

Post Office Box 9010 Addison, Texas 75001-9010 5300 Belt Line Road (972) 450-7000
FAX (972) 450-7043

AGENDA

REGULAR MEETING OF THE CITY COUNCIL

MARCH 14, 2006

7:30 P.M.

COUNCIL CHAMBERS

5300 BELT LINE ROAD

REGULAR SESSION

Item #R1 - Consideration of Old Business.

Item #R2 - Consent Agenda.

CONSENT AGENDA

#2a - Approval of the Minutes for the February 28, 2006, Council Meeting.

Item #R3 - **PUBLIC HEARING** regarding, and consideration of approval of, an Ordinance approving an amendment to an existing Special Use Permit for a restaurant, and an existing Special Use Permit for the sale of alcoholic beverages for on-premises consumption, located at 4980 Belt Line Road, Suite 180, on application from Taco Del Mar, represented by Mr. Bob G. Baker.

Attachments:

1. Docket Map
2. Staff Report
3. Plans

Administrative Recommendation:

Administration recommends approval subject to no conditions.

Voting Aye: Bernstein, Chafin, Daseke, Doepfner, Jandura, Meier, Wood.

Voting Nay: None

Absent: None

Item #R4 - **PUBLIC HEARING** regarding, and consideration of, an approval of a resolution approving the new dog park design to be located east of the Easement Park within the TXU electric transmission right-of-way.

Attachments:

1. Council Agenda Item Overview
2. Plans
3. Photo

Administrative Recommendation:

Administration recommends approval.

Item #R5 - Presentation by Randy Newsom, Area Manager with TXU Electric Delivery, on a project to install electrical service Transmission lines in the DART railroad right-of-way from the Arapaho Road Substation west of Surveyor Blvd., to the Carrollton Country Club Substation.

Item #R6 - Consideration and approval of a resolution approving a revision to the Town's policy on extended military leave and in compliance with all regulations and requirements of the Uniformed Services Employment and Reemployment Rights Act (USSERA).

Attachments:

1. Council Agenda Item Overview
2. Policy

Administrative Recommendation:

Administration recommends approval.

Item #R7 - Consideration and approval of a resolution authorizing the City Manager to execute a Ground Lease Early Termination Agreement between the Town of Addison as Landlord and Piedmont Hawthorne Aviation, Inc., as the Tenant, affecting Ground Lease #0150-1702 and the demised premises located at what is commonly known as 4545 Eddie Rickenbacker at Addison Airport.

Attachments:

1. Council Agenda Item Overview
2. Memorandum from Lisa Pyles

Administrative Recommendation:

Administration recommends approval.

EXECUTIVE SESSION

Item #ES1 - Closed (executive) session of the City Council pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney to seek the advice of its attorney about pending litigation, to wit: *Transcontinental Realty Investors, Inc., et al, v. The City of Addison, Texas*, Case No. 03-03457, 160th Judicial District Court, Dallas County, Texas, and on a matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional

Conduct of the State Bar of Texas clearly conflicts with Chapter 552, Tex. Gov. Code.

Item #ES2 – Closed (executive) session of the City Council pursuant to Section 551.074, Texas Government Code, to deliberate a performance evaluation of the City Manager.

Adjourn Meeting

Posted 5:00 p.m.
March 9, 2006
Carmen Moran
City Secretary

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS
WITH DISABILITIES. PLEASE CALL (972) 450-2819 AT LEAST
48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL

February 28, 2006

6:00 p.m. – Work Session - Town Hall Conference Room

7:30 p.m. – Regular Session - Council Chambers

5300 Belt Line Road

Present: Mayor Chow, Councilmembers Braun, Hirsch, Kraft, Mallory, Mellow,
Niemann

Absent: None

Item #WS1 – Discussion and update on the status of the Town's efforts regarding the Cotton Belt Rail Line.

No action taken.

Item #R1 - Consideration of Old Business.

The following employees were introduced to the Council: Mike Brazelton (Police), Jo Ann Shuffield (Parks).

Item #R2 - Consent Agenda.

Items #2a, #2d and #2i were considered separately.

#2b – Consideration and approval of a resolution to award bid to Forest Hills Lawn Service, Inc., in an amount not to exceed \$11,900.00 for code enforcement mowing services – annual contract. (Approved Resolution No. R06-018)

#2c – Consideration and approval of a resolution authorizing the City Manager to enter into an interlocal agreement for cooperative purchasing between the Town of Addison and the City of Farmers Branch subject to final approval by the Town Attorney. (Approved Resolution No. R06-019)

#2e – Consideration and approval of an ordinance approving an amendment to Chapter 18, Article III, of the code of Ordinances to incorporate the 2003 International Property Maintenance Codes (IPMC). (Approved Ordinance No. 006-007)

#2f – Consideration and approval of an ordinance approving an amendment to Chapter 18, Article IV, of the Code of Ordinances to incorporate the 2003 ICC Electrical Codes and the 2005 National Electrical Codes (NEC). (Approved Ordinance No. 006-008)

#2g – Consideration and approval of an ordinance approving an amendment to Chapter 18, Article V, of the Code of Ordinances to incorporate the 2003 International Mechanical Codes (IMC). (Approved Ordinance No. 006-009)

#2h – Consideration and approval of an ordinance approving an amendment to Chapter 18, Article VI, of the Code of Ordinances to incorporate the 2003 International Plumbing Codes (IPC), International Fuel Gas Code (IFGC), and the International Private Sewage Disposal Codes (IPSDC). (Approved Ordinance No. 006-010)

#2j – Consideration and approval of an ordinance approving an amendment to Chapter 38 of the Code of Ordinances incorporating the 2003 International Fire Codes (IFC). (Approved Ordinance No. 006-012)

Councilmember Braun moved to duly approve the above listed items.
Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

#2a – Approval of the Minutes for the February 14, 2006, Council Meeting.

Councilmember Niemann moved to duly approve the Minutes for the February 14, 2006, Council Meeting as corrected. Councilmember Mallory seconded.
Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

#2d – Consideration and approval of an ordinance approving an amendment to Chapter 18, Article I and II, of the Code of Ordinances to incorporate the 2003 International Building Codes (IBC) and new fee schedule.

Councilmember Niemann moved to duly pass Ordinance No. 006-006 approving an amendment to Chapter 18, Article I and II, of the Code of Ordinances to incorporate the 2003 International Building Codes (IBC) and new fee schedule.
Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

#2i – Consideration and approval of an ordinance approving an amendment to Chapter 18, Article VII, of the Code of Ordinances to incorporate the 2003 International Residential Codes (IRC).

Councilmember Niemann moved to duly pass Ordinance No. 006-011 approving an amendment to Chapter 18, Article VII, of the Code of Ordinances to incorporate the 2003 International Residential Codes (IRC). Councilmember Kraft seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R3 – Police Department’s annual report to the governing body of the municipality as required by Texas Racial Profiling Law (SB No. 1074).

No action taken.

Item #R4 – Consideration and approval of a resolution of the City Council of the Town of Addison demonstrating its endorsement and pledging its full support for the Cotton Belt Rail Line to become the Approved Northwest Crosstown Corridor in the DART 2030 Transit System Plan.

Councilmember Hirsch moved to duly pass Resolution No. R06-020 approving the City Council of the Town of Addison demonstrating its endorsement and pledging its full support for the Cotton Belt Rail Line to become the Approved Northwest Crosstown Corridor in the DART 2030 Transit System Plan with changes to Section 5 and 6 as proposed by the City Manager. Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R5 – Consideration of a resolution authorizing the City Manager to enter into an agreement with RTKL in an amount not to exceed \$35,000 to assist the Town with the implementation of the Comprehensive Plan updates and the Belt Line Redevelopment Strategy.

Councilmember Kraft moved to duly pass Resolution No. R06-021 authorizing the City Manager to enter into an agreement with RTKL in an amount not to exceed \$35,000 to assist the Town with the implementation of the Comprehensive Plan updates and the Belt Line Redevelopment Strategy, subject to review and approval of the City Attorney and the City Manager. Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R6 – Consideration and approval of a resolution authorizing the payment of utility billing refunds totaling \$2,661.11, and the waiver of \$19,991.51 in utility fees.

Councilmember Niemann moved to duly pass Resolution No. R06-022 authorizing the payment of utility billing refunds totaling \$2,661.11. Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

Councilmember Niemann recused himself and left the Council Chambers.

Item #R7 – Consideration and approval of a resolution accepting settlement with TXU Electric Delivery.

Councilmember Mallory moved to duly pass Resolution No. R06-023 accepting settlement with TXU Electric Delivery. Councilmember Kraft seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow
Voting Nay: None
Absent: None
Abstain: Niemann

Councilmember Niemann returned to the Council Chambers.

Item #R8 – Presentation of the Town of Addison Financial Quarterly Report for the quarter ended 12/31/05.

No action taken.

There being no further business before the Council, the meeting was adjourned.

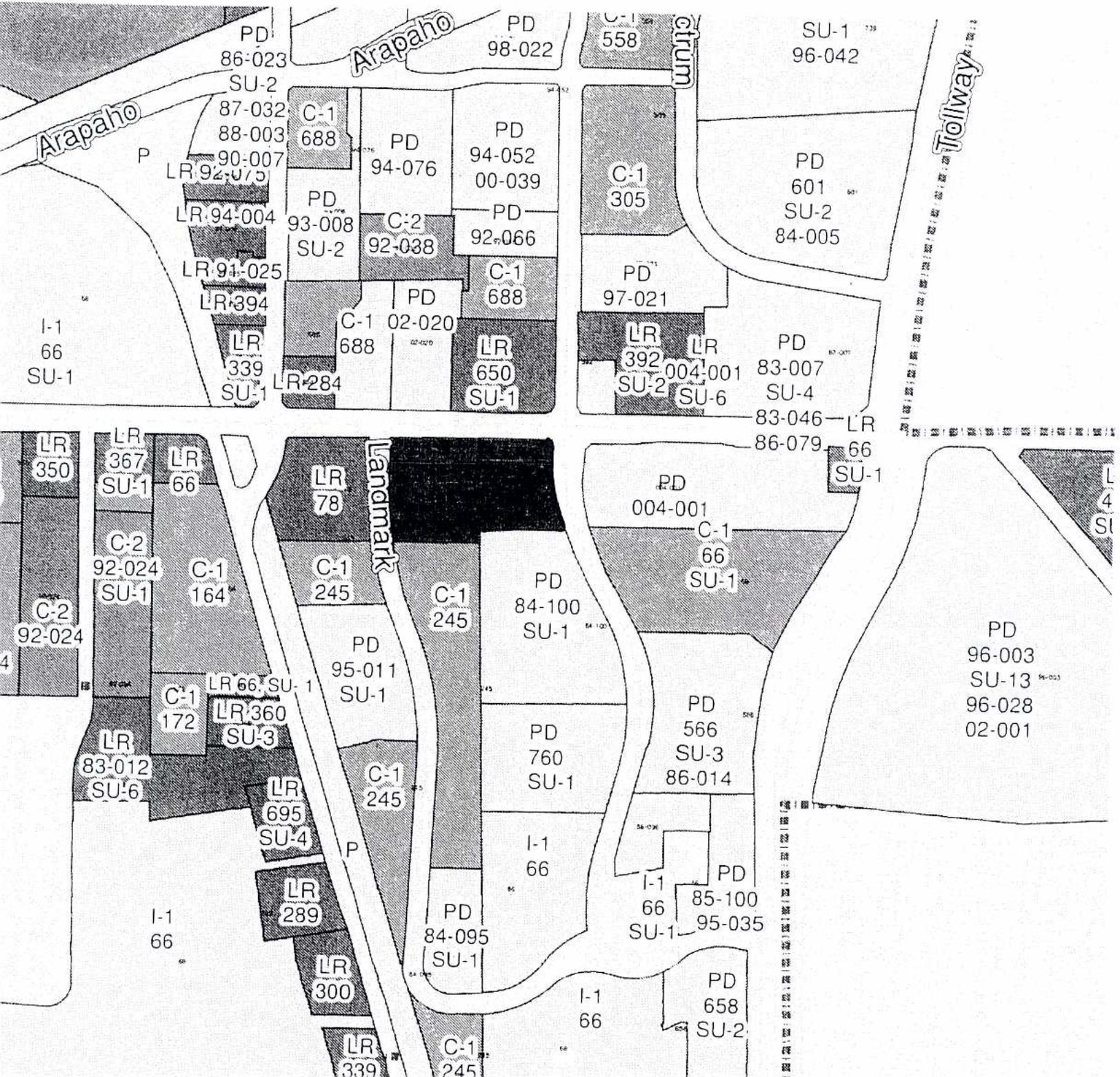
Mayor

Attest:

City Secretary

1511-SUP

Case 1511-SUP/Taco Del Mar. Requesting approval of an amendment to an existing Special Use Permit for a restaurant, and an existing Special Use Permit for the sale of alcoholic beverages for on-premises consumption, located at 4980 Belt Line Road, Suite 180, on application from Taco Del Mar, represented by Mr. Bob G. Baker.





Post Office Box 9010 Addison, Texas 75001-9010 5300 Belt Line Road (972) 450-7000

February 17, 2006

FAX (972) 450-7043

STAFF REPORT

RE: Case 1511-SUP/Taco Del Mar

LOCATION: 4980 Belt Line Road, Suite 180

REQUEST: Approval of a Special Use Permit for a restaurant, and a Special Use Permit for the sale of alcoholic beverages for on-premises consumption

APPLICANT: Taco Del Mar, represented by Mr. Bob G. Baker

DISCUSSION:

Background. This lease space is located in the Plaza at the Quorum II Shopping Center. It was originally part of a GAP Clothing Store. In 2004, the shopping center owners divided the GAP lease space into two separate spaces. Asian Fusion opened in 9,030 square feet of the former GAP space, but has since closed. A Chat's Coffee House was approved to occupy the remaining 2,820 square feet. However, Chat's did not go through with the lease. In August of 2005, the owners further subdivided the space and leased a 1,725 square foot space to Jimmy John's Sandwich Shop. There proposed Taco Del Mar will take the remaining 1,095 square feet. Taco Del Mar sells burritos, fish tacos, and other Mexican food specialties.

Proposed Plan. The floor plan shows a 1,095 square foot restaurant. The restaurant will be open for lunch and dinner. The applicant does not intend to serve alcohol at this point. However, time after time, owners and applicants have opened up without beer sales, and then come back to the city to request an SUP for alcohol. They must then go through the process again. The staff has determined that since the SUP for alcohol has already been approved, it should be continued so that the applicant may make use of it at a later date if he chooses. The staff also approved an SUP for alcohol for Jimmy John's Sandwich Shop next door, although Jimmy John's has not chosen to sell alcohol.

Façade. This entire shopping center is currently being updated with some trim and cast-stone accents added. The lease space will not be making any changes to the façade. The applicant has submitted photos of other Taco Del Mar locations as an example of what other stores look like.

Parking. In December of 2000, the owners of the shopping center obtained a change of zoning from a LR – Local Retail district to a PD – Planned Development district in order to provide for a 1/160 parking ratio for restaurant uses (1/100 for restaurants with designated valet parking). The purpose of the rezoning was to allow for additional restaurants to be developed in the center. The property owner has provided a tabulation of all uses in the center and their required parking. The staff has verified the square footages for the lease spaces, however, it does not agree with the tabulation. Since Go Fish has designated valet parking, it has to be figured at a 1/100 rate. Therefore, while there are sufficient spaces for this request, there are no extra parking spaces in the center. The owner should be aware that there are no additional spaces in the center that can be converted to restaurant use.

Landscaping. The landscaping was put in place when the center was constructed, and is generally well maintained. Slade Strickland does not have any landscaping conditions for this request.

Food Service Code. This restaurant will require a grease trap, and the applicant should be advised that the restaurant will be subject to all regulations contained in the Texas Food Establishment Rules, 2001 edition.

Building Code. Lynn Chandler, the Building Official, required the owner of this building to put a fire sprinkler system in before adding any restaurants. The system has been installed.

Signage. The applicant has shown signs in the example page showing other stores. He should be advised that all signs for the restaurant must comply with the requirements of the Addison Sign Ordinance. In addition, the Town has a policy against the use of any term or graphic depiction that relates to alcoholic beverages in any exterior signs.

RECOMMENDATION:

Staff recommends approval of the amendment to an existing Special Use Permit for a restaurant, and an existing Special Use Permit for the sale of alcoholic beverages for on-premises consumption only, subject to no conditions.

Respectfully submitted,

A handwritten signature in black ink that reads "C Moran". The signature is stylized with a large, looped "C" and a bold, blocky "MORAN".

Carmen Moran
Director of Development Services

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on February 23, 2006, voted to recommend approval of your request subject to no conditions.

Voting Aye: Bernstein, Chafin, Daseke, Doepfner, Jandura, Meier, Wood

Voting Nay: None

Absent: None

Council Agenda Item: #R4

SUMMARY:

We are recommending that the Council approve the design for the new dog park to be constructed within the TXU electric transmission right-of-way east of the Easement Park.

FINANCIAL IMPACT:

Construction Budget: \$65,000.00

Councilman Braun has offered to donate the concrete work associated with the sidewalks in the dog park entrance area. He had Herb Meeks Landscape Architects donate the design work valued at approximately \$1,500. Staff expects the final cost to be less than the budgeted amount with donated work, coupled with installing the irrigation and grading the site by in-house staff. The fencing will be contracted out and is estimated to cost \$18,000 to \$20,000.

BACKGROUND:

The future site for the dog park is located on the east end of the Easement Park between the Office in the Park office site and the Marriott Courtyard. Staff has contacted both businesses about the pending improvements and they responded favorably. Once the design is approved, the parks department will begin the improvements by supplying water and electrical sources, grading the site and installing an irrigation system.

Over 300 door hanger notices were put out in Midway Meadows and the Rive Lane neighborhoods south of the Easement Park regarding a citizen input meeting that was held on February 23, 2006. Fifteen citizens attended the meeting to provide feedback on the proposed design. Three of the citizens voiced concern about the dog park's close proximity to their homes, and the potential increase in noise and pet waste problems resulting from heavier than usual use of this area. Twelve of the attendees were supportive and provided valuable feedback on various aspects of the design.

The primary recommended change to the design was to provide a solid wood fence at the entrance to the dog park between the dog park area and the Easement Park to buffer noise. Other recommendations included eliminating pedestrian drinking fountains, and providing one water source for the small and large dog areas, instead of the multiple water sources shown on the plan.

Construction will begin in March and completed by the end of May.

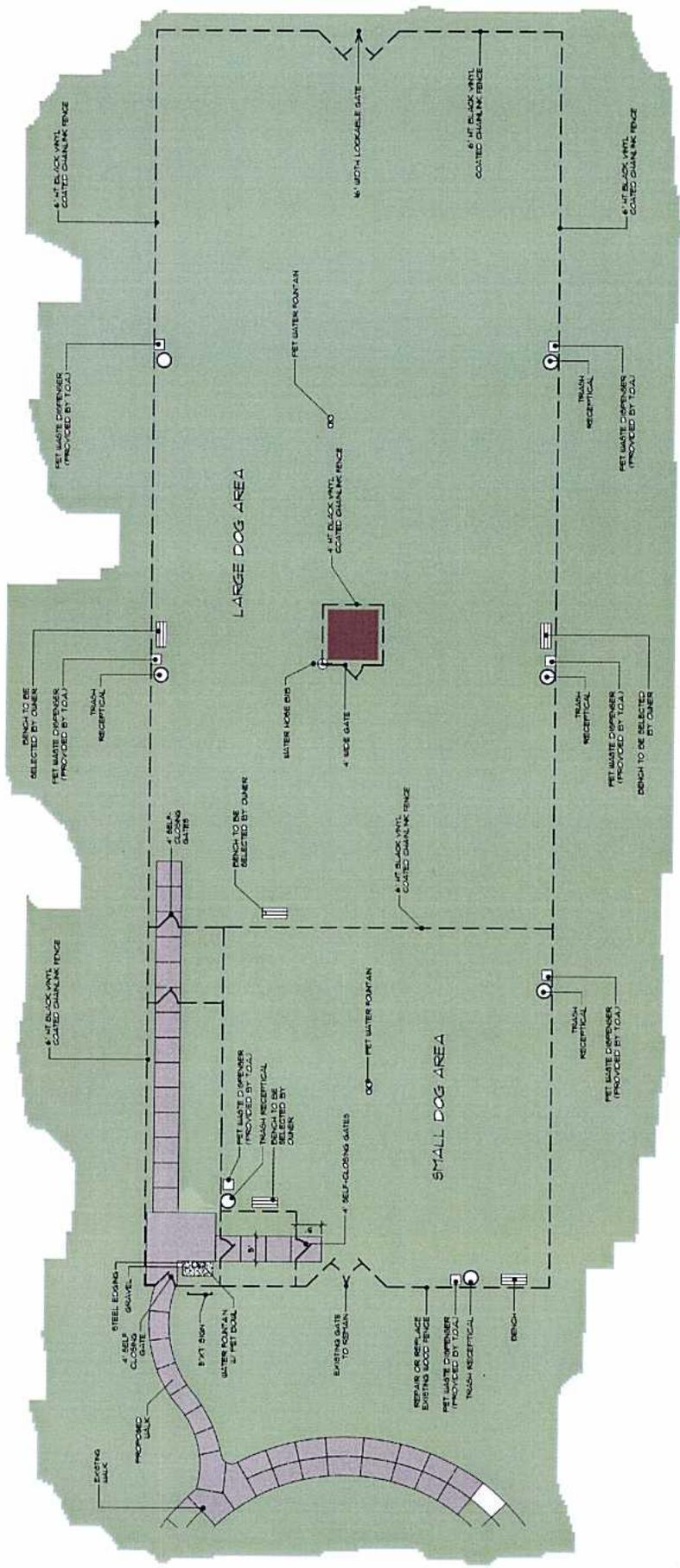
RECOMMENDATION:

Staff recommends approval.

Attachments: Dog Park Design
Aerial Photo



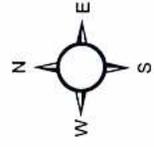
DOG PARK
ADDITION, TEXAS



1 PRELIMINARY
 SCALE 1" = 10'-0"

1 inch equals 19.674510 feet

0 5 10 20 30 40 Feet



Future Dog Park

Council Agenda Item: #R5

SUMMARY:

Presentation by Randy Newsom, Area Manager with TXU Electric Delivery, on a project to install electrical service transmission lines in the DART railroad right-of-way from the Arapaho Road Substation west of Surveyor Blvd, to the Carrollton Country Club Substation.

FINANCIAL IMPACT:

Budgeted Amount: N/A

Cost: N/A

BACKGROUND:

TXU has identified the need for a new transmission line from the Arapaho Road Substation to a new substation in the City of Carrollton (Carrollton Country Club Substation). This transmission line has been in the planning stages for years, and the DART railroad right-of-way was identified as the most desirable location for this service line. Previously considered locations for this transmission line have been in the Belt Line Road right-of-way and in the Arapaho Road right-of-way.

RECOMMENDATION:

This item is informational and requires no Council action.

Council Agenda Item: #R6

SUMMARY:

This item is to recommend a revision to the Town's policy on extended military leave. The proposed policy confirms the Town's compliance with all regulations and requirements of the Uniformed Services Employment and Reemployment Rights Act (USERRA) and prohibits discrimination against members of the uniformed services and applicants to the uniformed services. It further addresses the rights and benefits of employees leaving employment with the Town to undertake military duty. Additionally, the proposed policy authorizes salary continuation for employees who are involuntarily activated for military service, provided they meet certain identified criteria.

Attached please see the complete recommended policy revision.

FINANCIAL IMPACT:

To the best of our knowledge, the Town currently has only two employees who are members of military reserve units so the impact will be minimal.

BACKGROUND:

The policy is being revised to ensure compliance with USERRA regulations and to authorize salary continuation in certain approved situations. The current policy regarding indefinite military leave only addresses allowing an employee a leave of absence without pay if he volunteers for military service during a national emergency or is called to active duty by military authority.

During Desert Storm the Town authorized salary continuation, similar to that currently proposed, for a Police Sergeant who was called to active military duty. This action was prior to adoption of the current policy in 1996.

RECOMMENDATION:

Staff recommends that Council approve the revised policy regarding extended military leave.

Section 5.52

Extended Military Leave

The Town of Addison shall follow all regulations and requirements of the Uniformed Services Employment and Reemployment Rights Act (USERRA) to protect the employment rights and benefits for any employee who voluntarily or involuntarily leaves employment to undertake military duty in the uniformed services. The Town of Addison shall also prohibit discrimination against past and present members of the uniformed services and applicants to the uniformed services. The Town shall notify employees of their rights under USERRA by displaying the notice entitled "Your Rights Under USERRA." Details on the most current USERRA regulations are available from the U.S. Department of Labor.

The Town provides the employee the right to return to his job with the same pay, benefits and status he would have attained had he not been away on military duty, provided the individual meets the criteria outlined in USERRA for timely returning to employment and the returning employee can meet the minimum requirements for the position. If the returning employee is unable to perform the duties of the position he left, he will be offered a position that comes as close as possible, in terms of job classification and pay, to the position held prior to his military leave.

An employee who returns to work after having served in active military duty will be treated as having been continually employed for purposes of seniority and rate of accrual for vacation and sick leave benefits. The employee will also be eligible for any pay increase he might have received had he been performing his regular job duties.

The employee on military leave may continue (for up to 24 months) the Town health and dental insurance for himself and covered dependents by paying the premiums that the Town is charged. If the employee declines coverage during military service, he has the right to reinstatement in the Town's health and dental plan upon return to employment, without a waiting period or exclusions, except for service connected illnesses or injuries.

In addition to complying with the employment and benefits rights provided by USERRA, the Town will provide salary continuance to any full-time employee who has completed his trial period and who meets all other criteria, as follows:

A full-time employee who is a member of the United States uniformed services, and who involuntarily leaves employment with the Town as a result of being activated for military service, and who provides the Town with written documentation of the service activation as soon as possible after he receives notice, and who has had 5 years or less of cumulative military service while an Addison employee shall, for a period up to one year (12 consecutive months), receive partial salary to make up any difference between the employee's gross military pay and his regular earnings at the time of the military activation. Verification of military pay will be determined from monthly pay receipts provided by the employee and will be necessary to initiate and continue receiving pay from the Town. Salary continuation will begin after any paid military leave is exhausted.

As long as the requirements for salary continuance are met and maintained, 7% of the employee's salary continuance will be deducted for the Texas Municipal Retirement System. The Town will continue to make contributions to the employee's TMRS fund at the same level of contributions made before the military service (up to 12 consecutive months).

If the employee's active duty extends beyond 12 consecutive months, or the employee does not meet the requirements for salary continuance as outlined, the employee's pay status will be classified as Indefinite Military Leave of Absence Without Pay and any benefits continuation will be according to USERRA guidelines.

The Town reserves the right to withdraw the provision of salary continuance for military service at any time.

Council Agenda Item: #R7

SUMMARY:

Consideration of a resolution authorizing the City Manager to execute a Ground Lease Early Termination Agreement between the Town of Addison as Landlord and Piedmont Hawthorne Aviation, Inc. as the Tenant, affecting Ground Lease #0150-1702 and the demised premises located at what is commonly known as 4545 Eddie Rickenbacker at Addison Airport.

BACKGROUND:

This current property has been under utilized ever since the sub-tenant Sewpaw, Inc. (doing business as Flight Line Aviation) filed for bankruptcy in 2003. Owen's Aviation, a reseller of light engine aircraft, has continued to occupy a portion of the premises on a month-to-month basis.

In a separate transaction, Piedmont Hawthorn recently entered into a buy/sell arrangement with an affiliate of the Mission Companies, however a condition of this agreement required the Town of Addison to completely release Piedmont Hawthorne of any further liability under the Ground Lease, which is not the customary practice for the Town of Addison. After considerable negotiation and in effort to further the desires and intent of all parties, Airport Management proposed, subject to the Town's approval, that Piedmont Hawthorne and the Town of Addison enter into an Early Termination Agreement that would effectively terminate the existing Ground Lease and convey all Piedmont Hawthorne's interest in the real property improvements to the Town of Addison, giving the Town of Addison full and complete control of the leased premises. Once consummated, Airport Management and the Mission Companies, without any formal obligation to the other, have agreed to explore a new long-term lease arrangement that will contemplate the redevelopment of the site to its highest and best use.

RECOMMENDATION:

Airport Management and staff recommend the Council to consider and authorize the City Manager to execute the attached Ground Lease Early Termination Agreement and any other documents necessary, subject to the City Attorney's advance review, to consummate the proposed transaction. Staff recommends approval.

Attachments: Lisa Pyles - Memorandum
Exhibit 1 - Location Map
Exhibit 2 - Ground Lease Early Termination Agreement

MA



William M. Dyer
Real Estate Manager
16051 Addison Road,
Suite 220
Addison, Texas 75001

Main: 972-392-4850
Direct: 972-392-4856
Fax: 972-788-9334
bill.dyer@staubach.com

To: Mark Acevedo
Director of General Services

From: Lisa Pyles, Airport Director

Cc: Bill Dyer, Real Estate Manager

Date: March 3, 2004

Re: Requested Action by Piedmont Hawthorne Aviation, Inc.
Addison Airport Ground Lease #0150-1702 (GL#17)

Requested Action and Recommendation by Airport Operator

Airport Management is requesting the Town of Addison to consider and approve the attached Ground Lease Early Termination Agreement (see Exhibit 2) by and between the Town of Addison as Landlord and Piedmont Hawthorne Aviation, Inc. as the Tenant affecting Ground Lease #0150-1702 and the demised premises located at what is commonly known as 4545 Eddie Rickenbaker at Addison Airport.

The City attorney has reviewed the proposed transaction and the Ground Lease Early Termination Agreement and has indicated it is acceptable for the Town's use.

Background Information

The property consists of approximately 17,400 square feet of combined hangar/office space on 2.451 acres (106,678 sq. feet) of land (see Exhibit 1: Location Aerial)

The Ground Lease was made and entered into by the Town of Addison and Associated Air Center, Inc., as tenant on December 18, 1981 with a commencement date being May 1, 1982. The lease has a term of 480 months and is due to expire April 30, 2022. The annual current rental is \$47,792 per year (approx. \$0.45 per square foot).

As a result of corporate reorganization, the name Associated Air Center, Inc. was changed to Associated Hangar, Inc. on February 27, 1987. In June of 2000 Piedmont/Hawthorne Holdings, Inc acquired the capital stock of Associated Hangar, Inc. merging the entity into the corporate structure. In May of 2003, the City consented to the assignment of the Ground Lease from Associated Hangar, Inc. to Piedmont/Hawthorne Holdings, Inc. In August of 2004 and as a consequence of further reorganization, the

Town consented to the Assignment of Ground Lease by and between Piedmont/Hawthorne Holdings, Inc. as Assignor to Piedmont Hawthorne Aviation, Inc., the Assignee and the entity now recognized as the Tenant under the Ground Lease.

The main hangar was constructed in the mid 1950's with major renovation and the office space being added when the lease was renewed in 1982. However, the property is now generally described as being physically and functionally obsolete. The property, even with its exceptional location along the flight line is under developed and underutilized. Consequently, the site has been a redevelopment priority for Airport Management.

Summary of Ground Lease Terms

Property Description		Lease Information		Valuation Information	
Date of Report	3/3/2006	Lease #	0150-1702	NPV of Contract Rent	\$ 394,181
Property Number	0150	Tenant Name	Piedmont/Hawthorne	DCA Estimated Value of Imp.	\$ 338,850
Property Address	4545 Eddie Rickenbacker	Doing Business As		ADS Estimated Value of Imp.	\$ 250,000
Ramp Address	A-4	Primary Contact:	Byron Gray	Est. of Leasehold Value (Tenant)	\$ 139,709
ADS Survey #	15	Primary Contact Phone:		Est. of Lease Fee (Landlord)	\$ 394,181
Property Type	Conventional Hangar	Lease Type	Ground Lease	Est. FMV of Leased Premises	\$ 533,890
Land Area	106,778	Lease Commencement Date	5/1/1982		
Hangar Area	17,400	Lease Expiration Date	4/30/2022		
Office/Shop Area		Years Remaining in Term	16.39		
Total Building Area	17,400	Current Monthly Rent	\$ 3,982.65		
Year Built	1955	Current Annual Rent	\$ 47,791.80		
Est. Economic Life	40	Annual Rent / SF Land	\$ 0.45	Discount Rate	10%
End of Eco. Life	1995	Est. Remaining Contract Rent	879,444		
% Obsolescent	128%	Rent Adjustment ?	5/1/2006		
Hangar Door Clearance					

Current Status:

The property has been under utilized ever since the sub-tenant Sewpaw, Inc. (doing business as Flight Line Aviation) filed for bankruptcy in 2003. Owen's Aviation, a reseller of light engine aircraft, has continued to occupy a portion of the premises on a month-to-month basis.

In a separate transaction, Piedmont Hawthorn recently entered into a buy/sell arrangement with an affiliate of the Mission Companies, however a condition of this agreement required the Town of Addison to completely release Piedmont Hawthorne of any further liability under the Ground Lease, which is not the customary practice for the Town of Addison. After considerable negotiation and in effort to further the desires and intent of all parties, Airport Management proposed, subject to the Town's approval, that Piedmont Hawthorne and the Town of Addison enter into an Early Termination Agreement that would effectively terminate the existing Ground Lease and convey all Piedmont Hawthorne's interest in the real property improvements to the Town of Addison, giving the Town of Addison full and complete control of the leased premises. Once consummated, Airport Management and the Mission Companies, without any

formal obligation to the other, have agreed to explore a new long-term lease arrangement that will contemplate the redevelopment of the site to its highest and best use.

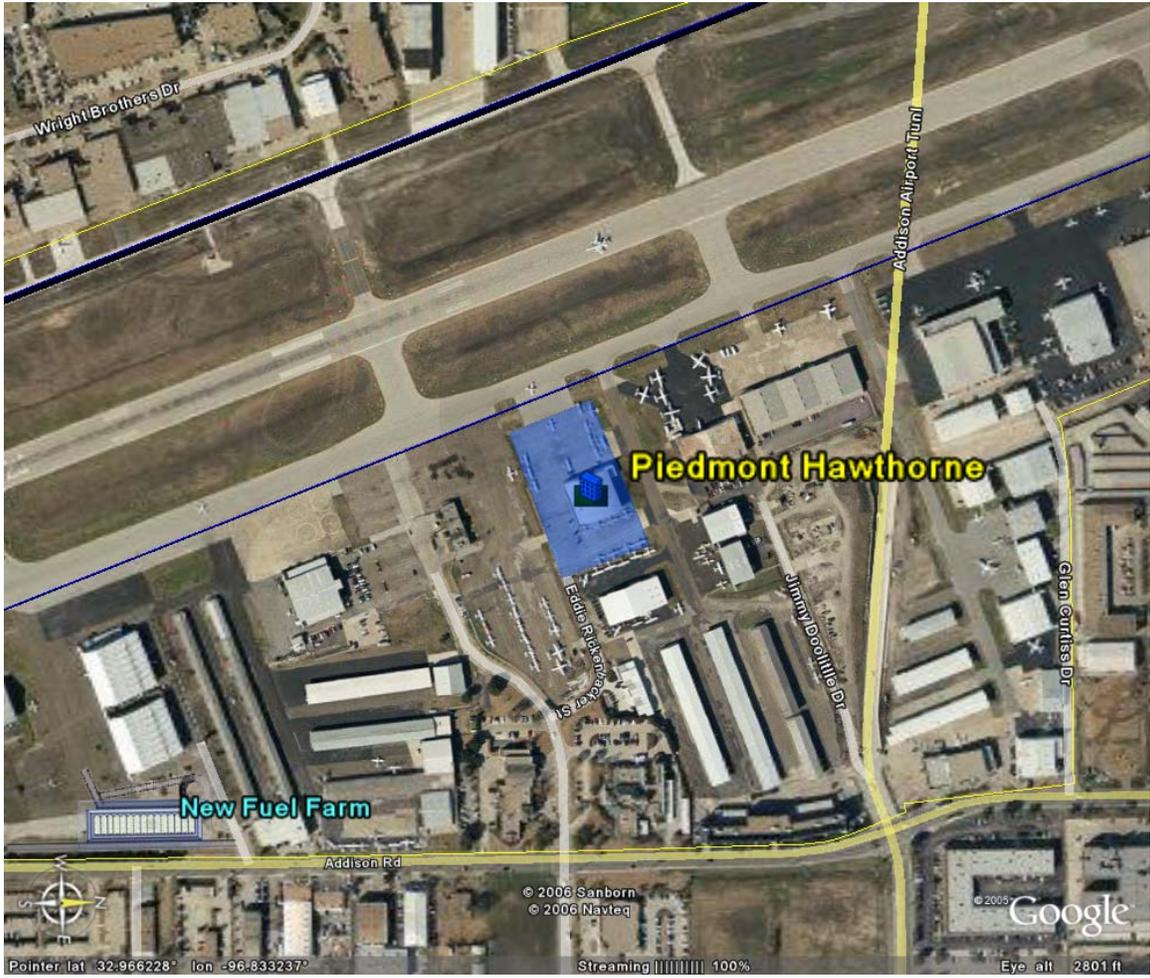
Conclusion and Recommendation of Airport Operator

Piedmont Hawthorne Aviation, Inc. desires to terminate the Ground Lease prior to its scheduled expiration date and convey all of its interest in the real property to the Town of Addison. Airport Management is requesting the Town to consider and authorize the City Manager to execute the attached Ground Lease Early Termination Agreement and any other documents necessary, subject to the City Attorney's advance review, to consummate the proposed transaction.

Summary of Exhibits Attached:

- Exhibit 1: Location Map
- Exhibit 2: Ground Lease Early Termination Agreement

Exhibit 1



Aerial View of Piedmont Hawthorne Leased Premises

Exhibit 2

STATE OF TEXAS §
§ GROUND LEASE EARLY TERMINATION AGREEMENT
COUNTY OF DALLAS §

This Ground Lease Early Termination Agreement (hereinafter referred to as the "**Agreement**") is entered into on _____, 2006 between the TOWN OF ADDISON, TEXAS (hereinafter referred to as the "**City**" or "**Landlord**"); a Texas home ruled municipality, and PIEDMONT HAWTHORNE AVIATION, INC., a Delaware Corporation (hereinafter referred to as "**Tenant**").

WHEREAS, a certain Ground Lease was executed on December 18, 1981 between the City of Addison, Texas (the same being the Town of Addison, Texas) (the "**City**") and Addison Airport of Texas, Inc. ("**AATI**"), together as Landlord, and Associated Air Center, Inc. as tenant (the "**Ground Lease**"), a true and correct copy of the Ground Lease is attached hereto as Exhibit "**A**", by the terms of which, 2.449 acres of real property located at what is commonly known as 4545 Eddie Rickenbacker at Addison Airport within the City and owned by the City and as more fully described in the Ground Lease (the "**Demised Premises**"), was leased to Associated Air Center, Inc.; and

WHEREAS, the Ground Lease was assigned by Associated Air Center International, Inc., formerly known as Associated Air Hangar, Inc., formerly known as Associated Air Center, Inc. (a/k/a "Associated Air Center"), "**Assignor**" to Piedmont/Hawthorne Holdings, Inc., a Delaware Corporation, "**Assignee**" by that Assignment of Lease dated May 14, 2003, attached hereto as Exhibit "**B**"; and

WHEREAS, the Ground Lease was subsequently assigned by Piedmont/Hawthorne Holdings, Inc., "**Assignor**" to Piedmont Hawthorne Aviation, Inc., a Delaware corporation "**Assignee**" by that Assignment of Lease dated August 25, 2004, attached hereto as Exhibit "**C**"; 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 Ground Lease; and

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

Schedule of Exhibits

Exhibit A: Copy of Ground Lease Dated December 18, 1981

Exhibit B: Assignment of Lease dated May 14, 2003

Exhibit C: Assignment of Lease dated August 25, 2004

Exhibit D: Boundary Survey of the Demised Premises

Exhibit E: Schedule of Tenant's Subleases

Exhibit F: Subtenant Estoppel Form

Exhibit G: Assignment of Leases, Intangible Property, Contract and Assumption Agreement

Exhibit H: Form of Special Warranty Deed

Exhibit I: Memorandum of Early Termination of Ground Lease.

WHEREAS, by virtue of the various assignments set forth above, City hereby acknowledges that Piedmont Hawthorne Aviation, Inc., (now doing business as Landmark Aviation I have requested PH to confirm for me the legal entity that will be conveying the lease. is, as of the date of this Agreement, the current Tenant under the Ground Lease; and

WHEREAS, the parties now desire to provide for the early termination of the Ground Lease, and the return of the Demised Premises (together with any and all real property improvements now existing on the Demised Premises, the tangible and intangible personal property thereon and those certain contracts and leases so mutually agreed by the parties) to the City as of the agreed early Termination date of the Ground Lease.

NOW, THEREFORE, for and 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. The following general information is used throughout this Agreement:

1.1 **Title and Escrow Company:**

Republic Title of Texas, Inc.
2626 Howell Street, 10th Floor
Dallas, TS 75204-4046

Attn: Becky Etter, Senior Vice President

1.2 **Effective Date:** The date shown to be opposite of the signature of that belonging to the City Manager or any other delegated representative authorized by the Town of Addison to execute this Agreement on its behalf.

1.3 **Demised Premises:** the leasehold estate of Tenant in that certain 2.449 acres of real property located at what is commonly known as 4545 Eddie Rickenbacker at Addison Airport within the City and owned by the City which is more fully described in Exhibit "D" and subject to the Ground Lease.

1.4 **Ground Lease:** a certain Ground Lease executed on December 18, 1981 between the City of Addison, Texas (the same being the Town of Addison, Texas) (the "City") as Landlord, and Associated Air Center, Inc., as Tenant, subsequently assigned by its successor Associated Air Center International, Inc. (formerly known as Associated Hangar, Inc.) to Piedmont/Hawthorne Holdings, Inc. who subsequently assigned the Ground Lease to Piedmont/Hawthorne Aviation, Inc., (now doing business as Landmark Aviation), as "**Tenant**".

1.5 **Property:** Collectively referring to the Demised Premises, as defined above, plus the Improvements, Tangible Personal Property, Tenant's Subleases, easements and appurtenances on and to the Demised Premises as defined herein.

- 1.6 **Consideration:** In consideration of this Agreement, Tenant agrees to pay to the City the sum of Ten Dollars and No/100 U.S. Dollars (\$10.00) and other valuable consideration (the “Early Termination & Release Fee”).
- 1.7 **Closing Date:** _____, 2006, or as otherwise mutually agreed to in writing by both parties.
- 1.8 **Place of Closing:** The office of Title Company or such other place that is mutually acceptable to Tenant and City.
- 1.9 **Inspection Period:** The period of time beginning _____, 2006 through _____, 2006.
- 1.10 Notices, City: Town of Addison
 Mr. Ron Whitehead, City Manager
 5300 Beltline Road, Dallas, Texas 75240
- with a copy to: Mr. John Hill, Esq.
 Cowles & Thompson
 901 Main Street, Suite 400
 Dallas, Texas 75202
- 1.11 Notices, Tenant: Byron Gray, General Manager
 Piedmont Hawthorne Aviation, Inc.
 8321 Lemmon Avenue
 Dallas, TX 75209
- with a copy to: _____

Section 2. Termination of Ground Lease. The parties agree that in lieu of the Ground Lease termination date of April 30, 2022 (being four hundred and eighty months (480 months) from May 1 of 1982 (the “**Commencement Date**”)), the Ground Lease shall terminate on the Closing Date (as may also be referred to as the “**Termination Date**”) as if such date was the stated termination date of the Ground Lease provided the terms and conditions of this Agreement are fully satisfied as of the Closing Date.

Section 3. Conveyance. Not later than the Termination Date, Tenant shall quit and vacate the Demised Premises and shall sell, transfer and assign to City, and City agrees to purchase and accept from Tenant, all of Tenant’s right, title and interest in and to the following described property (herein collectively, called the “**Property**”):

- 3.1 Cause the Tenant's right, title and interest in all improvements and utilities contained physically and permanently attached to the Demised Premises (the "**Improvements**") to be conveyed or otherwise legally transferred to the City.
- 3.2 Cause all of Tenant's right, title and interest in all personal property ("**Tangible Personal Property**") if any, physically and permanently attached to the Demised Premises and the Improvements to be conveyed or otherwise legally transferred to City.
- 3.3 Cause all of Tenant's right, title and interests in all easements, if any, benefiting the Demised Premises or the Improvements to be conveyed or otherwise legally transferred to the City.
- 3.4 Cause all of Tenant's right, title and interests in rights and appurtenance to the Demised Premises, including any right, title and interest of Tenant in and to adjacent streets, alleys or rights-of-way to be conveyed or otherwise legally transferred to City.
- 3.5 Cause Tenant's interest in all sub-leases ("**Tenant's Subleases**"), if any, and all prepaid rent and refundable and nonrefundable deposits, including, without limitation, all security deposits under Tenant's Subleases (the "**Security Deposits**") as such Tenant's Subleases are described on Exhibit "D", attached hereto, to be conveyed or otherwise legally transferred to City.

Section 4. City's Conditions. The obligation of the City hereunder to consummate the transaction contemplated hereby is subject to the satisfaction of each of the following conditions, and all other conditions set forth in this Agreement, any or all of which may be waived by City, in whole or in part (but only expressly and in writing). Tenant agrees to use its good faith, reasonable efforts to satisfy such conditions, and to co-operate with City in the satisfaction of it. Satisfaction of each condition shall be determined by the City, in its reasonable discretion (unless expressly provided otherwise herein).

- 4.1 Upon the actual conveyance of the Property, Tenant's Warranties must be true and correct in all aspects.
- 4.2 At closing, title to the Demised Premises must be free and clear of all title and survey defects which would impede the use, ownership, mortgaging, sale or development of the Demised Premises, and all easements, restrictions, liens, security interests and encumbrances except for those presently existing and which are deemed to be Permitted Exceptions pursuant to this Section 4.2. Within five (5) days of the Effective Date (as Defined), Tenant shall obtain and deliver to City, at the City's expense, a preliminary title report covering the Property and a UCC search report conducted under the name of Tenant. Such title report and UCC search report are herein collectively referred to as the "**Reports**". Each of the Reports shall be accompanied by a legible copy of all documents referenced therein as exceptions to title (herein collectively the "**Exceptions**"). Within ten (10) days of receipt of each of such Reports and the survey described in Section

4.3, the City shall give to Tenant written notice of those Exceptions and survey matters which must be removed by Tenant at or prior to Closing. If Tenant agrees, within five (5) business days after the City's notice is given, to remove all survey matters and Exceptions to which the City objects, then Tenant shall cure and remove all of such objectionable Exceptions and survey matters at or prior to Closing. If Tenant fails to notify the City within such five (5) business-day period that it agrees to remove the objectionable Exceptions, Tenant shall be deemed to be unwilling to remove the objectionable Exceptions. If Tenant gives to the City written notice within such five (5) business day period that Tenant is unwilling or unable to remove such objectionable Exceptions, Tenant shall not have an obligation to do so, and the City shall have the right to elect, by written notice given within seven (7) additional business days, either (a) to waive the City's objection to such Exception(s), or (b) to terminate this Agreement; provided, however, that Tenant shall be obligated to remove any Exceptions created by Tenant after the Effective Date and any Exceptions which constitute financial encumbrances upon the Property (other than an existing mortgage, if any and current ad valorem taxes). Those exceptions which are shown on the Reports and to which the City makes no objection, or to which the City subsequently waives objection, are herein collectively referred to as the "**Permitted Exceptions.**"

- 4.3 Tenant, at Tenant's expense, shall deliver the following materials to the City within (10) days after the Effective Date:
- a. A survey prepared by a Registered Professional Land Surveyor in the State of Texas and should be performed in accordance with, at a minimum, standards required for a Category 1A, Condition II Survey as published by the Texas Society of Professional Surveyors. The survey must specifically reference the Texas State Plane Coordinate System, North Central Zone (4202) as the basis of bearings. The survey must include a complete metes and bounds legal description of the premises surveyed, show all easements and rights-of-way of record, and show all encumbrances and encroachments known to impact the property. A calculation of the total land area included within the Demised Premises is to be given in acres and in square feet. The survey must also show the state plane ("grid") coordinates of at least two primary corners of the property (the "**Survey**").
 - b. A current rent roll and a true and complete copy of all existing Tenant's Subleases, if any. Such rent roll shall disclose the following with respect to each tenant: name, name of any guarantor, identification of leased premises, square footage of leased premises, termination date of sublease, scheduled annual rental, schedule of percentage rental (if any; such schedule shall show the percentage rate, the break point, and amounts, payable during previous years), schedule of rental abatement (if any) to accrue following Closing and all security or other deposits or fees to be prorated between Tenant and the City as provided above. The City acknowledges that, as to any matter apparent on the face of any of the subleases, the rent roll provided under this

Section 4 is for the City's convenience only and that each sublease agreement shall be controlling as to such matters.

- c. Un-audited operating statements related to the Property for each of the two (2) most recent calendar years preceding the Effective date, certified by the Tenant to be true and correct in all material respects.
 - d. Complete copies of all other contracts, agreements and other documents not expressly referenced herein relating to the Property.
 - e. All plans, drawings and specifications respecting the Improvements, including as-built plans and specifications, in Tenant's possession.
 - f. Any of the following, if any, in Tenant's possession: all soil reports, engineering and architectural studies, grading plans, topographical maps, feasibility studies, appraisals, and similar information relating to the Property.
 - g. A list and complete copies of all service contracts, maintenance contracts, management contracts, warranties, licenses, permits, operating agreements, reciprocal easement agreements, maps, if any, applicable to the Property, certificates of occupancy, building inspection approvals and covenants, conditions and restrictions respecting the Property (hereinafter collectively referred to as the "**Contracts**").
 - h. Copies of the tax bills, utility bills and similar records respecting the Property for the past two (2) years in Tenant's possession.
 - i. A list of insurance coverages with respect to the Property.
- a. 4.4 City and its agents shall have the right to make a complete inspection of the Property and to make inquiries regarding and relating to all or any of the Property. For this purpose, upon reasonable notice to Tenant and with the presence of a representative of Tenant, if Tenant so elects, the City and its agents shall have access to the Property and to Tenant's books, files and records relating to the Property. Subject to the foregoing, the City may conduct soil and/or environmental tests on or about the Property. The City agrees to indemnify and hold the Property and Tenant harmless from and against any damage thereto and any claims or causes of action that may be asserted against Tenant or the Property related to the City's entry upon the Demised Premises or the conduct by the City or its agents or employees or any tests or inspections pursuant to this section. The City may terminate this Agreement by written notice given at any time before the end of the Inspection Period, if such inspections, tests or inquiries reveal any matter not acceptable to the City, in the City's sole and absolute discretion. Notwithstanding the foregoing, City shall not be deemed to have indemnified Tenant for any damage or injury to any person or property resulting from the negligence or misconduct by Tenant or any of its employees, agents,

representatives or contractors. This indemnification by the City shall survive the Closing or any termination of this Agreement.

- 4.5 No later than (five) days after the expiration of the Inspection Period, Tenant shall have obtained and delivered to City, at Tenant's sole cost and expense, an estoppel agreement from each subtenant under each Tenant Sublease (herein each a "**Tenant Estoppel**"). Each Tenant Estoppel shall be in substantially the form of the instrument attached hereto as Exhibit "F" or other form reasonably acceptable to City and containing substantially all of the same information as contained in Exhibit "F." Each Tenant Estoppel shall represent and warrant that the terms of any such sublease have a remaining term no longer than six (6) months from the Closing Date. In the event a sub-tenant refuses to sign and deliver a Tenant Estoppel for a reason other than the tenant's belief that one or more of the matters to be certified is not true (notwithstanding Tenant's diligent efforts to obtain such Tenant Estoppel), City shall accept a substitute estoppel agreement executed by Tenant (herein "**Landlord's Estoppel**"), dated as of the Closing Date, containing the same assurances as set forth in a Tenant Estoppel. City may terminate this Agreement by written notice to Tenant if said notice is given no later than ten (10) days following City's actual receipt of any Tenant Estoppel, which discloses information contrary to Tenant's representations to the City.

Section 5. Representation and Warranties; Release and Waiver. TENANT AND CITY AGREE THAT THE CONVEYANCE OF TITLE AND OWNERSHIP IS THE RESULT OF AN ARMS-LENGTH AGREEMENT BETWEEN THE PARTIES. THE CONSIDERATION BARGAINED ON THE BASIS OF AN "AS IS, WHERE IS" TRANSACTION AND REFLECTS THE AGREEMENT OF THE PARTIES THAT THERE ARE NO REPRESENTATIONS, DISCLOSURES, OR EXPRESS OR IMPLIED WARRANTIES, EXCEPT FOR THE WARRANTY OF TITLE STATED HEREIN AND TENANT'S REPRESENTATIONS TO THE CITY SET FORTH HEREIN. The City and Tenant make the following representations and warranties which shall also be true and correct as of the Closing Date (except where limited to the Effective Date) with no material adverse changes from the Effective Date (and the truth and accuracy of which shall constitute a condition to the Closing Date), and shall survive the Closing Date for a period of two (2) years only.

- 5.1 Representations and warranties regarding Tenant's authority are limited to:
- a. Tenant has the legal power, right and authority to enter into this Agreement and to consummate the transaction contemplated hereby.
 - b. As of the date hereof, all requisite action (corporate, partnership or otherwise) has been taken by Tenant in connection with the entering into this Agreement and the consummation of the transactions contemplated hereby.
 - c. Tenant is duly organized, validly existing, and in good standing under the laws of Texas.

- d. The individual(s) executing this Agreement on behalf of Tenant has the legal power, right, and actual authority to bind Tenant to the terms and conditions of this Agreement.
- e. Neither the execution and delivery of this Agreement and the documents referenced herein, nor incurring of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents referenced herein, will conflict with or result in a material breach of any of the terms, conditions or provisions of, or constitute a default under, any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, agreement, lease or other agreements or instruments to which Tenant is a party or by which any of the Tenant's properties may be bound.

5.2 Tenant's representations and warranties pertaining to real estate and legal matters are limited to:

- a. Tenant's operating statements relative to the maintenance and operation of the property provided to the City under Section 4.3(c) above and the Rent Roll delivered to the City is substantially true and correct in all material respects.
- b. Tenant has not received any written notice of any material violation of any applicable laws.
- c. Any management contracts by which the Property is managed shall be terminated at Closing if requested by the City.
- d. To the best knowledge and belief of Tenant, all information and documents delivered by Tenant pursuant to Section 4.3 are complete, true and accurate.
- e. There are no leases or tenancies affecting all or any part of the Property other than the Tenant's Subleases, copies of which have been delivered to the City pursuant to Section 4.3 above. There are no material written or oral promises, understandings, agreements or other commitments between Tenant, or any predecessor of Tenant, and any tenant or any other person, affecting the Property which has not been disclosed, in writing, to City. No tenant has prepaid rent or is entitled to any rent concession, offset or premises improvements, except as disclosed in the Tenant's Subleases or on the rent roll delivered to the City under Section 4.3(b) above. To the best knowledge and belief of Tenant, Tenant has not received any notice of default regarding any of Tenant's Subleases which has not been fully cured; and no default by any party to any Tenant's Sublease exists as of the date hereof (and, to the best knowledge and belief of Tenant, no act, event, occurrence or omission has occurred or exists which, together with notice, passage of time, or both, would constitute such a default) except as expressly disclosed to City on the rent toll delivered to City pursuant to Section 4.3 (b) above or otherwise disclosed to City, in writing, prior to the Closing Date.

- f. To the best of Tenant's best knowledge and belief no hazardous substances, PCB's, asbestos, hazardous wastes, hazardous materials, harmful chemicals, pollutants, air pollution, or oil (herein "**Hazardous Materials**"), as such terms or similar terms are commonly used or as any such term is used or defined in any Federal, state or local statute, order, ordinance or regulation, have been stored on, disposed of on, or emitted from, the Property or any ground water contained in the Demised Premises in violation of any applicable law, ordinance or regulation during the period of time that Tenant has owned or controlled the Property; and, to the best knowledge and belief of Tenant, Tenant and City may rely on the findings reported in the Phase I Environmental Site Assessment dated August 12, 2005 (Terranext Project # 44102472) and the Limited Phase II Environmental Site Assessment dated September 19, 2005 prepared by Terranext, LLC (Project #44102472-2) (collectively referred to as the "**Environmental Reports**") for the benefit of Tenant and City, the Environmental Reports represent the apparent environmental conditions of the Demised Premises at the time of this Agreement. Furthermore, to the actual knowledge of Tenant, without further investigation or inquiry, no Hazardous Materials have been stored, disposed of on or emitted from the Property from the period of time since the Environmental Reports to the Closing Date, except for what has been disclosed to the City, in writing, prior to the Closing Date.
- g. No adverse notices or requests have been received by Tenant from any insurance company relating to the Property or the Tangible Personal Property. There are no material service agreements, equipment leases, management contracts or other contracts affecting the Property except for those delivered to the City pursuant to Section 4.3 above.
- h. There is no pending or, to the actual knowledge and belief of Tenant, without investigation or inquiry, threatened condemnation or similar proceeding with respect to the Property or the Tangible Personal Property, or any part thereof, and no pending or, to the best knowledge and belief of Tenant, without investigation or inquiry, threatened proceeding to establish any additional assessment against the Property or the Tangible Personal Property, or any part thereof. There is no pending, or to the best knowledge and belief of Tenant, investigation or inquiry, threatened litigation, arbitration or administrative hearing concerning or affecting the Property, including any pending or threatened change in applicable land use laws. No part of the Property consists of wetlands or environmentally sensitive or protected area. To the best of Tenant's knowledge, the Property, the present uses of the same, and the condition thereof, comply with all applicable laws, codes and regulations; the Improvements and the uses of the Improvements are permitted outright under all land use laws, codes, regulations and approvals.
- i. At Closing, City shall own the Property free and clear of all liens and security interests whatsoever, subject only to the Permitted Exceptions. Tenant has not performed, or caused to be performed, any work on the Property, which has

not been paid for that could cause a construction or other lien to be filed against the same.

- j. Tenant is not a foreign person, foreign partnership, foreign corporation or foreign trust; as such terms are defined in Section 1443 of the Internal Revenue Code, as amended, or the regulations thereunder.
- k. All necessary utilities (including but not limited to electricity, water, telephone, sewer, and natural gas) are connected to the Improvements in sufficient quantities to service the Property for its present uses; and each such utility enters the Demised Premises directly from a public street or through a valid and enforceable perpetual easement which enjoys priority over all financial encumbrances on the Property. All plumbing, electrical and other utilities systems of the Improvements are in good working order. The Improvements are structurally sound and free from latent defects. The Property and the Tangible Personal Property shall be in at least its present condition and appearances on the Closing Date, ordinary wear and tear accepted.

5.3 City's representations and warranties are limited to:

- a. The City has the legal power, right and authority to enter into this Agreement and to consummate the transactions contemplated hereby.
- b. As of the date hereof, all requisite action has been taken by the City in connection with the entering into this Agreement and the consummation of the transaction contemplated hereby.
- c. The individual(s) executing this Agreement on behalf of the City have the legal power, right, and actual authority to bind the City to the terms and conditions of this Agreement.
- d. Neither the execution and delivery of this Agreement and the documents referenced herein, nor incurring of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents referenced herein, will conflict with or result in a material breach of any of the terms, conditions or provisions of, or constitute a default under the City's charter, any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, agreement, lease or other agreements or instruments to which City is a party or by which the City is bound under any grant assurance for which it is a party to.
- e. To the City's knowledge, no suit, action, legal or administrative investigation is pending or threatened against the City or any of its assets which would affect this transaction.

Section 6. Future Operations. From the date of this Agreement until the Closing:

- 6.1 Maintenance, Litigation. Tenant will, consistent with prior practices: (i) keep and maintain the Property in the condition as of the date of this Agreement, reasonable wear and tear, casualty and condemnation excepted, (ii) promptly advise City of any litigation, arbitration or administrative hearing concerning the Property arising or threatened of which Tenant has written notice and (iii) promptly advise City of any written notices from any governmental authority asserting a violation of any applicable law. In addition, Tenant will keep the Property free and clear of all mechanic liens and Tenant agrees to remove all mechanics liens or otherwise bond around any such mechanic's liens prior to Closing.
- 6.2 Contracts. Tenant will perform all of Tenant's material obligations under the Contracts consistent with prior practices prior to Closing. Tenant may terminate, modify, enter into, or renew any Contract in the ordinary course of Tenant's business, provided that any new Contract is cancelable upon thirty (30) days prior written notice without penalty.
- 6.3 Leasing of Space. Tenant hereby covenants with City not to enter into any new Tenant Lease and not to renew or amend any existing Tenant Lease without City prior written consent.

Section 7 Closing. Subject to the satisfaction or waiver of all conditions to either party's obligation to consummate this transaction, the Closing shall take place on the Closing Date at the Place of Closing specified in Section 1 above.

- 7.1 At or prior to Closing, Tenant shall deliver or cause to be delivered to City, through escrow or directly to City, each of the following items:
- a. A Special Warranty Deed (the "**Deed**") in the form of Exhibit "H", attached hereto, suitable for recording, conveying title to the Property to City, subject to the Permitted Exceptions; and to Tenant's Subleases referred to below.
 - b. Evidence of Tenant's authority to consummate this transaction;
 - c. Any reasonable and customary certificates and affidavits that may be required in the normal course by Title Company, in form and substance satisfactory to Tenant, duly executed by Tenant;
 - d. Non-foreign Certification of Entity Transfer from Tenant or other evidence satisfying the requirements of Section 1445 of the Internal Revenue Code;
 - e. The originals (or clean and legible copies) of all of Tenant's Subleases, and all refundable and nonrefundable deposits, including, without limitation, the Security Deposits and the originals of all Contracts, if any, in the possession of Tenant, and an Assignment of Leases, Intangible Property, Contract and Assumption Agreement, in the form attached hereto as Exhibit "G", assigning all of Tenant's rights, title and interest in the foregoing including, without limitation, the Security Deposits. City shall receive a credit at the Closing for

all refundable and nonrefundable deposits, including, without limitation, the Security Deposits shown on the updated Rent Roll. In lieu of delivering Tenant's Subleases, and Contracts as required by this Section, Tenant may elect to make such documents available to City at the Property or at the offices of Tenant's management agent, which shall satisfy the requirements of this Section;

- f. Copies of any keys in Tenant's possession relating to the Property; and
- g. A cashier's or corporate check for the cash portion of the Early Termination & Release Fee.

7.2 At or prior to Closing, City shall deliver or cause to be delivered to Tenant, through escrow or directly to City, each of the following items:

- a. Evidence of City's authority to consummate this transaction, and
- b. Any customary certificates and affidavits that may be required in the normal course by Title Company, in form and substance satisfactory to Title Company, duly executed by City;
- c. A notice to the vendors, if any, under the Contracts to be assumed by City in form acceptable to Tenant and City, notifying such parties of the transfer of the Property and containing such other information as may be required by Tenant and City;
- d. A memorandum of form and content mutually acceptable to the parties suitable for public recording acknowledging the early Termination of the Ground Lease and the cessation of Tenant's duties and obligations under the Ground Lease to be effective as of the Termination Date; and
- e. Such other documents as are normally required by the Title Company.

7.3 Title Policy. Within thirty (30) days after the Closing and all documents delivered at the Closing that are intended to be recorded are so recorded and returned to the Title Company, the Title Company shall be responsible for delivering the Title Policy to City, subject only to the Permitted Exceptions. The provisions of this Section 7.3 shall survive the Closing.

7.4 Conditions to Closing. Tenant's obligation to sell the Property to City and City's obligation to purchase the Property from Tenant, at the Closing, are subject to and conditioned upon (i) the other party not being in material default under this Agreement; and (ii) the delivery by the appropriate party of the items set forth in this Section 7 on the Closing Date, or the waiver of such conditions in accordance with the terms of this Agreement.

Section 8 Closing Costs and Prorations.

8.1 Tenant and City shall each pay their respective attorneys' fees (except as provided in Section 10.9 of this Agreement). City shall pay one-half (1/2) of any and all recording fees charged on all documents required to be recorded in connection with the conveyance of the Property to City and the standard premium for the Title Policy. Tenant shall pay the cost of the Survey, Environmental Reports, all transfer fees, and one-half (1/2) of any and all recording fees charged on all documents required to be recorded in connection with the conveyance of the Property.

8.2 Prorations.

- a. All rents, prepaid rents, income, and all other operating expenses with respect to the Property for the month in which the Closing occurs, and real estate and personal property taxes and other assessments with respect to the Property for the year in which the Closing occurs, shall be prorated as of 11:59 p.m. of the day immediately preceding the Closing Date. To the extent that amounts of the items to be adjusted are not reasonably ascertainable on the Closing Date, such items shall be prorated to the City and Tenant based on their best efforts. Thereafter, such proration items shall be adjusted as promptly after the Closing, but in no event later than sixty (60) days after the Closing Date, as the amounts thereof are ascertained, and any errors or omissions in computing the prorations at the Closing shall be promptly corrected and this obligation shall survive the Closing hereunder for a period of six (6) months from the Closing.

- b. If the Closing shall occur before rents and all other amounts payable by the tenants under the Tenant Leases and all other income from the Property have actually been paid for the month in which the Closing occurs, the apportionment of such rents and other amounts and other income shall be upon the basis of such rents and other amounts and other income actually received by Tenant. Subsequent to the Closing, if any such rents and other amounts and other income are actually received by City, all such amounts shall first be applied first, to payment of rent for the current month in which the closing occurs, second to post-closing rents due to City which are past due and the balance shall be immediately paid by City to Tenant for rents due prior to the month of Closing. City shall make a good faith effort and attempt to collect any such rents and other amounts and other income not apportioned at the Closing for the benefit of Tenant for three (3) months; however, City shall not be required to expend any funds or institute any litigation in its collection efforts. Tenant shall have the right to use a collection agency or sue to collect any delinquent rents, provided that Tenant shall have no right to cause any delinquent tenant to be evicted or to exercise any other landlord remedy against such tenant other than to sue for collection.

- c. If the Closing shall occur before the tax rate or the assessed valuation of the Property is fixed for the then current tax year, the apportionment of taxes shall be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation, provided that, if the taxes shall occur before the actual taxes payable during the year of Closing are determined to be more or less than the taxes payable during the prior year, Tenant and City shall promptly adjust the proration of taxes and Tenant or City, as the case may be, shall pay to the other any amount required as a result of such adjustment. At the Closing, City shall take the Property subject to any and all obligations and assessments, if any, arising from any road district or municipal utility district affecting the Property, or for any special assessments or taxes.
- d. To the extent possible, City shall be responsible for arranging all utility service in its own name commencing as of 12:01 a.m. on the Closing Date. Tenant shall be responsible for all utility charges accrued prior to the Closing Date and Tenant shall receive a refund of all utility deposits. If a change in utility service cannot be effected on the Closing Date, utility charges will be estimated and prorated as provided in Section 8.2(a).

Section 9 Defaults and Remedies

- 9.1 Tenant's Default: City's Sole Remedies. If Tenant fails to consummate this Agreement in accordance with its terms (other than by reason of (i) City's breach of any of its representations or warranties contained in this Agreement; (ii) City's continuing default of any of its covenants hereunder; (iii) a failure of any condition to Tenant's obligation to sell the Property to be satisfied; (iv) a termination of this Agreement by Tenant or City pursuant to a right to do so expressly provided for in this Agreement, except by reason of a default by either party; or (v) failure by City to deliver the items required under Section 7.2), City may, as City's sole and exclusive remedies, either (a) terminate this Agreement by written notice to Tenant; OR (b) bring an action against Tenant for reimbursement of its actual documented out-of-pocket costs and expenses incurred in connection with this Agreement and/or the Property, including, without limitation, City's attorneys' fees, financing/assumption fees, and due diligence costs, provided such out-of-pocket damages shall not exceed \$5,000.00 and provided further under no circumstances may City seek or be entitled to recover any special, consequential, punitive, speculative, or indirect damages from Tenant if Tenant fails to consummate this Agreement, all which City specifically waives and/or; (c) bring an action against Tenant for specific performance for the conveyance of the Property to the Landlord.
- 9.2 City's Default: Tenant's Sole Remedies. If City fails to consummate this Agreement in accordance with its terms (other than by reason of (i) Tenant's breach of any of its representations or warranties contained in this Agreement; (ii) a failure of any condition to City's obligation to purchase the Property to be satisfied; (iii) a termination of this Agreement by Tenant or City pursuant to a

right to do so expressly provided for in this Agreement; or (iv) failure by Tenant to deliver the items required under Section 7.1), Tenant will, as Tenant's sole and exclusive remedies, terminate this Agreement and receive \$5,000 as liquidated damages (and not as a penalty) for breach of this Agreement. Such amount and terms are agreed upon by and between Tenant and City as liquidated damages, due to the difficulty and inconvenience of ascertaining and measuring actual damages, and the uncertainty thereof, and the payment of the Earnest Money and the terms provided herein shall constitute full satisfaction of City's obligations under this Agreement. Such amount is agreed upon by and between Tenant and City as a reasonable estimate of just compensation for the harm caused by City's default.

Section 10. Miscellaneous Provisions

10.1 Broker's Commission. 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.

10.2 Condemnation and Casualty.

- a. Condemnation. In the event that all or any Substantial Portion of the Property shall be taken in condemnation or by conveyance in lieu thereof or under the right of eminent domain after the Effective Date, and before the Closing Date, Tenant shall promptly notify City of such fact setting forth in detail the facts regarding such taking. City may, at its option, terminate this Agreement by written notice thereof to the other party within ten (10) days after Tenant notifies City of the condemnation. In the event City fails to timely deliver written notice of termination as described above, it shall be deemed to have elected to proceed to close the transaction contemplated herein pursuant to the terms hereof, in which event Tenant shall deliver to City at the Closing any proceeds actually received by Tenant attributable to the Property from such condemnation or eminent domain proceeding or conveyance in lieu thereof or assign to City Tenant's rights to such proceeds, and there shall be no reduction in the Consideration . If the taking does not involve a Substantial Portion of the Property, as herein defined, then City shall be obligated to close the transaction contemplated herein according to the terms hereof, notwithstanding such taking, and Tenant shall deliver to City at Closing any and all awards or consideration attributable to such taking (or assign Tenant's rights and interests therein to City), and there shall be no reduction in the Consideration.
- b. Casualty. In the event that all or any Substantial Portion of the Property shall be damaged or destroyed by fire or other casualty (including environmental

casualty) after the Effective Date and before the Closing Date, Tenant shall promptly notify City of such fire or casualty. City may, at its option, terminate this Agreement by written notice thereof to Tenant within ten (10) days after Tenant notifies City of the casualty and the availability and amount of insurance proceeds. In the event City does not terminate this Agreement as described above, it shall be deemed to have elected to proceed to close the transaction contemplated herein pursuant to the terms hereof, in which event Tenant shall deliver to City at the Closing any insurance proceeds actually received by Tenant attributable to the Property from such casualty, or assign to City all of Tenant's right, title and interest in any claim (or in the proceeds thereof if such assignment of such claim is not permitted) under any applicable insurance policies in respect of such casualty, together with an amount equal to the deductible(s), if any, applicable to such loss under the insurance policy(ies), and there shall be no reduction in the Consideration. If the casualty loss does not involve a Substantial Portion of the Property, as defined herein, and such loss is insured, then City shall be obligated to close the transaction contemplated herein according to the terms hereof, notwithstanding such casualty loss, and Tenant shall, at Tenant's election, either (i) repair the damages caused by such casualty loss prior to Closing, at Tenant's expense or (ii) deliver to City at the Closing any insurance proceeds actually received by Tenant attributable to the Property from such casualty or if such loss is uninsured the cost to repair the damages caused by such casualty, or (iii) assign to City all of Tenant's right, title, and interest in any claim (or in the proceeds thereof if such assignment of such claim is not permitted) cannot be accomplished under any applicable insurance policies in respect of such casualty, together with an amount equal to the deductible(s), if any, applicable to such loss under the insurance policy(ies), and there shall be no reduction in the Consideration, provided, however, that Tenant shall not assign any claims or proceeds attributable to Tenant's loss of rent or repair work for which Tenant has already paid before the Closing.

- c. Substantial Portion Defined. For the purposes of this Section 10.2, a casualty loss to a **Substantial Portion** of the Property shall be deemed to include any taking or casualty loss which is estimated (by an independent contractor selected by Tenant) to cost more than 20% of the current replacement value of the Improvements plus the Tangible Personal Property, or any taking of a portion of the Property which has a material adverse effect on City's use of the remainder of the Property.
- d. Risk of Loss. Subject to the foregoing provisions of this Section 10.2, risk of loss until Closing shall otherwise be borne by Tenant.
- e. Emergency Repairs. In the event the Property is damaged prior to Closing and such damage creates any emergency requiring immediate repair in order to prevent further damage to the Property, Tenant shall be entitled to immediately commence such repairs, and the contractor and method of repair

to be used shall be determined by Tenant. After the Inspection Period, both parties agree to cooperate to accomplish such repair in a timely manner. Casualty proceeds, if any, paid as a result of damage requiring immediate repair shall be used in paying the cost of such repairs. Tenant shall give City notice of any emergency repairs.

- 10.3 Notices. Any notice, approval, waiver, objection or other communication (for convenience, referred herein as a “notice”) required or permitted to be given hereunder or given in regard to this Agreement by one party to the other shall be in writing and the same shall be given and be deemed to have been delivered, served and given (a) if delivered in person, via courier, or by facsimile when received by the person to whom notice is given, or (b) if sent by overnight delivery service (except where actual receipt is specified in this Agreement) three (3) days after deposited in a receptacle provided by such overnight service or pickup by such overnight service in time for delivery the following day, addressed to the party at the address specified in Section I above. Any party may change its address for notices by notice theretofore given in accordance with this Section 10.3 and shall be deemed effective only when actually received by the other party.
- 10.4 Entire Agreement. This Agreement and, the Exhibits attached hereto constitute the entire agreement between Tenant and City, and there are no other covenants, agreements, promises, terms, provisions, conditions, undertakings, or understandings, either oral or written, between them concerning the Property other than those herein set forth. No subsequent alteration, amendment, change, deletion or addition to this Agreement shall be binding upon Tenant or City unless in writing and signed by both Tenant and City.
- 10.5 Binding Effect. All of the provisions of this Agreement are hereby made binding upon the personal representatives, heirs, successors, and assigns of both parties hereto. Where required for proper interpretation, words in the singular shall include the plural; the masculine gender shall include the neuter and the feminine, and vice versa. The terms “heirs, executors, administrators and assigns” shall include “successors, legal representatives and assigns.”
- 10.6 Time of Essence. Time is of the essence in each and every provision of this Agreement.
- 10.7 Counterparts. This Agreement may be executed in any number of counterparts, of which each, for all purposes, be deemed to be an original, and all of which are identical.
- 10.8 Applicable Law. THE LAWS OF THE STATE OF TEXAS SHALL GOVERN THE INTERPRETATION, VALIDITY, PERFORMANCE AND ENFORCEMENT OF THIS LICENSE. VENUE FOR ANY ACTION UNDER THIS LICENSE SHALL BE IN DALLAS STATE DISTRICT COURT, DALLAS COUNTY, TEXAS, THE COUNTY IN WHICH CONSIDERATION

SHALL BE PAID PURSUANT TO SECTION 1 AND SECTION 4.2 OF THIS LICENSE. BY EXECUTING THIS LICENSE, EACH PARTY HERETO (i) EXPRESSLY CONSENTS AND SUBMITS TO THE PERSONAL JURISDICTION OF THE COURTS OF SUCH COUNTY AND THE STATE OF TEXAS; (II) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY CLAIM OR DEFENSE THAT THE COURTS OF SUCH COUNTY AND STATE ARE NOT A PROPER OR CONVENIENT VENUE OR FORUM; AND (III) CONSENTS TO THE SERVICE OF PROCESS IN ANY MANNER AUTHORIZED BY TEXAS LAW.

- 10.9 Attorneys' Fees. In the event any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, each party to this Agreement shall be responsible for their own attorney fees, court costs and all expenses such legal action even if not taxable as court costs (including, without limitation, all such fees, taxes, costs and expenses incident to appellate, bankruptcy and post-judgment proceedings), incurred in that action. Attorneys' fees shall include, without limitation, paralegal fees, investigative fees, administrative costs, and all other charges billed by the attorney.
- 10.10 Time Periods. Unless otherwise expressly provided herein, all periods for delivery or review and the like shall be determined on a "calendar" day basis. If any date for performance, approval, delivery or Closing falls on a Saturday, Sunday or legal holiday (state or federal) in the State of Texas, the time therefor shall be extended to the next business day.
- 10.11 Provisions to Survive Closing. Any and all of the provisions of this Agreement which require or provide for the performance or liability of either party hereto following the Closing, including without limitation such provisions in Sections 4.4(b), 5, 6, 7, and 8 hereof, shall survive the Closing and the delivery of the Deed to City, provided, however, that Tenant's Warranties in Section 5.2 shall survive the Closing and the delivery of the Deed to City for a period of two (2) years.
- 10.12 Binding upon Heirs. This Agreement shall be for the benefit of, and shall be binding upon, the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, the undersigned parties execute the Agreement AS OF THE Effective Date specified in Section 1.

CITY:

TOWN OF ADDISON, TEXAS

TENANT:

PIEDMONT HAWTHORNE AVIATION, INC.,
a Delaware Corporation, now doing business as
Landmark Aviation

By: _____
Ron Whitehead, City Manager

By: _____
Print Name: _____

The Title Company acknowledges receipt of a fully executed original of this Agreement on _____, 2006.

Republic Title of Texas, Inc.

By: _____
Print Name: _____

Exhibit “A”: Copy of Ground Lease Dated December 18, 1981

GROUND LEASE

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of December 18, 1981, 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 ASSOCIATED AIR CENTER (hereinafter referred to as "Tenant").

WITNESSETH:

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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 May 1, 1982, 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 TWO THOUSAND ONE HUNDRED THIRTY-THREE & 64/100 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.

Remodel premises at 4545 Eddie Rickenbacker. Remodeling includes hangar and office area. Replace aircraft ramps and vehicle parking. Cost estimated \$250,000. The Lessee has the option to delay the construction of the last 85' of aircraft ramp next to taxiway "A" for a period of twelve months. This would reduce ground rental \$412.12 per month for a maximum of twelve months.

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.

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 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 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 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 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 commencing Restoration, Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration. 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

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

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 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 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 (of 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

TENANT:

Associated Air Center
P. O. Box 20718
Love Field
Dallas, Texas 75220

Phone: 350-4111

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.

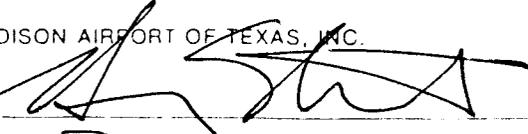
49. **Entire Agreement and Amendments.** This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral 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.

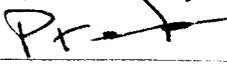
50. Tenant shall re-model premises as agreed. If unable to remodel premises as agreed, this Lease is null and void and old lease dated April 8, 1957 shall continue to apply.

Executed as of the day, month and year first above written.

LANDLORD:

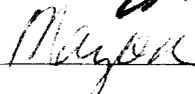
ADDISON AIRPORT OF TEXAS, INC.

By: 

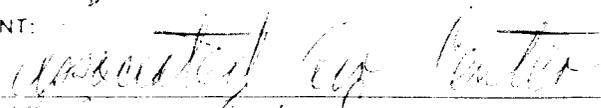
Its: 

CITY OF ADDISON, TEXAS

By: 

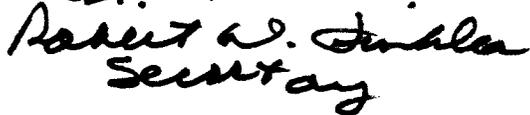
Its: 

TENANT:

By: 

Its: 

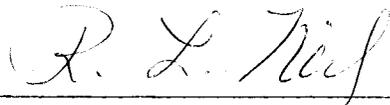
ATTEST:


Secretary

STATE OF TEXAS |
COUNTY OF DALLAS |

BEFORE ME, the undersigned authority, on this day personally appeared LEE JUAN LANFORD , President of Associated Air Center, Inc., and 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 considerations therein set forth, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9th day of February, 1982.



Notary Public

R. L. NEIL, Notary Public
State of Texas
Commission expires 1/31/85

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 11 day of February, 1982.

Maundy 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 12 day of March, 1982.

Jacque Sharp
Notary Public
Dallas
County, 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 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

Being a tract of land situated in the E. Cook Survey, Abstract 326, Dallas County, Texas and located on Addison Municipal Airport, Addison, Texas and being more fully described as follows:

COMMENCING at the intersection of the west Right-of-Way line of Addison Road (a 60 foot street) projected and the south Right-of-Way line of Keller Springs Road (a 50 foot street) projected;

THENCE S 00° 22' 50" E with the west R.O.W. (projected) of Addison Road a distance of 623.21 feet to an angle point;

THENCE S 69° 21' 38" W a distance of 815.30 feet to a 60d nail set for the BEGINNING POINT of this description;

THENCE S 69° 21' 38" W a distance of 438.00 feet to a 60d nail set 115 feet from the centerline of Taxiway "A" for corner;

THENCE N 20° 41' 23" W parallel to Taxiway "A" a distance of 242.36 feet to a 60d nail set for corner;

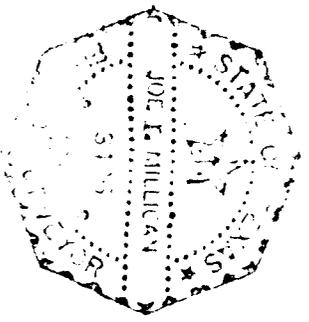
THENCE N 68° 59' 18" E a distance of 438.01 feet to a 60d nail set for corner;

THENCE S 20° 41' 23" E a distance of 245.21 feet to the BEGINNING POINT of this description and containing 2.451 acres of land more or less.

EXHIBIT "A"

Date 24 December 1981

J. T. Miller
Riewel & Wischmeyer, Inc.

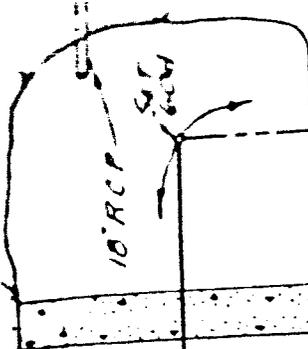


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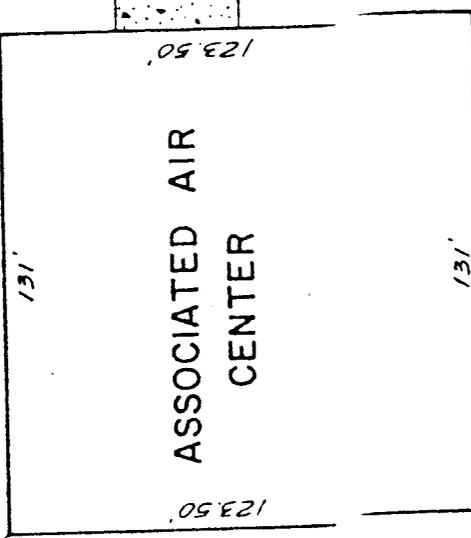
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SET
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CONC.

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N 68° 59' 18" E 438.01'



PHASE I

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N 20° 41' 2" W 24236'

PHASE II

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50.00'

SET
600

115'

4

Exhibit "B": Assignment of Lease dated May 14, 2003

STATE OF TEXAS §
 § **ASSIGNMENT AND ASSUMPTION AGREEMENT**
COUNTY OF DALLAS §

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is entered into and effective as of May 14, 2003, by and between **ASSOCIATED AIR CENTER INTERNATIONAL, INC., formerly known as Associated Hangar, Inc., formerly known as Associated Air Center, Inc.**, a Texas corporation (the "Assignor") and **PIEDMONT/HAWTHORNE HOLDINGS, INC.**, a Delaware corporation (the "Assignee").

WHEREAS, a Ground Lease was made and entered into as of December 18, 1981 by and among 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 Associated Air Center (the same being a corporation known as Associated Air Center, Inc.), as Tenant (the "Ground Lease", a true and correct copy of which is attached hereto as Exhibit A), by the terms of which Tenant leased certain real property located at Addison Airport; and

WHEREAS, by a corporate reorganization (certificate of amendment evidencing such reorganization filed with the Texas Secretary of State on February 27, 1987) the name of Associated Air Center, Inc. was changed to Associated Hangar, Inc.; and

WHEREAS, the capital stock of Associated Hangar, Inc. was acquired by Piedmont/Hawthorne Holdings, Inc., a Delaware corporation, in June, 2000; and

WHEREAS, Associated Hangar, Inc. thereafter changed its name to Associated Air Center International, Inc., and Associated Air Center International, Inc. 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" (being an agreement captioned 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, liabilities, obligations, 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 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 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, responsibilities, liabilities, and obligations of tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

Piedmont Hawthorne
P.O. Box 61000
Charleston, SC 29419

Assignee acknowledges and agrees that it assumes and is hereby assuming all obligations, liability and responsibility of Assignor (and Assignor's predecessors in title or corporate structure as described in the premises above) in connection with and under the Ground Lease, including, without limitation, the obligations, liability and responsibility regarding the condition (including, without limitation, the environmental condition) of the premises which are the subject of the Ground Lease.

4. 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.

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 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 is entitled to rely upon such representations and statements.

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

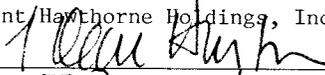
ASSIGNOR:

Associated Air Center International, Inc.


By: T. Dean Harton
President

ASSIGNEE:

Piedmont Hawthorne Holdings, Inc.

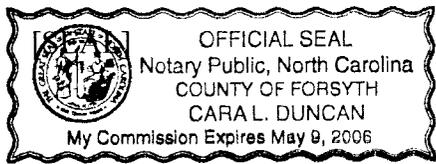

By: T. Dean Harton
President

ACKNOWLEDGEMENT

STATE OF NORTH CAROLINA)
COUNTY OF Forsyth)

BEFORE ME, the undersigned authority, on this day personally appeared T. Dean Harton 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 5th day of August, 2003.

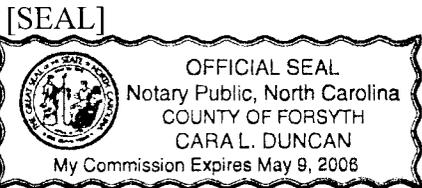


Cara L. Duncan
Notary Public, State of North Carolina

STATE OF NORTH CAROLINA)
COUNTY OF Forsyth)

BEFORE ME, the undersigned authority, on this day personally appeared T. Dean Harton 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 5th day of August, 2003.



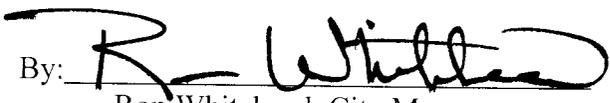
Cara L. Duncan
Notary Public, State of North Carolina

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 the 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. Subject to the foregoing, Landlord does hereby release Assignor from its obligations under the Ground Lease. Provided, however, that 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

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of December 18, 1981, 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 ASSOCIATED AIR CENTER (hereinafter referred to as "Tenant").

WITNESSETH:

#17

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 May 1, 1982, 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 TWO THOUSAND ONE HUNDRED THIRTY-THREE & 64/100 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.

Remodel premises at 4545 Eddie Rickenbacker. Remodeling includes hangar and office area. Replace aircraft ramps and vehicle parking. Cost estimated \$250,000. The Lessee has the option to delay the construction of the last 85' of aircraft ramp next to taxiway "A" for a period of twelve months. This would reduce ground rental \$412.12 for a maximum of twelve months.
Per Month

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.

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, (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. **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. 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

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

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 (of 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 Landlord's mortgagee and Landlord's mortgagee falls to cure such default within the curative period allowed Landlord under the 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

TENANT:

Associated Air Center
P. O. Box 20718
Love Field
Dallas, Texas 75220

Phone: 350-4111

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.

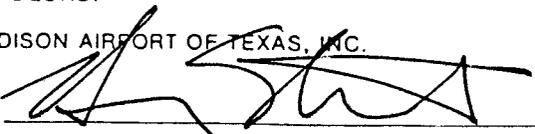
49. **Entire Agreement and Amendments.** This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral 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.

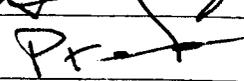
50. Tenant shall re-model premises as agreed. If unable to remodel premises as agreed, this Lease is null and void and old lease dated April 8, 1957 shall continue to apply.

Executed as of the day, month and year first above written.

LANDLORD:

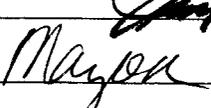
ADDISON AIRPORT OF TEXAS, INC.

By: 

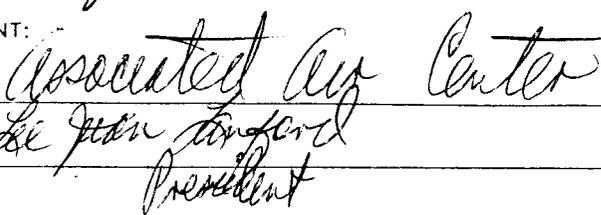
Its: 

CITY OF ADDISON, TEXAS

By: 

Its: 

TENANT:

By: 

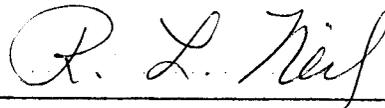
ATTEST:

Robert W. Simola
Secretary

STATE OF TEXAS |
COUNTY OF DALLAS |

BEFORE ME, the undersigned authority, on this day personally appeared LEE JUAN LANFORD , President of Associated Air Center, Inc., and 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 considerations therein set forth, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9th day of February, 1982.



Notary Public

R. L. NEIL, Notary Public
State of Texas
Commission expires 1/31/85

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 11 day of February, 1982.

Norathy 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 12 day of March, 1982.

Jacque Sharp
Notary Public
Dallas
County, 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 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

Being a tract of land situated in the E. Cook Survey, Abstract 326, Dallas County, Texas and located on Addison Municipal Airport, Addison, Texas and being more fully described as follows:

COMMENCING at the intersection of the west Right-of-Way line of Addison Road (a 60 foot street) projected and the south Right-of-Way line of Keller Springs Road (a 50 foot street) projected;

THENCE S 00° 22' 50" E with the west R.O.W. (projected) of Addison Road a distance of 623.21 feet to an angle point;

THENCE S 69° 21' 38" W a distance of 815.30 feet to a 60d nail set for the BEGINNING POINT of this description;

THENCE S 69° 21' 38" W a distance of 438.00 feet to a 60d nail set 115 feet from the centerline of Taxiway "A" for corner;

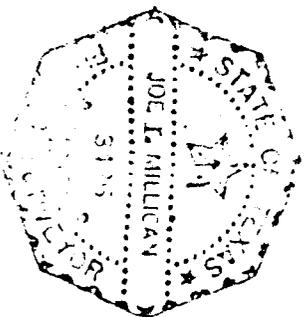
THENCE N 20° 41' 23" W parallel to Taxiway "A" a distance of 242.36 feet to a 60d nail set for corner;

THENCE N 68° 59' 18" E a distance of 438.01 feet to a 60d nail set for corner;

THENCE S 20° 41' 23" E a distance of 245.21 feet to the BEGINNING POINT of this description and containing 2.451 acres of land more or less.

Date 24 December 1981

J. T. Miller
Riewe & Wischmeyer, Inc.

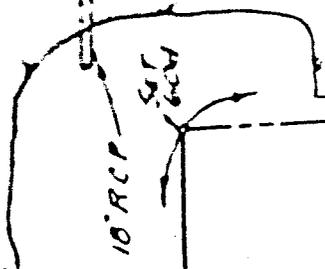


AIRPORT

B15
ADL

BEGINNING PO

TAXIWAY



520°41'23"E 245.21'

SET
COD

CONC.

65'

N 68°59'18"E 438.01'

ASSOCIATED AIR
CENTER

131'

131'

123.50'

123.50'

PHASE I

S 69°21'38"W 438.00'

1-5-F



128778 S2 E-
2.451 ACRES

PHASE II

50.00'

85.00'

N 20°41'2"W 242.36'

SET
PO9

115'

Exhibit “C”: Assignment of Lease dated August 25, 2004

STATE OF TEXAS)
) **ASSIGNMENT AND ASSUMPTION AGREEMENT**
COUNTY OF DALLAS)

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is entered into and effective as of August 25, 2004, by and between **PIEDMONT/HAWTHORNE HOLDINGS, INC.**, a Delaware Corporation (the "Assignor") and **PIEDMONT HAWTHORNE AVIATION, INC.**, a Delaware Corporation (the "Assignee").

WHEREAS, a Ground Lease was made and entered into as of December 18, 1981 by and among 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 Associated Air Center (the same being a corporation known as Associated Air Center, Inc.), as Tenant (the "Ground Lease", a true and correct copy of which is attached hereto as Exhibit A), by the terms of which Tenant leased certain real property located at Addison Airport; and

WHEREAS, by a corporate reorganization (certificate of amendment evidencing such reorganization filed with the Texas Secretary of State on February 27, 1987) the name of Associated Air Center, Inc. was changed to Associated Hangar, Inc.; and

WHEREAS, the capital stock of Associated Hangar, Inc. was acquired by Piedmont/Hawthorne Holdings, Inc. a Delaware Corporation, in June, 2000; and

WHEREAS, Associated Hangar, Inc. thereafter changed its name to Associated Air Center International, Inc. and Associated Air Center International, Inc. became the Tenant under the Ground Lease; and

WHEREAS, with the consent of the City, Associated Air Center International, Inc. assigned its interest in the Ground Lease to Piedmont/Hawthorne Holdings, Inc. through an Assignment and Assumption Agreement entered into as of May 14, 2003; 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" (being an agreement captioned 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, liabilities, obligations 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 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 Four Hundred Fifty and No/100 Dollars (\$450.00) to Landlord.

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

Piedmont Hawthorne Aviation, Inc.
3821 N. Liberty Street
Winston Salem, NC 27105-3965

Assignee acknowledges and agrees that it assumes and is hereby assuming all obligations, liability and responsibility of Assignor (and Assignor's predecessors in title or corporate structure as described in the premises above) in connection with and under the Ground Lease, including, without limitation, the obligations, liability and responsibility regarding the condition (including, without limitation, the environmental condition) of the premises which are the subject of the Ground Lease.

4. 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.

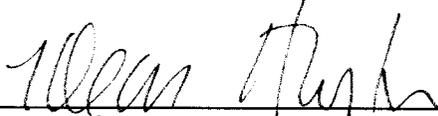
5. This Assignment is subject to the consent and filing requirements of the City of Addison, Texas.

6. The above and foregoing premises to this Assignment and 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, the City, as Landlord, is entitled to rely upon such representations and statements.

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

ASSIGNOR:

PIEDMONT/HAWTHORNE HOLDINGS, INC.

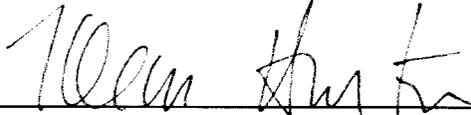
By: 

T. Dean Harton

Its: President

ASSIGNEE:

PIEDMONT HAWTHORNE AVIATION, INC.

By: 

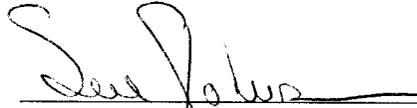
T. Dean Harton

Its: President

ACKNOWLEDGEMENT

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

The foregoing instrument was acknowledged before me this 23rd day of August, 2004, by T. Dean Harton, President of Piedmont/Hawthorne Holdings, Inc.



Notary Public for South Carolina
My Commission Expires: _____
Sue Johnson
Notary Public, Charleston County, South Carolina
My Commission Expires December 9, 2009

AFFIX SEAL

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

The foregoing instrument was acknowledged before me this 23rd day of August, 2004, by T. Dean Harton, President of Piedmont Hawthorne Aviation, Inc.



Notary Public for South Carolina
My Commission Expires: _____
Sue Johnson
Notary Public, Charleston County, South Carolina
My Commission Expires December 9, 2009

AFFIX SEAL

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 the 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, 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

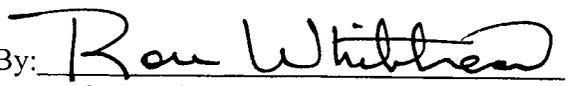
By: 
Ron Whitehead, City Manager

Exhibit A

- Assignment and Assumption Agreement effective May 24, 2003 by and between Associated Air Center International, Inc. and Piedmont/Hawthorne Holdings, Inc.
- Ground Lease entered into on December 18, 1981 by and among City of Addison, Texas and Addison Airport of Texas, Inc. as Landlord and, Associated Air Center.

Assignment of Ground Lease 0150-1702 Piedmont Hawthorne Holdings, Inc. to Piedmont Hawthorne Aviation, Inc.

Page 6 of 6

Document #: 1120781

STATE OF TEXAS

§

COUNTY OF DALLAS

§

ASSIGNMENT AND ASSUMPTION AGREEMENT

§

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is entered into and effective as of May 14, 2003, by and between ASSOCIATED AIR CENTER INTERNATIONAL, INC., formerly known as Associated Hangar, Inc., formerly known as Associated Air Center, Inc., a Texas corporation (the "Assignor") and PIEDMONT/HAWTHORNE HOLDINGS, INC., a Delaware corporation (the "Assignee).

WHEREAS, a Ground Lease was made and entered into as of December 18, 1981 by and among 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 Associated Air Center (the same being a corporation known as Associated Air Center, Inc.), as Tenant (the "Ground Lease", a true and correct copy of which is attached hereto as Exhibit A), by the terms of which Tenant leased certain real property located at Addison Airport; and

WHEREAS, by a corporate reorganization (certificate of amendment evidencing such reorganization filed with the Texas Secretary of State on February 27, 1987) the name of Associated Air Center, Inc. was changed to Associated Hangar, Inc.; and

WHEREAS, the capital stock of Associated Hangar, Inc. was acquired by Piedmont/Hawthorne Holdings, Inc., a Delaware corporation, in June, 2000; and

WHEREAS, Associated Hangar, Inc. thereafter changed its name to Associated Air Center International, Inc., and Associated Air Center International, Inc. 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" (being an agreement captioned 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, liabilities, obligations, 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 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 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, responsibilities, liabilities, and obligations of tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

Piedmont Hawthorne
P.O. Box 61000
Charleston, SC 29419

Assignee acknowledges and agrees that it assumes and is hereby assuming all obligations, liability and responsibility of Assignor (and Assignor's predecessors in title or corporate structure as described in the premises above) in connection with and under the Ground Lease, including, without limitation, the obligations, liability and responsibility regarding the condition (including, without limitation, the environmental condition) of the premises which are the subject of the Ground Lease.

4. 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.

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 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 is entitled to rely upon such representations and statements.

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

ASSIGNOR:

Associated Air Center International, Inc.


By: T. Dean Horton
President

ASSIGNEE:

Piedmont Hawthorne Holdings, Inc.


By: T. Dean Horton
President

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 the 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. Subject to the foregoing, Landlord does hereby release Assignor from its obligations under the Ground Lease. Provided, however, that 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

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of December 18, 19 81, 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 ASSOCIATED AIR CENTER (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 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 May 1, 19 82, 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 reduction, rent for the demised premises at the rate of TWO THOUSAND ONE HUNDRED THIRTY-THREE & 64/100 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.

Remodel premises at 4545 Eddie Rickenbacker. Remodeling includes hangar and office area. Replace aircraft ramps and vehicle parking. Cost estimated 250,000. The Lessee has the option to delay the construction of the last 5' of aircraft ramp next to taxiway "A" for a period of twelve months. This would reduce ground rental \$412.12 for a maximum of twelve months.
Per Month

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 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, unless 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 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.

(v) requiring the leasehold mortgagee to give the holder of such leasehold mortgage written notice of such default and to assume Tenant's position under said mortgages or deeds of trust. (vi) accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust. (vii) 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 of such default 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. 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, 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 "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 true 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 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.

the completion of same. Landlord shall have the right to commence or complete Restoration or after commencement of Restoration, or after commencement of Restoration, or after commencement of Restoration. Tenant does not diligently proceed to the completion of same if 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 after 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 actual amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise be 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 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

received under such reletting. Expenses and other costs of reletting 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 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 or anyone 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 fully performs 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 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:

TENANT:

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

Associated Air Center
P. O. Box 20718
Love Field
Dallas, Texas 75220

City of Addison, Texas

Phone: 350-4111

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.

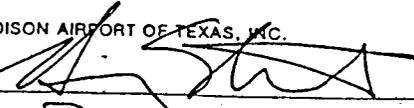
48. Governing Law and Venue. This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this lease or any of the transactions contemplated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

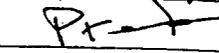
49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements 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 lease, modification, discharge or abandonment is sought.

50. Tenant shall re-model premises as agreed. If unable to remodel premises as agreed, this Lease is null and void and old lease dated April 8, 1957 shall continue to apply.

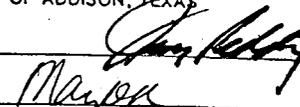
LANDLORD:

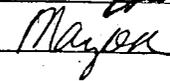
ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: 

CITY OF ADDISON, TEXAS

By: 

Its: 

TENANT:

By: 

5

ATTEST:
Robert W. Simola
Secretary

5

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared LEE JUAN LANFORD, President of Associated Air Center, Inc., and 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 considerations therein set forth, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9th-day of February, 1982.



Notary Public

R. L. NEEL, Notary Public
State of Texas
Commission expires 1/31/83

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 11 day of February, 1982.

Dorothy 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 purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12 day of March, 1982.

Joque Sharp
Notary Public
Dallas
County, 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 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

Being a tract of land situated in the E. Cook Survey, Abstract 326, Dallas County, Texas and located on Addison Municipal Airport, Addison, Texas and being more fully described as follows:

COMMENCING at the intersection of the west Right-of-Way line of Addison Road (a 60 foot street) projected and the south Right-of-Way line of Keller Springs Road (a 50 foot street) projected;

THENCE S 00° 22' 50" E with the west R.O.W. (projected) of Addison Road a distance of 623.21 feet to an angle point;

THENCE S 69° 21' 38" N a distance of 815.30 feet to a 60d nail set for the BEGINNING POINT of this description;

THENCE S 69° 21' 38" W a distance of 438.00 feet to a 60d nail set 115 feet from the centerline of Taxiway "A" for corner;

THENCE N 20° 41' 23" N parallel to Taxiway "A" a distance of 242.36 feet to a 60d nail set for corner;

THENCE N 68° 59' 18" E a distance of 438.01 feet to a 60d nail set for corner;

THENCE S 20° 41' 23" E a distance of 245.21 feet to the BEGINNING POINT of this description and containing 2.451 acres of land more or less.

Date 24 December 1941

J. T. Miller
Riewel & Mischmeyer, Inc.

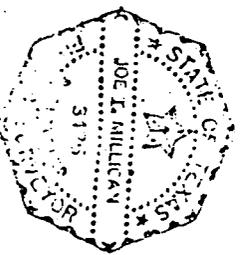


EXHIBIT "A"

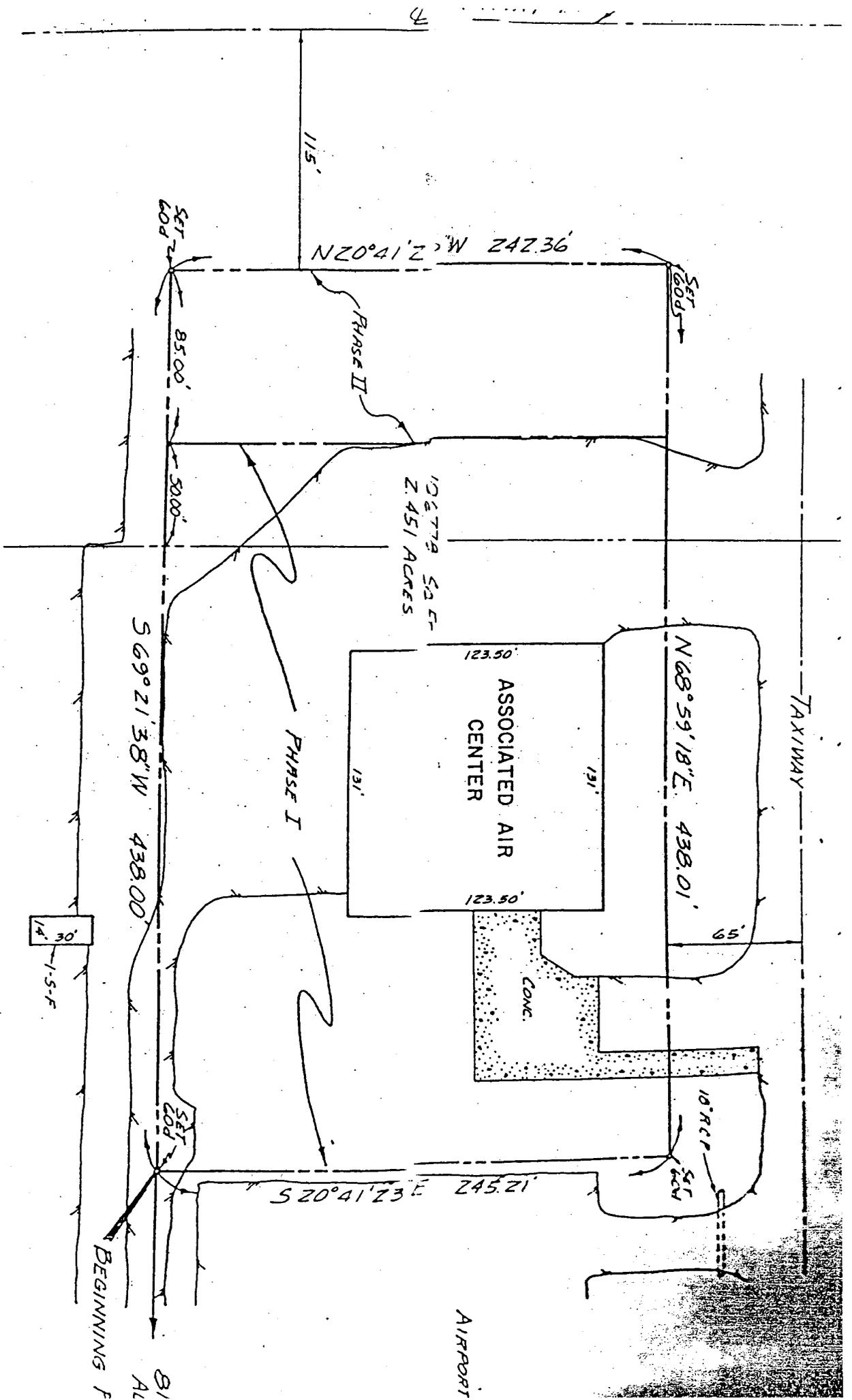


Exhibit “D”: Boundary Survey of the Demised Premises

Exhibit “E”: Schedule of Tenant’s Subleases

To Be Provided by Tenant Prior To Closing

Exhibit "F": Subtenant Estoppel Form
ESTOPPEL CERTIFICATE

Name & Address ("Tenant") _____

Address on Premises: _____

The above named Tenant gives this estoppel to the Town of Addison, Addison Texas (the "City"). The Tenant has entered into a Lease or Sublease Agreement dated _____, with _____, as Landlord for the following suite/space (the "Leased Premises"): _____ located at 4545 Eddie Rickenbaker, Addison Airport, Addison, Texas (the "Property").

The City has requested the information and representations in this certificate with regard to the Lease or Sublease because it wishes to acquire an interest in the Property, which includes the property that is the subject of the Lease or Sublease. The Tenant acknowledges that the City intends to rely on the information and representations the Tenant makes in this certificate in the City's acquisition of the Property. The Tenant states as follows:

1) A copy of all documents that constitute its Lease are attached to this certificate, and there are no other written or oral understandings or agreements that affect or amend the terms of the Lease.

2) The monthly Base Rent payments under the Lease are \$_____, with \$_____ additional rent due under the Lease as follows:
_____.

Further, the Tenant has not prepaid base Rent and additional rent beyond the current month.

3). The Lease term ends on _____, with the following renewal options:
_____.

4). To the best of Tenant's knowledge, Tenant has not received any notice of default, which has not been cured.

5). Tenant has no outstanding claims or alleged defaults by Landlord, which have not been cured as of the date of this certificate.

6). This Lease is in full force and effect.

By: _____
Tenant's Authorized Representative

Date

Exhibit "G":

**ASSIGNMENT OF LEASES, INTANGIBLE PROPERTY,
CONTRACTS AND ASSUMPTION AGREEMENT**

This Assignment of Leases, Intangible Property, Contracts and Assumption Agreement (this "Agreement") is made and entered into this ___ day of _____ 2006, by and between PIEDMONT HAWTHORNE AVIATION, INC., a Delaware Corporation ("Assignor"), and the TOWN OF ADDISON, TEXAS, a Texas home rule municipality ("Assignee").

WITNESSETH:

WHEREAS, concurrently with the execution and delivery of this Agreement, Assignor is conveying to Assignee, by Special Warranty Deed (the "Deed"), the leasehold improvements in that certain real property legally described on Exhibit "A" attached hereto and made a part hereof for all purposes (the "Demised Premises");

WHEREAS, Assignor has agreed to assign to Assignee certain leases as hereinafter set forth;

NOW, THEREFORE, in consideration of the receipt of Ten Dollars (\$10.00), the assumptions by Assignee hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

Assignor does hereby ASSIGN, SET OVER and DELIVER to Assignee, its successors and assigns, subject to the exceptions to title set forth in the Deed, all of Assignor's rights, titles and interests in the following (collectively, the "Property"):

(a) All leases or other agreements in effect as of the date of this Assignment demising space in or providing for the use or occupancy of the Demised Premises and the improvements thereon (the "Leases"), lease guaranties and all security deposits (the "Security Deposits"), a listing of which is attached hereto as Exhibit "B."

Assignee hereby assumes and agrees to perform all of the covenants, liabilities and obligations of Assignor under the Leases and Contracts which first occur and arise after the date of this Assignment, including, but not limited to, payment or accounting for Security Deposits in accordance with the terms of the Leases. Assignee agrees to indemnify, save and hold Assignor harmless from and against any and all loss, liability, claims, damages, costs and expenses (including, but not limited to, court costs and reasonable attorneys' fees) arising out of or relating to Assignee's failure to perform any of the obligations of the Assignor under the Leases, which first occur and arise after the date hereof

Assignor agrees to perform all of the covenants, liabilities and obligations of Assignee

under the Leases and Contracts which first occur or arise prior to the date of this Assignment, including, but not limited to, payment or accounting for Security Deposits in accordance with the terms of the Leases. Assignor agrees to indemnify, save and hold Assignee harmless from and against any and all loss, liability, claims, damages, costs and expenses (including, but not limited to, court costs and reasonable attorneys' fees) arising out of or relating to Assignor's failure to perform any of the obligations of the Assignee under the Leases and Contracts, which first occur or arise prior to the date hereof.

TO HAVE AND TO HOLD Assignor's rights, titles, and interest in the Leases, together with all and singular the rights and appurtenances thereto in anywise belonging to Assignor, unto Assignee, its successors and assigns forever, without warranty.

There is no intent to create any third party beneficiaries of this Agreement.

This Assignment may be executed in two or more counterparts, and it shall not be necessary that any one of the counterparts be executed by all of the parties hereto. Each fully or partially executed counterpart shall be deemed an original, but all of such counterparts taken together shall constitute one and the same instrument.

EXECUTED effective as of the date first above written.

ASSIGNOR:

PIEDMONT HAWTHORNE AVIATION, INC.,
a Delaware Corporation

By: _____

Print Name: _____

ASSIGNEE:

TOWN OF ADDISON

By: _____

Ron Whitehead, City Manager

Exhibit “H”: Form of Special Warranty Deed

SPECIAL WARRANTY DEED

STATE OF TEXAS

§

§

KNOW ALL MEN BY THESE PRESENTS:

§

COUNTY OF DALLAS

THAT PIEDMONT HAWTHORNE AVIATION, INC., a Delaware Corporation (“Grantor”), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, and for the further consideration, has GRANTED, BARGAINED, SOLD and CONVEYED and by these presents does GRANT, BARGAIN, SELL and CONVEY unto the Town of Addison, Texas, a municipal corporation (“Grantee”), whose address for the purposes hereof is 5300 Beltline Road, Dallas, Texas 75240, all of Grantor’s right, title and interest in the leasehold estate created by that certain Ground Lease covering a tract of land at Addison Airport, Texas, a copy of said Ground Lease, as amended and modified, being attached to this deed and incorporated verbatim herein.

TO HAVE AND TO HOLD the said leasehold estate, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee, its successors and assigns forever; and Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND, the leaseholds estate conveyed hereby unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the Property or any part thereof, by, through or under Grantor, but not otherwise.

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Exhibit "T": Memorandum of Ground Lease Early Termination Agreement

**MEMORANDUM OF GROUND LEASE
EARLY TERMINATION AGREEMENT**

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

FOR GOOD AND VALUABLE CONSIDERATION, be it acknowledge that the City of Addison, Texas, a Texas home rule municipality (the same being the Town of Addison, Texas) (the "City") as Landlord and, Piedmont Hawthorne Aviation, Inc., a Delaware corporation, as Tenant do hereby mutually agree to terminate and cancel the Ground Lease effective the ____ day of _____, 2006 to-wit:

Being that certain Ground Lease executed on December 18, 1981 between the City and Addison Airport of Texas, Inc. ("AATI"), together as Landlord, and Associated Air Center, Inc., as Tenant covering the 2.449 acres of real property located at what is commonly known as 4545 Eddie Rickenbacker at Addison Airport within the City and owned by the City and as more fully described in the Ground Lease; and

The Ground Lease was subsequently assigned by Associated Air Center International, Inc., formerly known as Associated Air Hangar, Inc., formerly known as Associated Air Center, Inc. (a/k/a Associated Air Center), "Assignor" to Piedmont/Hawthorne Holdings, Inc., "Assignee" by that Assignment of Lease dated May 14, 2003; and then

By that Assignment of Lease dated August 25, 2004, Piedmont/Hawthorne Holdings, Inc., as "Assignor" assigned the Ground Lease to Piedmont Hawthorne Aviation, Inc., the "Assignee"; and

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 Ground Lease; and

The said Base Lease has expired and the City is the sole Landlord under the Ground Lease; and

By virtue of the various assignments set forth above, the City acknowledges that Piedmont/Hawthorne Holdings, Inc., (now doing business as Landmark Aviation) is the current Tenant under the Ground Lease.

All rights and obligations under said Ground Lease shall thereupon be cancelled excepting only for any rents under the Ground lease accruing prior to the effective termination date and any other term and condition provided for in the Ground Lease Early Termination Agreement entered into by the parties effective _____, _____ 2006, which then remain unpaid or otherwise not satisfied, and which shall be paid or fulfilled by Tenant on or prior to the termination date.

Tenant agrees to promptly surrender the premises to the City on or before the termination date and deliver same to City in good condition free of the Tenant's goods and effects, waiving all further rights to possession.

Said Ground Lease, as amended and modified, together with the Ground Lease Early Termination Agreement are adopted and made a part of this Memorandum of Lease as if copied in full herein.

IN WITNESS WHEREOF, the undersigned parties execute the Agreement as of the Effective Date first given above.

CITY:

TENANT:

TOWN OF ADDISON, TEXAS

PIEDMONT HAWTHORNE AVIATION, INC.,
a Delaware Corporation

By: _____
Ron Whitehead, City Manager

By: _____
Print Name: _____

STATE OF TEXAS

§

COUNTY OF DALLAS

§

This instrument was acknowledged before me on the ___ of _____ 2006, by _____, the _____ of PIEDMONT HAWTHORNE AVIATION, INC., a Delaware Corporation.

Notary Public, State of Texas

Notary's Printed Name
My Commission Expires: _____

Council Agenda Item: #ES1

There are no attachments for this item.

Council Agenda Item: #ES2

There are no attachments for this item.