, hearings, work-sessions, or other similar presentations which are not provided for or contemplated in the Scope of Services described in Exhibit "A."
 - 3.3.2 Additional drafts and revisions to the Project which are not provided for or contemplated in the Scope of Services as described in Exhibit "A." Drafts or revisions required as the result of errors or omissions by the Consultant shall not be considered Additional Services, but shall fall within the Scope of Services.
 - 3.3.3 Additional copies of final reports and construction plans which are not provided for or contemplated in the Scope of Services as described in Exhibit "A."
 - 3.3.4 Photography, professional massing models which are not provided for or contemplated in the Scope of Services as described in Exhibit "A."
 - 3.3.5 Compensation for Additional Services authorized by the Town shall be in addition to the Consultant's Fee and shall be based on direct billable labor rates and expenses.
 - 3.3.6 Compensation for Additional Services authorized by the Town shall be in addition to the Consultant's Fee and shall be based on

EXHIBIT A

an hourly basis according to the following personnel rates. The rates set forth in this chart are subject to reasonable change provided prior written notice of said change is given to Town.

INSERT HOURLY RATES HERE:

Principal-	\$305.00
Project Manager	\$180.00
Deputy PM-	\$170.00
Sr. Struct. Engr-	\$155.00
CAD Tech -	\$115.00
Civil Engr.-	\$130.00
GIS-	\$110.00
Admin-	\$ 75.00

- 3.4 **Invoices** – No payment to Consultant shall be made until Consultant tenders an invoice to the Town. Invoices are to be mailed to Town immediately upon completion of each individual task listed in Exhibit “B.” On all submitted invoices, Consultant shall include appropriate background materials to support the submitted charges on said invoice. Such background material shall include, but is not limited to, employee timesheets, invoices for work obtained from other parties, and receipts and/or log information relating to Direct Expenses. All invoices for payment shall provide a summary methodology for administrative markup and/or overhead charges.
- 3.5 **Timing of Payment** – Town shall make payment to Consultant for said invoices within thirty (30) days following receipt and acceptance thereof. The parties agree that payment by Town to Consultant is considered to be complete upon mailing of payment by Town. Furthermore, the parties agree that the payment is considered to be mailed on the date that the payment is postmarked.
- 3.6 **Disputed Payment Procedures** – In the event of a disputed or contested billing by Town, only that portion so contested may be withheld from payment, and the undisputed portion will be paid. Town shall notify Consultant of a disputed invoice, or portion of an invoice, in writing by the twenty-first (21st) calendar day after the date the Town receives the invoice. Town shall provide Consultant an opportunity to cure the basis of the dispute. If a dispute is resolved in favor of the Consultant, Town shall proceed to process said invoice, or the disputed portion of the invoice, within the provisions of Article 3.5. If a dispute is resolved in favor of the Town, Consultant shall submit to Town a corrected invoice, reflecting any and all payment(s) of the undisputed amounts, documenting the credited amounts, and identifying outstanding amounts

EXHIBIT A

on said invoice to aid Town in processing payment for the remaining balance. Such revised invoice shall have a new invoice number, clearly referencing the previous submitted invoice. Town agrees to exercise reasonableness in contesting any billing or portion thereof that has background materials supporting the submitted charges.

- 3.7 **Failure to Pay** – Failure of the Town to pay an invoice, for a reason other than upon written notification as stated in the provisions of Article 3.6 to the Consultant within sixty (60) days from the date of the invoice shall grant the Consultant the right, in addition to any and all other rights provided, to, upon written notice to the Town, suspend performance under this Agreement, and such act or acts shall not be deemed a breach of this Agreement. However, Consultant shall not suspend performance under this Agreement prior to the tenth (10th) calendar day after written notice of suspension was provided to Town, in accordance with Chapter 2251, Subchapter “D” (“Remedy for Nonpayment”) of the *Texas Government Code*. The Town shall not be required to pay any invoice submitted by the Consultant if the Consultant breached any provision(s) herein.
- 3.8 **Adjusted Compensation** – If the Scope of the Project or if the Consultant's services are materially changed due to no error on behalf of Consultant in the performance of services under this Agreement, the amounts of the Consultant's compensation shall be equitably adjusted as approved by Town. Any additional amounts paid to the Consultant as a result of any material change to the Scope of the Project shall be authorized by written change order duly executed by both parties before the services are performed.
- 3.9 **Project Suspension** – If the Project is suspended or abandoned in whole or in part for more than three (3) months, Consultant shall be entitled to compensation for any and all work completed to the satisfaction of Town in accordance with the provisions of this Agreement prior to suspension or abandonment. In the event of such suspension or abandonment, Consultant shall deliver to Town all finished or unfinished documents, data, studies, surveys, drawings, maps, models, reports, photographs, and/or any other items prepared by Consultant in connection with this Agreement prior to Consultant receiving final payment. If the Project is resumed after being suspended for more than three (3) months, the Consultant's compensation shall be equitably adjusted as approved by the Town. Any additional amounts paid to the Consultant after the Project is resumed shall be agreed upon in writing by both parties before the services are performed.

ARTICLE 4

EXHIBIT A

OWNERSHIP OF DOCUMENTS

- 4.1 **Documents Property of the Town** – The Project is the property of the Town, and Consultant may not use the documents, plans, data, studies, surveys, drawings, maps, models, reports, photographs, and/or any materials for any other purpose not relating to the Project without Town's prior written consent. Town shall be furnished with such reproductions of the Project, plans, data, documents, maps, and any other information as defined in Exhibit "A." Upon completion of the work, or any earlier termination of this Agreement under Article 3 and/or Article 7, Consultant will revise plans, data, documents, maps, and any other information as defined in Exhibit "A" to reflect changes while working on the Project and promptly furnish the same to the Town in an acceptable electronic format. All such reproductions shall be the property of the Town who may use them without the Consultant's permission for any purpose relating to the Project, including, but not limited to, completion of the Project, and/or additions, alterations, modifications, and/or revisions to the Project.
- 4.2 **Documents Subject to Laws Regarding Public Disclosure** – Consultant acknowledges that Town is a governmental entity and that all documents, plans, data, studies, surveys, drawings, maps, models, reports, photographs, and/or any items prepared or furnished by Consultant (and Consultant's professional associates and/or Sub-consultants) under this Agreement are instruments of service in respect of the Project and property of the Town and upon completion of the Project shall thereafter be subject to the Texas Public Information Act (*Texas Government Code*, Chapter 552) and any other applicable laws requiring public disclosure of the information contained in said documents.

ARTICLE 5 CONSULTANT'S INSURANCE REQUIREMENTS

- 5.1 **Required Professional Liability Insurance** – Consultant shall maintain, at no expense to Town, a professional liability (errors and omissions) insurance policy with a company that maintains a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s), authorized to transact business in the State of Texas, in an amount not less than One Million and 00/100 Dollars (\$1,000,000.00) for each occurrence, and Two Million and 00/100 Dollars (\$2,000,000.00) in the aggregate. Such policy shall require the provision of written notice to Town at least thirty (30) days prior to cancellation, non-renewal, or material modification of any policies, or ten (10) days for non-payment of premium, evidenced by return receipt or United States Certified Mail.

EXHIBIT A

Consultant shall furnish Town with certificates evidencing such coverage prior to commencing work on the Project.

- 5.2 **Required General Liability Insurance** - Consistent with the terms and provisions of Exhibit "D," Town of Addison Contractor Insurance Requirements, Consultant shall maintain, at no expense to Town, a general liability insurance policy with a company that maintains a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s), authorized to transact business in the State of Texas, in an amount not less than One Million and 00/100 Dollars (\$1,000,000.00) for each occurrence, and Two Million and 00/100 Dollars (\$2,000,000.00) in the aggregate. Such policy shall name the Town, its officers, agents, representatives, and employees as additional insured as to all applicable coverage. Such policy shall provide for a waiver of subrogation against the Town for injuries, including death, property damage, or any other loss to the extent that same is covered by the proceeds of the insurance. Such policy shall require the provision of written notice to Town at least thirty (30) days prior to cancellation, non-renewal, or material modification of any policies, or ten (10) days for non-payment of premium, evidenced by return receipt or United States Certified Mail. Consultant shall furnish Town with certificates evidencing such coverage prior to commencing work on the Project.
- 5.3 **Required Workers Compensation Insurance** – Consistent with the terms and provisions of Exhibit "D," Town of Addison Contractor Insurance Requirements, Consultant shall maintain, at no expense to Town, all Statutory Workers Compensation Insurance as required by the laws of the State of Texas. Such insurance policy shall be with a company that maintains a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent service(s), and authorized to transact business in the State of Texas. Such policy shall provide for a waiver of subrogation against the Town for injuries, including death, property damage, or any other loss to the extent that same is covered by the proceeds of the insurance. Such policy shall require the provision of written notice to Town at least thirty (30) days prior to cancellation, non-renewal, or material modification of any policies, or ten (10) days for non-payment of premium, evidenced by return receipt or United States Certified Mail. Consultant shall furnish Town with certificates evidencing such coverage prior to commencing work on the Project.
- 5.4 **Circumstances Requiring Umbrella Coverage or Excess Liability Coverage** – If Project size and scope warrant, Town of Addison Contractor Insurance Requirements, Consultant shall maintain, at no expense to the Town, an umbrella coverage or excess liability coverage

EXHIBIT A

insurance policy with a company that maintains a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s), authorized to transact business in the State of Texas, in an amount of Two Million and 00/100 Dollars (\$2,000,000.00). Consistent with the terms and provisions of Exhibit "F," such policy shall name the Town, its officers, agents, representatives, and employees as additional insured as to all applicable coverage. Such policy shall provide for a waiver of subrogation against the Town for injuries, including death, property damage, or any other loss to the extent that the same is covered by the proceeds of the insurance. Such policy shall require the provision of written notice to the Town at least thirty (30) days prior to cancellation, non-renewal, or material modification of any policies, or ten (10) days for non-payment of premium, evidenced by return receipt or United States Certified Mail. Consultant shall furnish Town with certificates evidencing such coverage prior to commencing work on the Project.

ARTICLE 6 CONSULTANT'S ACCOUNTING RECORDS

Records of Direct Expenses and expenses pertaining to services performed in conjunction with the Project shall be kept on the basis of generally accepted accounting principles. Invoices will be sent to the Town as indicated in Article 3.4. Copies of employee time sheets, receipts for direct expense items and other records of Project expenses will be included in the monthly invoices.

ARTICLE 7 AUDITS AND RECORDS / PROHIBITED INTEREST / VENDOR DISCLOSURE

The Consultant agrees that at any time during normal business hours and as often as the Town may deem necessary, Consultant shall make available to representatives of the Town for examination all of its records with respect to all matters covered by this Agreement, and will permit such representatives of the Town to audit, examine, copy and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement, and for a period of four (4) years from the date of final settlement of this Agreement or for such other or longer period, if any, as may be required by applicable statute or other lawful requirement.

The Consultant agrees that it is aware of the prohibited interest requirement of the Town Charter, which is repeated on the Affidavit, attached hereto as Exhibit "E" and incorporated herein for all purposes, and will abide by the same. Further, a lawful representative of Consultant shall execute the Affidavit attached hereto as Exhibit "E". Consultant understands and agrees that the existence of a prohibited interest during the term of this Agreement will render the Agreement voidable.

EXHIBIT A

Consultant agrees that it is further aware of the vendor disclosure requirements set forth in Chapter 176, Local Government Code, as amended, and will abide by the same. In this connection, a lawful representative of Consultant shall execute the Conflict of Interest Questionnaire, Form CIQ, attached hereto as Exhibit "F" and incorporated herein for all purposes.

If the Agreement is required to go to the City Council for approval, then the Consultant shall execute and deliver to the Town the Form 1295 Certificate of Interested Parties, as required by section 2252.908, Texas Government Code, as amended, prior to the City's execution of this Agreement.

ARTICLE 8 TERMINATION OF AGREEMENT / REMEDIES

Town may, upon thirty (30) days written notice to Consultant, terminate this Agreement, for any reason or no reason at all, before the termination date hereof, and without prejudice to any other remedy it may have. If Town terminates this Agreement due to a default of and/or breach by Consultant and the expense of finishing the Project exceeds the Consultant's Fee at the time of termination, Consultant waives its right to any portion of Consultant's Fee as set forth in Article 3 herein and agrees to pay any costs over and above the fee which the Town is required to pay in order to finish the Project. On any default and/or breach by Consultant, Town may elect not to terminate the Agreement, and in such event it may make good the deficiency in which the default consists, and deduct the costs from the Consultant's Fee due Consultant as set forth in Article 3 herein. If Town terminates this Agreement and Consultant is not in default of the Agreement, Consultant shall be entitled to compensation for any and all work completed to the satisfaction of the Town in accordance with the provisions of this Agreement prior to termination.

In the event of any termination, Consultant shall deliver to Town all finished and/or unfinished documents, data, studies, surveys, drawings, maps, models, reports, photographs and/or any items prepared by Consultant in connection with this Agreement prior to Consultant receiving final payment.

The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its rights 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.

ARTICLE 9 DISPUTE RESOLUTION / MEDIATION

In addition to all remedies at law, the parties may resolve/mediate any controversy, claim or dispute arising out of or relating to the interpretation or performance of this

EXHIBIT A

Agreement, or breach thereof, by voluntary mediation to be conducted by a mutually acceptable mediator.

ARTICLE 10

INDEMNITY

CONSULTANT SHALL HEREBY COVENANT AND CONTRACT TO WAIVE ANY AND ALL CLAIMS, RELEASE, INDEMNIFY AND HOLD HARMLESS TOWN AND ITS TOWN COUNCIL MEMBERS, OFFICERS, AGENTS, REPRESENTATIVES AND EMPLOYEES FROM AND AGAINST ALL DAMAGES, INJURIES (INCLUDING DEATH), INTELLECTUAL PROPERTY INFRINGEMENT CLAIMS (INCLUDING PATENT, COPYRIGHT AND TRADEMARK INFRINGEMENTS), CLAIMS, PROPERTY DAMAGES (INCLUDING LOSS OF USE), LOSSES, DEMANDS, SUITS, JUDGMENTS AND COSTS, INCLUDING REASONABLE ATTORNEY'S FEES AND EXPENSES (INCLUDING ATTORNEYS' FEES AND EXPENSES INCURRED IN ENFORCING THIS INDEMNITY), CAUSED OR RESULTING FROM THE NEGLIGENCE, INTENTIONAL TORT, INTELLECTUAL PROPERTY INFRINGEMENT OR FAILURE TO PAY A SUBCONTRACTOR OR SUPPLIER COMMITTED BY CONSULTANT, ITS OFFICERS, AGENTS, REPRESENTATIVES, EMPLOYEES, SUBCONTRACTORS, LICENSEES, INVITEES, OR ANY OTHER ENTITY OVER WHICH THE CONSULTANT EXERCISES CONTROL, IN ITS/THEIR PERFORMANCE OF THIS AGREEMENT AND/OR ARISING OUT OF PROFESSIONAL SERVICES PROVIDED BY CONSULTANT PURSUANT TO THIS AGREEMENT, REGARDLESS OF THE JOINT OR CONCURRENT NEGLIGENCE OR STRICT LIABILITY OF THE TOWN (HEREINAFTER "CLAIMS"). THIS INDEMNIFICATION PROVISION AND THE USE OF THE TERM "CLAIMS" IS ALSO SPECIFICALLY INTENDED TO APPLY TO, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER CIVIL OR CRIMINAL, BROUGHT AGAINST TOWN BY ANY GOVERNMENT AUTHORITY OR AGENCY RELATED TO ANY PERSON PROVIDING SERVICES UNDER THIS AGREEMENT THAT ARE BASED ON ANY FEDERAL IMMIGRATION LAW AND ANY AND ALL CLAIMS, DEMANDS, DAMAGES, ACTIONS AND CAUSES OF ACTION OF EVERY KIND AND NATURE, KNOWN AND UNKNOWN, EXISTING OR CLAIMED TO EXIST, RELATING TO OR ARISING OUT OF ANY EMPLOYMENT RELATIONSHIP BETWEEN CONSULTANT AND ITS EMPLOYEES OR SUBCONTRACTORS AS A RESULT OF THAT SUBCONTRACTOR'S OR EMPLOYEE'S EMPLOYMENT AND/OR SEPARATION FROM EMPLOYMENT WITH THE CONSULTANT, INCLUDING BUT NOT LIMITED TO ANY DISCRIMINATION CLAIM BASED ON SEX, SEXUAL ORIENTATION OR PREFERENCE, RACE, RELIGION, COLOR, NATIONAL ORIGIN, AGE OR DISABILITY UNDER FEDERAL, STATE OR LOCAL LAW, RULE OR REGULATION, AND/OR ANY CLAIM FOR WRONGFUL TERMINATION, BACK PAY, FUTURE WAGE LOSS, OVERTIME PAY, EMPLOYEE BENEFITS, INJURY SUBJECT TO RELIEF UNDER THE WORKERS' COMPENSATION ACT OR WOULD BE SUBJECT TO RELIEF UNDER ANY POLICY FOR WORKERS COMPENSATION INSURANCE, AND ANY OTHER CLAIM, WHETHER IN TORT, CONTRACT OR OTHERWISE. THIS INDEMNIFICATION SHALL EXTEND TO THE PAYMENT OR REIMBURSEMENT OF THE

EXHIBIT A

TOWN'S REASONABLE ATTORNEYS FEES AND ASSOCIATED COSTS, COURT COSTS, AND SETTLEMENT COSTS IN PROPORTION TO THE CONSULTANT'S LIABILITY.

CONSULTANT SHALL PROMPTLY NOTIFY TOWN OF THE DEFENSE COUNSEL RETAINED BY CONSULTANT IN FULFILLING ITS OBLIGATION HEREUNDER, AND TIMELY NOTIFY TOWN OF ANY AND ALL LEGAL ACTIONS TAKEN BY THE DEFENSE COUNSEL REGARDING ANY AND ALL CLAIMS.

THIS ARTICLE SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

ARTICLE 11 NOTICES

Consultant agrees that all notices or communications to Town permitted or required under this Agreement shall be delivered to Town at the following addresses:

Assistant Director of Infrastructure Services

Town of Addison
16801 Westgrove Drive
Addison, Texas 75001

Town agrees that all notices or communication to Consultant permitted or required under this Agreement shall be delivered to Consultant at the following addresses:

DANNENBAUM ENGINEERING COMPANY- DALLAS, LLC.
Wm. Bart Hines, P.E., Senior Project Manager
3030 LBJ FREEWAY, SUITE 910
DALLAS, TX 75234

Any notice provided in writing under the terms of this Agreement by either party to the other shall be in writing and may be effected by registered or certified mail, return receipt requested.

All notices or communication required to be given in writing by one party or the other shall be considered as having been given to the addressee on the date such notice or communication is postmarked by the sending party. Each party may change the address to which notice may be sent to that party by giving notice of such change to the other party in accordance with the provisions of this Agreement.

ARTICLE 12 MISCELLANEOUS

EXHIBIT A

- 12.1 **Complete Agreement** – This Agreement, including the exhibits hereto labeled “A” through “F,” all of which are incorporated herein for all purposes, constitute the entire Agreement by and between the parties regarding the subject matter hereof and supersedes all prior and/or contemporaneous written and/or oral understandings. This Agreement may not be amended, supplemented, and/or modifies except by written agreement duly executed by both parties. The following exhibits are attached below and made a part of this Agreement:
- 12.1.1 Exhibit “A,” Scope of Services.
 - 12.1.2 Exhibit “B,” Compensation Schedule / Project Billing / Project Budget.
 - 12.1.3 Exhibit “C,” Town of Addison Guidelines for Direct Expenses; General and Administrative Markup; Travel and Subsistence Expenses.
 - 12.1.6 Exhibit “D,” Town of Addison Contractor Insurance Requirements.
 - 12.1.7 Exhibit “E,” Affidavit.
 - 12.1.8 Exhibit “F”, Conflict of Interest Questionnaire, Form CIQ.
- 12.2 **Assignment and Subletting** – The Consultant agrees that neither this Agreement nor the work to be performed hereunder will be assigned or sublet without the prior written consent of the Town. The Consultant further agrees that the assignment or subletting or any portion or feature of the work or materials required in the performance of this Agreement shall not relieve the Consultant of its full obligations to the Town as provided by this Agreement. All such approved work performed by assignment or subletting shall be billed through Consultant, and there shall be no third party billing.
- 12.3 **Successors and Assigns** – Town and Consultant, and their partners, assigns, successors, subcontractors, executors, officers, agents, employees, representatives, and administrators are hereby bound to the terms and conditions of this Agreement.
- 12.4 **Severability** – In the event of a term, condition, or provision of this Agreement is determined to be invalid, illegal, void, unenforceable, or unlawful by a court of competent jurisdiction, then that term, condition, or provision, shall be deleted and the remainder of the Agreement shall

EXHIBIT A

remain in full force and effect as if such invalid, illegal, void, unenforceable or unlawful provision had never been contained herein.

- 12.5 **Venue** – This entire Agreement is performable in Dallas County, Texas and the venue for any action related directly or indirectly, to this Agreement or in any manner connected therewith shall be in Dallas County, Texas, and this Agreement shall be construed under the laws of the State of Texas.
- 12.6 **Execution / Consideration** – This Agreement is executed by the parties hereto without coercion or duress for any substantial consideration, the sufficiency of which is forever confessed.
- 12.7 **Authority** – The individuals executing this Agreement on behalf of the respective parties below represent to each other that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for an on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the other party for whom the individual is signing this Agreement and that each individual affixing his or her signature hereto is authorized to do so, and such authorization is valid and effective on the date hereof.
- 12.8 **Waiver** – Waiver by either party of any breach of this Agreement, or the failure of either party to enforce any of the provisions of this Agreement, at any time, shall not in any way affect, limit, or waive such party's right thereafter to enforce and compel strict compliance.
- 12.9 **Headings** – The headings of the various sections of this Agreement are included solely for convenience of reference and are not to be full or accurate descriptions of the content thereof.
- 12.10 **Multiple Counterparts** – This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.
- 12.11 **Sovereign Immunity** – The parties agree that the Town has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.
- 12.12 **Additional Representations** – Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had the opportunity to confer with its counsel.

EXHIBIT A

- 12.13 **Miscellaneous Drafting Provisions** – This Agreement shall be deemed drafted equally by all parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against any party shall not apply.
- 12.14 **No Third Party Beneficiaries** -- Nothing in this Agreement shall be construed to create any right in any third party not a signatory to this Agreement, and the parties do not intend to create any third party beneficiaries by entering into this Agreement.
- 12.15 **No Boycott – Israel** -- Pursuant to Texas Government Code Chapter 2270, Organization's execution of this Agreement shall serve as verification that the Organization does not presently boycott Israel and will not boycott Israel during the term of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the latest day as reflected by the signatures below.

Effective Date: May 11, 2018

TOWN:
Town of Addison, Texas

By: _____
Wesley S. Pierson, City Manager

Date: _____

CONSULTANT:
DANNENBAUM ENGINEERING CORP., - DALLAS LLC.

By: Johan Pettersen
JOHAN PETTERSON, P.E. VICE PRESIDENT

Date: 5-11-18

EXHIBIT A

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared **Wesley S. Pierson**, Town of Addison, Texas City Manager, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and consideration expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 11th day of May, 2018.

Notary Public In and For the State of Texas
My commission expires: _____

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Johan Petterson, P.E. known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purpose and consideration expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 11th day of May, 2018.

Karen Doherty

Notary Public In and For the State of Texas
My commission expires: April 23, 2022



EXHIBIT A

EXHIBIT "F" CONFLICT OF INTEREST QUESTIONNAIRE, FORM CIQ

THE COUNTY OF DALLAS §
 §

I, JOHAN PETTERSON, a member of DANNENBAUM ENGINEERING CORP, DALLAS LLC, make this affidavit and hereby on oath state the following:

I, and/or a person or persons related to me, have the following interest in a business entity that would be affected by the work or decision on the Project (Check all that apply):

- _____ Ownership of 10% or more of the voting shares of the business entity.
- _____ Ownership of Twenty Five Thousand and 00/100 Dollars (\$25,000.00) or more of the fair market value of the business entity.
- _____ Funds received from the business entity exceed ten percent (10%) of my income for the previous year.
- _____ Real property is involved, and I have an equitable or legal ownership with a fair market value of at least Twenty Five Thousand and 00/100 Dollars (\$25,000.00).
- _____ A relative of mine has substantial interest in the business entity or property that would be affected by my business decision of the public body of which I am a member.
- _____ Other: _____
- X None of the Above.

Upon filing this affidavit with the Town of Addison, Texas, I further affirm that no relative of mine, in the first degree by consanguinity or affinity, as defined in Chapter 573 of the Texas Government Code, is a member of a public body which took action on the agreement.

Signed this 11 day of May , 2018.

 Johan Pettersen V.P.
Signature of Official / Title

BEFORE ME, the undersigned authority, this day personally appeared Johan Pettersen, P.E. and on oath stated that the facts hereinabove stated are true to the best of his / her knowledge or belief.

Sworn to and subscribed before me on this 11th day of May , 2018.



 Karen Doherty
Notary Public in and for the State of Texas
My commission expires: 4.23.2022

EXHIBIT A

Exhibit "A"
Scope of Services
Agreement by and between the Town of Addison, Texas (Town)
and (Consultant)
to perform Professional Engineering Services for
Addison Re-Route Basin I Final Design

EXHIBIT "A"

General
Scope of
Services

Project Description: The project consists of approximately 4,650 LF of 15 inch diameter gravity sewer collection pipeline and related manholes to be constructed along the west side of Midway Drive (beginning at Manhole D0528110) then east on Beltway Drive then south and further east to Manhole (MH F0623280) which is the receiving manhole for all of Basin I wastewater flow. This new sewer pipeline will re-route all wastewater flows from Basin I Service Area to Basin D Service Area. Also included in this scope of work will be the concrete pavement replacement on Beltway on the east bound lane panels only. Included in the scope of work is also replacement of approximately 900LF of 8 inch diameter potable water distribution pipeline beginning at Beltwood Parkway to Beltway Drive. To effectuate the new water and sewer pipelines in this area, a new 15 ft. wide permanent easement will be acquired for placement of both the new 8" water distribution pipeline and new 15" gravity sewer pipeline.

General:

The term "Engineer" refers to the staff of the Dannenbaum Engineering Corp. (DEC) The term Project Manager or PM refers to the assigned person responsible for the daily project management and coordination for this project.

Phase 1

- 1.1) Preliminary Conferences and Data Gathering -The Engineer shall attend a preliminary conference with authorized representatives of the Town regarding the scope of project so that the plans and specifications which are to be developed hereunder by the Engineer will result in providing facilities which conform to the Town's requirements and budgetary constraints. The Engineer will collect available data regarding the subject project and existing utilities in the area for review during the design.

EXHIBIT A

- 1.2) Coordination with Outside Agencies/Public Entities -The Engineer shall coordinate with officials of other outside agencies as may be necessary for the design of the proposed street and storm drain and/or water and wastewater facilities/improvements. It shall be the Engineers duty hereunder to secure necessary information from such outside agencies, to meet their requirements.
- 1.3) Geotechnical Investigations - The Engineer shall coordinate Geotechnical Investigation and advise the Town of test boring locations and other subsurface investigations that may be needed. In the event it is determined necessary to make borings or excavate test holes or pits, the Engineer and its Geotechnical Sub Consultant shall coordinate with the Town to prepare specifications for such testing program. The cost of the borings, testing or excavations shall be sub paid as a part of this contract by the Town.
- 1.4) Field Survey - The Engineer shall coordinate field survey for the proposed pipelines alignments area showing the locations of all assets, trees, manholes, valves stacks, inlets, driveways, tops of curb and markings for underground utilities. Each sewer manhole will be opened and elevation for the flow line be provided.
- 1.5) Project Management and Permits – The Project Manager and Engineer shall provide day to day project operation and management for the project completion of design. All direct communication and instruction should be to and through the Project Manager. If the Town is unable to obtain a satisfactory response from the Project Manager, then the Town shall contact the Principal in Charge for this project. The Project Manager will be responsible for all forms/applications to allow the Town to obtain the necessary agreements and/or permits normally required for a project of this size and type. The Project Manager will be responsible for negotiating and coordinating to obtain approval of the agency issuing the agreement and/or permits and will make any revisions necessary to bring the plans into compliance with the requirements of said agency, including but not limited to highways, railroads, water authorities and other utilities.
- 1.6) Quality Analysis and Quality Control (QA/QC) Review and Design Changes – QAQC review is a paramount by the Engineer for all Phases of work. All reports, plans, specifications and negotiations shall be QAQC reviewed by a DEC Principal or Senior PM. If a design change is necessary, the Engineer shall revise the plans and specifications as required at the Engineer's own cost and expense, unless such changes are required due to scope of work

EXHIBIT A

amendments that changes in the design of the facilities made by the Town after the Phase 2 approval by the Town. If such changes are required, the Engineer shall notify the Town and an amendment to the contract shall be made if the Engineer incurs additional cost. If there are unavoidable delays, a mutually agreeable and reasonable time extension shall be negotiated,

- 1.7) Plan Submittal - Copies of the original plans shall be provided to the Town and shall become the property of the Town. The Town may use such plans in any manner it desires; provided, however that the Engineer shall not be liable for the use of such plans for any project other than the project described herein; and the Engineer firm name and the Engineer PE seal is removed from all plan sheets. The Engineer shall not be liable for the consequences of any changes that are made to the plans or changes that are made in the implementation of the plans without the written approval of the Engineer.
- 1.8) Meetings- Periodic meetings will be needed to present deliverables, review and explain various design issues and conflicts, utilities SUE coordination, address special interest, and other miscellaneous meetings.
- 1.9) Construction Administration services are not part of this scope of work and will be presented to the Town of Addison when they consider awarding the project for construction.
- 1.10) Project Duration: The Engineer anticipates the project design, Phases 1 thru 3, will require approximately 5 to 6 months duration to complete. Securing land rights by the Town of Addison is often difficult to estimate that duration and can be a time consuming task. Thus, the Engineer anticipates after the land rights documentation and approval of Phase 4 plans and specifications is provided, then the Engineer may proceed to the Phase 5. Completion of Phase 5 duration will take approximately 2 to 3 months

Phase 2

- 2.1) Right-of-Way (ROW), Easement and Land Acquisition Needs - Several permanent easements and several temporary construction easements (TCE) are anticipated for this project. The Engineer shall determine ownership of such land and furnish the Town with the necessary drawings, exhibits and legal descriptions/ instruments for acquiring permanent and temporary easements for the construction of this project. Exhibits and descriptions will be presented in a form suitable for direct use by the Town of Addison in obtaining easements, permits and licensing agreements. All proposed easements materials shall be furnished on the appropriate forms in an

EXHIBIT A

electronic file format and with two (2) hard copies each, prior to the completion of Phase 3.

- 2.2) Utility Coordination - The Engineer shall coordinate with all utilities, including utilities owned by the Town, as to any proposed utility lines or adjustment to existing utility lines within the project limits. The information obtained shall be shown on the conceptual plans. The Engineer shall provide Subsurface Utility Evaluation (SUE) Level B and show the SUE findings on the Phase 1 and Phase 2 plans. The locations of all underground utilities and information provided by the utility companies on any adjustments and/or relocation of the existing lines within the project limits, is very important. The Engineer shall also evaluate the need for phasing of any replacements or repairs of existing water and wastewater pipelines, street and drainage work, and shall submit such evaluation in writing to the Town as a part of this phase of the project.
- 2.3) Conceptual Plans (30%) - The Engineer shall furnish one (1) full size and three (3) copies of the half scale plans for the Phase 1 Preliminary Alignment Plans which includes the proposed pipeline alignment, utility conflicts, and discussion of problem areas, possible right-of-way needs and opinion of probable construction costs for the Engineer's recommended plan. An electronic copy will also be provided of the plans. This task also includes meetings with the Town staff, sub consultants and other interested parties. The Engineer shall receive written approval of the Phase 2 Plans from the Town before proceeding with Phase 3.

Phase 3

- 3.1) Design Field Survey - The Engineer shall provide necessary added field survey for adding the SUE information to use in the preparation of the Plans and Specifications. The Engineer shall furnish the Town with certified copies of the field data.
- 3.2) Design Data - The Engineer shall provide design data, update the engineering design report, cross-sections, profiles, geotechnical data and opinion of probable construction cost. The Engineer shall meet with Town staff to review findings and draft alignment.
- 3.3) Special Structures Design Task- In the event of unforeseen conditions such as excess groundwater, poor soil condition, conflicting utility or other related conflicts that would impact the pipelines design and constructability, the Engineer will provide additional design support that will address the design issue(s) to the project under a Special Structures Design task. This line

EXHIBIT A

item task will only be used with prior authorization by Addison, on a case by case basis.

- 3.4) Preliminary Construction Plans (60%) and Technical Specifications - The Engineer shall submit one full size plan and three (3) copies of half scale plans for the Phase 2 Preliminary Construction Plans (60%) and 1 hard copy of the preliminary technical specifications for review by the Town and for submission to utility companies and other agencies for the purposes of coordinating work with existing and proposed utilities. An electronic copy will also be provided of plans and specifications. These preliminary construction plans shall indicate location of existing/proposed pipeline alignments, proposed improvements and both permanent and temporary construction easements. The Engineer shall receive written approval of the Phase 3 plans from the Town before proceeding with Phase 4. Two hard copies and an electronic file of the draft easements instruments will be provided for legal review and processing by Town of Addison.
- 3.5) Preliminary Traffic Control Plan (TCP) - The Engineer will provide preliminary concept for traffic control along the project alignment. This TCP will be helpful for Addison in coordinating and acquiring easement acquisitions.

Phase 4

- 4.1) Final Design Plans and Specs (95%) - The Engineer shall furnish two (2) full size and three (3) copies of the final construction plans (95%) and one hard copy of the complete contract specifications for review by the Town. An electronic copy will also be provided of plans and specifications.
- 4.2) Detailed Opinion of Probable Construction Cost (OPCC) - The Engineer shall furnish one copy of detailed OPCC for the authorized construction project, which shall include summaries of bid items and quantities.
- 4.3) Pavement design for Beltway Drive - The Engineer shall provide for a roadway replacement design for area disturbed from the new wastewater pipeline construction which is on the eastbound lane of Beltway Drive. The concrete panels for the east bound lane will be replaced.
 - 4.3.1) Traffic control plans (TCP) and construction phasing plans will be provided to indicate alternate traffic routes around the construction work zone and to indicate construction phases that will accommodate the alternate traffic routes. The TCP and Construction Phasing details will be approved by the

EXHIBIT A

Town of Addison with the approval of plans and specification, prior to bidding the project.

- 4.4) Plans Cover Sheet and Final Walk Thru Approval - The Engineer shall furnish an original full size cover sheet for the signatures of authorized Town officials. The Contract Documents shall comply with applicable local, state, and federal laws and with applicable rules and regulations promulgated by local, state and national boards, bureaus and agencies. The Project Manager and Engineer shall walk the entire alignment with Town staff to review the final alignment and related impacts to the Town during construction. The Engineer shall receive written approval of the Phase 4 plans and approval of all land rights documentation for easements from the Town before proceeding with Phase 5.

Phase 5

- 5.1) Final Approved Plans and Specifications - The Engineer shall furnish an electronic file of the signed final plans and specifications, plus three (3) half size plans and two (2) full sized plans of the final approved construction plans and two (2) full sets of contract specifications. The approved plans and contract specifications shall be used as authorized by the Town for use in obtaining bids, awarding contracts, and constructing the project.
- 5.2) Bidding Assistance - The Engineer shall respond to bidders Request For Information (RFIs), issue addenda as appropriate to interpret, clarify, or expand the bidding documents, and assist the owner in determining the qualifications and acceptability of prospective constructors, subcontractors, and suppliers. When substitution prior to the award of contracts is allowed by the bidding documents, the Engineer will advise the Town as to the acceptability of alternate materials and equipment proposed by the prospective constructors.
- 5.3) Prebid Conference - The Engineer shall facilitate one prebid conference and the bid opening. The Engineer will then prepare bid tabulation sheets, and provide assistance to the owner in evaluating bids or alternate proposals and in assembling and awarding contracts for construction, materials, equipment, and services.

Recommendation of Award - The Engineer shall assist the owner in evaluating all bids and shall make a recommendation of award to the Town. The Project Manager will attend the Town Council Meeting and Workshop to assist Town Staff in the presentation of the consideration item for the award of bid to Town Council.

EXHIBIT A

EXHIBIT "C" TOWN OF ADDISON GUIDELINES FOR DIRECT EXPENSES; GENERAL AND ADMINISTRATIVE MARKUP; TRAVEL AND SUBSISTENCE EXPENSES

**Agreement by and between the Town of Addison (Town)
and DANNENBAUM ENGINEERING COMPANY – DALLAS, LLC (Consultant)
to perform Professional Engineering Services for
Addison Re-Route Basin I Final Design**

I. COMPENSATION SCHEDULE / PROJECT BILLING SUMMARY.

EXHIBIT B																
Town of Addison																
Fee Proposal Summary and Work Breakdown Detail																
Dannenbaum Project No. 0055-03																
Addison Re-route Basin I Final Design																
4-May-16																
Task No.	Task Name	Principal In Charge	Principal O&DC	Project Manager	Deputy Project Manager	Senior Structural Engineer	O&DC Technician	Civil Designer	Civil Engineer	Administrative Asst.	GIS	Total for Task	Subs/ODC	Subs/ODC +10%	Total	
1. GENERAL - Phase 1																
1.1	Preliminary Conference & Data Gathering	1		6	2					1		\$ 1,800				
1.2	Coordination with Outside Agencies			4	2	2	2		2		4	\$ 2,300				
1.3	Geotechnical Investigations			4	2	2			1			\$ 1,500				
1.4	Field Survey			4	2	2	8		4		4	\$ 3,250				
1.5	Project Mgmt & Permits	1		40	16	4	4	4	8	4	8	\$ 12,865				
1.6	O&DC	2	16	16	8	2	32	4	8		4	\$ 15,560				
1.7	Plan Submittal	1		4	4	1	40	4	16	8		\$ 9,520				
1.8	Meetings			24	16	4	4					\$ 8,375				
1.0 Total			\$ 1,830	\$ 4,880	\$ 19,360	\$ 6,840	\$ 10,350	\$ 760	\$ 6,070	\$ 1,275	\$ 1,760	\$ 55,140	\$ 45,050	\$ 49,555	\$ 104,695	
2. Phase 2 Design																
2.1	ROW, Easement and Land Acquisition			4	2		6		2	2	2	\$ 2,610				
2.2	Utility Coordination/ SUE			8	8	4	16					\$ 5,260				
2.3	Conceptual Plans (20%)											\$ -				
2.3.1	sewer pipeline design			24	6	2	30	3	6	1	1	\$ 10,690				
2.3.2	water pipeline design			16	6	2	10	1	2	1	1	\$ 5,900				
2.0 Total			\$ -	\$ -	\$ 8,360	\$ 4,080	\$ 620	\$ 7,350	\$ -	\$ 260	\$ 150	\$ 22,050	\$ 48,800	\$ 53,600.0	\$ 75,730	
3. Phase 3 Design																
3.1	Design Field Survey			2	2		2		4			\$ 1,450				
3.2	Design Data			8	8	4	4		8	4	2	\$ 6,440				
3.3	Special Design Structure	1		24	18	36	60	24	16	8	4	\$ 25,225				
3.4	Preliminary Plans & Technical Specs (60%)											\$ -				
3.4.1	sewer pipeline	1		16	6	6	32	2	6	2	1	\$ 10,385				
3.4.2	water pipeline			8	4	2	8	2	2	2	1	\$ 4,060				
3.4.3	Preliminary Traffic Control Plan			2	4		8		2		2	\$ 2,440				
3.0 Total			\$ 305	\$ -	\$ 10,800	\$ 7,140	\$ 7,440	\$ 13,110	\$ 2,280	\$ 4,940	\$ 1,200	\$ 47,875	\$ 7,000	\$ 7,700.0	\$ 55,675	
4. Phase 4 Design																
4.1	Final Design Plans and Specs (95%)						54	4	24	16	8	\$ 12,840				
4.1.1	sewer pipeline	1		16	4	4	4		8			\$ 4,485				
4.1.2	water pipeline	1		4	4	4			8			\$ 2,335				
4.2	Detailed O&DC			4	2		4		8	1		\$ 2,440				
4.3	Final Design for Beltway Dr.	1	1	6	16	5	24	4	16			\$ 10,615				
4.3.1	Traffic Control Plan	1	1	4	16		24	4	16			\$ 6,270				
4.3.2	Construction Phasing Plans	1	1	2	4		16	4	8			\$ 4,910				
4.3.3	Construction Phasing Plans	1		4	8		4		4	1		\$ 3,440				
4.4	Cover sheet and final walk thru			6	3	42	64	14	12	16	76	\$ 50,465	\$ 1,000	\$ 1,199.0	\$ 51,664	
4.0 Total			\$ 1,630	\$ 915	\$ 7,560	\$ 9,160	\$ 2,170	\$ 16,160	\$ 1,520	\$ 8,860	\$ 1,350	\$ 880	\$ 50,465	\$ 1,000	\$ 1,199.0	\$ 51,664
5. Phase 5																
5.1	Final Approval of Plans and Specs	3	2	12	4				4	8		\$ 6,485				
5.2	Bidding Assistance			16	4	2	8		8	16	2	\$ 7,250				
5.3	Prebid Conference	1		12	4	2			2	2		\$ 3,665				
5.4	Recommendation of award	2	1	16	4				8			\$ 5,075				
5.0 Total			\$ 1,830	\$ 915	\$ 10,060	\$ 2,720	\$ 620	\$ 820	\$ -	\$ 1,820	\$ 2,550	\$ 220	\$ 21,675	\$ 565	\$ 622.0	\$ 22,297
TOTAL OF HOURS																
		19	22	312	188	83	408	48	169	87	34					
Hourly Rate																
		305	305	180	170	155	115	95	130	75	110					
SUMMARY ENGINEERING DESIGN FEE																
		\$ 6,795	\$ 6,710	\$ 66,160	\$ 31,944	\$ 12,845	\$ 46,920	\$ 4,540	\$ 21,970	\$ 6,625	\$ 3,748	\$ 197,205	\$ 102,505	\$ 112,756	\$ 309,961	
SUBCONSULTANTS and Other Direct Charges																
	Geotechnical (Alliance Group)												\$ 24,300	\$ 26,730		
	SUE (The Ross Group)												\$ 48,800	\$ 53,680		
	Survey and Easement Prep. (Dannenbaum & Assoc)												\$ 28,840	\$ 31,724		
	Printing Costs												\$ 290	\$ 319		
	Travel and Reimbursable Expenses												\$ 275	\$ 303		
	Total for Subs and ODC												\$ 102,505	\$ 112,756		
Grand Total															\$ 309,961	

EXHIBIT A

Compensation Schedule				
Phases	DEC	Subs	ODC	Total
1	\$ 55,140	\$ 49,555		\$ 104,695
2	\$ 22,050	\$ 53,680		\$ 75,730
3	\$ 47,875	\$ 7,700		\$ 55,575
4	\$ 50,465	\$ 1,199		\$ 51,664
5	\$ 21,675		\$ 622	\$ 22,297
Total	\$197,205	\$ 112,134	\$ 622	\$309,961

I. **CONSULTANT'S RESPONSIBILITY.** The Consultant shall be solely responsible for the auditing of all direct expense, approved markup (general and/or administrative), and approved travel and/or subsistence charges, including those to be included under a sub-contract, prior to the Town for reimbursement, and Consultant shall be responsible for the accuracy thereof. Any overpayment by the Town for errors in submittals for reimbursement may be deducted from the Consultant's subsequent payment(s) for services; however, this shall not be the Town's sole and exclusive remedy for said overpayment.

II. **GUIDELINES FOR DIRECT EXPENSES.**

A. **Local Transportation** – Transportation in connection with the Project, when such transportation is not a function of routine performance of the duties of the Consultant in connection with the Project, and when such transportation exceeds beyond fifty (50) miles from the Project site, shall be reimbursed at a standard mileage rate consistent with that as issued, and periodically revised, by the United States Internal Revenue Service (IRS). Under no circumstances shall Town reimburse Consultant at a higher standard mileage rate or pay additional markup on charges for local transportation. Completion of Town's Standard Mileage Log is required for submittal of these charges for reimbursement, including justification for each submitted expense.

Under no circumstances are charges associated with rental cars for local transportation eligible for reimbursement by Town. Toll road subscriptions or toll plaza receipts are not reimbursable. Consultant agrees to place these standards in all subcontracts for work on the Project.

B. **Supplies, Material, Equipment** – Town shall reimburse the actual cost of other similar direct Project-related expenses, which are duly presented in advance and approved by Town's Project Manager in writing.

C. **Commercial Reproduction** – Town shall reimburse the actual cost of reproductions, specifically limited to progress prints prepared for presentation to

EXHIBIT A

Town at each phase of progress, and final Construction Documents prepared for distribution at bidding phase, provided that the Consultant has duly obtained at least three (3) quotations from commercial firms and has chosen the best value for the Town. Consultant shall provide such documentation to Town for review prior to submitting these expenses for reimbursement. Consultant agrees to place these standards in all subcontracts for work on the Project.

- D. **In-House Reproduction** - Consultant shall make arrangements with the Town for prior approval of in-house reproduction rates prior to submitting these expenses for reimbursement. Town shall provide Consultant with a standard format for documenting these charges. Completion of the Town's reproduction log is required as a prerequisite for payment, including the number or reproductions, the date, time, description, the approved standard rate, and a justification for each submitted expense for reimbursement. Consultant agrees to place these standards in all subcontracts for work on the Project.
- E. **Commercial Plotting** – Town shall reimburse the actual cost of plots, specifically limited to final documents, provided the Consultant has duly obtained at least three (3) quotations from commercial firms and has chosen the best value for the Town. Consultant shall provide such documentation to Town for review prior to submitting these expenses for reimbursement. Consultant agrees to place these standards in all subcontracts for work on the Project.
- F. **In-House Plotting** – Consultant shall make arrangements with Town for prior written approval of in-house plotting rates prior to submitting these charges for reimbursement. Town shall provide Consultant with a standard format for documenting these charges. Completion of the Town's reproduction log is required as a prerequisite for payment, including the number of plots, the date, time, description, the approved standard rate, and a justification for each submitted charge for reimbursement.
- G. **Communications** – Reimbursement for expenses relating to electronic communications shall be limited to long-distance telephone or fax toll charges specifically required in the discharge of professional responsibilities related to the Project. Telephone service charges including office or cellular phones, WATTS, or Metro line services or similar charges are not reimbursable.
- H. **Postage, Mail, and Delivery Service** – Town shall reimburse the actual cost of postage and delivery of Instruments of Service, provided the Consultant duly considers all circumstances (including available time for assured delivery) of the required delivery and selects the best value for the Town, which may require comparison of delivery costs offered by three (3) or more sources or methods of delivery, which at a minimum shall include U.S. Mail. Courier service is acceptable only in circumstances requiring deadline-sensitive deliveries and not for the

EXHIBIT A

convenience of the Consultant and/or the Consultant's employees. Consultant agrees to place these standards in all subcontracts for work on the Project.

- I. **Meals and Other Related Charges** – Meals or any other related expenses are not reimbursable unless incurred outside a fifty (50) mile radius of the Project, and then only reimbursable for the actual cost subject to compliance with the Town's currently adopted policy. Non-allowable costs include, but are not limited to, charges for entertainment, alcoholic beverages, and gratuities.

III. **GUIDELINES FOR GENERAL AND ADMINISTRATIVE MARKUP.**

1. **Requirement of Prior Approval** – Consultant may be allowed to charge a General and/or Administrative Markup on work completed if Consultant can clearly define to Town specifically what costs are included in the markup calculation. To apply General and/or Administrative Markup, Consultant must also document to Town what costs would be considered direct costs. Town shall issue approval in writing to allow Consultant to charge General and/or Administrative Markup. Town reserves the right to reject any and all requests for General and/or Administrative Markup.

IV. **GUIDELINES FOR TRAVEL AND SUBSISTENCE EXPENSES.**

1. **Adherence to Currently Adopted Town Travel Policy** – Unless otherwise stated within this Agreement, reimbursements shall be governed by the same travel policies provided for Town employees according to current adopted policy. All lodging and meals are reimbursed in accordance with IRS rules and rates as shown on the U.S. General Services Administration website for the Town: <http://www.gsa.gov/portal/category/21287>.
2. Prior to the event, Consultant shall request, and the Town shall provide the provisions and the restrictions that apply to out-of-town reimbursements.

EXHIBIT A

EXHIBIT "E" AFFIDAVIT

REQUIREMENTS

Contractors performing work on CITY OF ADDISON property or public right-of-way shall provide the CITY OF ADDISON a certificate of insurance or a copy of their insurance policy(s) (and including a copy of the endorsements necessary to meet the requirements and instructions contained herein) evidencing the coverages and coverage provisions identified herein within ten (10) days of request from CITY OF ADDISON. Contractors shall provide CITY OF ADDISON evidence that all subcontractors performing work on the project have the same types and amounts of coverages as required herein or that the subcontractors are included under the contractor's policy. Work shall not commence until insurance has been approved by CITY OF ADDISON.

All insurance companies and coverages must be authorized by the Texas Department of Insurance to transact business in the State of Texas and must have a A.M. Best's rating A-:VII or greater.

Listed below are the types and minimum amounts of insurances required and which must be maintained during the term of the contract. CITY OF ADDISON reserves the right to amend or require additional types and amounts of coverages or provisions depending on the nature of the work.

TYPE OF INSURANCE	AMOUNT OF INSURANCE	PROVISIONS
1. Workers' Compensation Employers' Liability to include: (a) each accident (b) Disease Policy Limits (c) Disease each employee	Statutory Limits per claim Each accident \$1,000,000 Disease Policy Limits \$1,000,000 Disease each employee \$1,000,000	CITY OF ADDISON to be provided a <u>WAIVER OF SUBROGATION AND 30 DAY NOTICE OF CANCELLATION</u> or material change in coverage. Insurance company must be A-:VII rated or above.
2. Commercial General (Public) Liability to include coverage for: a) Bodily Injury b) Property damage c) Independent Contractors d) Personal Injury e) Contractual Liability	Bodily Injury/Property Damage per claim \$1,000,000, General Aggregate \$2,000,000 Products/Completed Aggregate \$2,000,000, Personal Advertising Injury per claim \$1,000,000, Medical Expense 5,000	CITY OF ADDISON to be listed as <u>ADDITIONAL INSURED and provided 30 DAY NOTICE OF CANCELLATION</u> or material change in coverage. Insurance company must be A-:VII rated or above.
3. Business Auto Liability to include coverage for: a) Owned/Leased vehicles b) Non-owned vehicles c) Hired vehicles	Combined Single Limit \$1,000,000	CITY OF ADDISON to be listed as <u>ADDITIONAL INSURED and provided 30 DAY NOTICE OF CANCELLATION</u> or material change in coverage. Insurance company must be A:VII-rated or above.

Certificate of Liability Insurance forms (together with the endorsements necessary to meet the requirements and instructions contained herein) may be **faxed** to the Purchasing Department:

EXHIBIT A

EXHIBIT "F" CONFLICT OF INTEREST QUESTIONNAIRE, FORM CIQ

972-450-7074 or emailed to: purchasing@addisontx.gov. Questions regarding required insurance should be directed to the Purchasing Manager.

With respect to the foregoing insurance,

1. All liability policies shall contain no cross liability exclusions or insured versus insured restrictions applicable to the claims of the City of Addison.
2. All insurance policies shall be endorsed to require the insurer to immediately, or no later than thirty (30) days, notify the City of Addison, Texas of any material change in the insurance coverage.
3. All insurance policies shall be endorsed to the effect that the City of Addison, Texas will receive at least thirty (30) days' notice prior to cancellation or non-renewal of the insurance.
4. All insurance policies, which name the City of Addison, Texas as an additional insured, must be endorsed to read as primary coverage regardless of the application of other insurance.
5. Insurance must be purchased from insurers that are financially acceptable to the City of Addison and licensed to do business in the State of Texas.

All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Upon request, Contractor shall furnish the City of Addison with complete copies of all insurance policies certified to be true and correct by the insurance carrier.

This form must be signed and returned with your quotation. You are stating that you do have the required insurance and if selected to perform work for CITY OF ADDISON, will provide the certificates of insurance (and endorsements) with the above requirements to CITY OF ADDISON within 10 working days.

A CONTRACT/PURCHASE ORDER WILL NOT BE ISSUED WITHOUT EVIDENCE AND APPROVAL OF INSURANCE.

AGREEMENT

I agree to provide the above described insurance coverages within 10 working days if selected to perform work for CITY OF ADDISON. I also agree to require any subcontractor(s) to maintain insurance coverage equal to that required by the Contractor. It is the responsibility of the Contractor to assure compliance with this provision. The City accepts no responsibility arising from the conduct, or lack of conduct, of the Subcontractor.

Project/Bid# _____

Company: _____

Printed Name: _____

Signature: _____ Date: _____

THE STATE OF TEXAS

§

Professional Services Agreement

(DANNENBAUM ENGINEERING COMPANY – DALLAS, LLC / Addison Re-route Basin I Final Design)

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EXHIBIT A

EXHIBIT "F" CONFLICT OF INTEREST QUESTIONNAIRE, FORM CIQ

FORM CIQ CONFLICT OF INTEREST QUESTIONNAIRE For vendor or other person doing business with local governmental entity	
<p>This questionnaire reflects changes made to the law by H.B. 1491, 80th Leg., Regular Session. This questionnaire is being filed in accordance with Chapter 176, Local Government Code by a person who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the person meets requirements under Section 176.006(a). By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code. A person commits an offense if the person knowingly violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.</p>	OFFICE USE ONLY
<p>1. Name of person who has a business relationship with local governmental entity.</p> <p>Johan Petterson, P.E. – Dannenbaum Engineering Corporation Dallas, LLC</p>	
<p>2. Check this box if you are filing an update to a previously filed question <input type="checkbox"/></p> <p>(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)</p>	
<p>3. Name of local government officer with whom filer has employment or business relationship.</p> <p style="text-align: center;">None _____ Name of Local Government Officer</p> <p>This section (item 3 including subparts A, B, C & D) must be completed for each officer with whom the filer has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.</p> <p>A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the filer of the questionnaire? Yes <input type="checkbox"/> No <input type="checkbox"/> <i>N/A</i></p> <p>B. Is the filer of the questionnaire receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity? Yes <input type="checkbox"/> No <input type="checkbox"/> <i>N/A</i></p> <p>C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of 10 percent or more? Yes <input type="checkbox"/> No <input type="checkbox"/> <i>N/A</i></p> <p>D. Describe each employment or business relationship with the local government officer named in this section.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	

EXHIBIT A

EXHIBIT "F" CONFLICT OF INTEREST QUESTIONNAIRE, FORM CIQ


4. Signature of person doing business with the governmental entity Date:	
<u>Johan Petteson</u> Signature	<u>May 11, 2018</u> Date

Local Government Officers Town of Addison, Texas

For purposes of completion of the required Conflict of Interest Questionnaire for the Town of Addison Texas (required by all Vendors who submit bids/proposals), Local Government Officers are:

Mayor:	Joe Chow
Council Members:	Marlin Willesen, Council Member Guillermo Quintanilla, Council Member Lori Ward, Council Member Paul Walden, Council Member Ivan Hughes, Council Member Tom Braun, Council Member
City Manager:	Wesley S. Pierson

EXHIBIT A

CERTIFICATE OF INTERESTED PARTIES		FORM 1295		
		1 of 1		
Complete Nos. 1 - 4 and 6 if there are interested parties. Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.		OFFICE USE ONLY		
1 Name of business entity filing form, and the city, state and country of the business entity's place of business. Dannenbaum Engineering Company - Dallas LLC Dallas, TX United States		CERTIFICATION OF FILING Certificate Number: 2018-349371		
2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed. Town of Addison		Date Filed: 05/07/2018 Date Acknowledged:		
3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract. RFQ 17-180 Basin I Sanitary Sewer Improvements (DEC 005133)				
4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Hines, William Barton	Dallas, TX United States		X
	Pettersen, Johan	Dallas, TX United States		X
	Ahrens, Wayne	Houston, TX United States		X
	Dannenbaum, James	Houston, TX United States	X	
5 Check only if there is NO Interested Party. <input type="checkbox"/>				
6 UNSWORN DECLARATION My name is <u>Wayne G. Ahrens, P.E.</u> , and my date of birth is <u>05/24/1944</u> . My address is <u>3100 West Alabama St</u> , <u>Houston</u> , <u>TX</u> , <u>77098</u> , <u>USA</u> . <small>(street) (city) (state) (zip code) (country)</small> I declare under penalty of perjury that the foregoing is true and correct. Executed in <u>Harris</u> County, State of <u>Texas</u> , on the <u>7th</u> day of <u>May</u> , 20 <u>18</u> . <small>(month) (year)</small> <div style="text-align: center;">  <hr style="width: 80%; margin: auto;"/> Signature of authorized agent of contracting business entity (Declarant) </div>				

Basin I – Unmetered Sanitary Sewer Flow Design Contract Council Briefing

May 22, 2018

The logo for ADDISON, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. The circle is set against a blue background that has a white diagonal line running from the top-left to the bottom-right, creating a triangular shape on the right side of the slide.

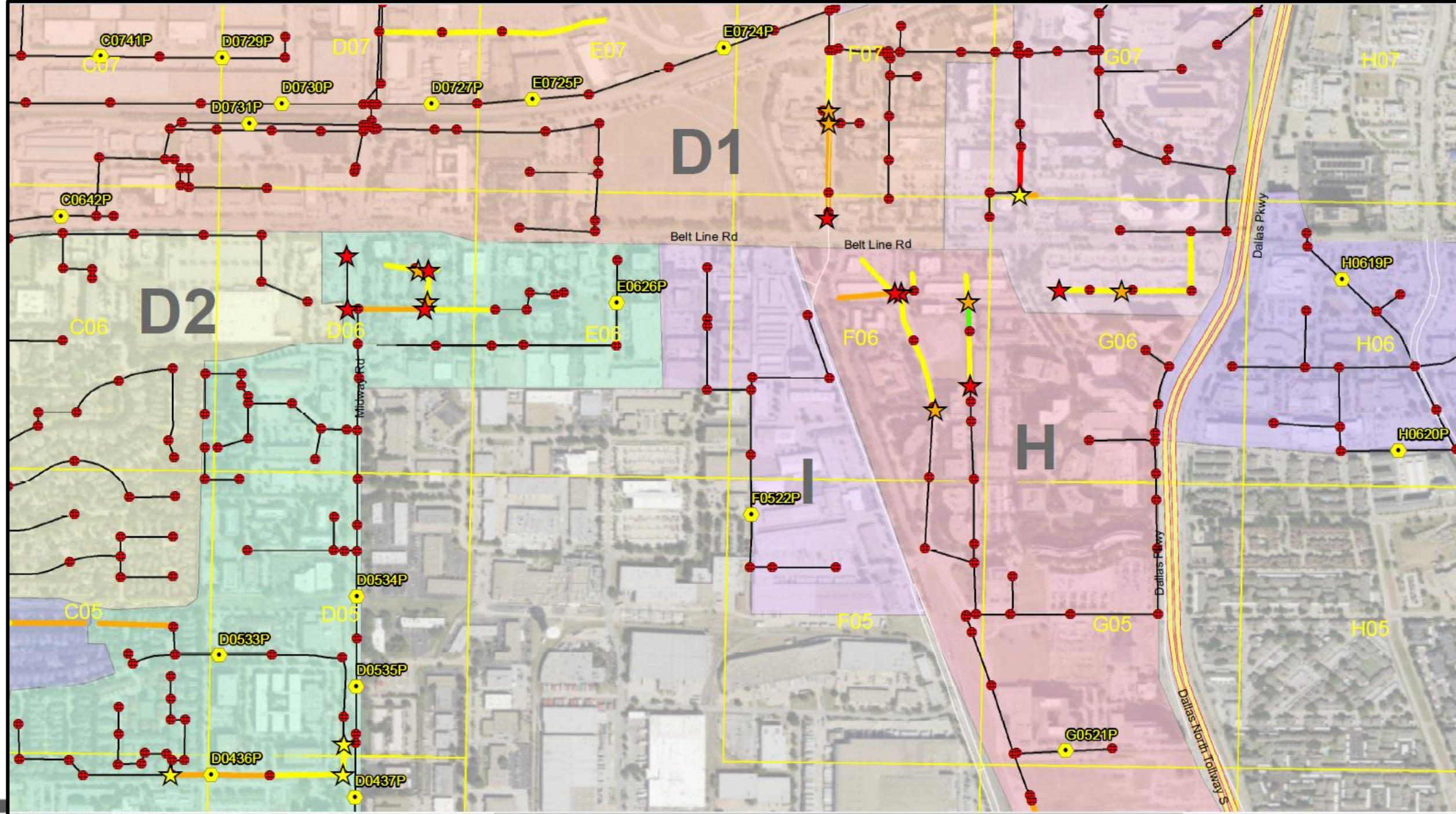
ADDISON

Background

- 1964 - 50-year Agreement between Farmers Branch and Addison allowing effluent from Addison into Farmers Branch's system
- Early 1990s - To accommodate increased development, Addison and Farmers Branch began talks for an interim agreement for the construction of a sanitary sewer tunnel
- 1991 - North Dallas County Water Supply Corporation was formed
 - For joint design, finance, construction, ownership, operation, and maintenance of Eastside Interceptor Sewer System
- 1996 - Construction of interceptor tunnel for sanitary sewer service was complete

Background

- One sanitary sewer basin in Addison remains unmetered – Basin I
- Sewage flow goes into Farmers Branch's system via an unmetered manhole
- Addison pays Farmers Branch for the use of their system per the terms of an interim agreement that expired on November 6, 1995
 - Addison pays Farmers Branch a fee based on 80% of the water usage in the basin
 - Limits on amount of flow allowed



- October 2017 – Farmers Branch notified Addison that the unmetered flows in Basin I will need to be metered or a new agreement with Farmers Branch will be needed
- January 11, 2018 – Addison requested to begin discussions on a new agreement to allow Addison's sewage to flow through Farmers Branch's system to Trinity River Authority (TRA)
- January 15, 2018 – Farmers Branch notified Addison that they should work with TRA to install a metering station for the flow in Basin I
- Addison engaged a consultant to develop alternatives for metering the sanitary sewer flow
- Discussions with TRA's confirm the metering station must meet all TRA requirements

- Staff presented alternatives at the April 24th Council meeting
- Re-route alternative was selected (Alternative B-1)
 - Planning level estimate \$1,650,000
 - More detailed estimates will be developed during design
- Dannenbaum Engineering Corporation was selected to perform design services
 - Design services include: survey, sub-surface utility exploration (SUE), and easement/land acquisition services

Design	Survey, SUE, & Land Acquisition	Total
\$197,827	\$112,134	\$309,961



Questions?



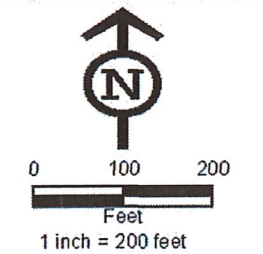


Legend

- Proposed Manholes
- Modeled Manholes
- Proposed Gravity Line
- Modeled Sewer Main
- Parcel Boundary
- ▭ Municipal Boundary

EXHIBIT B-1

Alt . B-1



Disclaimer:
The routing, timing, and all other matters shown herein, are preliminary only and should not be relied upon as definite, complete or accurate. They are subject to change at any time, without notice.

Gravity Sewer Option B-1

DANNENBAUM

Date: 2/27/2018

D:\msd11\proj\GIS\110111\110111.dwg

AI-2719

22.

Work Session and Regular Meeting

Meeting Date: 05/22/2018

Department: City Manager

AGENDA CAPTION:

Present, Discuss, and Consider Action on the **Replacement Process to Fill One (1) Vacancy on the Planning and Zoning Commission.**

BACKGROUND:

The Planning & Zoning Commission members have 2 year terms which run concurrently with the Council Member who appointed them.

Denise Quintanilla was appointed to the Planning and Zoning Commission by Council Member Tom Braun on November 14, 2017 for the term beginning on January 1, 2018. On May 11, 2018, Ms. Quintanilla notified the Town of her resignation by email. This agenda item is to discuss the replacement process for filling this vacancy.

During the application process in August - October 2017, 25 applications were received for individuals interested in serving on a board or commission. These applications are good for one year in the case of a mid-year vacancy. In addition to these applications on file, Council Member Braun has requested that the application be opened to receive submissions from individuals who are interested in serving on the Planning and Zoning Commission. Once the application closes, the new applications received, in addition to the applications on file, will be considered for this vacancy.

RECOMMENDATION:

Staff requests direction from Council.
