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AGENDA

WORK SESSION OF THE CITY COUNCIL

6:00 P.M.

AND

REGULAR MEETING OF THE CITY COUNCIL

JUNE 26, 2007

7:30 P.M.

TOWN HALL

5300 BELT LINE ROAD

WORK SESSION

Item #WS1 - Presentation and discussion regarding housing information.

Item #WS2 - Presentation and discussion of a new Hangar Development at Addison Airport.

REGULAR SESSION

Item #R1 - Consideration of Old Business.

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for the Citizen Advisory Special Work Sessions for 6/4/2007, 6/6/2007, 6/7/2007, 6/11/2007, 6/14/2007 and Council Meeting and Special Work Session Minutes for June 12, 2007.

#2b - Consideration of approval of an agreement with PPI Marketing to provide sponsorship services to the Town from June 1, 2007 through May 31, 2010, and authorizing the City Manager to execute the same.

Item #R3 - Presentation and recognition of Lisa Pyles, Addison Airport Director.

Attachment:

1. Council Agenda Item Overview
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Item #R4 - Presentation of WaterTower Proclamation.

Item #R5 - Consideration and approval to authorize the City Manager to enter into an agreement with Oklahoma Public Safety in the amount of \$30,807 to fund the Police Department's Patrol Rifle Program.

Attachments:

1. Council Agenda Item Overview
2. Memo to City Manager
3. Finance Memo
4. Budget

Administrative Recommendation:

Administration recommends approval.

Item #R6 - Consideration of approval of an amendment to an existing planned development zoning district in order to add an allowed use, that use being: light assembly to include scientific production of security taggants and specialty ink systems through the use of materials engineering processes and other laboratory techniques. Allowed uses would also include nanotechnology, which is the control of matter on the scale of smaller than one micrometer. When these uses involve the production of powders, these powders will be restricted to production of powders whose average size is greater than 100 nanometers.

Attachments:

1. Memo from Neil Gayden on WSP Environmental Report
2. WSP Environmental Report
3. Authentix Letter dated 20 June 2007
4. Docket Map
5. Staff Report

Commission Findings:

The Addison Planning and Zoning Commission, meeting in regular session on May 24, 2007, voted to recommend approval of the request on application from Authentix, Inc., subject to no conditions.

Voting:

Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay, Wood
Voting Nay: None
Absent: None

Administrative Recommendation:

This case was tabled from June 12th.

Item #R7 - Discussion and consideration of approval of an economic development incentive agreement between the Town of Addison and Authentix, Inc. relating to and regarding the relocation of Authentix, Inc. to 4355-4555 Excel Parkway within the Town.

Item #R8 - Update Council on visit of the Bancaio delegation and discussion of our Sister City.

Item #R9 - Discussion and consideration of approval of a new Hangar Development at Addison Airport.

Item #R10 - Consideration and approval of award of bid to Jani-King International, Inc., for custodial services at the Service Center, Police & Police Sub-stations, Central Fire, Conference and Theatre Centre and Athletic Club facilities.

Attachments:

1. Council Agenda Item Overview
2. Bid

Administrative Recommendation:

Administration recommends approval.

Item #R11 - Consideration and approval of an Estoppel Agreement by the Town of Addison to and in favor of Macquarie Infrastructure Company, Inc., and Macquarie FBO Holdings, LLC on Addison Airport.

Attachments:

1. Council Agenda Item Overview
2. Mercury Air Center Agreement

Administrative Recommendation:

Administration recommends approval.

Item #R12 - Consideration and consent to various items related to Ground Lease #016-1501 at Addison Airport to include: 1) Amending Ground Lease #016A-1501 so that the demised premises includes all the premises originally included in Ground Lease #016A-1601 and #016A-1501 into one leasehold, and to modify the rental required under the amended lease to correspond with and reflect the change to the demised premises; 2) Agree to early terminate Ground Lease #016A-1601; and 3) Consent to the assignment of Ground Lease #016A-1501 from the Estate of Hazel M. Corry to Corry GP, LLC, a Texas limited liability company.

Attachments:

1. Council Agenda Item Overview
2. Hazel Corry Ground Lease Agreement

Administrative Recommendation:

Administration recommends approval.

Item #R13 - Presentation and discussion of Airport fund long-term plan.

Item #R14 - Presentation and discussion of Utility fund long-term plan and discussion of Addison's water and sewer rates.

EXECUTIVE SESSION

Item #ES1 - Closed (executive) session of the City Council, pursuant to Section 551.071 of the Texas Government Code, to conduct a private consultation with its attorney(s) to seek the advice of its attorney(s) regarding certain pending litigation, to wit: *The City of Addison, Texas v. Transcontinental Realty Investors, Inc., et al.*, No. 05-05-01554-CV, Fifth District Court of Appeals, Dallas, Texas, and/or a settlement offer in connection therewith.

Item #ES2 - Closed (executive) session of the City Council pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney(s) to seek the advice of its attorney(s) about pending litigation, to wit: *Eddins Enterprises, Inc., dba Friendly Aviation and RSP Management Services, Inc. v. The Town of Addison, Texas*, Cause No. 05-11030-K, 192nd Judicial District Court, Dallas County, Texas.

Item #R15 - Consideration of action in connection with certain pending litigation, to wit: *The City of Addison, Texas v. Transcontinental Realty Investors, Inc., et al.*, No. 05-05-01554-CV, Fifth District Court of Appeals, Dallas, Texas, and/or a settlement offer in connection therewith.

Item #R16 - Discussion and consideration of any action in connection with or related to pending litigation, to wit: Eddins Enterprises, Inc., dba Friendly Aviation and RSP Management Services, Inc. v. The Town of Addison, Texas, Cause No. 05-11030-K, 192nd Judicial District Court, Dallas County, Texas.

Adjourn Meeting

Posted:
June 22, 2007 at 5:00 p.m.
Mario Canizares - 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.**

Council Agenda Item: #WS1

There are no attachments for this item.

Council Agenda Item: #WS2

There are no attachments for this item.

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
SPECIAL MEETING AND WORK SESSION**

June 4, 2007
6:30 P.M.
Town Hall
5300 Belt Line Road
Addison, Texas

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

Absent: Councilmember Meier

Item #S1 Discussion and review of the process regarding the final reports from the Community Advisory Committee.

Randy Pennington presented this Item.

Item #S2 Presentation and discussion from the Recreation and Community Facilities Committee.

Neil Hewitt presented this Item.

Item #S3 Presentation and discussion from the Education Committee.

Paul Hayes presented this item.

There being no further business before the Council, this meeting was adjourned at 7:16 P.M.

Mayor

Attest:

City Secretary

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
SPECIAL MEETING AND WORK SESSION**

June 6, 2007
6:30 P.M.
Town Hall
5300 Belt Line Road
Addison, Texas

Present: Mayor Chow, Councilmembers Braun, Hirsch, Kraft, Meier and Mellow

Absent: None.

Item #S1 Discussion and review of the process regarding the final reports from the Public Relations Committee.

Jennifer Hewitt presented this Item.

Item #S2 Presentation and discussion from the Business Development Committee.

Chick Martin presented this Item.

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

Mayor

Attest:

City Secretary

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
SPECIAL MEETING AND WORK SESSION**

June 7, 2007
6:30 P.M.
Town Hall
5300 Belt Line Road
Addison, Texas

Present: Mayor Chow, Councilmembers Braun, Hirsch, Kraft, Meier, Niemann
and Mellow

Absent: None

Item #S1 Discussion and review of the process regarding the final reports from the
Transportation Committee.

Cathy Ways presented this Item.

Item #S2 Presentation and discussion from Environmental Design Committee.

Brad Bradbury and Albert Jandura presented this Item.

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

Mayor

Attest:

City Secretary

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
SPECIAL MEETING AND WORK SESSION**

June 11, 2007
6:30 P.M.
Town Hall
5300 Belt Line Road
Addison, Texas

Present: Mayor Chow, Councilmembers Braun, Hirsch, Kraft, Meier, Niemann
and Mellow

Absent: None

Item #S1 Discussion and review of the process regarding the final reports from the
Culinary Committee.

Kitty Goddard and Virgil Burkhardt presented this Item.

Item #S2 Presentation and discussion from the Human Services Committee.

Laurel Brewster presented this Item.

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

Mayor

Attest:

City Secretary

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
WORK SESSION**

June 12, 2007
6:00 P.M. – Town Hall
5300 Belt Line Road

Present: Mayor Chow, Councilmembers Braun, Kraft, Meier, Mellow, Hirsch and Niemann.

Absent: None

Item #WS1 - Discussion regarding Police Department equipment.

Chief Ron Davis and Lt. Paul Spencer led the discussion regarding Police Department equipment.

Item #WS2 - Discussion regarding economic development proposal from Authentix, Inc.

Ron Whitehead led the discussion regarding Authentix, Inc.

Item #WS3 - Discussion regarding adopting Goals and Policies for the Brookhaven Village neighborhood as an amendment to the Town of Addison's Comprehensive Plan.

Carmen Moran led the discussion regarding Goals and Policies for the Brookhaven Village neighborhood.

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

Mayor

Attest:

City Secretary

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL REGULAR SESSION

June 12, 2007
7:30 P.M. – Town Hall
5300 Belt Line Road

Present: Mayor Chow, Councilmembers Braun, Kraft, Meier, Mellow, Hirsch and Niemann.

Absent: None

Item #R1 - Consideration of Old Business.

The following employees were introduced to the Council: Jeff King with the Public Works Department and Rod Williams with the Fire Department .

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for the May 22, 2007, Council Meeting. (Approved as written)

#2b - Consideration and approval to authorize the City Manager to approve the purchase of 447 water meters from Hersey Meter Company in an amount not to exceed \$86,380.20. (Councilman Mellow asked for clarification that the meters purchased should be wireless.)

Councilmember Mellow asked that Items #2a and #2b be considered separately.

Councilman Niemann moved to duly approve the above listed items.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Niemann, Hirsch

Item #R3 - **PUBLIC HEARING** regarding and consideration of approval of an Ordinance adopting Goals and Policies for the Brookhaven Village neighborhood as an amendment to the Town of Addison's Comprehensive Plan.

Mayor Chow opened the meeting as a public hearing. There were no questions or comments. Mayor Chow closed the meeting as a public hearing.

No action was taken on this Item. The item was withdrawn by Staff.

Item #R4 - **FINAL PLAT/Karta Addition**. Consideration of approval of a final plat for one lot, located on a tract of .05027 acres, in a C-1 (Commercial-1) zoning district, at 4397 Westgrove Drive, on application from Karta Geospatial Consultants, LLC, represented by Mr. Lynn Kadleck of Kadleck and Associates.

Councilmember Niemann moved to duly authorize the City Manager to approve a final plat for one lot, located on a tract of .05027 acres, in a C-1 (Commercial-1) zoning district, at 4397 Westgrove Drive, on application from Karta Geospatial Consultants, LLC, represented by Mr. Lynn Kadleck of Kadleck and Associates, subject to conditions.

Councilmember Meier seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Niemann, Hirsch

Item #R5 - PUBLIC HEARING Case 1541-Z/Authentix. Consideration of approval of an amendment to an existing Planned Development zoning District (Ordinance 000-016) in order to add an allowed use, that use being: light assembly to include scientific production of security taggants and specialty ink systems through the use of materials engineering processes and other laboratory techniques. Allowed uses would also include nanotechnology which is the control of matter on the scale of smaller than one micrometer, located at 4355-4555 Excel Parkway, on application from Authentix, Inc.

Mayor Chow opened the meeting as a public hearing. There were no questions or comments. Mayor Chow closed the meeting as a public hearing.

Authentix, Inc., was represented by Tim Driscoll, Vice President.

Councilmember Niemann moved to table this item until the next Council Meeting on 6/26/07 and that it should be continued as a Public Hearing.

Councilmember Meier seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Niemann, Hirsch

Councilmember Niemann recused himself from Item #R6.

Item #R6 - PUBLIC HEARING Case 1534-Z/Intervest Ventures Group. Consideration of approval of a change of zoning from UC-Commercial sub-district to UC – Residential sub-district, and consideration of a final development plan, for property located on 3.918 acres at the southeast corner of Airport Parkway and Quorum Drive, on application from Intervest Ventures Group, represented by Mr. David Simmons.

Mayor Chow opened the meeting as a public hearing. There were no questions or comments.

Proponents for the Project were:
Sara McCurry, resident on Calloway
Joe Stoller, 5022 Calloway
Royce Ceal, 5026 Calloway
M.E. Gawati, 5024 Parkview
Amy Dane, 5091 Parkview

J.J. Horan, (In a written statement)

Mike Shift spoke on behalf of Intervest Ventures Group.

Mayor Chow closed the meeting as a public hearing.

Councilmember Braun moved to duly authorize the City Manager to approve Ordinance 007-016, for a change of zoning from UC-Commercial sub-district to UC – Residential sub-district, and consideration of a final development plan, for property located on 3.918 acres at the southeast corner of Airport Parkway and Quorum Drive, on application from Intervest Ventures Group, represented by Mr. David Simmons, with the following conditions:

Approval of the concept plan, as submitted by the applicant, for a development in an UC – Residential sub-district.

Approval of the following waivers to design standards:

Waiver of design standards in order to allow lot widths to be 20 feet as opposed to the 25 feet required by the ordinance.

Waiver to design standards in order to allow depths of 45 feet as opposed to the 55 feet required by the ordinance.

Waiver to design standards in order to allow lot coverage of 100% of the lot as opposed to the 65% of the lot required by the ordinance.

Waiver to design standards in order to allow a minimum two-foot build-to line against the Category C, (Residential) Streets as opposed to the five-foot build-to line required by the ordinance, and a waiver to design standards in order to allow a seven-foot build-to line against the Category D (Quorum, Spectrum, Airport Parkway) streets as opposed to the ten-foot build-to line required by the ordinance.

Waiver to design standards in order to use stucco or plaster as a siding material on an exterior façade, those facades being on the alleys only.

Approval of the final development plans, subject to the following conditions:

-All air conditioning screening fences shall be of a solid material, and shall screen the air conditioning units from all sides.

-All paving and drainage design and construction shall meet city standards.

-A final site plan shall be approved by the Fire Department before

issuance of a building permit.

-Detailed streetscape plans shall be submitted for review and approval for lighting, paving, irrigation, site furniture, and planting prior to the issuance of a building permit.

-The on-going open space maintenance shall be the owners/homeowners association's responsibility, which includes the maintenance of the living screen area along Airport Parkway.

-Plans shall include a solution for the problem of noise generated by the chiller that is across the street on the Madison office building property.

-Composition shingles, as a roofing material, are prohibited.

Councilmember Meier seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Hirsch

Abstained: Niemann

Councilmember Niemann returned to the Council Chambers.

Item #R7- **PUBLIC HEARING** Case 1542-SUP/Town of Addison, consideration of approval of a change of zoning by the approval of a Special Use Permit for an installation of a public utility (a Public meeting facility), on property zoned C-1 (Commercial-1) district located generally in the 4800 block of Broadway, on application from the Town of Addison, represented by Mr. Clay Barnett.

Mayor Chow opened the meeting as a public hearing. There were no questions or comments. Mayor Chow closed the meeting as a public hearing.

Councilmember Braun moved to duly authorize the City Manager to approve Ordinance 007-017 for a change of zoning by the approval of a Special Use Permit for an installation of a public utility (a Public meeting facility), on property zoned C-1 (Commercial-1) district located generally in the 4800 block of Broadway, on application from the Town of Addison, represented by Mr. Clay Barnett.

Councilmember Kraft seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Hirsch, Niemann

Item #R8 - Consideration of approval of contract with FirstCall Interactive Network, Inc., to provide a fully hosted and managed Multi-Media Emergency Community Notification Solution in the amount of \$5,000, and authorizing the City Manager to execute the same, subject to the City Attorney's final approval.

Councilmember Niemann moved to duly authorize the City Manager to approve a contract with FirstCall Interactive Network, Inc., to provide a fully hosted and managed Multi-Media Emergency Community Notification Solution in the amount of \$5,000, and authorizing the City Manager to execute the same, subject to the City Attorney's final approval.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Hirsch, Niemann

Item #R9 - Consideration of approval of a contract with Sigma Surveillance, Inc., for the purchase and installation of a Video Camera Monitoring System at the Addison Athletic Club in the amount of \$36,297, and authorizing the City Manager to execute the same, subject to the City Attorney's final approval.

Councilmember Kraft moved to duly authorize the City Manager to approve a contract with Sigma Surveillance, Inc., for the purchase and installation of a Video Camera Monitoring System at the Addison Athletic Club in the amount of \$36,297, and authorizing the City Manager to execute the same, subject to the City Attorney's final approval.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Hirsch, Niemann

Item #R10 - Consideration of approval of a contract with Allied Network Solutions, Inc., for the purchase and installation of 182 PCs and two (2) integrated Laptops in the amount of \$168,118.62, and authorizing the City Manager to execute the same, subject to the City Attorney's final approval.

Councilmember Kraft moved to duly authorize the City Manager to approve a contract with Allied Network Solutions, Inc., for the purchase and installation of 182 PCs and two (2) integrated Laptops in the amount of \$168,118.62, and authorizing the City Manager to execute the same, subject to the City Attorney's final approval.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Hirsch, Niemann

Item #R11 - Consideration of approval of an agreement with PPI Marketing to provide sponsorship services to the Town from June 1, 2007 through May 31, 2009, and authorizing the City Manager to execute the same.

Councilmember Niemann moved to duly authorize the City Manager to approve an agreement with PPI Marketing to provide sponsorship services to the Town from June 1, 2007 through May 31, 2009, and authorizing the City Manager to execute the same, subject to City Attorney approval.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Hirsch, Niemann

EXECUTIVE SESSION. At 10:44 P.M., Mayor Chow announced that Council would convene into Executive Session to discuss the following items:

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(s) to seek the advice of its attorney about contemplated litigation, and/or on a matter or matters in which the duty of the attorney(s) to the Town Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Tex. Gov. Code, regarding and relating to the design and construction of the Addison Airport Bulk Fuel Storage Facility.

Item #ES2 - Closed (executive) session of the City Council, pursuant to Section 551.071 of the Texas Government Code, to conduct a private consultation with its attorney(s) to seek the advice of its attorney(s) regarding certain pending litigation, to wit: *The City of Addison, Texas v. Transcontinental Realty Investors, Inc., et al.*, No. 05-05-01554-CV, Fifth District Court of Appeals, Dallas, Texas, and/or a settlement offer in connection therewith.

The Council came out of Executive Session at 12:25 P.M.

Item #R12 - Consideration of approval of Change Order No. 3, encompassing all unresolved additions and modifications to the original project design associated with the contract for the construction of the Addison Airport Bulk Fuel Storage Facility, and authorizing the City Manager to execute the same.

Councilmember Niemann moved to duly authorize the City Manager to approve Change Order No. 3 encompassing all unresolved change orders and any and all additions and/or modifications to the original project design associated with the contract for the construction of the Addison Airport Bulk Fuel Storage Facility (including a full release in connection therewith), and authorizing the City Manager to execute the same.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Hirsch, Niemann

Item #R13 - Consideration of approval of the appointment of the City Attorney.

Councilmember Niemann moved to duly appoint Attorney John Hill from Cowles and Thompson to the position of City Attorney.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Hirsch, Niemann

Item #R14 was moved after Item #R11.

Item #R14 - Consideration of and approval to authorize the City Manager to enter into an agreement with MPF Services to produce a video on "The Addison Way" in an amount not to exceed \$10,000.

Councilmember Meier moved to duly authorize the City Manager to enter into an agreement with MPF Services to produce a video on "The Addison Way" in an amount not to exceed \$10,000.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Hirsch, Niemann

Item #R15 - Consideration of action in connection with certain pending litigation, to wit: *The City of Addison, Texas v. Transcontinental Realty Investors, Inc., et al.*, No. 05-05-01554-CV, Fifth District Court of Appeals, Dallas, Texas, and/or a settlement offer in connection therewith.

Councilmember Neimann moved to approve a proposed settlement reached in mediation, subject to the same being reduced to writing and considered by the Council at a future meeting, in connection with certain pending litigation, to wit: *The City of Addison, Texas v. Transcontinental Realty Investors, Inc., et al.*, No. 05-05-01554-CV, Fifth District Court of Appeals, Dallas, Texas.

Councilmember Meier seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Meier, Mellow, Hirsch, Niemann

There being no further business before the Council, the meeting was adjourned at 12:27 A.M.

Mayor

Attest:

City Secretary

Council Agenda Item: #R3

SUMMARY:

Presentation and recognition to Lisa Pyles, Addison Airport Director.

BACKGROUND:

Lisa Pyles, Addison Airport Director, was recently presented the American Association of Airport Executives (AAAE) South Central Chapter's "President's Award" in Recognition of her support and numerous contributions to the Chapter in 2006-2007.

Additionally, at AAAE's National Conference in Washington, DC. Lisa was named the Chair of the national General Aviation Committee of the American Association of Airport Executives for a three year term.

Staff is very proud of Lisa and her accomplishments and is very appreciative of the way in which she represents and promotes the Town of Addison and Addison Airport both locally and on a national level.

Council Agenda Item: #R4

There are no attachments for this item.

Council Agenda Item: #R5

SUMMARY:

Council consideration is requested authorizing the City Manager to enter into an agreement with, Oklahoma Public Safety, in the amount of \$30,807 to fund the Police Department's Patrol Rifle Program. The Addison Police Department is committed to providing competent and professional public safety services to our community. To accomplish this mission, we must continually adjust our training, tactics, and equipment to combat those used by the criminal elements intent on violent behavior. Therefore, the Addison Police Department proposes the development of a Patrol Rifle program. This program will provide our officers a defensive weapon, to protect themselves and others, if they should encounter a heavily armed (rifle) or body-armor equipped felon.

FINANCIAL IMPACT:

This item was not included in the Police Department's Fiscal Year 06-07 Budget.

Budget transfer \$20,807.00 from 81-000-34590-00000 (unreserved/undesignated) to 81-000-52160-00000 (tools and equipment). FY 06-07 budget seized funds will be combined with \$10,000.00 in budgeted savings fund for a total \$30,807.00

No impact on General Fund as this is seized/forfeiture funds.

BACKGROUND:

The Addison Police Department recognizes the need for discretion when planning and deploying such a program. With public safety always at the forefront of our decision making, we are limited to what types of weapons and ammunition we consider acceptable for the Town. After much research and consideration, we conclude the FN Herstal PS90, semi-automatic (single shot) Carbine, is the perfect fit, both from the way the weapon looks and operates to the round it fires.

Recommendation:

Staff recommends approval.

Please limit this document to one page.



MEMORANDUM

#R5

To: Mr. Ron Whitehead, City Manager
From: Lt. Paul Spencer, Addison Police Department
Date: June 14, 2007
Subject: Patrol Rifle Program

Introduction

The Addison Police Department is committed to providing competent and professional public safety services to our community. To accomplish this mission, we must continually adjust our training, tactics, and equipment to combat those used by the criminal elements intent on violent behavior. Therefore, the Addison Police Department proposes the development of a Patrol Rifle program. This program will provide our officers a defensive weapon to protect themselves and others if they should encounter a heavily armed (rifle) or body-armor equipped felon.

Equipment

The Addison Police Department recognizes the need for discretion when planning and deploying such a program. With public safety always at the forefront of our decision making, we are limited to what types of weapons and ammunition we consider acceptable for the Town. After much research and consideration, we conclude the FN Herstal PS90, semi-automatic (single shot) Carbine, is the perfect fit both from the way the weapon looks and operates to the round it fires.

One of our main concerns when researching a patrol rifle is the distance the round will travel once fired. The PS90 uses the revolutionary 5.7 x 28mm (FN) cartridge specifically designed to bridge the gap between 9mm and 5.56 x 45mm ammunition. The 5.7 FN round gives about 70% of the recoil of a 9mm parabellum round, and about 35% of the 5.56 x 45mm round. This is important, as it will be easier to train our officers to fire rapid, well-aimed shots on target as the sight remains in place.

The 5.7 FN round is designed to fly very fast, very quickly, using 90% of its energy where it is needed, on target. Beyond 218 yards the 5.7 FN round rapidly loses velocity, and therefore most of its energy. At 365 yards the round has relatively little energy, less than 75 ft. lbs, and is considered **non-lethal**. By comparison, the 5.56 x 45mm round (commonly used in the AR-15) has an effective range of 547 yards, with a maximum lethal range well past 1,371 yards. Additionally, the 9mm pistol round, which is one of the three types of ammunition authorized by our police officers to carry, is considered lethal out to 732 yards; however, it is not capable of

defeating most types of body armor. The benefit gained by the 5.7 FN round is that it will defeat soft body armor (48 layers of Kevlar) up to 218 yards.

The 5.7 x 28mm round meets our needs in both areas of concern: soft-body armor penetration and short, terminal ballistics.

The PS90 provides a lightweight and completely ambidextrous patrol rifle that is extremely accurate due to its low recoil. The rifle is also ideally suited for deployment from a patrol vehicle, which is not the case with most other rifles currently used by other agencies. Under the Addison Police Department's Patrol Rifle program, the PS90 will be fitted with EoTech holographic sights to further enhance accuracy and quick target acquisition for the patrol officers.

Not unlike us, the U. S. Secret Service had down-range and over penetration concerns about the 5.56 x 45mm round for use in and around the White House grounds. In 2004, they selected the FN PS90 for use by their agents due to its reliability, accuracy, and short terminal ballistics.

Training

Sergeant Robert Mahoney is the department's certified patrol rifle instructor (NRA Police Patrol Rifle Instructor Certification) and will be the lead instructor for all rifle training. I will assist with training and oversee the deployment and continued operation within the Patrol Division.

We will conduct a two-day training cycle for each patrol shift and CID consisting of 500 rounds per officer. The training will start with nomenclature in a classroom setting, steadily progressing through basic shooting platforms and techniques. Ultimately, all officers will not only be comfortable with the weapon system, but highly proficient in its use. All officers will be TCLEOSE qualified by the end of the training cycle.

We will use either the Carrollton Police Department or DFW Airport Public Safety's outdoor ranges depending on scheduling. These ranges allow more flexibility and realistic training options; such as, shooting from patrol vehicles. Once the initial training is complete, we will re-qualify in six months at the Addison Police Department's indoor range on distance reduction targets. Following the initial training program, officers will re-qualify with the weapon twice a year.

Costs

Preliminary budgeting for 12 fully-equipped patrol rifles, support equipment, plus training and operational ammunition is \$30,830 for the first year. Once established, we will require only requalification and fresh duty ammunition for a yearly cost of approximately \$3,500 - \$4,500.

Conclusion

This program is vital, not only for the safety of our officers, but the citizens and patrons of the Town of Addison. We are confident in its success and look forward to beginning the process. If there are any questions or further information needed, please see the attached literature or contact me.

INTEROFFICE MEMORANDUM

TO: SHANNA SIMS
FROM: LT. PAUL SPENCER
SUBJECT: PATROL RIFLE PURCHASE REQUEST
DATE: 6/21/2007
CC: CHIEF RON DAVIS, CAPTAIN GREG LAYMAN

#R5

I received three internet bids, via e-mail, for the Patrol Rifles, ammunition, and related equipment. All three bids came from dealers recommended by the FN Herstal government sales representative.

1. CTD, Incorporated. **\$34,353.95**

2522 North East Loop 820, Ft. Worth, Texas 76106

Contact: Dewayne Irwin 817-378-5108

2. Barney's Firearms. **\$30,706.64**

218 Four Park Rd., Lafayette, Louisiana 70507

Contact: Tim Heinzen 337-896-3667

3. Oklahoma Police Supply. **\$30,807.00**

5308 E. Admiral Place, Tulsa, Oklahoma 74115

Contact: Rick Phillips 918-836-8027

I would like to request we purchase the equipment from Oklahoma Police Supply. Even though they are slightly higher (\$100.36) than Barney's Firearms, I believe we will receive better customer service from Oklahoma Police Supply. Some of this equipment must go through an authorization process with BATF and we will need the selected vendor to be well organized and thorough I believe Oklahoma Police Supply is the better choice. This opinion is based on my interaction and correspondence with all three vendors since the beginning of this project.

Attached: internet quotes

Patrol Rifle Budget

#R5

<u>Item</u>	<u>Cost</u>	<u>Number of Units</u>	<u>Totals</u>
FN PS90, Black, Triple Rail *includes one 30rnd mag	\$1,349.00	12	\$16,188.00
EoTech 512 Sight	\$314.00	12	\$3,768.00
FN Sling	\$64.00	12	\$768.00
FN Cleaning Kit	\$65.00	1	\$65.00
5.7 x 28mm SS195 Ammo *SS195 Training (2000 per case)	\$580.00	15	\$8,700.00
*SS190 Duty (500 per case)	\$265.00	4	\$1,060.00
Extra Magazines, 30 Rnd	\$43.00	6	\$258.00
 <u>TOTAL</u>			 <u>\$30,807.00</u>

Addison!

#R6

June 14, 2007

TO: Carmen Moran, Dir. Development Services

FROM: Neil Gayden, Environmental Services Official

RE: Authentix, Inc. Environmental Impact

I have examined the environmental information submitted by Authentix, reviewed our industrial waste ordinance, perused the website for Amity Township, Pa. and spoken with Kristi Browne of Authentix.

Amity Township is a very old and small historical community with a wastewater treatment system (POTW) of limited capacity and capabilities necessitating restricted sewer use and the close oversight of all commercial sewer users thru a permit process. On the other hand, the POTW that receives waste water from the west side of Addison is a gigantic treatment facility capable of handling over 100 million gallons of sewerage per day and treating all conventional pollutants.

Even without knowing the full details of their proposed production facility, there is nothing at this time that suggests that environmental permits and/or regulatory oversight will be required. However, to be absolutely certain, we are requesting full disclosure through completion of an industrial waste discharge application concurrent with the construction of their Addison production facility.



#R6

4600 South Ulster, Suite 930 • Denver, Colorado 80237 • (303) 850-9200 • Fax (303) 850-9214

VIA ELECTRONIC MAIL

June 12, 2007

Mr. Joe Chow
Mayor
Town of Addison City Council
5300 Belt Line Road
Dallas, TX 75254-7606

Re: Potential Wastewater Impacts – Transfer of Process Equipment from Pennsylvania to Texas – Authentix, Inc. – Specialty Inks and Taggants Manufacturer

Dear Mr. Chow:

Since 2005, WSP Environmental Strategies LLC has been retained by Authentix, Inc. (Authentix) to provide technical support for environmental-related compliance matters. Authentix manufactures specialty inks and taggants for the marking of packages, documents, and currency, using primarily rare earth elements. For business considerations, Authentix is electing to transfer its specialty inks and taggants process lines from Douglassville, Pennsylvania, to Addison, Texas. WSP Environmental Strategies' assistance with wastewater discharges determined that a wastewater discharge permit was required for the Douglassville facility. Since the plant's wastewater discharge permit became effective on February 1, 2006, the Pennsylvania facility expanded its operations, thus increasing its wastewater discharges. As a result, alternative wastewater treatment technologies were evaluated by WSP Environmental Strategies in 2007.

Upon transfer, the Douglassville equipment will join research and development and small-scale process equipment at Authentix's Addison facility. The potential and actual discharge profile and rates developed for Douglassville facility will be similar for the Addison site and used for comparison purposes.

Background

The Authentix facility produces specialty inks and taggants. In general, this process involves the blending of solids and powders at prescribed percentages that are then baked in a kiln to achieve the desired formulation. Following baking, the materials are separated using a water immersion step followed by further wet washing. The amount of finished product that can be manufactured is generally limited by container and kiln size and baking time.

Currently, the Douglassville facility discharges sanitary and process wastewater (rinsewater from the manufacturing of inks and phosphors consisting of lanthanide oxides and oxy-sulfides), to the Town of Amity publicly-owned treatment works (POTW) under a wastewater discharge permit (Permit Number 2005-2, Attachment A). The permit is effective from February 1, 2006 through January 31, 2009. If the Douglassville operations are moved to Addison, it appears that the Addison facility will need to apply for a wastewater permit with the Town of Addison POTW. Depending on the conditions of the permit, the Addison facility may have monitoring and reporting requirements.

The first two of five rinses of process wash water are manually pH adjusted and disposed of offsite at a permitted facility as a non hazardous waste. The last three rinse cycles are discharged as process wastewater into the POTW of the Town of Amity and meet permit requirements.

Affects of Process Transfer

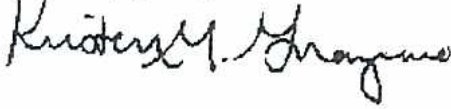
The most critical factor in evaluating the affects of transferring this process equipment to Addison is whether a wastewater permit is required. Based on a preliminary review of the local sewer use ordinance (Code 1982; Ord. No. 093-058, 9-28-93) Federal, and Texas Commission of Environmental Quality (TCEQ) requirements, it appears that Authentix would be subject to the wastewater permitting requirements under the City of Addison General Discharge Regulations for wastewater (Article III, Division 6, Section 82).

Based on the known wastewater discharges at the Douglassville, Pennsylvania facility, WSP Environmental Strategies recommends that Authentix conduct a comprehensive evaluation of all wastewater discharges that will be associated with the combined Douglassville and Addison operations to verify that it would be considered a significant industrial user as described in Section 82-171 of the City of Addison sewer use ordinance. If the facility meets the definition of a significant industrial user, WSP Environmental Strategies recommends that the facility submit an application for a wastewater permit from the City of Addison.

As described in Section 82-171.1(b) of the City of Addison sewer use ordinance, "Application for a permit must be made to the director upon a form provided for the purpose and must be accompanied by plans and specifications for pretreatment facilities if pretreatment is required. The director and the control authority may establish further regulations and procedures not in conflict with this division or other laws, regarding the granting and enforcement of permits, including but not limited to administrative orders issued for the purpose of bringing a violator back into compliance with a permit." WSP Environmental Strategies recommends that Authentix work with the City of Addison to determine the appropriate timetable for the permit application process as this does not appear to be established in the sewer ordinance.

Please do not hesitate to contact us if you have any questions on this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Kristen M. Graziano". The signature is fluid and cursive, with the first name "Kristen" being the most prominent.

Kristen M. Graziano
Project Director

Enclosures

Enclosure A – Wastewater Permit

Enclosure B - Qualifications

AMITY TOWNSHIP

INDUSTRIAL PRETREATMENT PROGRAM

INDUSTRIAL DISCHARGE PERMIT NO. 2005-2

AUTHENTIX

AMITY TOWNSHIP
INDUSTRIAL DISCHARGE PERMIT

INDEX

SECTION

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Section 1

Permit No. 2005-2
Industrial User Permit
In Accordance with the Provisions of Article 8 of the Sewer Use Ordinance

Authentix
475 Old Swede Road
Douglassville, PA 19518

Is hereby authorized to discharge industrial wastewater from the above facility and through Outfall 001 identified herein into the Amity Township sewer system in accordance with the conditions set forth in this permit. Compliance with this permit does not relieve the permittee of its obligation to comply with any or all applicable pretreatment regulations, standards, or requirements under local or state and Federal laws, including any such regulations or laws that may become effective during the terms of this permit.

Non-compliance with any term or condition of this permit shall constitute a violation of the Amity Township Sewer Use Ordinance.

This permit shall become effective on February 1, 2006, and shall expire at midnight on January 31, 2009.

If the permittee wishes to continue to discharge after the expiration date of this permit, an application must be filed for a renewal permit a minimum of 90 days prior to the expiration date.

(SEAL)

By Charles E. Lyon, Manager

Issued this _____ day of _____

Section 2 – Effluent Limitations

- A. During the period February 1, 2006, to January 31, 2009, the permittee is authorized to discharge process wastewater to the Amity Township sewer system from the outfall listed below.

Description of Outfalls

001 – Lateral at 475 Old Swede Road, Douglassville; process water treatment system discharge.

- B. The effluent from Outfall 001 shall not exceed 229 GPD in any 24-hour period.
- C. The permittee shall not discharge wastewater containing any of the following substances from any of the outfalls:
1. Containing any flammable or explosive liquids, solids, or gases, including, but not limited to, gasoline, benzene, naphtha, fuel oil, paint products, acid, base, kerosene, toluene, ether, alcohols, keytones, aldehydes, peroxides, chlorates, perchlorates, bromates, carbides, hydrides, sulfides, cyanide, or arsenic.
 2. Containing any noxious or malodorous gas or substance, which either singly or by interaction with other wastes is capable of creating a public nuisance or hazard to life, or preventing entry into sewers for their maintenance and repair.
 3. Containing garbage that has not been ground to such a degree that all particles shall be carried freely in suspension under flow conditions normally prevailing in public sewers.
 4. Containing any solid or viscous substances in quantities or of size capable of causing obstruction to the flow in sewers, or other interference within the proper operation of the POTW. Such substances include, but are not limited to, ashes, cinders, sand, mud, straw, shavings, metal, glass, bones, rags, feathers, tars, plastic, wood, paunch manure, butcher's offal, whole blood, bentonite, lye, porcelain, china, ceramic wastes, asphalt, paint, waxes, or any other solids or viscous substances capable of causing obstruction to the flow of the sewer system or other interference with the proper operation of the sewer system or the POTW.
 5. Having a pH, stabilized, lower than 6.0 or higher than 9.0, or having any corrosive or scale-forming property capable of causing damage or hazards to structures, equipment, bacterial action, or personnel of the sewer system or POTW.
 6. Containing total solids or such character and quantity that unusual attention or expense is required to handle such materials at the POTW except as may be approved by the Township, or as otherwise provided herein.
 7. Containing color from any source that when diluted with distilled water 1:10 shall have a luminescence of ninety percent (90%) or better and a purity of ten percent (10%) or less, at its dominant wavelength by the tristimulus method; and any wastewater with objectionable color not removed in the treatment process.
 8. Having a chlorine demand in excess of 12 mg/l.
 9. Containing wastes which are not amenable to biological treatment or reduction in existing treatment facilities, specifically non-biodegradable complex carbon compounds.

10. Any substance which may cause the POTW's effluent, or any other product of the POTW such as residues, sludges, or scums, to be unsuitable for reclamation and reuse or to interfere with the reclamation process. In no case shall a substance discharged to the POTW cause the POTW to be in non-compliance with the sludge use or disposal criteria, guidelines, or regulations developed under Section 405 of the Act; any criteria, guidelines, or regulations affecting sludge use or disposal developed pursuant to the Solid Waste Disposal Act, the Clean Air Act, or state criteria applicable to the sludge management method being used.
 11. Any substance which will cause the POTW to violate its NPDES and/or state disposal system permit or the receiving water quality standards.
 12. Any wastewater having a temperature which will inhibit biological activity in the POTW treatment plant resulting in interference, but in no case wastewater with a temperature at the introduction into the POTW which is higher than 104°F or lower than 32°F unless the POTW treatment plant is designed to accommodate such temperature.
 13. Pollutants, including oxygen-demanding pollutants (BOD, etc.) released in a discharge at a flow rate and/or pollutant concentration which, either singly or by interaction with other pollutants, will cause interference with the POTW.
 14. Any substances which would be considered hazardous wastes.
 15. Fats, wax, grease, or oils of petroleum origin, whether emulsified or not, non-biodegradable cutting oil or mineral oil, in excess of 100 mg/L.
- D. All discharges shall comply with all applicable laws, regulations, standards, and requirements contained in the Amity Township Sewer Use Ordinance, and any applicable state and Federal pretreatment laws, regulations, standards, and requirements, including any laws, regulations, standards, or requirements that may become effective during the term of this permit.

Section 3 – Discharge Limits

The following pollutant limits are established to protect against pass through and interference. No person shall discharge wastewater containing in excess of the following instantaneous maximum allowable discharge limits.

arsenic	0.025 mg/L
cadmium	0.200 mg/L
chromium	2.67 mg/L
copper	1.00 mg/L
cyanide	2.83 mg/L
iron	10.00 mg/L
lead	2.00 mg/L
mercury	0.00 mg/L
nickel	2.00 mg/L
phenol	0.80 mg/L
selenium	0.09 mg/L
silver	2.00 mg/L
tin	0.37 mg/L
zinc	2.55 mg/L
ammonia-nitrogen	75 mg/l.
C(BOD) ₅	900 mg/l.

total suspended solids	750 mg/L
total dissolved solids	1,500 mg/L
oil and grease	100 mg/L (petroleum, mineral, or vegetable products)

The above limits apply at the point where the wastewater is discharged to the POTW (end of the pipe). All concentrations for metallic substances are for "total" metal unless indicated otherwise. The Township may impose mass limitations in addition to or in place of the concentration-based limitations above.

Section 4 – Monitoring Requirements

A. From the period beginning on the effective date of the permit until January 31, 2009, the permittee shall monitor pretreatment effluent for the following parameters at the indicated frequency:

<u>Parameter</u>	<u>Location</u>	<u>Frequency</u>	<u>Sample Type</u>
Flow (GPD)	Outfall 001	Daily	Meter
BOD	Outfall 001	Monthly	Grab
TSS	Outfall 001	Monthly	Grab
TDS	Outfall 001	Monthly	Grab
pH	Outfall 001	Weekly	Grab
NH ₃ -N	Outfall 001	Monthly	Grab
Phosphorus	Outfall 001	Monthly	Grab

- B. Samples for analyses of the effluent from Outfall 001 shall be obtained at the most appropriate location and agreed to by Amity Township.
- C. Monitoring results shall be summarized and reported on an Industrial User Monitoring Report at a minimum of once per month. The reports are due the fifteenth day of each month. The report shall indicate the nature and concentration of all pollutants in the effluent for which sampling and analysis were performed, including measured and average daily flows. All analyses shall be performed in accordance with 40 CFR, Part 136, or other test procedures approved by the U.S. EPA.
- D. The results of any sampling and testing using EPA-approved methods which are performed more frequently than required shall be forwarded to the Township within thirty (30) days of performing such sampling.
- E. All sampling reports submitted for compliance testing using EPA-approved methods shall include the date of the samples, sample preservation used (if any), date of analyses, name or initials of analyst, and analytical method.
- F. Samples obtained for compliance monitoring shall be representative of current discharge conditions.
- G. A compliance report must be submitted every June and December, stating that the facility has or has not been in compliance with the Amity Township Sewer Use Ordinance. If not, the cause and length of non-compliance, and what corrective actions have been taken to prevent future occurrence.
- H. Samples may be taken by wastewater treatment plant personnel and analyzed by a certified lab for all discharge parameters listed in Section 3.

I. Additional Reporting Requirements

1. Planned Changes – The permittee shall give notice to Amity Township 90 days prior to any facility expansion, production increase, or process modifications which result in new or substantially increased discharges or a change in the nature of the discharge.
2. Operation Upsets – Any permittee that experiences an upset shall inform Amity Township within 24 hours. A written report shall be filed by the permittee and shall specify:
 - a. Description of upset, the cause thereof, and the upset's impact on the permittee's compliance status.
 - b. Duration of non-compliance, including exact dates and times of non-compliance.
 - c. All steps taken or to be taken to reduce, eliminate, and prevent recurrence of such an upset.
3. Type of sample must be specified on self-monitoring report (grab or composite).
4. Sample location must be specified.
5. Average and maximum daily flows must be included.
6. Certification of validity of information must be signed by corporate officer or person in responsible position designated by the corporation and agreed to by Amity Township.

Section 5 – Additional Monitoring Requirements

- A. All treatment units and equipment shall be kept in operational condition.
- B. Must provide flow meter to record volume and rate of flow. Flow meter must be calibrated semi-annually.
- C. Must provide flow diagram of all wastewater sources, including diagram and explanation of treatment system.
- D. Must submit plans for review of changes in treatment system before changes are made.
- E. This permit can be revoked by Amity Township for any of the following causes:
 1. Failure of the permittee to accurately report his wastewater characteristics.
 2. Failure of the permittee to report significant changes, when changes affect his wastewater characteristics.
 3. Refusal of access to permittee's premises for the purpose of inspection or monitoring.
 4. Violation of any part of the Amity Township Sewer Use Ordinance or this industrial user permit.
- F. This permit is also contingent upon the following conditions being met:
 1. Satisfactory sludge management and control in all phases of treatment.

2. Continued cooperation and communication with the Amity Township Sewage Treatment Plant, including submittal of all reports on due dates.

Section 6 – Automatic Resampling

If the results of the permittee's wastewater analysis indicate that a violation of this permit has occurred, the permittee must:

- A. Inform Amity Township immediately of the violation and submit, in writing within 24 hours, the nature of the violation.
- B. Repeat the sampling and pollutant analysis and submit, in writing, the results of this second analysis within 30 days of the first violation.

Section 7 – Accidental Discharge Report

The permittee shall notify Amity Township immediately upon the occurrence of an accidental discharge of substances prohibited by the Amity Township Sewer Use Ordinance, or any slug loads or spills that may enter the public sewer. During normal business hours, Amity Township should be notified by telephone at the sewage treatment plant (610-385-3400) or at the Township Office (610-689-6000). At all other times (after 4:00 p.m. Monday through Friday or on weekends and holidays), Amity Township should be notified by telephone through the Amity Township Police (610-689-6002). The notification shall include location of damage, date and time thereof, type of waste including concentration and volume, and corrective actions taken. The permittee's notification of accidental releases in accordance with this section does not release it of other reporting requirements that arise under local, state, or Federal laws.

Within five days following an accidental discharge, the permittee shall submit to Amity Township a detailed written report. The report shall specify:

- A. Description and cause of the upset, slug load, or accidental discharge; the cause thereof; and the impact on the permittee's compliance status. The description should also include location of discharge, type, concentration, and volume of waste.
- B. Duration of non-compliance, including exact dates and times of non-compliance, if the non-compliance is continuing, and the time by which compliance is reasonably expected to occur.
- C. All steps taken to reduce, eliminate, and/or prevent recurrence of such upset, slug load, accidental discharge, or other conditions of non-compliance.
- D. All reports required by this permit shall be submitted to Amity Township Wastewater Treatment Plant Superintendent, 120 Old Philadelphia Pike, Douglassville, PA 19518.

Section 8 – Reports of Potential Problems

- A. In the case of any discharge, including, but not limited to, accidental discharges, discharges of a non-routine, episodic nature, a non-customary batch discharge, or a slug load that may cause potential problems for the POTW, the user shall immediately telephone and notify the Superintendent of the incident. This notification shall include the location of the discharge, type of waste, concentration and volume (if known), and corrective actions taken by the user.

- B. Within five (5) days following such discharge, the user shall, unless waived by the Superintendent, submit a detailed written report describing the cause(s) of the discharge and the measures to be taken by the user to prevent similar future occurrences. Such notification shall not relieve the user of any expense, loss, damage, or other liability which may be incurred as a result of damage to the POTW, natural resources, or any other damages to person or property; nor shall such notification relieve the user of any fines, civil penalties, or other liability which may be imposed pursuant to this permit.
- C. Failure to notify the Superintendent of potential problem discharges shall be deemed a violation of this permit.
- D. A notice shall be permanently posted on the user's bulletin board or other prominent place advising employees whom to call in the event of a discharge described in Paragraph A above. Employers shall ensure that all employees who may cause such a discharge to occur are advised of the emergency notification procedure.

Section 9 – Recovery of Loss Incurred

In addition to civil and criminal liability, the permittee violating any of the provisions of this permit or the Amity Township Sewer Use Ordinance, or causing damage to or otherwise inhibiting the Amity Township wastewater treatment system shall be liable to Amity Township for any expense, loss, or damage caused by such violation or discharge. Amity Township shall bill the permittee for the costs incurred by Amity Township for any cleaning, repair, or replacement work caused by the violation or discharge. Refusal to pay the assessed costs shall constitute a separate violation of the Sewer Use Ordinance.

Section 10 – Standard Conditions

- A. The permittee must comply with all conditions of this permit. Failure to comply with the requirements of this permit may be grounds for administrative action or enforcement proceedings, including civil or criminal penalties, injunctive relief, and summary abatements.
- B. All conditions and requirements of the Amity Township Sewer Use Ordinance and as amended shall be followed.
- C. Except as otherwise provided, none of the substances prohibited by Article 6 of the Sewer Use Ordinance shall be discharged to the sanitary sewer.
- D. The permittee shall be subject to additional charges for industrial wastes as specified in Article 8, Article 18, and Article 19 of the Sewer Use Ordinance.
- E. In accordance with Article 10.5 of the Sewer Use Ordinance, the permittee shall notify Amity Township prior to any contemplated change in the method of plant operation or other factor which will alter the type of waste presently being discharged into the sanitary sewer system.
- F. Waste discharges of the permittee shall be subject to periodic sampling and inspection in accordance with Article 20 of the Sewer Use Ordinance.
- G. In accordance with Article 11 of the Sewer Use Ordinance, Amity Township shall be allowed access at all reasonable times to all parts of the premises for the purpose of inspection, sampling, records examination, or in the performance of their duties.

- H. The permittee shall retain, and make available for inspection and copying, all records of information obtained pursuant to any monitoring activities required by this ordinance and any additional records of information obtained pursuant to monitoring activities undertaken by the permittee independent of such requirements. Records shall include the date, method, and time of sampling; the name of person(s) taking the samples; and the results of analyses. These records shall remain available for a period of at least three (3) years. This period shall be automatically extended for the duration of any litigation concerning the user or Amity Township, or where the user has been specifically notified of a longer retention period by Amity Township.
- I. The permittee shall not increase the use of potable or process water or in any way attempt to dilute an effluent to achieve compliance with the limitations contained in this permit.
- J. Upon reduction of efficiency of operation, or loss or failure of all or part of the treatment facility, the permittee shall, to the extent necessary to maintain compliance with its permit, control its production or discharges (or both) until operation of the treatment facility is restored or an alternative method of treatment is provided. This requirement applies, for example, when the primary source of power of the treatment facility fails or is reduced. It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with conditions of this permit.
- K. The permittee shall be subject to all penalties provided for in Articles 14, 15, 18, 19, and 23 of the Sewer Use Ordinance. The Township shall comply with the public participation requirements of the National Pretreatment Standards. The publication of the user, in the event that it has significantly violated the Sewer Use Ordinance, in the largest local newspaper shall occur at least annually.
- L. This permit shall not be reassigned, transferred, or sold to a new owner, new user, different premises, or a new or changed operation without the approval of the Township. Any approved succeeding owner or user shall comply with the terms and conditions of the existing permit.
- M. Amity Township shall have the right to modify this permit or adopt, from time to time, rules and regulations in this permit as it shall deem necessary and proper in order to comply with Federal, state, or local pretreatment laws, regulations, or standards, or to insure POTW compliance with the applicable NPDES Discharge Permit requirements.
- N. Enforcement of the Sewer Use Ordinance shall follow the guidelines as specified therein.
- O. This permit may be revoked or suspended for, but not limited to, conditions listed in Articles 9.6 and 14.8 of the Sewer Use Ordinance.
- P. All wastewater discharge permit applications and user reports must be signed by an authorized representative of the user and contain the following certification statement:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Section 11 – Special Conditions

- A. Approval must be given by Amity Township for flow rates in excess of 229 GPD. Flow rates and times of discharge must be adjusted at the Superintendent's request to prevent treatment problems at the Amity Township sewer system or wastewater treatment plant.
- B. Amity Township reserves the right to amend this permit with 30 days written notice to the permittee.
- C. This permit expires January 31, 2009, and may be renewed at the discretion of Amity Township or its authorized representatives.
- D. An expiring permit will continue to be effective and enforceable until the permit is reissued, if:
 - 1. The permittee has submitted a complete application at least ninety (90) days prior to the expiration date of the user's existing permit.
 - 2. The failure to reissue the permit, prior to the expiration of the previous permit, is not due to any act or failure to act on the part of the permittee.
- E. The Township may charge the permittee for any costs incurred by the Township as a direct result of performing certain necessary activities required under the pretreatment program. These costs may include, but are not limited to, review of permit applications, permit issuance, sampling, analysis and testing, permitting, special meetings, report writing, etc.

Section 12 – Signatures and Execution

This permit must be notarized and returned in duplicate within thirty (30) days. It will then be executed by Amity Township and one copy will be returned to the permittee.

I, _____, being duly sworn, according to law,
(print)

depose and say that I (am the applicant) (am an officer or official of the applicant) (have the authority to make this application) and that the information included in this application and documents submitted as part of the application is true and correct to the best of my knowledge and belief.

Sworn to and subscribed before me this _____ day of _____, 20 _____

Signature of Responsible Official/Title (Type)

Notary Seal

Notary Public

Amity Township hereby issues an Industrial Waste Discharge Permit with the conditions and requirements specified herein.

Date

Amity Township
Manager

Date

Township Secretary

KRISTEN M. GRAZIANO, CPEA PROJECT DIRECTOR

SUMMARY OF EXPERIENCE

OVERVIEW

Ms. Graziano has experience conducting environmental and hazardous materials regulatory compliance audits and environmental site assessments for industrial facilities, hazardous waste treatment, storage and disposal facilities, and underground storage tank facilities. Ms. Graziano's experience also includes environmental and hazardous materials management systems evaluations.

REGULATORY COMPLIANCE AUDITS

Ms. Graziano has audited industrial facilities for compliance with federal, state, and local regulations governing solid and hazardous waste, underground and aboveground storage tanks, wastewater, storm waster, air emissions, polychlorinated biphenyls, community right-to-know requirements, and asbestos management, as well as evaluating general environmental management and practices. Ms. Graziano also has extensive experience performing compliance evaluations related to hazardous materials requirements of the U.S. Department of Transportation (DOT).

Ms. Graziano has conducted compliance audits at facilities that fabricate aircraft cable and wire, building insulation and roofing materials, plastics joining and precision cleaning equipment; rotary ball and sliding stem valves; printed circuit boards, household appliances, electrical components, aircraft manufacturers and foundries. These audits included developing recommendations to achieve and maintain compliance, improve environmental management, and limit potential environmental liabilities.

Ms. Graziano is currently managing the environmental compliance audit program for a Fortune 500 electronics and electric consumer goods corporation. The audit program consists of the performance of environmental compliance auditing and reporting for approximately 30 to 40 facilities throughout the United States per year. Facility processes are evaluated for compliance with existing federal, state, and local environmental regulations, including the CAA, Clean Water Act, RCRA, SARA, and Toxic Substances Control Act, and DOT hazardous materials.

Ms. Graziano is currently managing the DOT compliance audit program for a large manufacturing company. The audit program consists of the performance of DOT hazardous materials auditing and reporting for selected sites throughout the United States. Facility processes are evaluated for compliance with existing federal requirements including placarding, labeling, packaging, marking, shipping, security requirements, and training requirements.

Ms. Graziano's experience also includes regulatory and policy analysis of federal and state hazardous waste, hazardous materials, air, and wastewater statutes, proposing site investigations, and managing and conducting environmental reviews of permitted treatment, storage, and disposal facilities throughout the United States and Canada.

ENVIRONMENTAL ASSESSMENTS

As part of mergers and acquisitions, due diligence, real estate transactions, or corporate environmental management, Ms. Graziano has managed and conducted environmental site assessments in the Unites States, Virgin Islands, and Canada for clients with multiple manufacturing facilities. Ms. Graziano has managed the due diligence for

multi-site mergers and acquisition projects. The site assessments include evaluating historic property uses and conducting property inspections for current and past raw material and waste handling procedures, wastewater and storm water management, air emissions, and the presence of polychlorinated biphenyls, asbestos, radon, and lead-based paint. Ms. Graziano has interpreted regulatory database results for use in site assessments. Ms. Graziano has conducted site assessments at numerous facilities including commercial and vacant properties, product warehouses, and light and heavy manufacturing facilities. The results of the assessments have been used to negotiate transactions and define areas of investigation and potential remediation.

REGULATORY COMPLIANCE SUPPORT	Ms. Graziano has been responsible for assisting clients in developing procedures and programs for maintaining compliance with environmental regulations. Ms. Graziano has assisted industrial facilities with the preparation of Emergency Planning and Community Right-to-Know Act Superfund Amendment Reauthorization Act Title III Section 313 reporting forms including Tier IIs and Form Rs; National Pollutant Discharge Elimination System permit applications; initial submissions and revisions of Notification of Regulated Waste Activity forms (for hazardous waste generation); as well as the preparation of spill prevention control and countermeasures plans; facility response plans; Resource Conservation and Recovery Act (RCRA) contingency plans; pollution prevention; and storm water pollution prevention plans.
MANAGEMENT SYSTEMS EVALUATIONS	Ms. Graziano has performed environmental and DOT hazardous materials compliance management systems evaluations for industrial manufacturing companies in the U.S. These evaluations have been comprised of a systematic review of company policies and procedures and the preparation of recommendations to improve existing systems to meet industry standards.
UNDERGROUND STORAGE TANK INSURANCE MANAGEMENT	Ms. Graziano has conducted insurance claims management for the West Virginia Division of Environmental Protection Petroleum (WVDEP) Underground Storage Tank Insurance Fund. Ms. Graziano managed and conducted site inspections for the state program. The inspections included remedial oversight and underground storage tank regulatory compliance investigations and evaluations. Ms. Graziano also provided technical assistance for insureds and prepared monthly claims payment summaries, payment recommendations, and remediation evaluations to WVDEP. Ms. Graziano's technical evaluations were used by the WVDEP to determine insurance coverage.
ENVIRONMENTAL INVESTIGATIONS	Ms. Graziano has sampled soil, groundwater, and surface water at numerous industrial facilities. Ms. Graziano has also prepared quarterly reports for monitoring activities and health and safety plans for remediating contaminated sites.

EDUCATION

Allegheny College
Environmental Science, B.S.

Meadville, Pennsylvania

PROFESSIONAL CREDENTIALS

- Occupational Safety and Health Administration (OSHA) 40-hour Health and Safety Training, 1998 with Current 8-hour Refresher Training
- OSHA 8-hour Hazardous Waste Site Supervisor Training, 2000
- DOT - Hazardous Material Training with Current Refresher
- First Aid and CPR Certified, 2000
- RCRA McCoy Seminar, April 2000
- CPEA Certification, 2002

PUBLICATIONS

- Graziano, K.M. and Gear, J.B. MTBE Regulatory and Remediation Developments. Environmental Claims Journal, Summer 2000.
- Graziano, Kristen M. Security Requirements for Offerors and Transporters of Hazardous Materials: HM-232 Proposal. Environmental Quality Management, Autumn 2002.
- Graziano, Kristen M. Due Diligence and Environmental Site Assessments: Impact of EPA's Upcoming "All Appropriate Inquiry" Rule Changes to the Phase I standard. Environmental Quality Management, Summer 2004.

4355 EXCEL PARKWAY
SUITE 100
DALLAS, TX 75001
T: +1 (469) 737 4400
F: +1 (469) 737 4409
www.authentix.com



Date: 20 June 2007

To: Carmen Moran, Director of Development Services, Town of Addison
From: Tim Driscoll, VP, Global Operations, Authentix, Inc.

Re: Proposed Language Change

As the global leaders in authentication and one of the first profitable nanotechnology companies, Authentix is keenly aware and focused on the potential health concerns of certain nanomaterials. To this end, Authentix commits a large amount of our resources to stay on top of the latest studies covering potential health issues. Our membership in the U.S. Chamber of Commerce and our participation on the Chamber's Nanotechnology focus group is an example of this. In addition, we are working with the Governor's office to establish a federally funded nanotechnology lab in the state of Texas. In this endeavor we are joined by the UT and A&M systems along with Rice University, NASA, Shell, Texas Instruments, Halliburton, Zyvex, Sematech, and ExxonMobil.

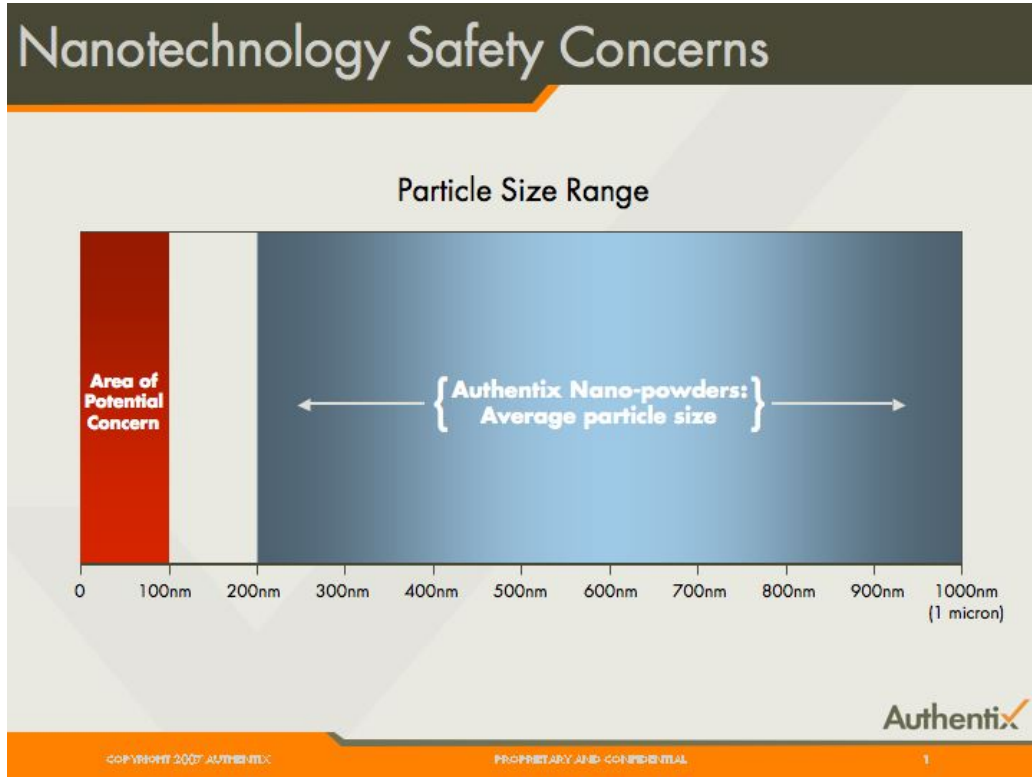
The limited studies conducted to date have focused on the health risks associated with nanoparticles with sizes between 1 and 100 nm. Materials in this size range are termed ultrafine powders. These studies have shown that particles with a size less than 100 nm may be able to cross biological membranes. In order to protect our employees and the potential users of our nanotechnology based solutions, our company policy is to not manufacture ultrafine powders. Although no regulatory requirements for the handling of nanomaterials have been established, we feel its prudent to follow standard laboratory best practices (proper protective safety clothing and gear) while handling all chemicals, and by **mandating** to not produce free flowing powders with average sizes less than 100 nm (0.1 microns). See *Figure 1*.

In the submitted definition for the zoning variance we had included, "Allowed uses would also include nanotechnology, which is the control of matter on the scale of smaller than one micrometer." In order to be consistent with our company policy and to chart a course for the safe and successful development of nanotechnology in the Town of Addison we propose the following amended language:

"Light assembly comprised of scientific production of security taggants and specialty ink systems through the use of materials engineering processes and other laboratory techniques. Allowed uses would also include nanotechnology, which is the control of matter on the scale of smaller than one micrometer. Where these uses involve the production of powders, these powders will be restricted to production of powders whose average size is greater than 100 nm."

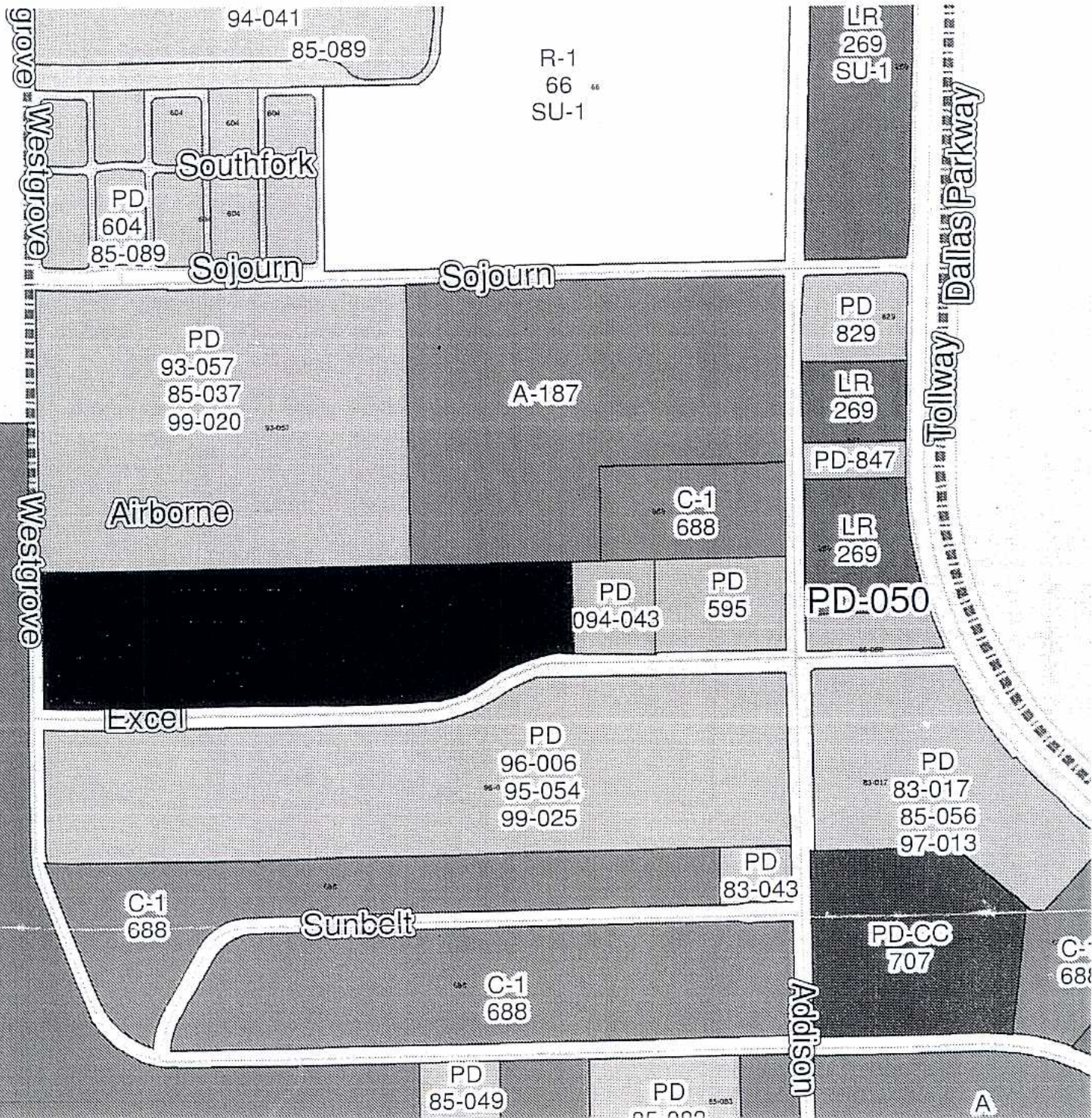
DALLAS
YORK, U.K.
PHILADELPHIA
WASHINGTON, D.C.
LOS ALAMOS

Figure 1



1541-Z

Case 1541-Z/Authentix. Requesting approval of an amendment to an existing Planned Development District (Ordinance 000-016) in order to add an allowed use, that use being: light assembly to include scientific production of security taggants and specialty ink systems through the use of materials engineering processes and other laboratory techniques. Allowed uses would also include nanotechnology which is the control of matter on the scale of smaller than one micrometer, located at 4355-4555 Excel Parkway, on application from Authentix, Inc.



**PLANNING AND ZONING COMMISSION
NOTICE OF HEARING**

- CASE NO:** 1541-Z/Authentix, Inc.
- LOCATION:** 4355-4555 Excel Parkway
- APPLICANT:** Authentix, Inc.
- REQUESTING:** Approval of an amendment to an existing Planned Development District (Ordinance 000-016) in order to add an allowed use, that use being: light assembly to include scientific production of security taggants and specialty ink systems through the use of materials engineering processes and other laboratory techniques. Allowed uses would also include nanotechnology, which is the control of matter on the scale of smaller than one micrometer.
- PURPOSE:** So as to provide for the development and expansion of nanotech industries on this property.

A public hearing to consider the above noted case has been scheduled before the PLANNING AND ZONING COMMISSION on:

**THURSDAY, MAY 24, 2007
6:00 p.m.**

The hearing will be held in the Council Chambers of the Addison Town Hall at 5300 Belt Line Road, Addison, Texas. Plans, drawings, and reports submitted by the applicant are available for public inspection at the Addison Service Center, 16801 Westgrove Drive (972-450-2886).

The Commission desires that all persons interested in the matter be informed of the public hearing. Even if you do not wish to testify on this matter, you and your neighbors are invited to attend.

Respectfully submitted,

Carmen Moran
Director of Development Services

May 17, 2007

STAFF REPORT

RE: Case 1541-Z/Authentix, Inc.

LOCATION: 4355-4555 Excel Parkway

REQUEST: Approval of an amendment to an existing Planned Development District (Ordinance 000-016) in order to add an allowed use, that use being: light assembly to include scientific production of security taggants and specialty ink systems through the use of materials engineering processes and other laboratory techniques. Allowed uses would also include nanotechnology, which is the control of matter on the scale of one micrometer.

APPLICANT: Authentix, Inc.

DISCUSSION:

Background. This property is zoned Planned Development through Ordinance 000-016, approved by the Council on May 9, 2000. It amended the original PD ordinance for this property 085-093, which was approved by the Council on December 10, 1985. The original PD contemplated several multi-story buildings. It was approved during the days when all of Addison was planned to be multi-story office buildings. By 2000, the property still had not been developed, and First Industrial came in and rezoned the property with a plan for single-story office/service/showroom development. A four-building project was constructed, and it is about 50% leased today. Authentix occupies 24,000 square feet in the west end of Building II of the project.

Authentix, Inc. makes “tracers” or authenticating molecules that can be put into a product so that the manufacturer can determine if it is his actual product or a counterfeit product. Authentix does a lot of work with oil companies, medical companies, and currency printers. Authentix is a nanotechnology business, which by definition, is a

business that deals in the control of matter on the scale of one micrometer. The staff has pulled some background information off the internet on a micrometer and on nanotechnology. It is attached to this report.

Proposed Plan. At this point, Authentix would like to expand its operation to occupy an additional 22,400 square feet adjacent to its existing space. It is proposing to move some of its research and development staff from Pennsylvania to this office. It will also expand its operations to include the manufacturing of security taggants and ink systems. This operation will technically be manufacturing because it will involve taking a raw material and converting it into a finished product. However, it is not manufacturing in the broad sense, but rather a very narrow, very carefully controlled manufacturing process that deals with incredibly small amounts of raw materials. The manufacturing facility is almost a "clean room" and looks more like a laboratory than a manufacturing plant.

The staff toured the existing Authentix operation in order to better understand the manufacturing aspect of the proposed expansion. Staff is satisfied that the manufacturing of these taggants and specialty ink systems will have no external impacts on the site. There will not be outside storage of raw materials, nor large deliveries, smoke, or fumes from the manufacturing process.

The plans propose to add 7,424 square feet of office space and 14,976 square feet of manufacturing/lab space. The expansion will also include some conference space and additional restrooms.

Facade. The applicant will not be making any changes to the existing facades of the building or the windows.

Parking. The parking requirement for this expansion is one space per 300 square feet for the 7,424 square feet of office space (25 spaces) and one space per 1,000 square feet for the 14,976 square feet of manufacturing/lab space (15 spaces). Therefore, the site needs to provide 40 additional spaces, which it can provide.

Landscaping. Slade Strickland has inspected the site and he finds that the landscaping meets the requirements of the ordinance and is well-maintained. .

RECOMMENDATION:

Staff believes that this business, as well as other nanotechnology businesses would be very desirable in this area and would like to encourage the location of other nanotech businesses to Excel Parkway. Therefore, the allowed uses are broadened to include

other nanotech businesses so that if a companion business wants to move into this project, it could do so without going through another PD amendment process.

Staff recommends approval of the amendment to an existing Planned Development district 000-016, on application from Authentix, Inc., subject to no conditions.

Respectfully submitted,

Carmen Moran
Director of Development Services

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on May 24, 2007, voted to recommend approval of the request on application from Authentix, Inc., subject to no conditions.

Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay, Wood

Voting Nay: None

Absent: None

May 25, 2007

Ms. Kristi Browne
Authentix, Inc.
4355 Excel Parkway, Suite 100
Addison, TX 75001

RE: Case 1541-Z/Authentix, Inc.

Dear Ms. Browne:

Please be advised that the Addison Planning and Zoning Commission, meeting in regular session on May 24, 2007, voted to recommend approval of your request subject to no conditions.

Your request has been scheduled for City Council action on:

**TUESDAY, JUNE 12, 2007
7:30 P.M.
COUNCIL CHAMBERS
ADDISON TOWN HALL
5300 BELT LINE ROAD**

The agenda for this meeting is available on our web site at www.ci.addison.tx.us at least 72 hours prior to the meeting. You or your representative should attend this meeting. Please contact me at 450-7018 if you need additional information.

Sincerely,

Carmen Moran
Director of Development Services

Council Agenda Item:#R7

There are no attachments for this item.

Council Agenda Item:#R8

There are no attachments for this item.

Council Agenda Item:#R9

There are no attachments for this item.

Council Agenda Item: #R10

SUMMARY:

Consideration and approval of award of bid to Jani-King International, Inc., for custodial services at the Service Center, Police & Police sub-station, Central Fire, Conference and Theatre Centre and Athletic Club facilities.

FINANCIAL IMPACT:

Cost: \$98,160.00 Funds are budgeted and available in each department's operating budget.

BACKGROUND:

The Town contracts with outside vendors for custodial cleaning services for the Service Center, Police & Police sub-stations, Central Fire, Conference and Theatre Centre and Athletic Club facilities. Typically, the Conference & Theatre Centre and Athletic Club are bid individually and apart from the other facilities as the managers of each of those facilities supervise those contractors directly due to the operations of these facilities. At this time, contracts for all the facilities have expired simultaneously so staff had the opportunity to bid all the contracts together with the option for bidders to bid the individual facilities or all of the facilities combined at a discounted price.

The Purchasing division sent out notifications to contractors through DemandStar with 19 contractors obtaining specifications and 10 attending the pre-bid conference and facilities tour. We received six bids. Two bids were disqualified. The low responsible bid for all facilities combined, was received from Jani-King International, in the amount of \$98,160.

The low bid was submitted by ACBMS, Inc., however staff has determined that their bid is non-responsible based on the criteria used to evaluate and recommend this bid (Man-hours to clean were bid less than we currently are receiving). The second low bid was received from Members Building Services, Inc., our current contractor, who has been disqualified from bidding again as they have failed to perform to the requirements of the specifications. Staff has repeatedly met with MBS regarding the deficiencies in their performance with no improvement.

The bid was structured so that the custodial contract will be awarded to the lowest responsible bidder whose bid is most advantageous to the city, price and other factors considered. Any award will be based upon an analysis of the following criteria:

- a. Price.
- b. Performance on similar contracts.
- c. Bidder's past responsiveness, if applicable.
- d. Bidder's perceived understanding of the purchaser's needs.

Jani-King's bid is a \$1,400.increase in cost per month from our current contract, but provides an 11.5 hour increase in cleaning man-hours. Currently staff is dissatisfied with the number of man-hours being spent to clean each facility. This is especially critical for our two high profile facilities the Conference & Theatre Centre and Athletic Club.

All of Jani-King's employees that will be working in the Town's facilities will be processed through the Police Departments security check.

RECOMMENDATION:

Jani-King has a national reputation for providing excellent service. Staff has received favorable references and recommends awarding the contract in the amount of \$98,160 to Jani-King International, for custodial services.

Attachments: Bid Tab

Bid 07-15 Custodial Services - Annual Contract

June 11, 2007 2:00PM

#R10

Signed Bid Bond	JaniKing		Tony D's Janitorial		CTJ Maintenance, Inc.		ACBMS, Inc.*		Member's Building Maintenance, Ltd.*		Oriental Building Services*	
	Yes		Yes		Yes		Yes		Yes		Yes	
	Yes		Yes		Yes		Yes		Yes		Yes	
Section A	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2
Svc Cntr	1,583.00	1,504.00	1,630.30		3,437.00	3,265.00	1,304.00	1,196.00	1,637.00	1,137.00	1,250.00	1,200.00
Fire Station 1	493.00	470.00	600.00		2,183.00	2,073.00	307.00	250.00	744.00	244.00	500.00	450.00
Police Station	2,490.00	2,367.00	2,000.00		4,493.00	4,268.00	2,000.00	1,900.00	2,385.00	1,786.00	1,800.00	1,750.00
Police Sub Station	200.00	195.00	100.00		1,800.00	1,710.00	65.00	60.00	548.00	50.00	100.00	100.00
Subtotal	4,766.00	4,536.00	4,430.30		11,913.00	11,316.00	3,676.00	3,406.00	5,314.00	3,217.00	3,650.00	3,500.00
Section B	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2
ACTC	2,530.00	2,404.00			7,056.00	6,703.00	2,275.00	2,095.00	2,833.00	2,335.00	2,300.00	2,200.00
Pavilion	815.00	785.00			1,878.00	1,784.00	685.00	650.00	1,184.00	690.00	400.00	400.00
Subtotal	3,345.00	3,189.00			8,934.00	8,487.00	2,960.00	2,745.00	4,017.00	3,025.00	2,700.00	2,600.00
Section C	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2
Athletic Club	850.00	815.00			3,013.00	2,862.00	920.00	800.00	1,884.00	690.00	1,100.00	1,050.00
Total for Month	\$ 8,961.00	\$ 8,540.00	4,430.30		\$ 23,860.00	\$ 22,665.00	\$ 7,556.00	\$ 6,951.00	\$ 10,515.00	\$ 6,932.00	\$ 7,450.00	\$ 7,150.00
Pavilion as needed												
Full Restroom	\$50.00				\$95.00		\$29.00		\$50.00		\$70.00	
As Needed Pavilion	\$65.00				\$95.00		\$29.00		\$50.00		\$120.00	

Shanna N. Sims

Shanna N. Sims, Strategic Services Manager

Katie Roller

Witness

* Disqualified because they were not deemed to be responsible bidders.

Council Agenda Item: #R11

SUMMARY:

Consideration and approval of an Estoppel Agreement by the Town of Addison to and in favor of Macquarie Infrastructure Company, Inc. and Macquarie FBO Holdings, LLC on Addison Airport.

BACKGROUND:

Mercury Air Center – Addison, Inc. is a major fixed-base operator (FBO) at Addison Airport and one of 23 FBO facilities owned and controlled by its parent company Mercury Air Center, Inc. (Mercury). Mercury Air Center – Addison, Inc. currently holds three ground leases and a fuel farm facility on Addison Airport.

Macquarie Infrastructure Company (NYSE:MIC), a market leader in the ownership and operation of infrastructure businesses in the U.S. is acquiring Mercury Air Center's fixed-based operation assets for a reported \$456.2 million. A \$192 million, two-year term loan secured by Mercury Air Center and a \$20 million revolving credit facility provided by Macquarie will be used to fund a portion of the transaction. Macquarie plans to refinance this debt into a single financing facility once the transaction closes. Mercury's fixed-based facilities are expected to be integrated into and operate under Macquarie's aviation services division, Atlantic Aviation ("Atlantic"). Atlantic will operate a total of 68 FBOs following the Mercury acquisition and become one of the largest FBO networks serving the general aviation public in the United States.

Mercury Air Center has requested the Town of Addison to consider and give its consent for the City Manager to execute the Estoppel Agreement substantially in the form given in Exhibit A attached hereto.

RECOMMENDATION:

Airport Management recommends the Town give its consent to the requested action. The City Attorney has reviewed the Estoppel Agreement and finds it acceptable for the Town's purpose herein. Staff recommends approval.

Attachments: Memorandum – Bill Dyer
Press Release
Exhibit "A"

#R#



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

#R11

June 16, 2007

To: Mark Acevedo

From: Lisa A. Pyles, Airport Director
Bill Dyer, Real Estate Manager

Re: Mercury Air Center- Addison, Inc. Ground Leases #0440-1301, #0400-2101 & #0430-2401; Request for Estoppel Agreement by the Town of Addison to and in favor of Macquarie Infrastructure Company, Inc. and Macquarie FBO Holdings, LLC

Requested Action

Mercury Air Center – Addison, Inc. requests the Town of Addison to consider and authorize the City Manager to execute the Estoppel Agreement attached hereto as Exhibit “A” made in favor of Macquarie Infrastructure Company, Inc. and Macquarie FBO Holdings, LLC. On April 16, 2007 Macquarie FBO Holdings, LLC entered into a stock purchase agreement with Mercury Air Centers, Inc., the owner of ground tenant Mercury Air Center – Addison, Inc.

Airport Management recommends the Town give its consent to the requested action. The City Attorney has reviewed the Estoppel Agreement and finds it acceptable for the Town’s purpose herein.

Background Information

Mercury Air Center – Addison, Inc. is a major fixed-base operator (FBO) at Addison Airport and one of 23 FBO facilities owned and controlled by its parent company Mercury Air Center, Inc. (Mercury). Mercury Air Center – Addison, Inc. currently holds three ground leases and a fuel farm facility as summarized below:

- 0440-1301 (GL-13): originally between Town of Addison and AATI as Landlord and Beech Holdings, Inc. dated 09/30/1981 as amended.
- 0400-2101 (GL-21): originally between Town of Addison and AATI as Landlord and Beech Holdings, Inc. dated 4/1/1990.
- 0430-2401 (GL-24): between Town of Addison and AATI as Landlord and Three Rivers Gypsum, Inc. dated 9/4/1980 and assigned to Homer J. Rader, Jr. (executed 8/5/1981) and assigned to Beech Holdings, Inc. dated June 13, 1991.
- The fuel farm lease agreement now in effect was entered into with Mercury on 1/01/2000 and subsequently expired on 12/31/2000. A new lease agreement was extended to Mercury who elected not to execute the agreement but continues to operate a fuel farm facility under the now-expired agreement on a month-to-month basis. Mercury is paying the current authorized rental rate for each fuel tank.

The three ground leases were assigned to Mercury Air Group, Inc. (MAG) in 1996 from Beech Holdings, Inc., and then assigned in 2002 to Mercury Air Center – Addison, Inc. as a wholly owned subsidiary of Mercury Air Center, Inc. In 2004, Allied Capital Corporation (NYSE:ALD), a leading business development company in the U.S., acquired a majority interest in Mercury Air Center, Inc. and has since helped it grow from 16 to 23 facilities nationwide.

Macquarie Infrastructure Company (NYSE:MIC), a market leader in the ownership and operation of infrastructure businesses in the U.S. is acquiring Mercury Air Center’s fixed-based operation assets for a reported \$456.2 million. A \$192 million, two-year term loan secured by Mercury Air Center and a \$20 million revolving credit facility provided by Macquarie will be used to fund a portion of the transaction. Macquarie plans to refinance this debt into a single financing facility once the transaction closes. Mercury’s fixed-based facilities are expected to be integrated into and operate under Macquarie’s aviation services division, Atlantic Aviation (“Atlantic”). Atlantic will operate a total of 68 FBOs following the Mercury acquisition and become one of the largest FBO networks serving the general aviation public in the United States.

Mercury Lease Summary				
	0440-1301 4451 & 4453 Glenn Curtiss	0400-2101 4480 Glenn Curtiss	0430-2401 4400 Glenn Curtiss	TOTAL
Street Address				
Land Area	273,521	27,747	150,606	451,874
Hangar Area	46,750	13,736	26,000	86,486
Office shop	14,250	0	22,310	36,560
Total Building Area	61,000	13,736	48,310	123,046
Year Built	1988/1967	1980	1985	Various
Dedicated Ramp	135,965		67,714	203,679
Lease Commenced	9/1/1981	6/30/1981	4/1/1990	Various
Lease Expiration	8/31/2021	6/29/2021	9/30/2021	Various
Years Remaining	15.58	14.05	14.31	14.65

Current Monthly Rent	\$ 5,059	\$ 857.84	\$ 29,723	\$35,640
Est. Remaining Contract Rent	\$ 1,055,331	\$160,087	\$5,757,562	\$6,972,980
Next Rental Adjustment	7/1/08	7/1/08	4/1/08	
Est. Property Tax (DCAD 2006)	\$ 22,463	\$ 7,308.85	\$ 18,113 -	\$47,885

Terms of the Estoppel Agreement

Macquarie Infrastructure Company (MIC) is requesting the Town to execute an Estoppel Agreement substantially in the form of Exhibit A as attached hereto and summarized as follows:

- Mercury Air Centers, Inc., as the owner of the Mercury Air Center –Addison, Inc. represents to the Town that:
 - it has entered into a stock transaction with Macquarie FBO Holdings LLC, a Delaware limited liability company;
 - MIC is Macquarie FBO Holdings’ parent company and a subsidiary of Macquarie Infrastructure Company Trust, an entity with securities listed and traded on the NYSE;
 - MIC may assign its rights to another subsidiary of MIC;
 - The acquisition may be funded, in part with debt from one or more lenders, that may require security interests in the capital stock of MAC or Mercury Air Center – Addison, Inc. and that in no event will any of such security interests cause the Town to assign, convey, or otherwise transfer or subordinate any of its rights and interests in the Ground Leases to any creditor or claimant.

- The Town acknowledges:
 - the notice of the aforementioned transaction;
 - that Exhibit A to the Estoppel Agreement is a complete list of each of the Ground Leases and all amendments and assignments regarding the same which are in its possession.
 - the term of each lease expires as indicated under #4 of the estoppel agreement.
 - each of the leases is in full force and effect at this time and the tenant is in good standing with the Town.

Conclusion and Recommendation:

Mercury Air Center – Addison, LLC is a major fixed-based operator at Addison Airport. Its parent company, Mercury Air Center, Inc. has entered into an agreement to sell its capital stock to Macquarie Infrastructure Company (NYSE:MIC). It is anticipated Mercury Air Center – Addison, Inc. will be integrated into and operate under one of Macquarie’s aviation business units known as Atlantic Aviation. With this acquisition, Atlantic will become one of the largest FBO networks in the United States.

Mercury Air Center has requested the Town of Addison to consider and give its consent for the City Manager to execute the Estoppel Agreement substantially in the form given in Exhibit A attached hereto.

Airport Management recommends the Town give its consent to the requested action. The City Attorney has reviewed the Estoppel Agreement and finds it acceptable for the Town's purpose herein.

Media Release

MACQUARIE INFRASTRUCTURE COMPANY TO ACQUIRE MERCURY AIR CENTERS

TRANSACTION CREATES LARGEST FBO NETWORK IN US

New York, NY – April 19, 2007 Macquarie Infrastructure Company (NYSE: MIC), a market leader in the ownership and operation of infrastructure businesses in the US, has entered into a definitive agreement to acquire the fixed base operations assets of Mercury Air Centers ("Mercury") for \$456.2 million. Mercury operates a network of 24 fixed base operations, or FBOs, at 22 airports across the US. Mercury is majority owned by Allied Capital Corporation (NYSE: ALD).

The transaction will be concluded by MIC's airport services business, Atlantic Aviation ("Atlantic"). Atlantic will operate a total of 68 FBOs following the acquisition of Mercury. The transaction is expected to close during the third quarter of 2007, subject to consent (or letters of estoppel) being received from relevant airport authorities.

"We are pleased to be able to further expand our presence in this exciting market with the acquisition of a substantial portfolio of quality FBOs", said Peter Stokes, Chief Executive Officer of MIC. "With the addition of Mercury, Atlantic will become the largest network of FBOs in the country, serving the general aviation sector of the air transportation industry throughout the US."

There is no overlap between the Mercury and Atlantic networks. The addition of Mercury will extend the Atlantic brand into strong general aviation markets including Los Angeles, Burbank, Cleveland and Nashville.

KEY TERMS

The \$456.2 million purchase price includes transaction costs and pre-funded capital expenditures of \$29.2 million. The final purchase price is subject to working capital and capital expenditure adjustments.

MIC will fund a portion of the acquisition with a \$192.0 million, two-year term loan secured by Mercury. The balance will be funded with proceeds from MIC's existing acquisition-related revolving credit facility and \$20.0 million of available cash. The Company plans to refinance both the Mercury term loan and Atlantic's credit facility into a single facility following the closing of the acquisition. The proceeds of the refinancing will be used to repay the Mercury debt, Atlantic's current debt, and to reduce the Company's required equity investment in Mercury.

The Company intends to raise \$150.0 million of required new equity in a follow-on offering of trust stock. New shares will be offered at management's discretion, subject to the markets being deemed favorable for such an offer.

IMPACT ON MIC

The transaction is expected to be immediately yield accretive, including distributions on shares issued in connection with raising \$150.0 million of new equity. The Company anticipates that Mercury will generate pro-forma gross profit in a range of \$79.5 million to \$82.5 million. Consistent with Atlantic's performance historically, MIC further expects that Mercury will generate EBITDA in a range of 44% to 46% of gross profit, or, in excess of \$35.0 million during the first full year of its ownership.

As it has with prior acquisitions in the airport services sector, MIC believes that it will realize both economies of scale as well as opportunities for incremental revenue generation in combining the Mercury and Atlantic organizations. The Mercury sites will be integrated into the existing Atlantic regional management structure. In addition, Atlantic's highly regarded loyalty program, Atlantic Awards, will be introduced at the Mercury sites. The process of integrating and re-branding the facilities is expected to take 12 - 18 months.

Macquarie Securities (USA) Inc. ("MSUSA") is acting as financial advisor to MIC on the transaction. MSUSA is a subsidiary of Macquarie Bank Limited, the parent company of MIC's Manager.



Macquarie Infrastructure Company LLC

125 W. 55th Street
New York, NY 10019
USA

MIC has made additional information about the transaction available on its website. Slides covering the important points relating to the acquisition are available at www.shareholder.com/mic/medialist.cfm.

ABOUT MACQUARIE INFRASTRUCTURE COMPANY

Macquarie Infrastructure Company was formed in 2004 and listed its shares on the New York Stock Exchange on December 15th of that year. The Company is managed by a wholly-owned subsidiary of Macquarie Bank Limited. MIC owns, operates and invests in a diversified group of infrastructure businesses, which provide basic, everyday services, to customers in the United States. Its businesses consist of an airport services business, an airport parking business, a district energy business, a gas production and distribution business, and a fifty percent indirect interest in a bulk liquid storage terminal business.

ABOUT MERCURY AIR CENTERS

Mercury was founded in 1958 as a provider of refueling, baggage handling and ramp services at Los Angeles International Airport. The company grew to provide cargo handling and services to the military before acquiring its first FBO in the early 1980's. Allied Capital acquired a majority interest in Mercury in 2004 and has helped grow the business from 16 to 23 facilities.

ABOUT ALLIED CAPITAL

Allied Capital Corporation (NYSE: ALD) is a leading business development company (BDC) in the U.S. that invests private debt and equity capital in middle market businesses nationwide. Founded in 1958 and operating as a public company since 1960, Allied Capital provides long-term debt and equity capital for management and sponsor-led buyouts, and for recapitalizations, acquisitions and growth of middle market companies.

FORWARD LOOKING STATEMENTS

This earnings release contains forward-looking statements. We may, in some cases, use words such as "project", "believe", "anticipate", "plan", "expect", "estimate", "intend", "should", "would", "could", "potentially", or "may" or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. Forward-looking statements in this presentation are subject to a number of risks and uncertainties, some of which are beyond our control including, among other things: our ability to successfully integrate and manage acquired businesses, manage growth, make and finance future acquisitions, service, comply with the terms of and refinance our debt, and implement our strategy, decisions made by persons who control our investments including the distribution of dividends, our regulatory environment, changes in air travel, automobile usage, fuel and gas prices, foreign exchange fluctuations, environmental risks and changes in U.S. federal tax law.

Our actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. Additional risks of which we are not currently aware could also cause our actual results to differ. In light of these risks, uncertainties and assumptions, you should not place undue reliance on any forward-looking statements. The forward-looking events discussed in this release may not occur. These forward-looking statements are made as of the date of this release. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

"Macquarie Group" refers to the Macquarie Group of companies, which comprises Macquarie Bank Limited and its worldwide subsidiaries and affiliates.

Australian banking regulations that govern the operations of Macquarie Bank Limited and all of its subsidiaries, including the Company's manager, require the following statements. Investments in Macquarie Infrastructure Company Trust are not deposits with or other liabilities of Macquarie Bank Limited or of any Macquarie Group company and are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither Macquarie Bank Limited nor any other member company of the Macquarie Group guarantees the performance of Macquarie Infrastructure Company Trust or the repayment of capital from Macquarie Infrastructure Company Trust. MIC-G

Macquarie Infrastructure Company LLC

FOR FURTHER INFORMATION, PLEASE CONTACT:

Investor enquiries

Jay A. Davis
Investor Relations
Macquarie Infrastructure Company
(212) 231-1825

Media enquiries

Alex Doughty
Corporate Communications
Macquarie Infrastructure Company
(212) 231-1710

EXHIBIT "A"

[On Town of Addison letterhead]

_____, 2007

Macquarie Infrastructure Company, Inc.
Macquarie FBO Holdings LLC
125 West 55th Street
New York, New York 10019
Attention: Peter Stokes

Re: Ground Leases and Office-Hangar Lease at Addison Airport, Addison, Texas, in each of which the City of Addison, Texas (the same being the Town of Addison, Texas) and Addison Airport of Texas, Inc. are identified as the landlord (the City now being the sole Landlord under the Ground Leases and Office-Hangar Lease, the "Base Lease" [as defined in the Ground Leases and the Office-Hangar Lease] having expired, and the City alone being referred to herein as the "Landlord") and with respect to which Mercury Air Center – Addison, Inc., a Texas corporation is the current tenant (the "Tenant"), each of which Leases is more specifically described as follows: (1) Ground Lease #0440-1301 of Hangar 2, generally located at 4451 Glenn Curtiss, and Hangar 3, generally located at 4453 Glenn Curtiss (and as more specifically described in the said Ground Lease (the "#0440-1301 Premises")) dated as of September 30, 1981, in which Beech Holdings, Inc. is named as the original tenant; (2) Ground Lease #0400-2101 of Hangar 4, generally located at 4480 Glenn Curtiss (and as more specifically described in the said Ground Lease (the "#0400-2101 Premises")) dated as of September 4, 1980, in which Beech Holdings, Inc. is named as the original tenant; and (3) Officer-Hangar Lease #0430-2401 of Main Building # 43, generally located at 4400 Glenn Curtiss (and as more specifically described in the said Office-Hangar Lease(the "#0430-2401 Premises")) dated as of April 1, 1990, in which Three Rivers Gypsum, Inc. is named as the original tenant (each of the said Ground Leases and Office-Hangar Lease being as amended and assigned (the assignment and amendment history of each of which is set forth in Exhibit A attached hereto and incorporated herein); the #0440-1301 Premises, the #0400-2101 Premises, and the #0430-2401 Premises being referred to collectively herein as the "Premises"; and the Ground Leases and the Office-Hangar Lease being referred to collectively herein as the "Leases")

Dear Mr. Stokes:

The Town of Addison, Texas ("Landlord") is the present sole owner and holder of the landlord's interest in and under the above-described Leases.

Mercury Air Centers, Inc., a Delaware corporation (“Mercury”) and the direct corporate parent and sole owner of Tenant, has provided Landlord with a copy of that certain Stock Purchase Agreement by and between Macquarie FBO Holdings LLC, a Delaware limited liability company (“Buyer”), Mercury and the stockholders of Mercury named therein, dated as of April 16, 2007 (the “Purchase Agreement”). In connection with the Purchase Agreement, Mercury has represented to Landlord that:

1. pursuant to the Purchase Agreement, Buyer has the right to acquire (directly and through an option exercisable post-closing) all of the issued and outstanding capital stock of Mercury, and that if Buyer exercises that right, Tenant will become an indirect subsidiary of Buyer (and if such right is exercised, the same being referred to herein as the “Acquisition”);
2. Macquarie Infrastructure Company, Inc., a Delaware corporation (“MIC”), is Buyer’s direct parent and an indirect subsidiary of Macquarie Infrastructure Company Trust, an entity with securities that are listed and traded on the New York Stock Exchange;
3. pursuant to the Purchase Agreement, Buyer may assign its rights to acquire Mercury to another subsidiary of MIC, and that if such rights are exercised by the assignee, Mercury would become a subsidiary of another direct or indirect subsidiary of MIC (which entity would then become the “Buyer” under the Purchase Agreement); and that
4. the Acquisition may be funded, in part, with debt from one or more lenders that may, as a condition to making such funds available, require security interests in, or otherwise encumber, the capital stock of Mercury and/or the stock of Tenant, and that in no event will any of such security interests cause the Landlord to assign, convey, otherwise transfer, or subordinate any of its rights and interest in the Leases to any creditor or claimant.

The foregoing is referred to herein as the “Transaction.”

In connection with the foregoing, Landlord states as follows:

1. Landlord is presently the sole landlord under the Leases and is the only party authorized to sign this letter on behalf of the Landlord under the Leases.
2. Landlord takes notice of the Transaction.
3. To the best of Landlord’s actual knowledge, the list attached hereto as Exhibit A is a complete list of each of the Leases and all amendments and assignments regarding the same which are in Landlord’s possession (and complete copies of the same are attached to the said Exhibit A).

4. The term of each of the Leases expires on the dates set forth below:

Lease	Expiration
Ground Lease #0440-1301 of Hangar 2, 4451 Glenn Curtiss, and Hangar 3, 4453 Glenn Curtiss	August 31, 2021
Ground Lease #0400-2101 of Hangar 4, 4480 Glenn Curtiss	August 31, 2021
Officer-Hangar Lease #0430-2401 of Main Building # 43, 4400 Glenn Curtiss	September 30, 2021

5. Each of the Leases is in full force and effect at this time. To the best of Landlord's actual knowledge, there are no other agreements between Landlord and Tenant concerning the Premises or otherwise affecting the Leases, and the Leases have not been modified or amended other than any modifications, assignments, subleases, or amendments identified in and attached to Exhibit A.

6. The rent and other charges due under the Leases have been paid in a timely manner and are currently paid in full.

7. To the best of Landlord's actual knowledge, there presently exists no default by Tenant under any of the Leases.

8. Landlord's current notice address is:

Town of Addison
5300 Belt Line Road
Dallas, TX 75254

Addison Airport Administrative Office
Town of Addison c/o : William M. Dyer
16051 Addison Road, Suite 220
Addison, TX 75001

The undersigned is a duly appointed representative of Landlord, authorized to deliver this Estoppel Letter on behalf of Landlord. In this Estoppel Letter, where there is a representation based on Landlord's knowledge, that representation is made solely upon the actual knowledge or awareness of the undersigned following such consultation with current Addison Airport staff as the undersigned has deemed appropriate.

Very truly yours,

TOWN OF ADDISON, TEXAS

By: _____
Name: Ron Whitehead
Title: City Manager

ADDISON

Exhibit A

<p>Addison Airport Addison, TX</p> <p>Ground Lease #0440-1301 of Hangar 2, 4451 Glenn Curtiss, and Hangar 3, 4453 Glenn Curtiss</p>	<p>(1) (A) Ground Lease dated as of 09/30/81 among City of Addison, Addison Airport of Texas, Inc. and Beech Holdings, Inc.</p> <p>(B) Amendment to Lease dated 07/15/87 among City of Addison, Addison Airport of Texas, Inc. and Beech Holdings, Inc.</p> <p>(2) Assignment, Assumption and Amendment of Leases between Beech Holdings, Inc. and Mercury Air Group, Inc., and consented to by the Town of Addison and Addison Airport of Texas, Inc., dated as of 08/01/96</p> <p>(3) Assignment of Tenant's Interest in Lease, Agreement of Assumption and Amendment of Lease between Mercury Air Group, Inc. and Mercury Air Center – Addison, Inc. dated 11/18/02</p> <p>(4) Consent to Assignment of Leases among the Town of Addison, Texas, Mercury Air Group, Inc. and Mercury Air Center-Addison, Inc. dated 12/12/02</p>
<p>Addison Airport Addison, TX</p> <p>Ground Lease #0400-2101 of Hangar 4, 4480 Glenn Curtiss</p>	<p>(1) Ground Lease dated as of 09/04/80 among City of Addison, Addison Airport of Texas, Inc. and Three Rivers Gypsum, Inc.</p> <p>(2) Assignment of Ground Lease from Three Rivers Gypsum, Inc. to Homer J. Rader, Jr.</p> <p>(3) Assignment of Ground Lease from Homer J Rader, Jr. to Beech Holdings, Inc.</p> <p>(4) Assignment, Assumption and Amendment of Leases between Beech Holdings, Inc. and Mercury Air Group, Inc., and consented to by the Town of Addison and Addison Airport of Texas, Inc., dated as of 08/01/96</p> <p>(5) Assignment of Tenant's Interest in Lease, Agreement of Assumption and Amendment of Lease between Mercury Air Group, Inc. and Mercury Air Center – Addison, Inc. dated 11/18/02</p> <p>(6) Consent to Assignment of Leases among the Town of Addison, Texas, Mercury Air Group, Inc. and Mercury Air Center-Addison, Inc. dated 12/12/02</p>
<p>Addison Airport Addison, TX</p> <p>Officer-Hangar Lease #0430-2401 of Main Building</p>	<p>(1) Office-Hangar Lease Agreement between City of Addison, Texas, Addison Airport of Texas, Inc. and Beech Holdings, Inc. dated as of 04/01/90, with Exhibit C not attached</p> <p>(2) Agreement between Warfield, Inc., Beech Holdings, Inc., the Town of Addison, Addison Airport of Texas, Inc. and Southwest Land Title Co. regarding the construction and permitted uses of shared access drive</p>

<p># 43, 4400 Glenn Curtiss</p>	<p>(3) Assignment, Assumption and Amendment of Leases between Beech Holdings, Inc. and Mercury Air Group, Inc., and consented to by the Town of Addison and Addison Airport of Texas, Inc., dated as of 08/01/96</p> <p>(4) Assignment of Tenant's Interest in Lease, Agreement of Assumption and Amendment of Lease between Mercury Air Group, Inc. and Mercury Air Center – Addison, Inc. dated 11/18/02</p> <p>(5) Consent to Assignment of Leases among the Town of Addison, Texas, Mercury Air Group, Inc. and Mercury Air Center-Addison, Inc. dated 12/12/02</p>
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This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of September 30, 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 BEECH HOLDINGS, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

(See Exhibit A - Airport Layout Plan, Addison Municipal Airport)
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~~ 10 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~~ 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. See Exhibit C.

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.

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:** (which consent will not be unreasonably withheld),

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 by all such 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. **GL#0440-1301**

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

15. Condemnation: excess proceeds shall be paid to Tenant.

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

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

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

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

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

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

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

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

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

21. Indemnity and Exculpation:

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

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

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

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

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

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

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

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

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

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

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

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

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

demand from time to time any deficiency which 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. **GL #0440-1301**

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 (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 either party 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 the period for performance of such term, condition or covenant shall be extended for a period equal to the period is so delayed or hindered. Tenant shall not be excused or released of monetary obligations hereunder.

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.

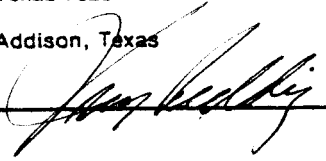
43. Successors. The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. All rights, powers, privileges, 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:
Beech Holdings, Inc.
P. O. Box 85
Wichita, Kansas 67201



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.

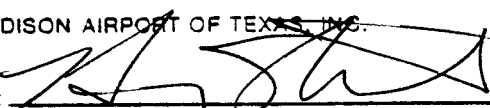

47. Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

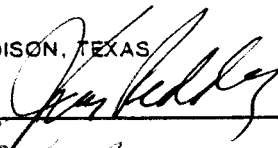
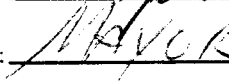
48. Governing Law and Venue. This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated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

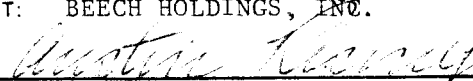
49. Entire Agreement and Amendments. This Lease, consisting of fifty (50) paragraphs and Exhibits A through C attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

*50. Additional Provisions. The provisions contained in attached Exhibit C are made a part hereof for all purposes. In the event of conflict or inconsistency between the printed and typed (including attached Exhibit C) portions of this Lease, the typed portions shall control.

LANDLORD:
ADDISON AIRPORT OF TEXAS, INC.
By: 
Its: 

CITY OF ADDISON, TEXAS
By: 
Its: 

TENANT: BEECH HOLDINGS, INC.
By: 
Its: Vice President

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Lenny 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 25 day of October, 19 81.

Bartholomew James
Notary Public
Dallas
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerry Rodding
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 28th day of October, 19 81.

Pauline Buckley
Notary Public
Dallas
County, Texas

STATE OF ~~TEXAS~~ / KANSAS }
COUNTY OF ~~DALLAS~~ / SEDGWICK

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 21st day of October, 19 81.

Marilyn J. Stiles
Notary Public
My appointment expires June 9, 1982
County, Texas / Sedgwick County, Kansas



BEING A TRACT OF LAND SITUATED IN THE WILLIAM LOMAX SURVEY, ABSTRACT 792, DALLAS COUNTY, TEXAS, AND LOCATED ON ADDISON MUNICIPAL AIRPORT, ADDISON, TEXAS, AND BEING MORE FULLY DESCRIBED AS FOLLOWS:

COMMENCING at an iron rod found for the southwest corner of a tract of land conveyed to O. J. Broughton and E. E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County, Texas;

THENCE south $70^{\circ} 30' 11''$ west a distance of 224.86 feet to the BEGINNING POINT of this description;

THENCE south $69^{\circ} 17' 00''$ west a distance of 514.25 feet to an angle point being 115 feet from the centerline of Taxiway "A" for corner;

THENCE north $20^{\circ} 43' 00''$ west parallel to said taxiway a distance of 325.83 feet to a 60d nail found for corner;

THENCE north $43^{\circ} 16' 00''$ east a distance of 58.06 feet for corner;

THENCE north $69^{\circ} 17' 00''$ east a distance of 462.08 feet to an iron rod found for corner;

THENCE south $20^{\circ} 43' 00''$ east a distance of 351.30 feet to the BEGINNING POINT and containing 4.132 acres of land, more or less.

TRACT "B"

BEING A TRACT OF LAND SITUATED IN THE WILLIAM LOMAX SURVEY, ABSTRACT 792, DALLAS COUNTY, TEXAS, AND LOCATED ON ADDISON MUNICIPAL AIRPORT, ADDISON, TEXAS, AND BEING MORE FULLY DESCRIBED AS FOLLOWS:

COMMENCING at an iron rod found for the southwest corner of a tract of land conveyed to O. J. Broughton and E. E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County, Texas;

THENCE south $70^{\circ} 30' 11''$ west a distance of 224.86 feet to an angle point;

THENCE north $20^{\circ} 43' 00''$ west a distance of 351.30 feet to an iron rod found for the BEGINNING POINT of this description;

THENCE south $69^{\circ} 17' 00''$ west a distance of 462.08 feet for corner;

THENCE south $43^{\circ} 16' 00''$ west a distance of 58.06 feet to a 60d nail found being 115 feet from the centerline of Taxiway "A" for corner;

THENCE north $20^{\circ} 43' 00''$ west parallel to said taxiway a distance of 222.16 feet to angle point being approximately 60 feet from the centerline of Taxiway "G" for corner;

THENCE north $69^{\circ} 17' 00''$ east a distance of 263.53 feet for corner;

THENCE with a curve to the left having a chord bearing of north $60^{\circ} 38' 42''$ east, central angle of $17^{\circ} 16' 35''$, radius of 485.00 feet, and an arc length of 146.24 feet for corner;

THENCE south $46^{\circ} 44' 00''$ east a distance of 243.22 feet to the BEGINNING POINT and containing 2.147 acres of land, more or less.

15 October 1981
Date

J. T. Miller
Rieve & Wischmeyer, Inc.



CHAPARRAL AVIATION, INC.
FIELD NOTES
TRACT "A"
4451 Glenn Curtis Drive

BEING a tract of land situated in the WILLIAM LOMAX SURVEY, Abstract 792, Dallas County, Texas, and located on Addison Municipal Airport, Addison, Texas, and being more fully described as follows:

COMMENCING at an iron rod found for the southwest corner of a tract of land conveyed to O. J. Broughton and E. E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County, Texas;

THENCE S 70 degrees 30'11" W, a distance of 224.86 feet;

THENCE N 20 degrees 43'00" W, a distance of 33.27 feet the POINT OF BEGINNING of this description;

THENCE with a curve to the right having a central angle of 78 degrees 11'33", radius of 10.00 feet, and an arc length of 13.65 feet to a point;

THENCE with a curve to the left having a central angle of 30 degrees 17'24", radius of 50.50 feet, and an arc length of 26.70 feet to a point;

THENCE with a curve to the right having a central angle of 39 degrees 20'25", radius of 27.50 feet, and an arc length of 18.88 feet to a point for corner;

THENCE S 69 degrees 17'00" W, a distance of 72.68 feet to a point for corner;

THENCE with a curve to the right having a central angle of 90 degrees 00'00", radius of 10.00 feet, and an arc length of 15.71 feet to a point for corner;

THENCE S 69 degrees 17'00" W, a distance of 24.00 feet to a point for corner;

THENCE with a curve to the left having a central angle of 22 degrees 26'55", radius of 44.00 feet, and an arc length of 17.24 feet to a point for corner;

THENCE S 69 degrees 17'00" W, a distance of 362.98 feet to an angle point being 115 feet from the centerline of Taxiway "A" to a point for corner;

THENCE N 20 degrees 43'00" W, parallel to said taxiway a distance of 325.83 feet to a 60d nail for corner;

GL #0440-1301

THENCE N 43 degrees 16'00" E, a distance of 58.06 feet to a point for corner;

THENCE N 69 degrees 17'00" E, a distance of 462.08 feet to an iron rod found for corner;

THENCE S 20 degrees 43'00" E, a distance of 318.03 feet to the POINT OF BEGINNING and containing 4.0922 acres of land, more or less.

EXHIBIT C

50. Additional Provisions:

A. The following paragraph 4 shall take the place of the paragraph 4 contained in the printed portion of this Lease:

4. Rental:

A. Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the New Premises at the rate of \$1,402.96 per month in advance. The first of such monthly installments 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 until the rental installments are combined as hereinbelow provided.

B. Tenant agrees to pay to Landlord, without offset or deduction, rent for the Existing Premises at the rate of \$1,500.00 per month in advance. The first of such monthly installments 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 until the rental installments are combined as hereinbelow provided.

C. The rental for the New Premises shall be adjusted pursuant to paragraph 5. The rental for the Existing Premises shall not be adjusted pursuant to paragraph 5 until after May 14, 1989. Commencing with the installment due on June 1, 1989, the installments due under Sections A and B of this paragraph 4 shall be combined into one monthly installment which shall be the total of (i) the installment then due under Section A (as previously adjusted pursuant to paragraph 5), plus, (ii) the \$1,500.00 installment then due under Section B. Thereafter, the combined installment shall be due and payable in advance on or before the first day of each calendar month, and the combined installment shall be subject to adjustment pursuant to paragraph 5. To the extent that the provisions of this paragraph 4 conflict with the provisions of paragraph 5, the provisions of this paragraph 4 shall control.

B. The existing lease now covering the Existing Premises shall remain in effect until the Commencement Date at which time such existing lease shall terminate and be merged into this Lease.

C. Effective on the anniversary of the Commencement Date in the year 2000 and effective on each subsequent anniversary of the Commencement Date, Tenant shall have the right to elect to terminate this Lease and vacate the demised premises. Tenant must exercise such right of termination by delivering to Landlord written notice of Tenant's election to terminate at least one hundred eighty (180) days prior to the effective date of termination.

D. Notwithstanding the provisions of paragraph 12, Landlord agrees that alterations, additions and improvements to the demised premises, which (i) cost less than \$5,000.00, and (ii) do not alter or affect structural portions of the demised premises, may be made by Tenant without the consent of Landlord.

E. Notwithstanding the provisions of paragraph 39, the occurrence of the Commencement Date (as defined in paragraph 3) shall not be delayed by force majeure.

AMENDMENT TO LEASE

WHEREAS, BEECH HOLDINGS, INC., a Kansas corporation (hereinafter referred to as "Beech"), TOWN OF ADDISON, a municipal corporation (hereinafter referred to as the "City"), and ADDISON AIRPORT OF TEXAS, INC., a Texas corporation (hereinafter referred to as "AATI"), entered into a Lease dated the 30th day of September, 1981, hereinafter referred to as the "Lease";

WHEREAS, "BEECH", the "CITY", and "AATI" desire to amend the Agreement.

NOW THEREFORE, above premises considered, all of which are deemed incorporated in the body of this amendment as if copied in its entirety, for and in consideration of valuable consideration, the adequacy of which is hereby acknowledged and mutual promises and covenants made, parties do agree as follows:

1. That the Lease be, and is hereby amended to substitute for the property described in the Lease, Exhibit "A", the land and improvements described in Exhibit "B" which is attached hereto and made a part hereof for all purposes.

2. That the rentals as set forth in Paragraph 4. Rental: in Exhibit "C" shall be reduced by Twenty and 71/100 Dollars (\$20.71) per month, and that all adjustments required thereafter by the Lease shall not be altered or impaired in any way by this amendment.

3. That the term of this amendment shall be in effect and commence on the first day of JANUARY, 1987.

4. That all other terms and conditions of the Lease shall remain in full force and effect.

EXECUTED this 15th day of July, 1987.

BEECH HOLDINGS, INC.

TOWN OF ADDISON

BY [Signature]

By [Signature]

TITLE S. V. P. [Signature]

TITLE Mayor

ADDISON AIRPORT OF TEXAS, INC.

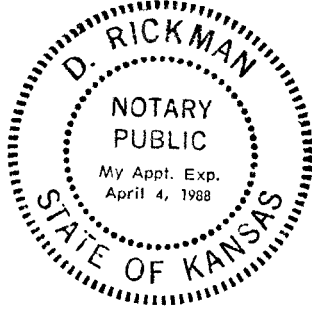
BY [Signature]

TITLE President

STATE OF ~~TEXAS~~ Kansas
COUNTY OF ~~DALLAS~~ Sedgwick

BEFORE ME, the undersigned authority, on this day personally appeared Robert Welton
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 2nd day of June, 19 87.



D. Rickman
Notary Public
Sedgwick
County, ~~Texas~~ Kansas

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 15th day of July, 19 87.

COMMISSION EXPIRES: 4-30-90

Roxann Anderson
Notary Public
Dallas
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Sam 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 18th day of June, 19 87.

Thillene Paris
Notary Public
Dallas
County, Texas

Commission expires 8/16/89

TRACT "A"

BEING A TRACT OF LAND SITUATED IN THE WILLIAM LOMAX SURVEY, ABSTRACT 792, DALLAS COUNTY, TEXAS, AND LOCATED ON ADDISON MUNICIPAL AIRPORT, ADDISON, TEXAS, AND BEING MORE FULLY DESCRIBED AS FOLLOWS:

COMMENCING at an iron rod found for the southwest corner of a tract of land conveyed to O. J. Broughton and E. E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County, Texas;

THENCE south 70° 30' 11" west a distance of 224.86 feet to the BEGINNING POINT of this description;

THENCE south 69° 17' 00" west a distance of 514.25 feet to an angle point being 115 feet from the centerline of Taxiway "A" for corner;

THENCE north 20° 43' 00" west parallel to said taxiway a distance of 325.83 feet to a 60d nail found for corner;

THENCE north 43° 16' 00" east a distance of 58.06 feet for corner;

THENCE north 69° 17' 00" east a distance of 462.08 feet to an iron rod found for corner;

THENCE south 20° 43' 00" east a distance of 351.30 feet to the BEGINNING POINT and containing 4.132 acres of land, more or less.

TRACT "B"

BEING A TRACT OF LAND SITUATED IN THE WILLIAM LOMAX SURVEY, ABSTRACT 792, DALLAS COUNTY, TEXAS, AND LOCATED ON ADDISON MUNICIPAL AIRPORT, ADDISON, TEXAS, AND BEING MORE FULLY DESCRIBED AS FOLLOWS:

COMMENCING at an iron rod found for the southwest corner of a tract of land conveyed to O. J. Broughton and E. E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County, Texas;

THENCE south 70° 30' 11" west a distance of 224.86 feet an angle point;

THENCE north 20° 43' 00" west a distance of 351.30 feet to an iron rod found for the BEGINNING POINT of this description;

THENCE south 69° 17' 00" west a distance of 462.08 feet for corner;

THENCE south 43° 16' 00" west a distance of 58.06 feet to a 60d nail found being 115 feet from the centerline of Taxiway "A" for corner;

THENCE north 20° 43' 00" west parallel to said taxiway a distance of 222.16 feet to angle point being approximately 60 feet from the centerline of Taxiway "G" for corner;

THENCE north 69° 17' 00" east a distance of 263.53 feet for corner;

THENCE with a curve to the left having a chord bearing of north 60° 38' 42" east, central angle of 17° 16' 35", radius of 485.00 feet, and an arc length of 146.24 feet for corner;

THENCE south 46° 44' 00" east a distance of 243.22 feet to the BEGINNING POINT and containing 2.147 acres of land, more or less.

15 October 1981

J. T. Miller
Rieck & Wischmeyer, Inc.



A. The rent for the land ("Existing Premises" and "New Premises") shall be the same as set forth in Paragraph 4. Rental: in Exhibit "C" and Paragraph 5 Adjustment of Rental: of the Ground Lease.

B. The prorata development fee due the City of Addison amounting to \$60,794.92 will be paid by Beech and that sum plus interest at 13% per annum on the declining principal balance will be recovered from Chaparral as additional rent in 120 equal monthly installments of \$907.73 commencing thirty (30) days after the date Beech pays the fee.

C. Beech will construct a new hangar and other improvements ("the Project") for Chaparral on the New Premises with an expected cost of \$1 million. Beech will pay the cost of the Project as the costs are incurred. After completion of the Project, the costs, including interest at 13% per annum on the payments made before completion will be accumulated to determine the total cost of the Project. Commencing thirty (30) days after completion of the Project, the total construction cost of the Project plus interest at 13% per annum on the declining principal balance will be recovered by Beech from Chaparral as additional rent on the basis of equal monthly installments over a 20-year period, but the monthly payments during the second 10 years will be adjusted to the sum that will pay off the then remaining principal balance over the second 10 years plus interest on the declining principal balance at the then-current prime interest rate of Citibank of New York City. A schedule of this additional rent will be furnished when the information is available.

EXHIBIT C

50. Additional Provisions:

A. The following paragraph 4 shall take the place of the paragraph 4 contained in the printed portion of this Lease:

4. Rental:

A. Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the New Premises at the rate of \$1,402.96 per month in advance. The first of such monthly installments 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 until the rental installments are combined as hereinbelow provided.

B. Tenant agrees to pay to Landlord, without offset of deduction, rent for the Existing Premises at the rate of \$1,500.00 per month in advance. The first of such monthly installments 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 until the rental installments are combined as hereinbelow provided.

C. The rental for the New Premises shall be adjusted pursuant to paragraph 5. The rental for the Existing Premises shall not be adjusted pursuant to paragraph 5 until after May 14, 1989. Commencing with the installment due on June 1, 1989, the installments due under Sections A and B of this paragraph 4 shall be combined into one monthly installment which shall be the total of (i) the installment then due under Section A (as previously adjusted pursuant to paragraph 5), plus, (ii) the \$1,500.00 installment then due under Section B. Thereafter, the combined installment shall be due and payable in advance on or before the first day of each calendar month, and the combined installment shall be subject to adjustment pursuant to paragraph 5. To the extent that the provisions of this paragraph 4 conflict with the provisions of paragraph 5, the provisions of this paragraph 4 shall control.

B. The existing lease now covering the Existing Premises shall remain in effect until the Commencement Date at which time such existing lease shall terminate and be merged into this Lease.

C. Effective on the anniversary of the Commencement Date in the year 2000 and effective on each subsequent anniversary of the Commencement Date, Tenant shall have the right to elect to terminate this Lease and vacate the demised premises. Tenant must exercise such right of termination by delivering to Landlord written notice of Tenant's election to terminate at least one hundred eighty (180) days prior to the effective date of termination.

D. Notwithstanding the provisions of paragraph 12, Landlord agrees that alterations, additions and improvements to the demised premises, which (i) cost less than \$5,000.00, and (ii) do not alter or affect structural portions of the demised premises, may be made by Tenant without the consent of Landlord.

E. Notwithstanding the provisions of paragraph 39, the occurrence of the Commencement Date (as defined in paragraph 3) shall not be delayed by force majeure.

See
#24.00
Oregon

ASSIGNMENT, ASSUMPTION AND AMENDMENT OF LEASES

This Assignment and Assumption of Leases, dated as of August 1, 1996, is entered into by and between Beech Holdings, Inc., a Kansas corporation ("Assignor"), and Mercury Air Group, Inc., a New York corporation ("Assignee"); and consented to by the Town of Addison, Texas (also referred to as the "City") and Addison Airport of Texas, Inc. ("Lessor").

WHEREAS, Assignor is the current Lessee under the following leases (collectively, the "Leases") with Lessor at Addison Airport, Addison, Texas ("Airport"):

- A. Lease Agreement between the City of Addison Texas, the Addison Airport of Texas, Inc. and Beech Holdings, Inc. dated September 30, 1981, as amended; and
- B. Lease Agreement between the City of Addison Texas, Addison Airport of Texas, Inc. and Beech Holdings, Inc. dated April 1, 1990; and
- C. Lease Agreement between the City of Addison, Texas, the Addison Airport of Texas, Inc. and Three Rivers Gypsum, Inc. dated September 4, 1980 and Assigned to Homer J. Rader, Jr. (executed August 5, 1981) and Assigned to Beech Holdings, Inc. dated June 13, 1991; and

The legal description of each of the three leasehold estates referred to above is set forth in Exhibit "A" which is attached hereto and incorporated herein at this point by reference.

WHEREAS, Assignor is conveying to Assignee certain of the Assets (the "Sale") of Assignor located at the Airport; and

WHEREAS, Assignor wishes to assign to Assignee, and Assignee wishes to assume, all right, title and interest to, and duties and obligations under, the Leases, and all of Assignor's right, title and interest in and to those certain leasehold improvements located thereon pursuant to the terms and conditions set forth hereinbelow; and

WHEREAS, as part of the purchase price for the sale, Assignee is delivering to Assignor a promissory note (the "Note").

NOW, THEREFORE, in consideration of the recitals and the mutual covenants and promises contained herein, the parties hereby agree as follows:

1. Assignment. Assignor hereby sells and assigns to Assignee Assignor's interest in and to the Leases, subject to liens and encumbrances of record, to have and to hold the same for and during the remainder of the term mentioned in each of the Leases and subject to the covenants and conditions herein. Notwithstanding anything to the contrary contained herein, Lessor does not consent to release Assignor from any lien or encumbrance of record for which Assignor is responsible.

2. Assumption. Assignee hereby assumes the Leases, subject to liens and encumbrances of record, for the balance of the term therein provided for each, and agrees to faithfully perform all of the covenants, stipulations and agreements contained therein.

3. Consent of Lessor to Assignment. Lessor consents to the assignment by Assignor of each of the Leases. Assignor agrees to guarantee the performance of Assignee under the Leases, provided, however, in the event Assignee's obligations under the Leases are modified in the future, the obligations of Assignor for such guaranty shall be limited to only those future obligations which existed on the effective date of this Agreement.

4. Representation of Assignor. Assignor represents and warrants to Assignee that (a) the Leases are in full force and effect and are not in default, (b) that all rent and/or all other sums or obligations due under the Leases for and through the month of June, 1996 have been paid or performed in full, and (c) the Leases have not otherwise modified, changed, altered, or amended in any respect other than pursuant to the written amendments and supplements referenced herein and are the only Leases or agreements between Assignor and Lessor with respect to the various premises.

5. No Modification. This Assignment shall not be modified, in any way whatsoever, other than in writing, signed by the parties hereto and consented to by the Town of Addison, Texas, and Addison Airport of Texas, Inc. as Lessor under the Leases.

6. This Assignment and Assumption of Leases is subject to the approval of the Leases by the Town of Addison, Texas and Addison Airport of Texas, Inc.

7. Prior to the effective date of this Assignment, Assignor and Assignee agrees to reimburse Lessor for all reasonable attorney's fees incurred by Lessor in connection with this Assignment.

8. Lessor hereby agrees to provide written notice to Assignor in the event Assignee becomes at least sixty (60) days late in meeting any of its financial obligations to Lessor under any of the Leases.

9. On the effective date of the Assignment, the parties hereby agree to amend the terms of one of the Leases, more particularly that certain Lease Agreement referenced in SubParagraph B in the first "WHEREAS" clause herein between Lessor and Beech Holdings, Inc., dated April 1, 1990 as follows: (a) Assignor shall pay to Lessor the lump sum payment of \$21,984.16; (b) "Base Rent" shall be increased to \$24,816.51 per month (subject to the "Adjustment of Rental" provisions contained in Paragraph 4); and (c) Paragraph 3.B. of such Lease Agreement regarding the adjustment to Base Rent for "Gross Sales" is deleted.

10. Assignee does hereby agree to hold Assignor harmless from and to indemnify Assignor from any and all liability, costs, expenses, and damages, including but not limited to attorneys fees, which Assignor may suffer or incur which may arise out of the liability assumed by the Assignee herein as the assuming Lessee under the Leases. This hold harmless and indemnity

shall be secured by the Deed of Trust which secures the promissory note given by Assignee to Assignor in connection with the acquisition of the leasehold estates in the Leases.

IN WITNESS WHEREOF, the parties have caused this Assignment and Assumption of Leases to be executed by their duly authorized representatives as of the date and year first herein above set forth.

BEECH HOLDINGS, INC.

By: Arthur E. Wegner

Print Name: Arthur E. Wegner

Title: Chairman of the Board & President

Date: 7/16/96

"Assignor"

MERCURY AIR GROUP, INC.

By: Randolph E. Ater

Print Name: RANDOLPH E. ATER

Title: EXECUTIVE VICE PRESIDENT

Date: 7/19/96

"Assignee"

TOWN OF ADDISON, TEXAS

By: Ron Whitehead

Print Name: Ron Whitehead

Title: CITY MANAGER

Date: 8-22-96

"Lessor"

ADDISON AIRPORT OF TEXAS, INC.

By: Sam Stuart

Print Name: Sam Stuart

Title: President

Date: 8/6/96

"Lessor"

GL #0440-1301

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

**ASSIGNMENT OF TENANT'S INTEREST IN LEASE,
AGREEMENT OF ASSUMPTION AND AMENDMENT OF LEASE**

KNOW ALL MEN BY THESE PRESENTS THAT **Mercury Air Group, Inc.** ("Assignor"), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as tenant under those certain leases (as amended) identified and set out in Exhibit A attached hereto and incorporated herein (together, for purposes of this Assignment, the "Leases") hereby assigns to **Mercury Air Center - Addison, Inc.** ("Assignee") all of Assignor's right, title and interest in and to the Leases in which the Town of Addison, Texas (the "City") is the landlord (the "Landlord") (and where any such Leases refer to the Addison Airport of Texas, Inc and the City of Addison, Texas as the landlord, the City is now the sole Landlord under such Leases) and Mercury Air Group, Inc. is the Tenant, providing for, among other things, the lease of a certain portion of the Addison Airport, more particularly described in the Leases.

Assignee hereby accepts the assignment by Assignor of Assignor's interest in the Leases and hereby assumes and agrees to fully and faithfully observe, perform and fulfill all duties, responsibilities, obligations and liabilities of Assignor under the terms of the Leases.

This Assignment shall inure to the benefit of the Assignor and Assignee and their respective successors and assigns. This Assignment may be executed in multiple original counterparts, each which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. This Assignment is subject to the consent of the Landlord, and the parties shall cooperate with one another in seeking such consent.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of Nov 18, 2002.

ASSIGNOR:

MERCURY AIR GROUP, INC.

By: Wayne Lovett
Name: Wayne J. Lovett
Title: Executive Vice President

ASSIGNEE:

MERCURY AIR CENTER - ADDISON, INC

By: Wayne Lovett

GL #0440-1301

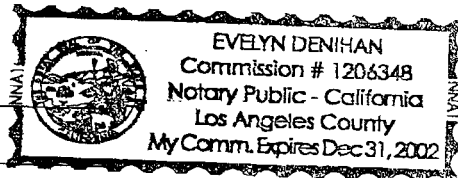
STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that Wayne J. Lovett, whose name as Executive Vice President of Mercury Air, Inc., a corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me this day that he, as such office and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal on this the 18th day of November, 2002.

SEAL

Evelyn Denihan
Notary Public
My Commission Expires: _____



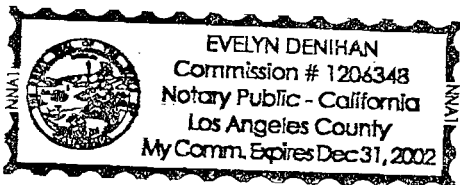
STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that Wayne J. Lovett, whose name as Vice President of Mercury Air Center - Addison, Inc., is signed to the foregoing instrument, and who is known to me, acknowledged before me this day that he, as such office and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal on this the 18th day of November, 2002.

SEAL

Evelyn Denihan
Notary Public
My Commission Expires: _____



CONSENT TO ASSIGNMENT OF
LEASES

This Consent to Assignment of Leases ("Consent") is made as of the 12 day of December, 2002, between and among the Town of Addison, Texas, a municipal corporation (referred to herein as "Landlord"), Mercury Air Group, Inc, a corporation organized and existing under the laws of the State of Delaware ("Mercury"), and Mercury Air Center-Addison, Inc., ("Mercury- Addison" or "Assignee"), a corporation organized and existing under the laws of the State of Texas.

WITNESSETH:

WHEREAS, Mercury is the Tenant pursuant to those certain Leases as set out on Exhibit A, attached hereto (the "Leases"); and

WHEREAS, Mercury-Addison is a wholly owned subsidiary of Mercury Air Centers, Inc., a TEXAS corporation, and Mercury Air Centers, Inc. is a wholly owned subsidiary of Mercury; and

WHEREAS, Mercury desires to assign all of its rights, title and interests in and under the Leases to Assignee pursuant to that certain Assignment of Tenant's Interest In Lease, Agreement of Assumption and Amendment of Lease dated November 1, 2002 (the "Assignment"); and

WHEREAS, in accordance with the Leases, the written consent of the Landlord is required for the assignment, in whole or in part, of the Leases by Mercury (and where any such Leases refer to the Addison Airport of Texas, Inc and the City of Addison, Texas as the landlord, the Town of Addison, Texas is now the sole Landlord under such Leases); and

WHEREAS, Landlord consents to the assignment of the Leases pursuant to the Assignment upon the terms and conditions set forth herein;

NOW, THEREFORE, in recognition of the foregoing recitals, and in consideration of the mutual promises and covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, Landlord, Mercury and Assignee agree as follows.

1. In consideration of and subject to the terms, covenants, promises, conditions and obligations set forth herein, each of which terms, covenants, promises, conditions and obligations has been and is being relied upon by Landlord in consenting to the assignment of the Leases from Mercury to Mercury-Addison, Landlord hereby consents to the assignment of the Leases by Mercury to Mercury-Addison effective as of the date of Landlord's execution of this Consent, waiving none of its rights under the Leases (or any of them) as to Mercury or Mercury-Addison.
2. Mercury is and shall remain liable in all respects for the performance of or the failure to perform each of the terms, covenants, provisions, conditions and obligations of the

Leases until the end of the initial term and each renewal term of the Leases, and hereby guarantees the performance of the Leases by Mercury-Addison.

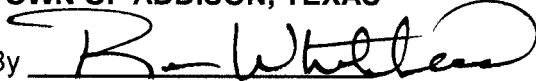
3. Landlord and Mercury-Addison may materially change, alter, amend or modify the Leases in any manner, including (without limitation) with respect to the amount of rentals to be paid to Landlord thereunder, and Mercury-Addison may make further assignments of the Leases as assigned to Mercury-Addison pursuant to the Assignment, subject to the prior written approval of Landlord, without the approval of or notice to Mercury.
4. Mercury-Addison shall, and hereby does, assume and become obligated to perform and comply with each of the terms, covenants, provisions, liabilities, conditions and obligations of the Leases assigned by Mercury and assumed by Mercury-Addison under the Assignment the same as if originally a party thereto.
5. Mercury shall maintain without interruption the insurance required by the Leases for such period of time as is necessary to provide coverage until any applicable statute of limitations may bar any claims against Mercury arising from or out of the Leases or any of Mercury's operations in connection with the Leases. Mercury shall provide Landlord with certificates of insurance evidencing such insurance and, upon request, shall furnish the Landlord with certified copies of such insurance.
6. Mercury shall provide Landlord not less than sixty (60) days prior written notice of any merger of Mercury with or into or any other entity or of any dissolution (voluntary or involuntary) of Mercury.
7. No delay or failure by any party to exercise any right under this Consent and no partial or single exercise of such a right shall constitute a waiver of that or any other right unless expressly provided otherwise in this Consent.
8. Failure of Mercury to comply with the provisions set forth herein shall constitute an event of default under the Leases.
9. This Consent supersedes any and all agreements and understandings previously made between any of the parties hereto relating to the subject matter of this Consent.
10. This Consent shall be binding upon and inure to the respective benefit or detriment of Landlord, Mercury and Mercury-Addison, their respective successors, assigns, and legal representatives.
11. This Consent shall be governed by and construed in accordance with the laws of the State of Texas, without regard to the principles of conflict of law. Any legal action or proceeding with respect to this Consent shall be brought only in a federal or state court of competent jurisdiction in Dallas County, Texas.
12. This Consent may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one (1) and the same Consent.

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

IN WITNESS WHEREOF, the Town of Addison, Texas, Mercury Air Group, Inc. and Mercury Air Center – Addison, have executed this Consent to Assignment of Leases on the dates indicated below.

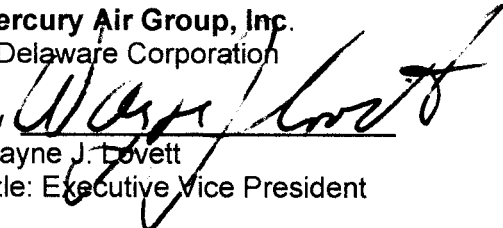
Date: _____

TOWN OF ADDISON, TEXAS

By 
Ron Whitehead, City Manager

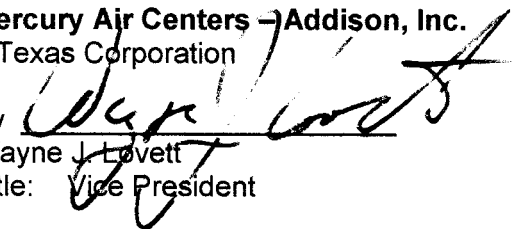
Date: _____

Mercury Air Group, Inc.
a Delaware Corporation

By 
Wayne J. Lovett
Title: Executive Vice President

Date: _____

Mercury Air Centers – Addison, Inc.
a Texas Corporation

By 
Wayne J. Lovett
Title: Vice President

RECEIVED
GL #0440-1301
NOV 19 2002**Mercury Air Group, Inc.****5456 McConnell****Los Angeles, CA 90066****Tel. (310) 577-8769****Fax: (310) 827-0650****www.mercurygroup.com****Wayne J. Lovett**
Executive Vice President
General Counsel & Secretary
wjlovett@Mercuryair.com

November 16, 2002

John Hill, Esq

Cowles & Thompson

Bank of America Plaza

901 Main Street

Suite 4000

Dallas, Texas 75202

Dear Mr. Hill;

You have asked me to explain in writing why Mercury Air Group, Inc. wishes to assign its leases to Mercury Air Center – Addison, Inc., a Texas corporation.

Mercury Air Group, Inc., a Delaware corporation, is a public company traded on the American Stock Exchange under the symbol "MAX". Mercury has been in the aviation business since 1956 when it started as a ground handling company at LAX. Since then Mercury has grown to include four operating divisions: MercFuel, Inc., a Delaware corporation sells aviation fuels to airlines and commercial operators worldwide; Maytag Aircraft Corporation, a Colorado corporation does business with the United States Government at military bases in 17 countries, including Kuwait, Japan and Greece; Mercury Air Cargo, Inc., a California corporation is the largest independent cargo handler at LAX and has operations in Atlanta, GA and Canada as well, in addition this company also is engaged in space logistics, and general cargo sales agent services at locations through the world; Mercury Air Centers, Inc., a California corporation operates FBOs at 18 domestic locations. John, I am sending you a copy of our latest 10-K and Proxy Statement as well.

Historically, Mercury Air Centers has provided Fixed Base Operations ("FBO") services at 18 airports throughout the United States either directly through Mercury Air Group, Inc. or through its wholly owned subsidiary Mercury Air Centers, Inc. ("Air Centers"). At each FBO site, the Mercury: 1.) conducts retail aviation fuel sales and aircraft refueling operations which service principally corporate, private and fractional ownership aircraft and to some extent refueling operations to commercial aircraft, 2.) provides aircraft hangar rental and aircraft tie-down services, and 3.) at a few select FBO sites, provides aircraft maintenance. At each FBO site, the Mercury maintains administrative offices and provides office rent for its customers. The Mercury owns and leases refueling vehicles and maintains fuel storage tanks as required to support the fuels sales and into-plane fueling

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operations. During the year ended June 30, 2002, the Mercury sold 36,025,000 gallons through its aviation retail fuel sales operations. The FBO property and facilities are leased from the respective airport authorities.

As part of an ongoing round of financing, Mercury is undertaking a corporate reorganization. Consistent with other companies in the industry and at the specific requirement of its lenders Mercury has formed operating companies to hold its leases and manage its operations at each of its 18 locations. In Addison, Mercury Air Center – Addison, Inc., a Texas corporation has been formed for this purpose. Mercury Air Center - Addison is a wholly owned subsidiary of Mercury Air Centers, Inc, a wholly owned subsidiary of Mercury which will manage the operations pursuant to an operating agreement. Mercury Air Center – Addison is what is known as a bankruptcy remote special purpose entity. Again, this is a requirement of Mercury's lenders. Naturally, Mercury shall remain fully liable to the Landlord for the payments under the lease and the operations at the Airport. Finally, in these uncertain times, it makes sense from a corporate perspective to organize the operations of the company so that the destruction of one does not unduly disrupt the operations of the others.

Hopefully this brief explanation will suffice. Please let me know if you have any further questions.

Sincerely,


Wayne J. Lovett

STATE OF TEXAS
COUNTY OF DALLAS

GROUND LEASE

GL #0400-2101

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of September 4, 19 80, 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 Three Rivers Gypsum, Inc. (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor 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 June 30, 19 81, 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 FOUR HUNDRED NINE AND 68/100 (\$409.68) per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

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

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

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

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

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

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

1 - Metal Bldg. 140' X 80' with office and ramp areas. Construction prints to follow for approval.

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.

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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 and as early as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

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

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

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

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

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

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15. Condemnation:

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

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

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

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

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

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

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

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

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

21. Indemnity and Exculpation:

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

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

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

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

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

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

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

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

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

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

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

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

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

demand from time to time any deficiency that may arise by reason of any such reletting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, modeling 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 the cost of 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:

GL #0400-2101

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

Three Rivers Gypsum, Inc.
2432 Walnut Ridge
Dallas, Tx 75229

City of Addison, Texas

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

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

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

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

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]

Its: [Signature]

CITY OF ADDISON, TEXAS

By: [Signature]

Its: [Signature]

TENANT:

By: [Signature]

Its: [Signature]
Three Rivers Gypsum, Inc.
Donald R. Coffey President

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Robert L. Gore
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 9 day of October, 19 80.

Dorothy L. James
Notary Public
Dallas
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerrey 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 31 day of October, 19 80.

Jacque Sharp
Notary Public
Dallas
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Donald R. Coffey
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 2nd day of September, 19 80.

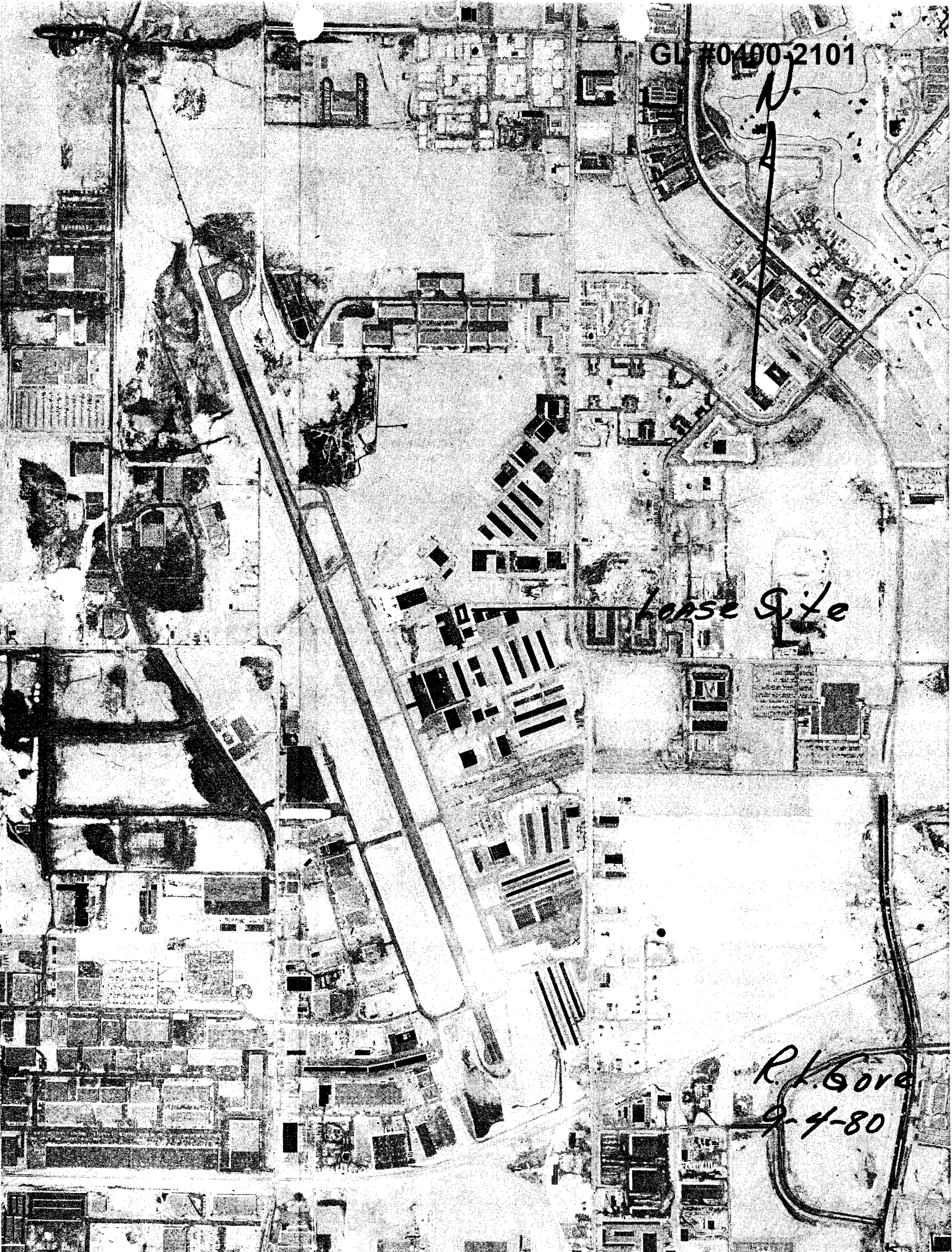
Elizabeth Irwin
Notary Public
Dallas
County, Texas

GI #0400-2101



Lease Site

*R. Gore
9-4-80*



ASSIGNMENT AND ASSUMPTION

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

THREE RIVERS GYPSUM, INC., a Texas corporation ("Three Rivers"), acting herein by and through its undersigned officer, duly authorized by resolution of its Board of Directors, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration to it in hand paid by HOMER J. RADER, JR. ("Rader"), the receipt of which is hereby acknowledged and confessed, and for the further consideration of

(a) The express assumption by Rader of the obligation to timely faithfully pay when due all principal and interest remaining unpaid on that certain promissory note (the "Assumed Note") dated November 7, 1980, executed by Three Rivers payable to the order of Texas Commerce Bank-Dallas, N.A. ("TCB"), in the original principal sum of \$160,000.00, bearing interest at the rate therein provided, principal and interest payable in the amounts and on the dates therein provided until the Assumed Note, including all principal and interest, shall have been fully paid and satisfied, the Assumed Note providing that on May 1, 1986, the entire balance of principal and accrued interest remaining unpaid thereon, if any, shall be then due and payable; and

(b) the express assumption by Rader of the obligation to duly keep, observe and perform all of the covenants and obligations imposed upon the grantors or mortgagors under and pursuant to the Deed of Trust and Security Agreement (the "Assumed Mortgage") of even date with the Assumed Note upon and covering the property described therein (part or all of which comprises part or all of the property assigned hereby) executed by the maker of the Assumed Note to James B. Kelly, Trustee for the benefit of TCB; and

(c) the express assumption by Rader of the obligation to duly keep, observe and perform all of the covenants and obligations imposed upon Three Rivers under and pursuant to that certain Letter Agreement (the "Letter Agreement") of even date with the Assumed Note executed by and between Three Rivers and TCB; and

(d) the express assumption by Rader of the obligation to duly keep, observe and perform all of the covenants and obligations imposed upon the lessor under and pursuant to that certain Lease Agreement (the "Hanger Lease") dated as of July 27, 1981, executed by and between Three Rivers and Eagle Airways, Inc., a Texas corporation; and

(e) the express assumption by Rader of the obligation to duly keep, observe and perform all of the covenants and obligations imposed upon the lessee under and pursuant to that certain Ground Lease (the "Ground Lease") dated as of September 4, 1980, executed by and among The City of Addison, Texas (the "City"), a municipal corporation, Addison Airport of Texas, Inc. ("AATI"), a Texas corporation, and Three Rivers, filed for record on November 5, 1980 in the Deed Records of Dallas County, Texas at Volume 80218, Page 2018, and which said Ground Lease covers and affects the real property described on Exhibit A attached hereto and made a part hereof;

has TRANSFERRED, ASSIGNED, and CONVEYED and by these presents does TRANSFER, ASSIGN and CONVEY unto Rader (i) all of Three Rivers' right, title and interest in and to the leasehold estate and all rights of the lessee created under and pursuant to the terms of the Ground Lease, together with and including all of the Three Rivers' right, title and interest in and to the buildings and improvements located on the real property described on Exhibit A hereto (which improvements shall be deemed and considered to be a part of said leasehold estate), and together with all rights, privileges and easements appurtenant to said leasehold estate, and (ii) all of Three Rivers' right, title and interest in and to the leasehold estate and all rights of the lessor created under and pursuant to the terms of the Hanger Lease.

By execution hereof, Rader hereby acknowledges receipt of the Ground Lease and the Hanger Lease, accepts the foregoing assignments and does hereby expressly assume all of the duties, liabilities and obligations of Three Rivers under the Assumed Note, the Assumed Mortgage, the Letter Agreement, the Ground Lease and the Hanger Lease.

Rader further agrees to hold Three Rivers harmless with respect to the Assumed Note, the Assumed Mortgage, the Letter Agreement, the Ground Lease and the Hanger Lease insofar as any event or occurrence hereafter taking place is concerned.

The City and AATI have joined in the execution of this Assignment and Assumption for the purpose of evidencing their consent to the foregoing assignments, and for the purpose of acknowledging that that certain Estoppel Certificate dated October 13, 1980, executed by the City and AATI in favor of TCB and that certain Non-Disturbance Agreement dated as of November 30, 1980, executed by and among the City, AATI and TCB shall each continue in full force and effect with respect to the Ground Lease, as hereby assigned, and that, except as modified by this Assignment and Assumption, the representations contained in said Estoppel Certificate are true and correct as of the date hereof.

IN WITNESS WHEREOF, this instrument is executed on this the 4 day of August, 1981.

"THREE RIVERS"

THREE RIVERS GYPSUM, INC.,
a Texas corporation

By: Donald R. Coffey
Donald R. Coffey, President

"RADER"

Homer J. Rader, Jr.
HOMER J. RADER, JR.

"CITY"

THE CITY OF ADDISON, TEXAS,
a municipal corporation

By: Jim Ralston
Its Mayor

"AATI"

ADDISON AIRPORT OF TEXAS, INC.,
a Texas corporation

By: William R. Kelly
Its President

TATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned, a notary public in and for the State of Texas, on this day personally appeared Donald R. Coffey, President of THREE RIVERS GYPSUM, INC., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said THREE RIVERS GYPSUM, INC., a Texas corporation, and that he executed the same as the act and deed of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN under my hand and seal of office this 4th day of August, 1981.

Marathy L. James
Notary Public in and for
the State of T E X A S

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned, a notary public in and for the State of Texas, on this day personally appeared HOMER J. RADER, JR., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN under my hand and seal of office this 4th day of August, 1981.

Marathy L. James
Notary Public in and for
the State of T E X A S

STATE OF TEXAS §
COUNTY OF DALLAS §

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

GIVEN under my hand and seal of office this 5 day of August, 1981.

Marathy L. James
Notary Public in and for
the State of T E X A S

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a notary public in and for the State of Texas, on this day personally appeared Robert L. Case, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC., a Texas Corporation, and that he executed the same as the act and deed of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Barbara L. James
Notary Public in and for
the State of T E X A S

Exhibit A

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

BEGINNING at an iron pin found for the northwest corner of a 3.862 acre tract of land conveyed to Addison Airport, Inc. by deed filed January 8, 1957, recorded in Volume 4635, Page 281, Deed Records of Dallas County, Texas, said iron pin also being the southwest corner of a tract of land conveyed to O. J. Broughton and E. E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County, Texas;

THENCE South 0 deg. 20 min. 20 sec. East 50.00 feet;

THENCE South 82 deg. 45 min. West 18.64 feet to the BEGINNING POINT OF THIS DESCRIPTION;

THENCE South 00 deg. 08 min. East 83.56 feet;

THENCE South 20 deg. 10 min. 40 sec. East 60.04 feet;

THENCE South 69 deg. 30 min. West 160.00 feet;

THENCE North 20 deg. 10 min. 40 sec. West 175.87 feet;

THENCE North 69 deg. 37 min. East 29.48 feet;

THENCE North 79 deg. 18 min. 38 sec. East 82.15 feet;

THENCE North 86 deg. 16 min. 20 sec. East 81.45 feet to the beginning point of this description and containing 0.637 acres of land, more or less.

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this 13 day of JUNE, 1991, at Addison, Texas, between HOMER J. RADER, JR., hereinafter called "Assignor", and BEECH HOLDINGS, INC., hereinafter called "Assignee".

WHEREAS, a lease executed on the 4th day of September, 1980, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and THREE RIVERS GYPSUM, INC. as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Lessee's interest in such lease was assigned to Assignor pursuant to an Assignment and Assumption Agreement dated August 5, 1981; and

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

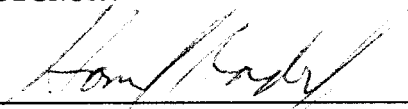
NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of his right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit "A", and the Assignee hereby agrees to and does accept the assignment, and in

addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable. Assignee's assumption obligations herein are conditioned upon the consummation of the transaction contemplated by the Purchase Agreement between Assignor and Assignee dated June ____, 1991, and Assignee shall assume such obligations as of the closing of such transaction.

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

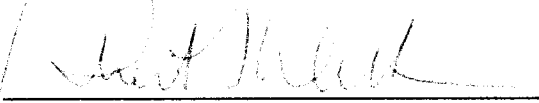
EXECUTED the day and year first above written.

ASSIGNOR:



Homer J. Rader, Jr.

ASSIGNEE:



Robert B. Welton, Senior Vice President
Beech Holdings, Inc.

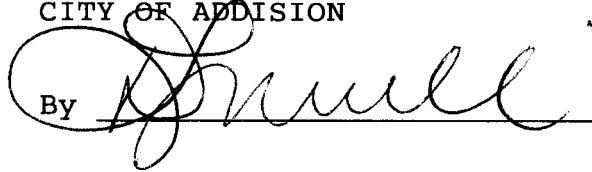
CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the

assignment of the lease to Assignee, waiving none of their rights thereunder as to the Assignor or the Assignee.

LESSOR:

CITY OF ADDISON

By 

ADDISON AIRPORT OF TEXAS, INC.

By 

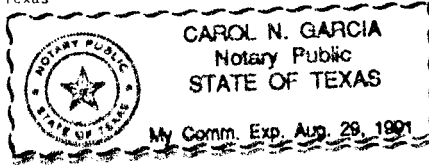
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STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Robert Welton
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 19th day of June, 1991.

Carol N. Garcia
Notary Public
Dallas
County, Texas

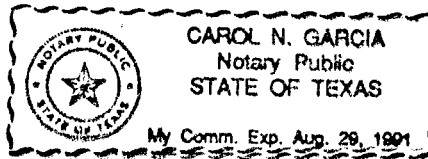


STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Homer Rader
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 19th day of June, 1991.

Carol N. Garcia
Notary Public
Dallas
County, Texas



STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared D. Lynn Spruce
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 11 day of July, 1991.

Diana Miller
Notary Public
Dallas
County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared SAM 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 July, 1991.

Phillip J. Miller
Notary Public
DALLAS
County, Texas

Commission Expires 09/16/92

See
#24.00
Oregon

ASSIGNMENT, ASSUMPTION AND AMENDMENT OF LEASES

This Assignment and Assumption of Leases, dated as of August 1, 1996, is entered into by and between Beech Holdings, Inc., a Kansas corporation ("Assignor"), and Mercury Air Group, Inc., a New York corporation ("Assignee"); and consented to by the Town of Addison, Texas (also referred to as the "City") and Addison Airport of Texas, Inc. ("Lessor").

WHEREAS, Assignor is the current Lessee under the following leases (collectively, the "Leases") with Lessor at Addison Airport, Addison, Texas ("Airport"):

- A. Lease Agreement between the City of Addison Texas, the Addison Airport of Texas, Inc. and Beech Holdings, Inc. dated September 30, 1981, as amended; and
- B. Lease Agreement between the City of Addison Texas, Addison Airport of Texas, Inc. and Beech Holdings, Inc. dated April 1, 1990; and
- C. Lease Agreement between the City of Addison, Texas, the Addison Airport of Texas, Inc. and Three Rivers Gypsum, Inc. dated September 4, 1980 and Assigned to Homer J. Rader, Jr. (executed August 5, 1981) and Assigned to Beech Holdings, Inc. dated June 13, 1991; and

The legal description of each of the three leasehold estates referred to above is set forth in Exhibit "A" which is attached hereto and incorporated herein at this point by reference.

WHEREAS, Assignor is conveying to Assignee certain of the Assets (the "Sale") of Assignor located at the Airport; and

WHEREAS, Assignor wishes to assign to Assignee, and Assignee wishes to assume, all right, title and interest to, and duties and obligations under, the Leases, and all of Assignor's right, title and interest in and to those certain leasehold improvements located thereon pursuant to the terms and conditions set forth hereinbelow; and

WHEREAS, as part of the purchase price for the sale, Assignee is delivering to Assignor a promissory note (the "Note").

NOW, THEREFORE, in consideration of the recitals and the mutual covenants and promises contained herein, the parties hereby agree as follows:

1. Assignment. Assignor hereby sells and assigns to Assignee Assignor's interest in and to the Leases, subject to liens and encumbrances of record, to have and to hold the same for and during the remainder of the term mentioned in each of the Leases and subject to the covenants and conditions herein. Notwithstanding anything to the contrary contained herein, Lessor does not consent to release Assignor from any lien or encumbrance of record for which Assignor is responsible.

2. Assumption. Assignee hereby assumes the Leases, subject to liens and encumbrances of record, for the balance of the term therein provided for each, and agrees to faithfully perform all of the covenants, stipulations and agreements contained therein.

3. Consent of Lessor to Assignment. Lessor consents to the assignment by Assignor of each of the Leases. Assignor agrees to guarantee the performance of Assignee under the Leases, provided, however, in the event Assignee's obligations under the Leases are modified in the future, the obligations of Assignor for such guaranty shall be limited to only those future obligations which existed on the effective date of this Agreement.

4. Representation of Assignor. Assignor represents and warrants to Assignee that (a) the Leases are in full force and effect and are not in default, (b) that all rent and/or all other sums or obligations due under the Leases for and through the month of June, 1996 have been paid or performed in full, and (c) the Leases have not otherwise modified, changed, altered, or amended in any respect other than pursuant to the written amendments and supplements referenced herein and are the only Leases or agreements between Assignor and Lessor with respect to the various premises.

5. No Modification. This Assignment shall not be modified, in any way whatsoever, other than in writing, signed by the parties hereto and consented to by the Town of Addison, Texas, and Addison Airport of Texas, Inc. as Lessor under the Leases.

6. This Assignment and Assumption of Leases is subject to the approval of the Leases by the Town of Addison, Texas and Addison Airport of Texas, Inc.

7. Prior to the effective date of this Assignment, Assignor and Assignee agrees to reimburse Lessor for all reasonable attorney's fees incurred by Lessor in connection with this Assignment.

8. Lessor hereby agrees to provide written notice to Assignor in the event Assignee becomes at least sixty (60) days late in meeting any of its financial obligations to Lessor under any of the Leases.

9. On the effective date of the Assignment, the parties hereby agree to amend the terms of one of the Leases, more particularly that certain Lease Agreement referenced in SubParagraph B in the first "WHEREAS" clause herein between Lessor and Beech Holdings, Inc., dated April 1, 1990 as follows: (a) Assignor shall pay to Lessor the lump sum payment of \$21,984.16; (b) "Base Rent" shall be increased to \$24,816.51 per month (subject to the "Adjustment of Rental" provisions contained in Paragraph 4); and (c) Paragraph 3.B. of such Lease Agreement regarding the adjustment to Base Rent for "Gross Sales" is deleted.

10. Assignee does hereby agree to hold Assignor harmless from and to indemnify Assignor from any and all liability, costs, expenses, and damages, including but not limited to attorneys fees, which Assignor may suffer or incur which may arise out of the liability assumed by the Assignee herein as the assuming Lessee under the Leases. This hold harmless and indemnity

shall be secured by the Deed of Trust which secures the promissory note given by Assignee to Assignor in connection with the acquisition of the leasehold estates in the Leases.

IN WITNESS WHEREOF, the parties have caused this Assignment and Assumption of Leases to be executed by their duly authorized representatives as of the date and year first herein above set forth.

BEECH HOLDINGS, INC.

By: Arthur E. Wegner

Print Name: Arthur E. Wegner

Title: Chairman of the Board & President

Date: 7/16/96

"Assignor"

MERCURY AIR GROUP, INC.

By: Randolph E. Ater

Print Name: RANDOLPH E. ATER

Title: EXECUTIVE VICE PRESIDENT

Date: 7/19/96

"Assignee"

TOWN OF ADDISON, TEXAS

By: Ron Whitehead

Print Name: Ron Whitehead

Title: CITY MANAGER

Date: 8-22-96

"Lessor"

ADDISON AIRPORT OF TEXAS, INC.

By: Sam Stuart

Print Name: Sam Stuart

Title: President

Date: 8/6/96

"Lessor"

GL #0400-2101

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

**ASSIGNMENT OF TENANT'S INTEREST IN LEASE,
AGREEMENT OF ASSUMPTION AND AMENDMENT OF LEASE**

KNOW ALL MEN BY THESE PRESENTS THAT **Mercury Air Group, Inc.** ("Assignor"), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as tenant under those certain leases (as amended) identified and set out in Exhibit A attached hereto and incorporated herein (together, for purposes of this Assignment, the "Leases") hereby assigns to **Mercury Air Center - Addison, Inc.** ("Assignee") all of Assignor's right, title and interest in and to the Leases in which the Town of Addison, Texas (the "City") is the landlord (the "Landlord") (and where any such Leases refer to the Addison Airport of Texas, Inc and the City of Addison, Texas as the landlord, the City is now the sole Landlord under such Leases) and Mercury Air Group, Inc. is the Tenant, providing for, among other things, the lease of a certain portion of the Addison Airport, more particularly described in the Leases.

Assignee hereby accepts the assignment by Assignor of Assignor's interest in the Leases and hereby assumes and agrees to fully and faithfully observe, perform and fulfill all duties, responsibilities, obligations and liabilities of Assignor under the terms of the Leases.

This Assignment shall inure to the benefit of the Assignor and Assignee and their respective successors and assigns. This Assignment may be executed in multiple original counterparts, each which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. This Assignment is subject to the consent of the Landlord, and the parties shall cooperate with one another in seeking such consent.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of Nov 18, 2002.

ASSIGNOR:

MERCURY AIR GROUP, INC.

By: Wayne Lovett
Name: Wayne J. Lovett
Title: Executive Vice President

ASSIGNEE:

MERCURY AIR CENTER - ADDISON, INC

By: Wayne Lovett

GL #0400-2101

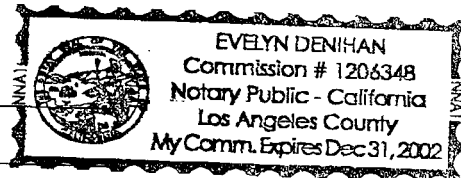
STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that Wayne J. Lovett, whose name as Executive Vice President of Mercury Air, Inc., a corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me this day that he, as such office and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal on this the 18th day of November, 2002.

SEAL

Evelyn Denihan
Notary Public
My Commission Expires: _____



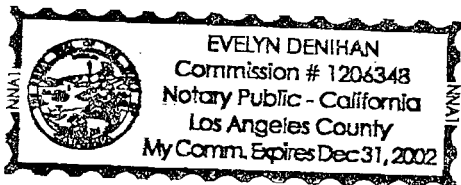
STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that Wayne J. Lovett, whose name as Vice President of Mercury Air Center - Addison, Inc., is signed to the foregoing instrument, and who is known to me, acknowledged before me this day that he, as such office and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal on this the 18th day of November, 2002.

SEAL

Evelyn Denihan
Notary Public
My Commission Expires: _____



CONSENT TO ASSIGNMENT OF
LEASES

This Consent to Assignment of Leases ("Consent") is made as of the 12 day of December, 2002, between and among the Town of Addison, Texas, a municipal corporation (referred to herein as "Landlord"), Mercury Air Group, Inc, a corporation organized and existing under the laws of the State of Delaware ("Mercury"), and Mercury Air Center-Addison, Inc., ("Mercury- Addison" or "Assignee"), a corporation organized and existing under the laws of the State of Texas.

WITNESSETH:

WHEREAS, Mercury is the Tenant pursuant to those certain Leases as set out on Exhibit A, attached hereto (the "Leases"); and

WHEREAS, Mercury-Addison is a wholly owned subsidiary of Mercury Air Centers, Inc., a TEXAS corporation, and Mercury Air Centers, Inc. is a wholly owned subsidiary of Mercury; and

WHEREAS, Mercury desires to assign all of its rights, title and interests in and under the Leases to Assignee pursuant to that certain Assignment of Tenant's Interest In Lease, Agreement of Assumption and Amendment of Lease dated November 1, 2002 (the "Assignment"); and

WHEREAS, in accordance with the Leases, the written consent of the Landlord is required for the assignment, in whole or in part, of the Leases by Mercury (and where any such Leases refer to the Addison Airport of Texas, Inc and the City of Addison, Texas as the landlord, the Town of Addison, Texas is now the sole Landlord under such Leases); and

WHEREAS, Landlord consents to the assignment of the Leases pursuant to the Assignment upon the terms and conditions set forth herein;

NOW, THEREFORE, in recognition of the foregoing recitals, and in consideration of the mutual promises and covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, Landlord, Mercury and Assignee agree as follows.

1. In consideration of and subject to the terms, covenants, promises, conditions and obligations set forth herein, each of which terms, covenants, promises, conditions and obligations has been and is being relied upon by Landlord in consenting to the assignment of the Leases from Mercury to Mercury-Addison, Landlord hereby consents to the assignment of the Leases by Mercury to Mercury-Addison effective as of the date of Landlord's execution of this Consent, waiving none of its rights under the Leases (or any of them) as to Mercury or Mercury-Addison.
2. Mercury is and shall remain liable in all respects for the performance of or the failure to perform each of the terms, covenants, provisions, conditions and obligations of the

Leases until the end of the initial term and each renewal term of the Leases, and hereby guarantees the performance of the Leases by Mercury-Addison.

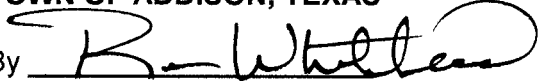
3. Landlord and Mercury-Addison may materially change, alter, amend or modify the Leases in any manner, including (without limitation) with respect to the amount of rentals to be paid to Landlord thereunder, and Mercury-Addison may make further assignments of the Leases as assigned to Mercury-Addison pursuant to the Assignment, subject to the prior written approval of Landlord, without the approval of or notice to Mercury.
4. Mercury-Addison shall, and hereby does, assume and become obligated to perform and comply with each of the terms, covenants, provisions, liabilities, conditions and obligations of the Leases assigned by Mercury and assumed by Mercury-Addison under the Assignment the same as if originally a party thereto.
5. Mercury shall maintain without interruption the insurance required by the Leases for such period of time as is necessary to provide coverage until any applicable statute of limitations may bar any claims against Mercury arising from or out of the Leases or any of Mercury's operations in connection with the Leases. Mercury shall provide Landlord with certificates of insurance evidencing such insurance and, upon request, shall furnish the Landlord with certified copies of such insurance.
6. Mercury shall provide Landlord not less than sixty (60) days prior written notice of any merger of Mercury with or into or any other entity or of any dissolution (voluntary or involuntary) of Mercury.
7. No delay or failure by any party to exercise any right under this Consent and no partial or single exercise of such a right shall constitute a waiver of that or any other right unless expressly provided otherwise in this Consent.
8. Failure of Mercury to comply with the provisions set forth herein shall constitute an event of default under the Leases.
9. This Consent supersedes any and all agreements and understandings previously made between any of the parties hereto relating to the subject matter of this Consent.
10. This Consent shall be binding upon and inure to the respective benefit or detriment of Landlord, Mercury and Mercury-Addison, their respective successors, assigns, and legal representatives.
11. This Consent shall be governed by and construed in accordance with the laws of the State of Texas, without regard to the principles of conflict of law. Any legal action or proceeding with respect to this Consent shall be brought only in a federal or state court of competent jurisdiction in Dallas County, Texas.
12. This Consent may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one (1) and the same Consent.

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

IN WITNESS WHEREOF, the Town of Addison, Texas, Mercury Air Group, Inc. and Mercury Air Center – Addison, have executed this Consent to Assignment of Leases on the dates indicated below.

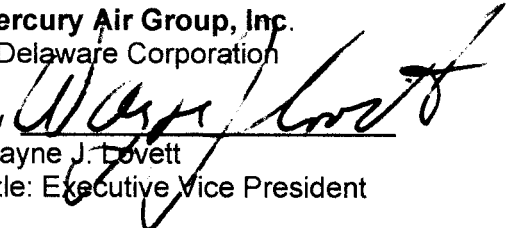
Date: _____

TOWN OF ADDISON, TEXAS

By 
Ron Whitehead, City Manager

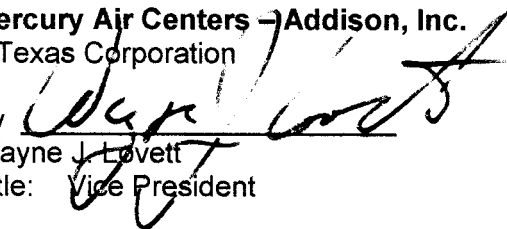
Date: _____

Mercury Air Group, Inc.
a Delaware Corporation

By 
Wayne J. Lovett
Title: Executive Vice President

Date: _____

Mercury Air Centers – Addison, Inc.
a Texas Corporation

By 
Wayne J. Lovett
Title: Vice President

RECEIVED
GL #0400-2101
NOV 19 2002**Mercury Air Group, Inc.**

5456 McConnell
Los Angeles, CA 90066
Tel. (310) 577-8769
Fax: (310) 827-0650
www.mercurygroup.com

Wayne J. Lovett
Executive Vice President
General Counsel & Secretary
wjlovett@Mercuryair.com

November 16, 2002
John Hill, Esq
Cowles & Thompson
Bank of America Plaza
901 Main Street
Suite 4000
Dallas, Texas 75202

Dear Mr. Hill;

You have asked me to explain in writing why Mercury Air Group, Inc. wishes to assign its leases to Mercury Air Center – Addison, Inc., a Texas corporation.

Mercury Air Group, Inc., a Delaware corporation, is a public company traded on the American Stock Exchange under the symbol "MAX". Mercury has been in the aviation business since 1956 when it started as a ground handling company at LAX. Since then Mercury has grown to include four operating divisions: MercFuel, Inc., a Delaware corporation sells aviation fuels to airlines and commercial operators worldwide; Maytag Aircraft Corporation, a Colorado corporation does business with the United States Government at military bases in 17 countries, including Kuwait, Japan and Greece; Mercury Air Cargo, Inc., a California corporation is the largest independent cargo handler at LAX and has operations in Atlanta, GA and Canada as well, in addition this company also is engaged in space logistics, and general cargo sales agent services at locations through the world; Mercury Air Centers, Inc., a California corporation operates FBOs at 18 domestic locations. John, I am sending you a copy of our latest 10-K and Proxy Statement as well.

Historically, Mercury Air Centers has provided Fixed Base Operations ("FBO") services at 18 airports throughout the United States either directly through Mercury Air Group, Inc. or through its wholly owned subsidiary Mercury Air Centers, Inc. ("Air Centers"). At each FBO site, the Mercury: 1.) conducts retail aviation fuel sales and aircraft refueling operations which service principally corporate, private and fractional ownership aircraft and to some extent refueling operations to commercial aircraft, 2.) provides aircraft hangar rental and aircraft tie-down services, and 3.) at a few select FBO sites, provides aircraft maintenance. At each FBO site, the Mercury maintains administrative offices and provides office rent for its customers. The Mercury owns and leases refueling vehicles and maintains fuel storage tanks as required to support the fuels sales and into-plane fueling

GL #0400-2101

operations. During the year ended June 30, 2002, the Mercury sold 36,025,000 gallons through its aviation retail fuel sales operations. The FBO property and facilities are leased from the respective airport authorities.

As part of an ongoing round of financing, Mercury is undertaking a corporate reorganization. Consistent with other companies in the industry and at the specific requirement of its lenders Mercury has formed operating companies to hold its leases and manage its operations at each of its 18 locations. In Addison, Mercury Air Center - Addison, Inc., a Texas corporation has been formed for this purpose. Mercury Air Center - Addison is a wholly owned subsidiary of Mercury Air Centers, Inc, a wholly owned subsidiary of Mercury which will manage the operations pursuant to an operating agreement. Mercury Air Center - Addison is what is known as a bankruptcy remote special purpose entity. Again, this is a requirement of Mercury's lenders. Naturally, Mercury shall remain fully liable to the Landlord for the payments under the lease and the operations at the Airport. Finally, in these uncertain times, it makes sense from a corporate perspective to organize the operations of the company so that the destruction of one does not unduly disrupt the operations of the others.

Hopefully this brief explanation will suffice. Please let me know if you have any further questions.

Sincerely,



Wayne J. Lovett

OFFICE-HANGAR LEASE AGREEMENT

BY AND AMONG

CITY OF ADDISON, TEXAS

AND

ADDISON AIRPORT OF TEXAS, INC.

AND

BEECH HOLDINGS, INC.

DATED

AS OF

APRIL 1, 1990

4/18/90

OFFICE-HANGAR LEASE AGREEMENT

THIS OFFICE-HANGAR LEASE AGREEMENT ("Lease") is made and entered into as of the 1st day of April, 1990, by and among ADDISON AIRPORT OF TEXAS, INC., a Texas corporation, acting by and through its duly authorized officer ("AATI"); and BEECH HOLDINGS, INC., a Kansas corporation ("Tenant"), and the CITY OF ADDISON, TEXAS, a municipal corporation ("City").

W I T N E S S E T H :

WHEREAS, AATI leases that certain real property, together with the improvements thereon ("Demised Premises"), described in the attached Exhibit A from the City, pursuant to that certain instrument dated December 30, 1976, and captioned Agreement for Operation of the Addison Airport between the City of Addison, Texas, and Addison Airport, Inc. ("Base Lease"); and

WHEREAS, the Demised Premises are situated at Addison Airport ("Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B, which plat depicts the Demised Premises; and

WHEREAS, Tenant wishes to lease the Demised Premises from AATI for the term of the Base Lease and thereafter from the City, and AATI and the City wish to lease the Demised Premises to Tenant, upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained, AATI and City let and demise to Tenant, and Tenant takes from AATI and City, the Demised Premises, and all described rights incident thereto, subject to the following:

1. Base Lease; Definition of Landlord. Tenant, by Tenant's execution of this Lease, acknowledges that AATI has furnished Tenant with a copy of the Base Lease and that Tenant has reviewed the same. 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.

2. Term. Subject to the satisfaction or waiver of all contingencies specified herein, the term shall commence as of April 1, 1990, ("Commencement Date"), and expire on September 30, 2021.

3. Rental.

A. Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord "Base Rent" (herein so called) for the Demised Premises, commencing June 1, 1990, at the rate of Sixteen Thousand and No/100 Dollars (\$16,000.00) per month in advance. Tenant shall not pay any Base Rent for the initial two-month period occurring from and after the Commencement Date. The first monthly installment of Base Rent shall be due and payable on June 1, 1990 and thereafter shall be due and payable on or before the first day of each calendar month during the term hereof.

B. In addition to the aforesaid Base Rent, from and after June 1, 1990, Tenant shall pay to Landlord for each calendar year of the term of this Lease, in addition to the aforesaid Base Rent, the greater of (i) Sixty Thousand Dollars (\$60,000.00) ("Minimum Payment") or (ii) the applicable percentage ("Applicable Percentage") stated below of Tenant's Gross Sales for such calendar year ("Percentage Rent"). The Applicable Percentage shall be two percent (2%) of Tenant's Gross Sales up to Six Million Dollars (\$6,000,000.00) in Gross Sales and one and one-half percent (1½%) of Tenant's Gross Sales in excess of Six Million Dollars (\$6,000,000.00). As hereafter provided, the Minimum Payment and Percentage Rent shall be paid initially on a monthly and fiscal monthly basis, respectively, and shall be adjusted following each calendar year as provided later in this subparagraph. The Minimum Payment for the first and last calendar years during the term hereof shall be prorated based on the number of days during such calendar years that this Lease is in effect.

The term "Gross Sales" means the selling price of all aircraft parts sold or delivered by Tenant, or any business entity or person occupying any portion of the Airport controlled by, controlling or under common control with Tenant or any sublessee or concessionaire occupying space on the first level of the building within the Demised Premises (including the hangar area) or any assignee of Tenant's interest in the Lease, in, at, on or from any part of the Airport and the charges for all aircraft maintenance or repair services of any sort sold or performed by any such parties in, at or from any part of the Airport and shall include sales for cash or credit, regardless of

collections in the case of the latter. Notwithstanding the foregoing, Gross Sales shall exclude (a) returns of merchandise and refunds in fact made upon transactions included within Gross Sales, not exceeding the selling price of merchandise returned by the purchaser and accepted by Tenant; (b) sales or exchanges of merchandise between operations of Tenant, its sublessees and concessionaires and their respective subsidiaries and affiliates; (c) the amount of any city, county, state or federal sales, luxury or excise tax on such sales or services, which is both added to the price therefor (or absorbed therein) and paid to the taxing authority by Tenant, its sublessees and concessionaires (but not by any of their vendors); (d) aircraft engine sales (provided that any labor in connection with the installation of same shall not be excluded) and any charges payable by Tenant, its sublessees and concessionaires for aircraft engine overhaul, rebuilding, repair, replacement or installation in connection with any sales or services included in Gross Sales to the extent the same are performed off the Demised Premises by any business entity or person not controlled by, controlling or under common control with Tenant, its sublessees or concessionaires; and (e) warranty services. A sale or services shall be deemed to be made or performed at the Airport only if such sale or services actually are made or rendered at the Airport, whether or not the order therefor is secured or received at the Airport. Landlord recognizes that the building within the Demised Premises contains finished office space and unfinished office space which Tenant may elect to finish, and that Tenant intends to sublease such office space during the term hereof. It is agreed that the sales generated by such office space subtenants shall not be included in Gross Sales for purposes of this subparagraph.

Tenant shall prepare and keep at the Demised Premises, for a period of not less than three (3) years, adequate books, records or reports (conforming to generally accepted accounting principles, consistently applied) showing Gross Sales for each month throughout the term.

Tenant shall pay the Minimum Payment in installments (hereafter the "Minimum Payment Installments") of Five Thousand Dollars (\$5,000.00) for each calendar month following June 1, 1990. The first Minimum Payment Installment shall be paid on July 1, 1990, and thereafter on the first day of each calendar month during the term hereof.

Tenant does not maintain its accounting records on a monthly basis but rather on a basis of twelve (12) accounting periods within each calendar year, which periods do not necessarily correspond to the calendar months. On or before the fifteenth (15th) day of each calendar month during the term and on October 15, 2021 Tenant shall furnish Landlord, at the place then fixed for the payment of Base Rent, a statement signed by the person employed by Tenant at the Demised Premises who is

designated by Tenant as being responsible for preparing such statement, showing Gross Sales for the preceding fiscal month, which information Landlord will hold in confidence, except that Landlord may reveal such reported sales to any mortgagee or prospective mortgagee, encumbrancer or purchaser of the Demised Premises, or a prospective purchaser of Landlord's stock if Landlord is a corporation; provided that prior to revealing such information to a third party, the third party shall agree, for the benefit of Tenant, to keep such information confidential. In the event, for any of Tenant's fiscal months, commencing with the calendar month of June 1990, the aggregate of (a) two percent (2%) of Gross Sales for such fiscal month up to Five Hundred Thousand Dollars (\$500,000.00) and (b) one and one-half percent (1½%) of Gross Sales in excess of Five Hundred Thousand Dollars (\$500,000.00), during such fiscal month exceeds the Minimum Payment Installment payable for the calendar month which substantially includes or is included within Tenant's fiscal month (with such excess hereafter referred to as the "Fiscal Period Percentage Payment"), then the Fiscal Period Percentage Payment shall be paid to Landlord by Tenant at the time Tenant's statement is submitted to Landlord. Due to fluctuations in Tenant's Gross Sales within each calendar year, it is possible that the aggregate of the Fiscal Period Percentage Payments and Minimum Payment Installments paid by Tenant will be less than or greater than the Percentage Rent which Tenant is required to pay hereunder for such year. Therefore, within forty-five (45) days following the end of each calendar year, Tenant shall determine whether the Fiscal Period Percentage Payments and Minimum Payment Installments paid during such preceding calendar year are less than or greater than the annual rent required to be paid by Tenant under this subparagraph B. If such payments exceed Tenant's annual rental obligation under this subparagraph B, the excess shall be refunded to Tenant promptly or, at Tenant's option, shall be credited against Tenant's upcoming rent obligations to Landlord, and if such payments are less than the rent required hereunder, the deficiency shall be paid to Landlord promptly by Tenant. As an illustration of the foregoing, assume the Gross Sales for twelve (12) fiscal periods during a calendar year were as follows, so that the amount by which the Fiscal Period Percentage Payments made by Tenant for those periods were as indicated below:

<u>Period</u>	<u>Gross Sales</u>	<u>Fiscal Period Percentage Payment</u>
#1	\$125,000	\$ -0-
#2	125,000	-0-
#3	125,000	-0-
#4	125,000	-0-
#5	125,000	-0-
#6	500,000	5,000
#7	500,000	5,000
#8	500,000	5,000
#9	500,000	5,000
#10	125,000	-0-
#11	125,000	-0-
#12	125,000	-0-

Within forty-five (45) days following the hypothetical calendar year described above, Tenant would determine that the Gross Sales for the calendar year were \$3,000,000, so that the Percentage Rent for such year would be \$60,000, which does not exceed the Minimum Payment obligation for such year. As a result of the fluctuation in the Gross Sales during the fiscal periods, Tenant actually paid Landlord \$20,000 in excess of its annual rental obligation under this subparagraph B. Tenant recognizes that under some circumstances the aggregate of the Fiscal Period Percentage Payments during a calendar year could result in underpayment of the annual rent required to be paid hereunder, in which event Tenant shall remit to Landlord the additional rent due. In no event shall Landlord be required to return any portion of the Minimum Payment if the sum of two percent (2%) of Gross Sales up to Six Million Dollars (\$6,000,000.00) and one and one-half (1 ½%) or Gross Sales over Six Million Dollars (\$6,000,000.00) for such year is less than Sixty Thousand and No/100 Dollars (\$60,000.00).

Landlord or its duly authorized representatives may, during regular business hours, upon a minimum of forty-eight (48) hours' prior written notice given to Tenant, inspect the books, records or reports of Gross Sales made by Tenant, provided that such inspection may only cover a three- (3) year period prior to the date of such inspection, and Tenant agrees to make available to Landlord adequate work area within the Demised Premises for such inspection. Landlord may not inspect the records of Tenant more than once in any twelve- (12) month period, unless Tenant's prior statement was understated by more than three percent (3%). Tenant and each licensee shall make such records available for inspection at the written request of Landlord, as aforesaid. If Landlord's audit shall disclose a deficiency in Percentage Rent for such period of less than three percent (3%) of the Percentage Rent due, Tenant shall promptly pay to Landlord the amount of such deficiency. If such audit by Landlord shall disclose a

deficiency in excess of three percent (3%) of the Percentage Rent due, then Tenant shall promptly pay Landlord such deficiency, together with Interest (as hereinafter defined) and the reasonable costs of such audit.

C. For purposes of this Lease, the term "rent" shall include Base Rent, Minimum Payment Installments and Percentage Rent.

4. Adjustment of Rental. Commencing on the third (3rd) anniversary of the Commencement Date and on every third (3rd) anniversary of the Commencement Date thereafter until April 1, 1999, and thereafter commencing April 1, 2004, and every fourth year thereafter, the Base Rent due under paragraph 3A shall be adjusted as follows:

A. A comparison shall be made between the bi-monthly Consumer Price Index - For All Urban Consumers (CPI-U), U.S. City Average, All Items (1982-84 = 100), as published by the Department of Labor, Bureau of Labor Statistics ("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.

B. The Base Rent for the three- (3) or four- (4) 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 Base Rent ever be decreased below the Base Rent set forth in paragraph 3A or increased in excess of (i) in the case of the three year adjustments required hereunder, an amount equal to one hundred fifteen percent (115%) of the Base Rent for the three- (3) year period immediately preceding the current Adjustment Date; and in the case of the four year adjustments required hereunder, an amount equal to one hundred twenty percent (120%) of the Base Rent for the four- (4) year period immediately preceding the current Adjustment Date.

C. In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, any other index hereafter employed by the Federal Bureau of Labor Statistics in lieu of the Price Index, approximating the Price Index as closely as feasible, shall be substituted therefor.

D. The term Adjustment Date shall refer to any date Base Rent is to be adjusted hereunder.

5. Use of Demised Premises and Construction of Improvements

A. The Demised Premises shall be used and occupied by Tenant solely for the sale of new and used aircraft, aircraft parts, aircraft fuel and oil products; as a repair, overhaul, maintenance, service and storage hangar for aircraft; as a testing plant for aircraft engines; for automobile rental; for catering to customers; for retail sale of items to Tenant's customers and invitees; for air chartering and leasing operations; for flight instruction; for storage and parking of aircraft; for general office purposes to the extent permitted by the Base Lease or as otherwise authorized by the City; and for any other purpose permitted under the current Base Lease, but not otherwise, without the prior written consent of Landlord. The Demised Premises specifically may not be used or occupied for any concession for the sale or distribution of food, drinks, tobacco products, oil, gas, petroleum products or any activity of a like character; provided, however, it is understood that Tenant may sell oil, gas and petroleum products, as stated above, and may sell food, beverage and tobacco products from vending machines for the convenience of customers and employees.

B. Except as otherwise specifically provided herein, any improvements to the Demised Premises shall be installed at the cost and expense of Tenant in accordance with plans and specification which have been previously submitted to and approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed. Such work shall be performed by contractors and subcontractors reasonably selected by Tenant. Construction of improvements by Tenant shall be performed in a first class, workmanlike manner, and Tenant agrees to promptly pay and discharge all cost, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with any such construction, subject, however, to Tenant's right to contest such items as provided herein.

6. Acceptance of Demised Premises. Tenant acknowledges that Tenant has fully inspected the Demised Premises and accepts the Demised Premises as suitable for the purposes for which the same are leased in their present condition, "as is, where is, with all faults."

7. 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 occupancy of the Demised Premises and the conduct of Tenant's operations on the Demised Premises. Subject to its right to contest as provided elsewhere herein, Tenant shall

comply at all times with all governmental laws, codes, ordinances, rules and regulations applicable to the use and occupancy 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.

8. Assignment and Subletting. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder, nor sublet the whole or any part of the Demised Premises; provided that Tenant shall have the right to assign or sublet, without Landlord's consent, to any subsidiary of Tenant or to Beech Aircraft Corporation or any subsidiary thereof; and further provided that no consent shall be required for the subleasing of office space within the building on the Demised Premises. Landlord's consent may be conditioned upon modification of the definition of "Gross Sales" to conform the definition to the type of business to be conducted by such subtenant or sublessee. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 5 pertaining to the use of the Demised Premises. Leasing a portion of the improvements for the purpose of hangaring aircraft in the normal course of conducting the business of a fixed base operation shall not be considered to be a sublease requiring Landlord's consent. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the Demised Premises without first obtaining (and furnishing a duplicate original to Landlord) 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.

9. Property Taxes and Assessments. Subject to its right of contest as stated elsewhere herein, Tenant shall pay any and all property taxes or assessments levied or assessed on the following for any portion of the term hereof: (i) the Demised Premises; (ii) all improvements, fixtures, equipment or personal property comprising a part of or located upon the Demised Premises; and (iii) the leasehold estate of Tenant created hereby (hereinafter referred to as "Tenant's Taxes"). Upon the request of Landlord, Tenant shall from time to time furnish to Landlord "paid receipts" or other written evidence that all of Tenant's

Taxes have been paid by Tenant. If any of Tenant's Taxes are included in tax statements delivered to Landlord, Tenant shall pay to Landlord that portion representing Tenant's Taxes within ten (10) days after Tenant's receipt of an invoice therefor from Landlord (but in no event shall Tenant be required to remit payment to Landlord more than fifteen [15] days prior to the due date for such taxes), accompanied by evidence of Landlord's computation of the portion thereof representing Tenant's Taxes, which computation shall be reasonably acceptable to Tenant as fairly stating Tenant's Taxes. If Tenant pays Tenant's Taxes to Landlord, Landlord shall duly and punctually remit the same to the taxing authority and shall indemnify and hold Tenant harmless from any cost, expense, damage, liability or loss arising out of Landlord's failure to pay to the taxing authority the same, together with any and all taxes and assessments pertaining to the Airport, including the common areas therein, and all improvements and fixtures therein.

10. Maintenance and Repair of Demised Premises.

A. Except as provided in subparagraph B below, Tenant shall, throughout the term hereof, maintain in good repair and condition all the Demised Premises, and all improvements, fixtures, equipment and personal property comprising a part of or located upon the Demised Premises, and keep them free from waste or nuisance, and, at the termination or expiration 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. Nothing herein shall obligate Tenant to complete or finish the existing unfinished space within the building on the Demised Premises.

B. In the event Tenant shall fail to so maintain the Demised Premises and/or the improvements, fixtures, equipment and personal property comprising a part of or located upon the Demised Premises, Landlord shall have the right (but not the obligation), following thirty (30) days' prior written notice to Tenant, 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 to Landlord on demand.

C. If Tenant handles or stores flammable materials at the Demised Premises, Tenant agrees to maintain proper safeguards with respect thereto and to comply with all requirements of its insurance companies and/or governmental authorities with respect to the storage, use and disposal of such materials.

11. Alterations, Additions and Improvement. Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the Demised Premi-

ses without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. 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, subject to Tenant's right to contest as provided elsewhere herein, 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.

12. Insurance. During the term hereof, Tenant shall maintain, at Tenant's sole cost and expense, insurance relating to the Demised Premises, as follows: (i) "all risks" property insurance (not excluding from its coverage any loss or damage to improvements by fire, lightning, vandalism, malicious mischief, sprinkler and other risks included under fire and extended coverage property policies), in the full replacement value of the Demised Premises and all personal property, trade fixtures, equipment, leasehold improvements and all contents therein (the term "full replacement value" as used herein means actual replacement value at the time of such loss, and upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, thereafter, proper adjustment in the limits of insurance coverage shall be effected); (ii) commercial general liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Demised Premises, written on an occurrence basis, with a minimum single limit of \$1,000,000.00; (iii) workers' compensation insurance covering all persons employed by Tenant in connection with any work done on or about the Demised Premises with respect to which claims for death or bodily injury could be asserted against Landlord or the Demised Premises, or in lieu of such workers' 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 \$500,000.00 for damage to property resulting from such perils; (v) such other insurance on improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to such improvements; (vi) in addition, if Tenant rents or leases space for aircraft storage, Tenant will maintain hangar keepers' liability insurance providing for coverage in the following limits: \$500,000.00 per aircraft and \$1,000,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant; and (vii) during any period of construction, a Builders'

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 (and, if Landlord so requests, any other party which has an insurable interest in the Demised Premises designated by Landlord) as an additional insured or loss payee, as the case may be; and (iii) shall provide for at least thirty (30) days' written notice to Landlord (and, if Landlord so requests, the City and any other party which has an insurable interest in the Demised Premises designated by Landlord) prior to cancellation or modification. Tenant shall provide Landlord with certificates from Tenant's insurance agency, certifying that the required coverages are in place.

13. Casualty Damage or Destruction.

A. In case of any damage to or destruction of the buildings, structures, fixtures and equipment on the Demised Premises, or any part thereof, Tenant promptly will 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, fixtures and equipment on the Demised Premises or any part thereof, Tenant shall (subject to the other provisions of this paragraph 13) promptly commence and complete the restoration, repair and replacement of said buildings, structures, fixtures 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 ("Restoration"). Notwithstanding anything to the contrary appearing herein, Tenant shall have the right to terminate this Lease as of the date of such damage or destruction, and not undertake Restoration, upon written notice given to Landlord, if:

(i) the buildings, structures, fixtures and equipment are damaged or destroyed to such an extent that the same cannot with reasonable diligence be fully repaired and restored within one hundred eighty (180) days after the date of damage or destruction; or

(ii) the damage or destruction occurs within the final three (3) years of the term hereof; or

(iii) the Restoration costs and expenses are not fully covered by Insurance Proceeds (as defined in D below) received by Tenant or Landlord under the insurance policies required to be maintained by this Lease.

Upon any such termination, any prepaid rent pertaining to any period after the date of damage or destruction shall be refunded

promptly by Landlord to Tenant.

C. All Insurance Proceeds (as defined in subparagraph D below), if any, payable on account of such damage to or destruction of the buildings, structures, fixtures and equipment on the Demised Premises shall be held by Landlord in a segregated, interest-bearing account, provided that any Insurance Proceeds attributable to Tenant's or its subtenants' trade fixtures and personal property, or the personal property belonging to any third party, shall be paid to Tenant. Landlord shall be protected in acting upon any certificate believed in good faith 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. So long as Landlord acts in good faith, such certificate shall be full warrant, 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 13.

D. Insurance Proceeds received by Landlord on account of any damage to or destruction of the buildings, structures, fixtures and equipment on the Demised Premises, or any part thereof, together with all interest earned thereon, less the costs, fees and expenses incurred by Tenant and Landlord in the collection thereof (which collection costs, fees and expenses may be incurred by Landlord only with the prior written consent of Tenant, which consent shall not be unreasonably withheld or delayed), including, without limitation, adjusters' and attorneys' fees and expenses (herein referred to as "Insurance Proceeds"), shall be applied as follows:

(i) Unless Tenant exercises its right of termination as permitted by this paragraph 13, the Insurance Proceeds shall be paid to Tenant, or as Tenant may direct from time to time as the Restoration progresses, to pay (or reimburse Tenant for) the cost of the Restoration, upon written request of Tenant to Landlord accompanied by (a) a certificate of a supervising architect or engineer approved by Landlord, or Beech Aircraft Corporation's Plant Engineer, 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 completed 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, or other evidence reasonably 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. If at any time the certificate of the supervising architect or engineer indicates that the amount necessary to complete the Restoration exceeds the balance of the Insurance Proceeds then held by Landlord, Landlord may refuse to fund any additional portion of the

Insurance Proceeds until Tenant deposits cash with Landlord in the amount of the deficiency (or otherwise reasonably satisfies Landlord concerning the availability of such funds), which thereafter shall be disbursed by Landlord as if such cash deposit were part of the Insurance Proceeds. If at any time Landlord receives evidence of the filing of mechanics', materialmen's or similar liens for labor or materials pertaining to the Restoration, Landlord may withhold from future fundings of any portion of the Insurance Proceeds a sum equal to one hundred twenty-five percent (125%) of the lien amount, until such time as such liens expire, Tenant furnishes Landlord with releases of such liens, or Tenant provides Landlord reasonable protection against the Demised Premises being forfeited or foreclosed. Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that the Restoration has been substantially completed, Landlord shall pay to Tenant, or as Tenant may direct, all or enough of the balance (if any) of the Insurance Proceeds to completely pay the entire cost of the Restoration. If the Insurance Proceeds exceed the entire cost of the Restoration, Tenant shall retain such excess.

(ii) In the event Tenant elects to terminate this Lease pursuant to the terms of this paragraph 13, Tenant shall be reimbursed out of the Insurance Proceeds in an amount equal to the unamortized portion of the aggregate of all capital expenditures made by it or its subtenants in connection with the Demised Premises, to the extent the insurance coverage required hereunder provides coverage for such items, for the value of its and its subtenants' personal property and trade fixtures located on the Demised Premises at the time of the damage or destruction, and for all expenditures incurred by Tenant to clean up the Demised Premises and otherwise comply with the terms hereof regarding the condition of the Demised Premises as of the termination of this Lease. All remaining Insurance Proceeds shall be paid to Landlord. For purposes of this subparagraph 13D(ii), the "unamortized portion" shall be an amount equal to the original cost of the item in question multiplied by a fraction having as its denominator the useful life of the item in question as its numerator the shorter of the remainder of the Lease term or the remainder of the useful life of the item.

E. In the event that Tenant is required by the terms of this paragraph 13 to restore the Demised Premises, and does not promptly commence the Restoration, or if, after the commencement thereof, Tenant does not diligently proceed to the completion of the same, Landlord shall have the right to commence or complete the Restoration after Landlord has given Tenant thirty (30) days' prior written notice requesting the commencement of the Restoration or that Tenant diligently proceed to the completion of the Restoration if Tenant, during such 30-day period, does not so commence or proceed to diligently complete the Restoration. In such event, Landlord shall retain the Insurance Pro-

ceeds and Tenant shall pay any deficiency if the Insurance Proceeds are not sufficient to pay the cost of the Restoration.

F. Landlord's obligation to disburse the Insurance Proceeds under this paragraph to pay or reimburse Tenant for the cost of the Restoration is expressly conditioned upon Landlord's receipt, within ten (10) days after Landlord's written request therefor, of evidence reasonably satisfactory to Landlord, in Landlord's sole discretion, that Tenant has the ability to fund (i) any deficiency between the cost of the Restoration and the amount of the Insurance Proceeds, and (ii) the costs to restore or replace all of the trade fixtures, equipment, furniture and other personal property necessary for Tenant to reopen Tenant's business at the Demised Premises (hereinafter referred to collectively as the "Additional Cost"). If Tenant does not furnish reasonably satisfactory evidence to Landlord that Tenant has the ability to fund the Additional Cost within thirty (30) days after Landlord delivers a written request to Tenant to furnish such evidence, Landlord shall have the right to terminate this Lease by delivering written notice of such election to Tenant within five (5) days after the expiration of such 30-day period. If Landlord does not elect to terminate this Lease: (i) Landlord shall disburse the Insurance Proceeds as provided in this paragraph; (ii) Tenant promptly shall proceed with and complete the Restoration; and (iii) Tenant shall be responsible for funding the Additional Cost from whatever sources are available to Tenant.

G. If the Demised Premises shall be damaged in such a manner so as to render them unusable, in whole or in part, the rent to be paid by Tenant hereunder shall be abated or reduced equitably during the period from the date of damage or destruction until usable.

14. Condemnation.

A. If, during the term hereof, all of the Demised Premises or the common areas within the Airport shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, and after such taking by or sale to said condemning authority in lieu of condemnation, the Demised Premises or the remainder thereof is not susceptible (in Tenant's reasonable opinion) to efficient and economic occupation and operation by Tenant, this Lease shall terminate upon written notice given by Tenant to Landlord prior to 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. Landlord shall notify Tenant promptly in the event that any condemning authority contacts Landlord indicating that it desires to condemn any portion of the Demised Premises or the common areas within the Airport necessary for the reasonable use thereof.

B. If, after such taking a portion of the common areas and/or Demised Premises by said condemning authority, the remainder of the Demised Premises is susceptible (in Tenant's reasonable opinion) to efficient and economic occupation and operation by Tenant, this Lease shall not terminate, but the monthly rent due hereunder shall be adjusted equitably. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the Demised Premises or common area.

C. If this Lease is not terminated pursuant to subparagraph 14A, Tenant promptly shall restore the improvements on the Demised Premises to a condition susceptible of efficient and economic occupation and operation by Tenant. Any damages awarded as a result of such taking may be used by Tenant for such restoration. If a portion of the common area was taken and the Lease is not terminated, Landlord shall restore the remaining common areas, to the extent possible, given the amount of common areas remaining and the condemnation award available for use by Landlord, to a condition susceptible of efficient and economic use by Tenant and others using the Airport. Landlord shall pay the same to Tenant in a manner consistent with the provisions of 13 hereof.

D. All damages awarded for any such taking under the power of eminent domain, whether for the whole or (subject to subparagraph C above) any part of the Demised Premises, shall belong to and be the property of Landlord whether such damages shall be awarded as compensation for diminution in value of the leasehold or for the fee; provided that Tenant shall receive such portion of such award as is attributable to improvements made by Tenant on the Demised Premises during the term hereof, and any loss or damage to Tenant's trade fixtures, equipment and personal property and further provided that Landlord shall not be entitled to, and Tenant shall be entitled to receive, any separate award made to Tenant for cessation or interruption of Tenant's business so long as such award for cessation or interruption is in addition to and exclusive of the award for compensation for diminution in value of the leasehold and fee.

15. Utilities. Tenant shall be responsible, at Tenant's sole cost and expense, for obtaining any new utility connections payable to any entity other than Landlord or any affiliate thereof 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.

16. 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 within the Airport 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 discretion; provided that any such rearrangement, modification, change or termination shall not materially, adversely affect Tenant's conduct of business within the Demised Premises. Landlord shall maintain, repair and replace such common areas from time to time so that the same are in reasonable operating condition throughout the term hereof.

17. Certain Representations, Warranties and Covenants of Landlord.

A. Landlord hereby represents and warrants to Tenant, as inducement to enter into this Lease, as follows:

The Demised Premises are not subject to any liens or encumbrances, other than the Base Lease, and there are no actions, suits or proceedings pending, at law or in equity, or, to the best knowledge of Landlord, threatened, relating to the Demised Premises or any portion thereof.

B. Since the Demised Premises are part of a larger parcel of property operated by Landlord for the City, Landlord agrees to indemnify and hold Tenant, and its subtenants, harmless from any claims, proceedings, liabilities, damages, costs and expenses (including but not limited to reasonable attorneys' fees and litigation costs) arising as a result of any materials or property supplied or labor performed on any portion of the Airport, other than at the request of Tenant or its subtenants, or by reason of the failure to pay any taxes, assessments or levies attributable to any portion of the Airport, other than any taxes, assessments or levies which Tenant is required to pay hereunder. Landlord hereby agrees to indemnify and hold Tenant, and its subtenants, harmless from all claims, liabilities, obligations, causes of action, damages, costs and expenses (including reasonable attorneys', accountants' and consulting fees and expenses) based on or arising out of the breach of any warranty made by Landlord in this Lease, or any misrepresentation by Landlord of any representations made by it herein, and/or the breach of any covenant to be performed by Landlord hereunder.

18. Rules and Regulations. Landlord may adopt reasonable

rules and regulations ("Rules and Regulations") for the purpose of assuring the safety and welfare of all those using the Airport, which shall govern Tenant in the use of the Demised Premises and all common facilities. Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, modify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of furthering and assuring the safety and welfare of all those using the Airport.

19. Signs and Equipment. After first securing Landlord's approval, which shall not be unreasonably withheld or delayed, 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 and the common areas within the Airport that reasonably may be 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 normal business hours, to enter the Demised Premises, upon at least twenty-four (24) hours' prior notice: (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, purchaser or lender; or (iv) for any other reasonable and lawful purpose. Landlord shall not materially interfere with Tenant's business in exercise of its rights under this paragraph.

21. Indemnity and Exculpation.

A. Except to the extent provided in subparagraph 21C below, Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers or invitees, or to any other party whomsoever, for any injury to persons or damage to property on or about the Demised Premises or any adjacent area owned by Landlord, to the extent the same arises out of (i) the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires, or any other party entering the Demised Premises under express or implied invitation of Tenant, (ii) the use of the Demised Premises by Tenant, (iii) the conduct of Tenant's business thereon, or (iv) any breach or default by Tenant in the performance of Tenant's duties and obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such injury or damage.

B. Except to the extent provided in subparagraph 21C below, 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, wiring or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the Demised Premises, regardless of the source, or by 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 parties whomsoever, excepting only the contractors, agents and employees of Landlord.

C. Notwithstanding anything to the contrary appearing herein, Landlord shall indemnify and hold Tenant harmless from any claim or liability for bodily injury or property damage occurring within the Premises, to the extent the same arises out of or in connection with the negligence or intentional misconduct of Landlord, its employees, agents, contractors or other representatives provided such claim or bodily injury is not covered by Tenant's liability insurance or the waiver of subrogation provisions of this Lease.

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 the same is due and such failure shall continue for a period of ten (10) days following Tenant's receipt of written notice from Landlord specifying such default.

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; provided, however, in the event such default does not also constitute a default under the Base Lease and is not reasonably susceptible of being cured within such 30-day period, then within an additional reasonable period of time, so long as Tenant has commenced curative action within said 30-day period and thereafter is diligently attempting to cure such default.

C. Insolvency, the making of a transfer in fraud of creditors, or the making of a general 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 Federal Bankruptcy Act, as amended, or under any similar law or statute of the United States, or any State thereof, by Tenant, and if such petition is filed against Tenant, it is not dismissed within ninety (90) calendar days, 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, and such appointment is not terminated within ninety (90) calendar days.

F. Abandonment by Tenant of any substantial portion of the Demised Premises or cessation of use of the Demised Premises for the purposes 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 any 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 party 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 damage 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 party 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 an 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 party who may be occupying the Demised Premises or any part thereof. Landlord may (but shall

not be required to) relet the Demised Premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly, or on demand from time to time, any deficiency that may arise by reason of any such 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 the lesser of the maximum lawful contractual rate of interest or eighteen percent (18%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action unless caused by the willful misconduct or gross negligence of Landlord.

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. Landlord shall in all events exercise good faith and mitigate its damages resulting from an event of default.

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 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 30-day period, or in the event such default cannot be cured within said 30-day period, then within an additional reasonable period of time, so long as Landlord has commenced curative action within said 30-day period and thereafter is diligently attempting to cure such default. If the City or 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 the City or such mortgagee at the same time Tenant gives same to Landlord, and to accept curative action, if any, undertaken by the City or 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 or the common areas, 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 party), 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 made to the Demised Premises by Tenant shall become the property of Landlord upon the termination or expiration of this Lease; provided, however, if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property, equipment 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. If Tenant fails or refuses to remove any or all of Tenant's personal property, equipment and trade fixtures from the Demised Premises on or before the date of the termination or expiration of this Lease, the items which Tenant has failed or refused to remove: (i) shall be considered abandoned by Tenant; (ii) shall become the property of Landlord; and (iii) may be disposed of by Landlord in any manner desired by Landlord in Landlord's unfettered discretion.

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 by, through or under Tenant; provided, however, Tenant shall have the right to contest any such lien as provided in paragraph (40) hereof.

28. Title. Tenant accepts the Demised Premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) existing easements and rights-of-way; and (iv) zoning ordinances and other ordinances, codes, laws, statutes, rules and

regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the Demised Premises.

29. Quiet Enjoyment and Subordination.

A. 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 the Base Lease. Landlord hereby agrees to indemnify and hold Tenant harmless from any costs, expenses, fees (including attorneys' and accounting fees), liabilities, damages, actions, proceedings or claims arising out of Landlord's breach of its covenant, representation and warranty contained in this subparagraph (including but not limited to any claim or proceeding asserted by the prior tenant or lender on the Demised Premises, or its successors and assigns).

B. The City and/or Landlord may sponsor occasional special events, including but not limited to automobile races and air shows, to be conducted on portions of the Airport, which may limit or obstruct access to the Demised Premises and/or to the Airport ("Special Events"). As a material inducement to Landlord to enter into this agreement and to lease the Demised Premises to Tenant, and notwithstanding anything to the contrary contained herein, Tenant, on behalf of Tenant and on behalf of all directors, officers, shareholders, partners, principals, employees, agents, contractors, subtenants, licensees or concessionaires of Tenant, and on behalf of any other party claiming any right to use the Demised Premises by, through or under Tenant, hereby: (i) agrees that the City and/or Landlord has the right to sponsor any or all Special Events and to allow use of portions of the Airport therefor, even if the same limit or obstruct access to the Demised Premises and/or to the Airport; (ii) releases, waives and discharges the City and Landlord, and their respective directors, council persons, officers and employees, from all liability for any loss, damage, cost, expense or claim of or by Tenant arising or resulting from or pertaining to the limitation or obstruction of access to the Demised Premises and/or to the Airport from the conduct of Special Events and/or activities relating or pertaining thereto, including, without limitation, loss of business or revenues (the "Released Claims"); (iii) covenants not to sue the City or Landlord or their respective directors, councilpersons, officers or employees for any Released Claims; and (iv) agrees that the terms contained in this paragraph 29B are intended and shall be construed to be as broad and inclusive as possible under the laws of the State of Texas.

C. Tenant agrees, upon demand, to execute such further instruments subordinating this Lease to the Base Lease as Landlord may reasonably request, provided such subordination shall be upon the express conditions that: (i) this Lease shall be recognized by the City, and all of the rights of Tenant shall remain in full force and effect during the full term of this Lease so long as Tenant pays and performs all of the duties and obligations of Tenant under this Lease; and (ii) in the event of the termination or expiration of the Base Lease, 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 pays and performs all of the duties and obligations of Tenant under this Lease. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to the Base Lease, and specifically providing that this Lease shall survive the termination of the Base Lease. Upon any termination or expiration of the Base Lease, Tenant agrees to attorn to and recognize as Landlord hereunder the City, if Tenant is requested to do so by the City. In the event the City demands payment of rent due, or any other sum payable hereunder, to the City rather than to Landlord, Tenant is hereby authorized to comply with such demand. Tenant shall give Landlord prompt notice of any such demand by the City.

30. Rent on Net Return Basis. Except for the rental due under the Base Lease, and except for the obligations of Landlord provided for herein, 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 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, upon the termination or 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 AATI'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 any transfer of Landlord's interest in the Demised Premises to the City, provided that the obligations of Landlord under this Lease are covenants running with the land and shall be binding upon the City.

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.

A. Tenant agrees that from time to time, upon not less than twenty (20) days' prior written request by Landlord, Tenant will deliver to Landlord a statement in writing certifying: (i) that 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); (ii) the dates to which rent and other charges have been paid; (iii) that 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; (iv) that 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 the City and/or 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 the City and/or to Landlord's mortgagee, and the City and/or Landlord's mortgagee fail to cure such default within the curative period allowed Landlord under this Lease; and (v) as to any other information pertaining to Landlord, Tenant, this Lease or the Demised Premises reasonably requested by Landlord. Landlord shall reimburse Tenant promptly for any legal expense incurred by Tenant to review and/or modify a proposed estoppel statement.

B. Landlord agrees that from time to time, upon not less than twenty (20) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying: (i) that 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); (ii) the dates to which rent and other charges have been paid; and/or (iii) that 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. Tenant shall reimburse Landlord promptly for any legal expense incurred by Landlord to review and/or modify a proposed estoppel statement.

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 lesser of the maximum lawful contractual rate of interest or eighteen percent (18%) per annum from and after said tenth day until paid. If, more than twice during the term of this 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 that 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. Waiver of Landlord's Lien. Landlord hereby waives any constitutional or statutory Landlord's liens against the assets of Tenant.

39. Corporate Execution. If Tenant is a corporation, or if this Lease shall be assigned by Tenant to a corporation, or if Tenant sublets all or a portion of the Demised Premises to a corporation, such corporation hereby agrees to execute and deliver to Landlord from time to time during the term of this Lease such instruments as Landlord may reasonably request to evidence: (i) the authority of such corporation to transact business in the State of Texas; and (ii) the authority of the officers of such corporation to execute this Lease or other documents executed in connection with this Lease.

40. Contest of Impositions and Liens. Tenant shall not be required to pay, discharge or remove any tax, assessment or charge Tenant is required to pay hereunder pertaining to the Demised Premises (hereafter an "Imposition"), or any mechanic's lien, materialman's lien, judgment lien or other lien or levy Tenant is required to pay hereunder ("Lien"), or to comply with any federal, state, local or Airport ordinances, laws, rules, regulations, orders or decrees Tenant is obligated by the terms hereof to comply with ("Laws"), so long as Tenant shall in good faith contest the same or the validity thereof by appropriate

legal proceedings which shall operate to prevent the collection of the Lien or Imposition so contested and the sale of the Demised Premises, or any part thereof, to satisfy the same and to otherwise protect Landlord and the City against loss or damage, as a result of any Imposition, Lien or Law; provided that Tenant, prior to the date such Lien or Imposition is due and payable or proceedings to enforce compliance with the Laws are threatened, shall have given such reasonable security as may be demanded by Landlord to protect Landlord and the City from any loss or damage due to such alleged noncompliance or to ensure such payments, plus interest or penalties thereon, and to prevent any sale or forfeiture of the Demised Premises by reason of such nonpayment. Any such contest shall be prosecuted with due diligence and Tenant shall promptly, after final determination thereof, pay the amount of any such Lien or Imposition so determined, together with all interest and penalties which may be payable in connection therewith, and shall otherwise fully comply with the Laws. Notwithstanding these provisions, Tenant shall pay any such Lien or Imposition, cause the same to be bonded to the satisfaction of Landlord, or bring the Demised Premises in compliance with Laws, notwithstanding such contest if, in the reasonable opinion of Landlord, the Demised Premises shall be in imminent jeopardy or danger of being forfeited or foreclosed. In such circumstance, if Tenant shall fail to cause the Imposition or Lien forthwith to be so discharged or bonded within fifteen (15) days following written notification by Landlord to Tenant, Landlord may, in addition to any right or remedy available to Landlord, bond or discharge the Lien or Imposition by paying the amount claimed due, in which event the amount expended by Landlord shall be paid upon demand, together with interest as provided in paragraph 37 hereof.

41. 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.

42. Force Majeure. In the event performance by Landlord or Tenant 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 or Tenant, respectively, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord or Tenant, as applicable, is so delayed or hindered. Notwithstanding the foregoing, in no event shall this Paragraph apply to any monetary obligation of Tenant under this Lease.

43. 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.

44. 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.

45. Captions. The captions or headings of 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.

46. 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.

47. 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.

48. 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.

AATI:

TENANT:

Addison Airport of Texas, Inc.
4505 Claire Chennault
Dallas, Texas 75248

Beech Holdings, Inc.
9709 East Central
Wichita, Kansas 67201

Attention: Real Estate Dept.

CITY:

with a copy to:

City of Addison, Texas
Box 144
Addison, Texas 75001

Hedrick Beechcraft, Inc.
4450 Glen Curtis
Dallas, Texas 75248

Attention:

Attention: General Manager

49. Fees or Commissions. Each party represents and warrants to the other that no broker, agent or finder acted on behalf of the party making representation and warranty in connection with this Lease. Each party agrees to indemnify and hold the other party harmless from and against any loss, cost, damage, expense (including reasonable attorneys' fees and expenses) or liability resulting from any claims asserted by a broker or other person claiming a fee or other compensation in connection with this Lease arising from the acts of the indemnifying party.

50. 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.

51. 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.

52. Recording. Tenant agrees that Tenant will not record this Lease in the real property records of Dallas County, Texas, without first securing the prior written consent of Landlord, which may be withheld at Landlord's sole discretion. However, Tenant and Landlord agree, upon the written request of the other, to execute, acknowledge and deliver to the other a short form lease in recordable form.

53. Name. If the name Addison Airport is used by Tenant to designate the business operated by Tenant in the Demised Premises, the words Addison Airport can only be used during the time that Tenant operates such business in the Demised Premises.

54. Plat. The plat of the Airport attached hereto as Exhibit B merely evidences existing or contemplated improvements. By attaching such plat as an exhibit to this Lease, Landlord is in no way contracting or bound to maintain or construct improvements exactly as shown thereon or prohibited from making additional or different improvements.

55. Time of Essence. Time is of the essence in the payment and performance of the duties and obligations imposed upon Tenant by the terms and conditions of this Lease.

56. Survival. All duties and obligations imposed upon Tenant by the terms and conditions of this Lease shall survive the termination or expiration of this Lease until paid or performed.

57. Parking Rights. Landlord hereby assigns to Tenant for the term of this Lease all of Landlord's right, title and interest under that certain License Agreement dated May 7, 1984 between Do-Right Associates, as "Licensor", and T. F. Store Companies, Inc., as "Licensee" for the exclusive use of sixteen (16) automobile parking spaces located on the tract of land abutting the Demised Premises and designated as the "License Tract" on Exhibit C to this Lease.

58. Entire Agreement and Amendments. This Lease, consisting of fifty-eight(58)paragraphs and Exhibits A, B and C 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 on behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

CITY:

AATI:

CITY OF ADDISON, TEXAS

ADDISON AIRPORT OF TEXAS, INC.

By:

[Signature]
Mayor

By:

[Signature]

Title:

President

TENANT:

BEECH HOLDINGS, INC.

By:

[Signature]

Title:

EXHIBIT A

BEING A TRACT OF LAND SITUATED IN THE WILLIAM LOMAX SURVEY, ABSTRACT 792, DALLAS COUNTY, TEXAS AND LOCATED ON ADDISON MUNICIPAL AIRPORT, ADDISON, TEXAS AND BEING MORE FULLY DESCRIBED AS FOLLOWS:

COMMENCING at an iron rod found for the southwest corner of a tract of land conveyed to D. J. Broughton and E. E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County, Texas;

THENCE S 70° 30' 11" W a distance of 224.86 feet to an iron rod found for the southeast corner of 4.132 acre tract and the BEGINNING POINT of this description;

THENCE S 25° 32' 29" E a distance of 9.73 feet to the northeasterly corner of a 0.158 acre tract for corner;

THENCE S 69° 24' 00" W with the northerly line of said 0.158-acre tract a distance of 137.00 feet for corner;

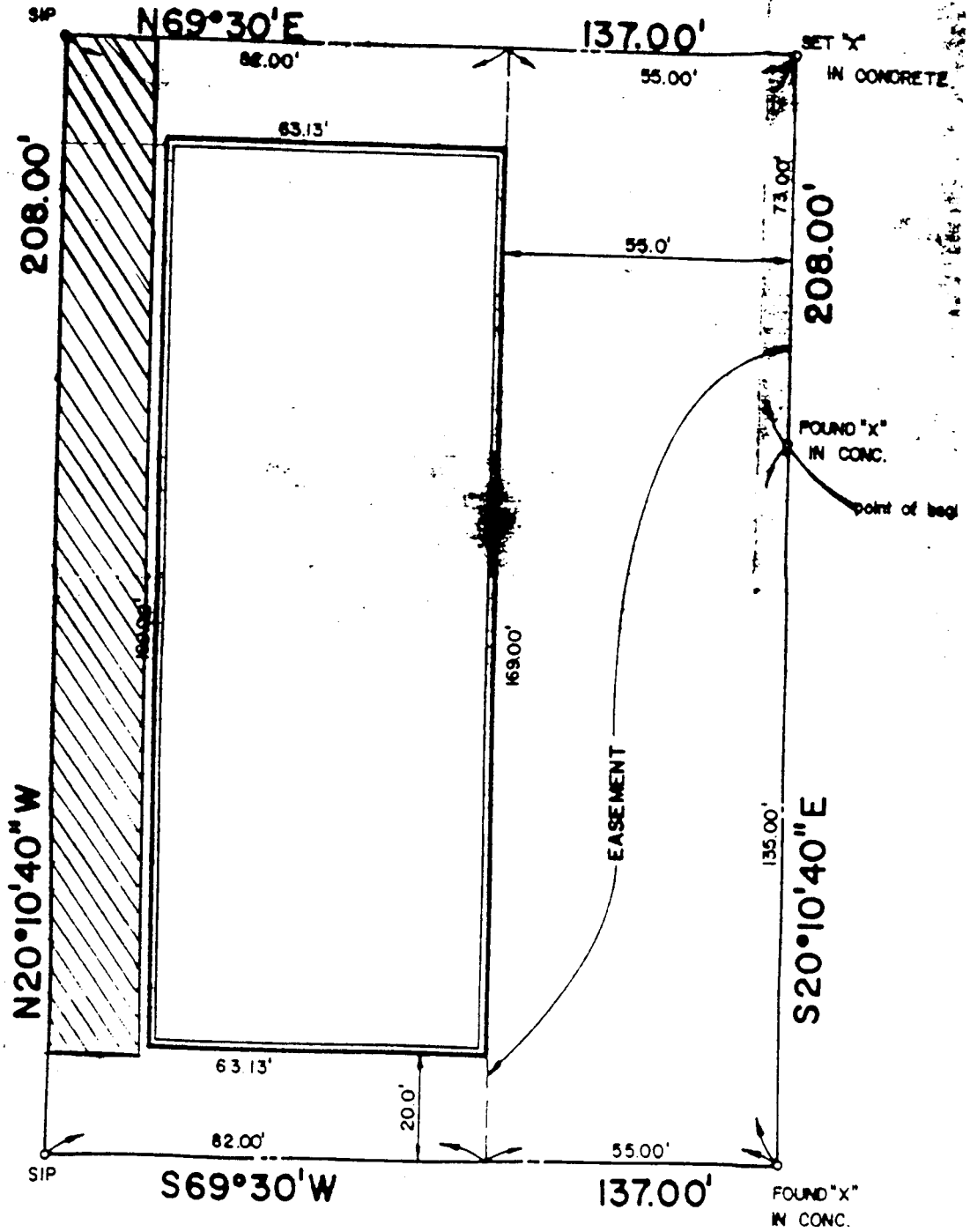
THENCE S 20° 19' 33" E a distance of 311.15 feet to a point 65 feet from the centerline of a taxiway for corner;

THENCE S 69° 17' 00" W parallel to said taxiway a distance of 375.95 feet to a point 115 feet from the centerline of Taxiway "A" for corner;

THENCE N 20° 43' 00" W parallel to Taxiway "A" a distance of 320.56 feet to the southwest corner of said 4.132-acre tract for corner;

THENCE N 69° 17' 00" E with the southerly line of said 4.132 acre tract a distance of 514.25 feet to the BEGINNING POINT and containing 2.805 acres of land more or less.

This Annex I to Exhibit A is a reduced photocopy of a survey of the Airport Hangar at the Addison Airport of Texas and shows (by diagonal lines) the area described as the "Licensed Property" (as described in the attached Exhibit A).



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

BEGINNING at an iron pin found for the northwest corner of an 8.295 acre tract conveyed to Addison Airport, Inc. by deed recorded in Volume 4344, Page 388, Dallas County Deed Records, said iron pin also being the southeast corner of a tract of land conveyed to O. J. Broughton and E. E. Erickson by deed recorded in Volume 4350, Page 494, Dallas County Deed Records; Thence, S 0° 20' 20" E, 50.00 feet; Thence S 82° 45' W, 18.64 feet; thence S 69° 30' E, 83.56 feet; Thence S 20° 10' 40" E, 60.04 feet; Thence South 69° 30' W, 160.00 feet to the **BEGINNING POINT** of this description:

- Thence, S 20° 10' 40" E, 135.00 feet to an "X" found in concrete;
- Thence, S 69° 30' W, 137.00 feet to an iron pin set for a corner;
- Thence, N 20° 10' 40" W, 208.00 feet to an iron pin set for a corner;
- Thence, N 69° 30' E, 137.00 feet to an "X" set in concrete;
- Thence, S 20° 10' 40" E, 73.00 feet to an "X" found in concrete for the **BEGINNING POINT** of this description and containing 0.65 acres of land, more or less.

EASEMENT

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

BEGINNING at an iron pin found for the northwest corner of a 8.295 acre tract of land conveyed to Addison Airport, Inc. by deed recorded in Volume 4344, Page 388, Dallas County Deed Records, said iron pin also being the southeast corner of a tract of land conveyed to O. J. Broughton and E. E. Erickson by deed recorded in Volume 4350, Page 494, Dallas County Deed Records; Thence, S 0° 20' 20" E, 50.00 feet; Thence S 82° 45' W, 18.64 feet; Thence S 69° 30' E, 83.56 feet; Thence, S 20° 10' 40" E, 60.04 feet; Thence S 69° 30' W, 160.00 feet to the **BEGINNING POINT** of this description:

- Thence, S 20° 10' 40" E, 125.00 feet to an "X" found in concrete;
- Thence, S 69° 30' W, 58.00 feet to an angle point;
- Thence, N 20° 10' 40" W, 208.00 feet to an angle point;
- Thence, N 69° 30' E, 58.00 feet to an "X" set in concrete;
- Thence, S 20° 10' 40" E, 73.00 feet to an "X" found in concrete for the **BEGINNING POINT** of this description and containing 0.26 acres of land, more or less.

**AS BUILT
AIRCRAFT HANGAR**

**OUT OF THE
WILLIAM LOMAX SURVEY, ABSTRACT NO. 792
CITY OF ADDISON
DALLAS COUNTY, TEXAS**

Exhibit ^CA, Page 4 of 4

PREPARED BY

CELI CONTI ENGINEERING CO., INC.



ACCESS DRIVE AGREEMENT

THIS ACCESS DRIVE AGREEMENT (the "Agreement") is executed this 18th day of November, 1986, by and among ADDISON AIRPORT ASSOCIATES, LTD., a Texas limited partnership ("Addijet"), WARFIELD, INC., a Texas corporation ("Warfield"), BEECH HOLDINGS, INC., a Kansas corporation ("Chaparral"), THE TOWN OF ADDISON, TEXAS, a municipality (the "City"), ADDISON AIRPORT OF TEXAS, INC., a Texas corporation ("AATI"), and SOUTHWEST LAND TITLE CO., a Texas corporation ("Escrow Agent").

W I T N E S S E T H :

WHEREAS, the City is the owner of the municipal airport facility located in the City of Addison, Dallas County, Texas, which facility the City has leased to AATI;

WHEREAS, AATI and the City have entered into Subleases with Addijet, Warfield, and Chaparral subleasing to each of them, respectively, the parcels more particularly described on Exhibit A, attached hereto and made a part hereof for all purposes;

WHEREAS, Addijet has agreed to make certain improvements described herein which includes the construction of a street providing access to the Addijet parcel (the "Access Drive"), depicted as the shaded area on Exhibit B, attached hereto and made a part hereof for all purposes (the "Access Drive Area"), and landscaping the areas immediately adjacent to the north, south, and west sides of the Access Drive;

WHEREAS, Addijet desires to assign its leasehold to an unrelated third party, Eagle Investment Company, a Texas general partnership ("Eagle"), and Addijet desires to use a portion of the proceeds generated from such assignment to fund the construction costs of the Access Drive;

WHEREAS, in consideration of Addijet's agreement to construct the Access Drive, AATI and the City have agreed to approve the assignment of Addijet's leasehold to Eagle, and have further agreed to execute and deliver the Assignment of Lease and License Agreement substantially in the form of Exhibit C attached hereto and made a part hereof for all purposes (the "Assignment");

WHEREAS, Warfield, Chaparral, and Addijet have agreed with AATI and the City to modify their respective subleases to terminate said subleases with respect to their respective parcels

which will be occupied by the Access Drive Area, and the City and AATI have agreed that the Access Drive Area shall constitute a "common area" for ingress and egress to the Addijet, Warfield, and Chaparral parcels; and

WHEREAS, the parties desire to memorialize their agreements with respect to the Access Drive.

NOW, THEREFORE, for and in consideration of the premises, the parties hereby agree as follows:

1. Termination of Leasehold Estates. Addijet, Warfield, and Chaparral hereby agree to release and terminate their respective leasehold and any other interests in the Access Drive Area. The City and AATI hereby agree that the Access Drive Area shall constitute a "common area" to serve as a means of ingress and egress for the Addijet, Warfield, and Chaparral parcels. The City and AATI hereby grant a non-exclusive right subject to the terms of the respective subleases to Addijet, Warfield, and Chaparral on, over, and across the Access Drive Area as a means of ingress and egress to their respective parcels. The City and AATI hereby reserve the right to grant non-exclusive rights to others for passage on, over, and across the Access Drive. The City and AATI further agree that the Access Drive Area shall remain a "common area" throughout the terms of the Addijet, Warfield, and Chaparral subleases, including any extensions thereof. The parties agree to execute any and all documents deemed reasonably necessary by any party to effectuate or further evidence this termination of leasehold estates and this grant of right of ingress and egress.

2. Construction of Access Drive.

(a) Addijet agrees to construct the Access Drive and the other improvements substantially in accordance with the plans and specifications shown on Exhibit B, at its sole cost and expense (the "Construction Costs"). In the event the total Construction Costs exceed the amount escrowed, as set forth in Section 3 hereinbelow, Addijet agrees to pay such costs.

(b) Addijet agrees to commence construction of the Access Drive and the other improvements within fourteen (14) days of the date of execution of this Agreement, and diligently pursue to completion the construction thereof. The parties hereto agree and understand that due to the nature of the construction contemplated by this Agreement, significant delays and interruptions in construction can be anticipated.

(c) The construction of the Access Drive shall be controlled exclusively by Exhibit B, as modified and supplemented by Exhibit B-1; the following list of items is included herein for descriptive purposes only. Items of construction shall include: the relocation of the power poles, grading and preparation of the roadbed and concrete and asphalt paving, installation of curbs and gutters, installation of a concrete flume on the south side of the Access Drive, modification of drains, painting and striping, preparation and installation of two three-foot by five-foot signs, and landscaping the designated areas along the south, west, and north sides of the Access Drive. Such landscaping shall include planting sod in all three areas where bare unlandscaped ground has resulted from the construction and alterations to the area and planting a barrier hedge between the car parking areas of the Addijet and Chaparral Parcels, with the intent that such barrier hedge shall discourage pedestrian traffic between the parking areas on the respective parcels. Said barrier hedge shall consist of a row of five (5) gallon photinia plants positioned every two feet along the approximately 160 feet (i.e., 80 plants) of common border starting at the sign as shown on Exhibit B. Nothing contained hereby shall be construed to require Addijet to either install any sprinkler or irrigation system for such landscaping, or to maintain or replace such landscaping, other than as provided in Section 4 hereinbelow, once completed. Warfield, Chaparral, the City, and AATI hereby grant to Addijet, and to its agents and representatives, an easement on, over, and across their respective parcels for the purpose of constructing the Access Drive and related improvements. Such easement shall include the right to store any materials, equipment, or vehicles on such parcels, provided such storage does not unreasonably interfere with the use and enjoyment of such parcel. The easement granted in this Section 2 shall terminate upon the completion of the construction of the Access Drive and related improvements.

3. Costs of Construction. (a) To ensure that adequate funds are available and will be devoted to defraying the Construction Costs, Addijet hereby agrees to place \$34,000.00 (the "Funds") of the proceeds to be generated by Addijet's assignment of its leasehold estate, in escrow with the Escrow Agent. The Funds shall be held by the Escrow Agent in an interest-bearing account, such interest to be added to and constitute a part of the Funds, and disbursed by the Escrow Agent to Addijet upon presentation by Addijet of certification by Ginn, Inc. (the "Inspecting Engineer"), certifying that the stage or phase of work to which a requested disbursement relates has been substantially completed in accordance with the plans and specifications. The disbursement may be in a single or multiple

payments, at the discretion of Addijet. (b) In the event Addijet fails to commence construction, or fails to recommence construction following any interruption thereof, and after thirty (30) days written notice thereof delivered to Addijet and the Escrow Agent by AATI at the address set forth hereinbelow, AATI shall have the right, but not the obligation, to construct the Access Drive and related improvements. Prior to AATI's commencement of construction, AATI shall notify Escrow Agent that Addijet is no longer entitled to receive disbursement of the Funds. Upon AATI's completion of construction of the Access Drive and related improvements, AATI shall have the right to receive disbursement of the Funds. Addijet shall be liable for any costs and expenses incurred by AATI in excess of the Funds. It is the express agreement of the parties that Chaparral and Warfield shall have no interest in or with respect to the Funds.

4. Maintenance. Following completion of construction of the Access Drive and the installation of the landscaping, Addijet shall have no further responsibility with respect to the maintenance of the Access Drive or any landscaping located on any parcel other than the Addijet parcel. Addijet, Chaparral, and Warfield agree to maintain, at their sole cost and expense, any landscaping located on their respective parcels, provided that in the event Addijet, Chaparral, or Warfield fails to maintain the landscaping, the City and AATI shall have the right, but not the obligation, to cause the landscaping to be maintained and the reasonable cost thereof shall be paid by such party on demand. The City and/or AATI agree to maintain the Access Drive, at no cost or expense to Addijet, Chaparral, or Warfield.

5. Approval of Assignment. As further consideration for Addijet's agreement to construct the Access Drive and related improvements, the City and AATI hereby agree to execute and deliver the Assignment.

6. Rights, Duties, Etc. of Escrow Agent. The parties agree that the following provisions shall control with respect to the rights, duties, liabilities, privileges and immunities of the Escrow Agent:

(a) The Escrow Agent is not a party to, and is not bound by, or charged with notice of, any agreement out of which this escrow may arise.

(b) The Escrow Agent acts hereunder as a depository only, and is not responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of the subject matter of the escrow, or any part thereof, or for the form or execution thereof, or for the identity or authority of any person executing or depositing it.

(c) In the event the Escrow Agent becomes involved in litigation in connection with this escrow, Addijet, Chaparral, Warfield, the City, and AATI jointly and severally agree to indemnify and save the Escrow Agent harmless from all loss, cost, damages, expenses and attorney's fees suffered or incurred by the Escrow Agent as a result thereof.

(d) The Escrow Agent shall be protected in acting upon any written notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other paper or document which the Escrow Agent in good faith believes to be genuine and what it purports to be.

(e) The Escrow Agent shall not be liable for anything which it may do or refrain from doing in connection herewith, except its own gross negligence or willful misconduct.

(f) The Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

(g) In the event of any disagreement between any of the parties to this agreement, or between them or any of them and any other person, resulting in adverse claims or demands being made in connection with the subject matter of the escrow, or in the event that the Escrow Agent, in good faith, be in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue so to refrain from acting until (i) the rights of all parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjusted and all doubt resolved by agreement among all of the interested persons, and the Escrow Agent shall have been notified thereof in writing signed by all such persons. The rights of the Escrow Agent under this paragraph are cumulative of all other rights which it may have by law or otherwise.

7. Security Interest. Addijet hereby grants the City and AATI a security interest in the Funds to secure Addijet's performance of this Agreement. The Escrow Agent hereby acknowledges that Escrow Agent is acting as bailee for the City

and AATI and that Escrow Agent has received notice of the City's and AATI's security interest in the Funds.

8. Remedies. Upon the failure by a party to this Agreement to perform any obligation contained herein, the non-defaulting party to whose benefit such obligation ran shall have the right to exercise any right or remedy available to it at law or in equity as a result thereof.

9. Governing Law. This Agreement shall be governed by the laws of the State of Texas and shall not be amended except in a writing executed by all the parties.

10. Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

11. Additional Documents. The parties hereto agree to execute any additional documents deemed necessary by any party hereto to effectuate the agreements contained herein or to clarify the intent hereof.

IN WITNESS WHEREOF, the Agreement is executed effective as of the date first set forth above.


ADDIJET:

Addison Airport Associates, Ltd.,
a Texas limited partnership

By: T. F. Stone Companies, Inc.,
a Texas corporation,
its General Partner

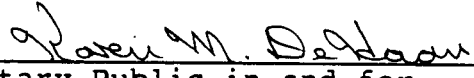
Address:

5055 Keller Springs Road
Suite 500
Dallas, Texas 75248

By: 
Tommy F. Stone,
President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me the 18th day of November, 1986, by Tommy F. Stone, President, T. F. Stone Companies, Inc., General Partner of ADDISON AIRPORT ASSOCIATES, LTD., a Texas limited partnership, on behalf of said partnership.


Notary Public in and for
the State of Texas

Printed Name: Karen M. DeHaan

My Commission Expires: 12-10-89

WARFIELD:

Warfield, Inc.,
a Texas corporation

Address:

5310 Harvest Hill Road
Suite 210
Dallas, TX 75230

By: [Signature]
Name: Thomas J. Welfelt
Title: President

THE STATE OF TEXAS S
 S
COUNTY OF DALLAS S

~~December~~ This instrument was acknowledged before me the 11th day of ~~November~~, 1986, by Thomas J. Welfelt, President of WARFIELD, INC., a Texas corporation, on behalf of said corporation.

Lynne K. Smith
Notary Public in and for
the State of Texas

Printed Name: Lynne K. Smith

My Commission Expires: 10-16-89

CHAPARRAL:

* BEECH HOLDINGS, INC.,
a Kansas corporation

Address:

P.O. Box 85
Wichita, Kansas
67201-0085

By: Jim Gregory
Name: Jim Gregory
Title: Vice President

THE STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me the _____ day of
November, 1986, by _____ of
BEECH HOLDINGS, INC., a Kansas corporation, on behalf of said
corporation.

Notary Public in and for

Printed Name: _____

My Commission Expires: _____

*A.** Beech Holdings, Inc. approval is subject to:
1. Consent to this agreement by Chaparral Aviation Inc., and
2. Approval by Beech Holdings, Inc. of Exhibits A and B by
January 31, 1987.

GL #0430-2401



DALLAS - P.O. BOX 802005 DALLAS, TEXAS 75380-2005 - AC (214) 931-8400

AVIATION INC.

AMARILLO • CORPUS CHRISTI • DALLAS • FORT WORTH • MIDLAND • SAN ANTONIO • VICTORIA

CONSENT

At the request of Beech Holdings, Inc., a Kansas Corporation, party to the foregoing Access Drive Agreement, the undersigned, sublessee under that certain Sublease Agreement (as amended), dated August 31, 1972 (the "Sublease Agreement"), by and between Beech Holdings, Inc., and the undersigned, hereby consent to the execution and delivery by Beech Holdings, Inc., of said Access Drive Agreement and agrees to be bound by same in so far as said Access Drive Agreement affects the Sublease Agreement.

December 30, 1986
DATE

Charles D. Bobbitt II
CHAPARRAL AVIATION, INC.

A Texas Corporation

By Charles D. Bobbitt II


FULL LINE
BEECHCRAFT AVIATION CENTER

AATI:

Addison Airport of Texas, Inc.,
a Texas corporation

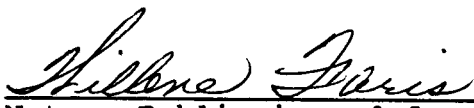
Address:

4505 Claire Chennault
Dallas, Texas 75248

By: 
Name: SAM STUART
Title: PRESIDENT

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me the 18 day of
November, 1986, by Sam Stuart, President of
ADDISON AIRPORT OF TEXAS, INC., a Texas corporation, on behalf of
said corporation.


Notary Public in and for
the State of Texas

Printed Name: WILLENE FARIS


My Commission Expires: 8/16/89

ESCROW AGENT:

Southwest Land Title Co.,
a Texas corporation

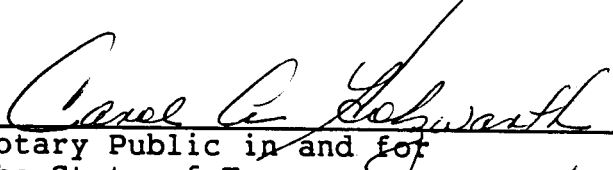
Address:

2900 Lincoln Plaza
Dallas, Texas 75201

By: 
Name: P. Larry Pascoe
Title: Counsel

THE STATE OF TEXAS S
 S
COUNTY OF DALLAS S

This instrument was acknowledged before me the 19th day of
November, 1986, by P. LARRY PASCOE, COUNSEL of
SOUTHWEST LAND TITLE CO., a Texas corporation, on behalf of said
corporation.


Notary Public in and for
the State of Texas

Printed Name: CAROL A. HOLZWARTH

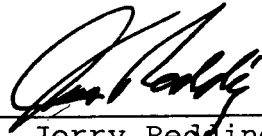
My Commission Expires: 8/29/88

CITY:

The Town of Addison, Texas,
a municipality


Address:

Town of Addison
5300 Beltline Rd.
Dallas, TX 75240

By: 
Name: Jerry Redding
Title: Mayor

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me the 15th day of
December, 1986, by Jerry Redding, Mayor of
THE TOWN OF ADDISON, a municipality, on behalf of said
municipality.


Notary Public in and for
the State of Texas

Printed Name: Roxann Anderson

My Commission Expires: _____ **COMMISSION EXPIRES: 4-30-90**

See
#24.00
Oregon

ASSIGNMENT, ASSUMPTION AND AMENDMENT OF LEASES

This Assignment and Assumption of Leases, dated as of August 1, 1996, is entered into by and between Beech Holdings, Inc., a Kansas corporation ("Assignor"), and Mercury Air Group, Inc., a New York corporation ("Assignee"); and consented to by the Town of Addison, Texas (also referred to as the "City") and Addison Airport of Texas, Inc. ("Lessor").

WHEREAS, Assignor is the current Lessee under the following leases (collectively, the "Leases") with Lessor at Addison Airport, Addison, Texas ("Airport"):

- A. Lease Agreement between the City of Addison Texas, the Addison Airport of Texas, Inc. and Beech Holdings, Inc. dated September 30, 1981, as amended; and
- B. Lease Agreement between the City of Addison Texas, Addison Airport of Texas, Inc. and Beech Holdings, Inc. dated April 1, 1990; and
- C. Lease Agreement between the City of Addison, Texas, the Addison Airport of Texas, Inc. and Three Rivers Gypsum, Inc. dated September 4, 1980 and Assigned to Homer J. Rader, Jr. (executed August 5, 1981) and Assigned to Beech Holdings, Inc. dated June 13, 1991; and

The legal description of each of the three leasehold estates referred to above is set forth in Exhibit "A" which is attached hereto and incorporated herein at this point by reference.

WHEREAS, Assignor is conveying to Assignee certain of the Assets (the "Sale") of Assignor located at the Airport; and

WHEREAS, Assignor wishes to assign to Assignee, and Assignee wishes to assume, all right, title and interest to, and duties and obligations under, the Leases, and all of Assignor's right, title and interest in and to those certain leasehold improvements located thereon pursuant to the terms and conditions set forth hereinbelow; and

WHEREAS, as part of the purchase price for the sale, Assignee is delivering to Assignor a promissory note (the "Note").

NOW, THEREFORE, in consideration of the recitals and the mutual covenants and promises contained herein, the parties hereby agree as follows:

1. Assignment. Assignor hereby sells and assigns to Assignee Assignor's interest in and to the Leases, subject to liens and encumbrances of record, to have and to hold the same for and during the remainder of the term mentioned in each of the Leases and subject to the covenants and conditions herein. Notwithstanding anything to the contrary contained herein, Lessor does not consent to release Assignor from any lien or encumbrance of record for which Assignor is responsible.

2. Assumption. Assignee hereby assumes the Leases, subject to liens and encumbrances of record, for the balance of the term therein provided for each, and agrees to faithfully perform all of the covenants, stipulations and agreements contained therein.

3. Consent of Lessor to Assignment. Lessor consents to the assignment by Assignor of each of the Leases. Assignor agrees to guarantee the performance of Assignee under the Leases, provided, however, in the event Assignee's obligations under the Leases are modified in the future, the obligations of Assignor for such guaranty shall be limited to only those future obligations which existed on the effective date of this Agreement.

4. Representation of Assignor. Assignor represents and warrants to Assignee that (a) the Leases are in full force and effect and are not in default, (b) that all rent and/or all other sums or obligations due under the Leases for and through the month of June, 1996 have been paid or performed in full, and (c) the Leases have not otherwise modified, changed, altered, or amended in any respect other than pursuant to the written amendments and supplements referenced herein and are the only Leases or agreements between Assignor and Lessor with respect to the various premises.

5. No Modification. This Assignment shall not be modified, in any way whatsoever, other than in writing, signed by the parties hereto and consented to by the Town of Addison, Texas, and Addison Airport of Texas, Inc. as Lessor under the Leases.

6. This Assignment and Assumption of Leases is subject to the approval of the Leases by the Town of Addison, Texas and Addison Airport of Texas, Inc.

7. Prior to the effective date of this Assignment, Assignor and Assignee agrees to reimburse Lessor for all reasonable attorney's fees incurred by Lessor in connection with this Assignment.

8. Lessor hereby agrees to provide written notice to Assignor in the event Assignee becomes at least sixty (60) days late in meeting any of its financial obligations to Lessor under any of the Leases.

9. On the effective date of the Assignment, the parties hereby agree to amend the terms of one of the Leases, more particularly that certain Lease Agreement referenced in SubParagraph B in the first "WHEREAS" clause herein between Lessor and Beech Holdings, Inc., dated April 1, 1990 as follows: (a) Assignor shall pay to Lessor the lump sum payment of \$21,984.16; (b) "Base Rent" shall be increased to \$24,816.51 per month (subject to the "Adjustment of Rental" provisions contained in Paragraph 4); and (c) Paragraph 3.B. of such Lease Agreement regarding the adjustment to Base Rent for "Gross Sales" is deleted.

10. Assignee does hereby agree to hold Assignor harmless from and to indemnify Assignor from any and all liability, costs, expenses, and damages, including but not limited to attorneys fees, which Assignor may suffer or incur which may arise out of the liability assumed by the Assignee herein as the assuming Lessee under the Leases. This hold harmless and indemnity

shall be secured by the Deed of Trust which secures the promissory note given by Assignee to Assignor in connection with the acquisition of the leasehold estates in the Leases.

IN WITNESS WHEREOF, the parties have caused this Assignment and Assumption of Leases to be executed by their duly authorized representatives as of the date and year first herein above set forth.

BEECH HOLDINGS, INC.

By: [Signature]

Print Name: Arthur E. Wegner

Title: Chairman of the Board & President

Date: 7/16/96

"Assignor"

MERCURY AIR GROUP, INC.

By: [Signature]

Print Name: RANDOLPH E. ATER

Title: EXECUTIVE VICE PRESIDENT

Date: 7/19/96

"Assignee"

TOWN OF ADDISON, TEXAS

By: [Signature]

Print Name: Ron Whitehead

Title: CITY MANAGER

Date: 8-22-96

"Lessor"

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]

Print Name: Sam Stuart

Title: President

Date: 8/6/96

"Lessor"

GL #0430-2401

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

**ASSIGNMENT OF TENANT'S INTEREST IN LEASE,
AGREEMENT OF ASSUMPTION AND AMENDMENT OF LEASE**

KNOW ALL MEN BY THESE PRESENTS THAT **Mercury Air Group, Inc.** ("Assignor"), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as tenant under those certain leases (as amended) identified and set out in Exhibit A attached hereto and incorporated herein (together, for purposes of this Assignment, the "Leases") hereby assigns to **Mercury Air Center - Addison, Inc.** ("Assignee") all of Assignor's right, title and interest in and to the Leases in which the Town of Addison, Texas (the "City") is the landlord (the "Landlord") (and where any such Leases refer to the Addison Airport of Texas, Inc and the City of Addison, Texas as the landlord, the City is now the sole Landlord under such Leases) and Mercury Air Group, Inc. is the Tenant, providing for, among other things, the lease of a certain portion of the Addison Airport, more particularly described in the Leases.

Assignee hereby accepts the assignment by Assignor of Assignor's interest in the Leases and hereby assumes and agrees to fully and faithfully observe, perform and fulfill all duties, responsibilities, obligations and liabilities of Assignor under the terms of the Leases.

This Assignment shall inure to the benefit of the Assignor and Assignee and their respective successors and assigns. This Assignment may be executed in multiple original counterparts, each which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. This Assignment is subject to the consent of the Landlord, and the parties shall cooperate with one another in seeking such consent.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of Nov 18, 2002.

ASSIGNOR:

MERCURY AIR GROUP, INC.

By: Wayne Lovett
Name: Wayne J. Lovett
Title: Executive Vice President

ASSIGNEE:

MERCURY AIR CENTER - ADDISON, INC

By: Wayne Lovett

GL #0430-2401

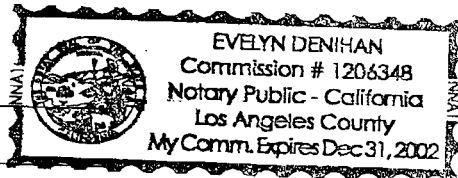
STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that Wayne J. Lovett, whose name as Executive Vice President of Mercury Air, Inc., a corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me this day that he, as such office and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal on this the 18th day of November, 2002.

SEAL

Evelyn Denihan
Notary Public
My Commission Expires: _____



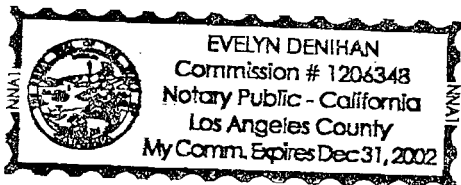
STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that Wayne J. Lovett, whose name as Vice President of Mercury Air Center - Addison, Inc., is signed to the foregoing instrument, and who is known to me, acknowledged before me this day that he, as such office and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal on this the 18th day of November, 2002.

SEAL

Evelyn Denihan
Notary Public
My Commission Expires: _____



CONSENT TO ASSIGNMENT OF
LEASES

This Consent to Assignment of Leases ("Consent") is made as of the 12 day of December, 2002, between and among the Town of Addison, Texas, a municipal corporation (referred to herein as "Landlord"), Mercury Air Group, Inc, a corporation organized and existing under the laws of the State of Delaware ("Mercury"), and Mercury Air Center-Addison, Inc., ("Mercury- Addison" or "Assignee"), a corporation organized and existing under the laws of the State of Texas.

WITNESSETH:

WHEREAS, Mercury is the Tenant pursuant to those certain Leases as set out on Exhibit A, attached hereto (the "Leases"); and

WHEREAS, Mercury-Addison is a wholly owned subsidiary of Mercury Air Centers, Inc., a TEXAS corporation, and Mercury Air Centers, Inc. is a wholly owned subsidiary of Mercury; and

WHEREAS, Mercury desires to assign all of its rights, title and interests in and under the Leases to Assignee pursuant to that certain Assignment of Tenant's Interest In Lease, Agreement of Assumption and Amendment of Lease dated November 1, 2002 (the "Assignment"); and

WHEREAS, in accordance with the Leases, the written consent of the Landlord is required for the assignment, in whole or in part, of the Leases by Mercury (and where any such Leases refer to the Addison Airport of Texas, Inc and the City of Addison, Texas as the landlord, the Town of Addison, Texas is now the sole Landlord under such Leases); and

WHEREAS, Landlord consents to the assignment of the Leases pursuant to the Assignment upon the terms and conditions set forth herein;

NOW, THEREFORE, in recognition of the foregoing recitals, and in consideration of the mutual promises and covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, Landlord, Mercury and Assignee agree as follows.

1. In consideration of and subject to the terms, covenants, promises, conditions and obligations set forth herein, each of which terms, covenants, promises, conditions and obligations has been and is being relied upon by Landlord in consenting to the assignment of the Leases from Mercury to Mercury-Addison, Landlord hereby consents to the assignment of the Leases by Mercury to Mercury-Addison effective as of the date of Landlord's execution of this Consent, waiving none of its rights under the Leases (or any of them) as to Mercury or Mercury-Addison.
2. Mercury is and shall remain liable in all respects for the performance of or the failure to perform each of the terms, covenants, provisions, conditions and obligations of the

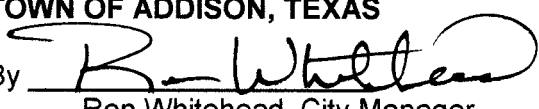
Leases until the end of the initial term and each renewal term of the Leases, and hereby guarantees the performance of the Leases by Mercury-Addison.

3. Landlord and Mercury-Addison may materially change, alter, amend or modify the Leases in any manner, including (without limitation) with respect to the amount of rentals to be paid to Landlord thereunder, and Mercury-Addison may make further assignments of the Leases as assigned to Mercury-Addison pursuant to the Assignment, subject to the prior written approval of Landlord, without the approval of or notice to Mercury.
4. Mercury-Addison shall, and hereby does, assume and become obligated to perform and comply with each of the terms, covenants, provisions, liabilities, conditions and obligations of the Leases assigned by Mercury and assumed by Mercury-Addison under the Assignment the same as if originally a party thereto.
5. Mercury shall maintain without interruption the insurance required by the Leases for such period of time as is necessary to provide coverage until any applicable statute of limitations may bar any claims against Mercury arising from or out of the Leases or any of Mercury's operations in connection with the Leases. Mercury shall provide Landlord with certificates of insurance evidencing such insurance and, upon request, shall furnish the Landlord with certified copies of such insurance.
6. Mercury shall provide Landlord not less than sixty (60) days prior written notice of any merger of Mercury with or into or any other entity or of any dissolution (voluntary or involuntary) of Mercury.
7. No delay or failure by any party to exercise any right under this Consent and no partial or single exercise of such a right shall constitute a waiver of that or any other right unless expressly provided otherwise in this Consent.
8. Failure of Mercury to comply with the provisions set forth herein shall constitute an event of default under the Leases.
9. This Consent supersedes any and all agreements and understandings previously made between any of the parties hereto relating to the subject matter of this Consent.
10. This Consent shall be binding upon and inure to the respective benefit or detriment of Landlord, Mercury and Mercury-Addison, their respective successors, assigns, and legal representatives.
11. This Consent shall be governed by and construed in accordance with the laws of the State of Texas, without regard to the principles of conflict of law. Any legal action or proceeding with respect to this Consent shall be brought only in a federal or state court of competent jurisdiction in Dallas County, Texas.
12. This Consent may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one (1) and the same Consent.


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

IN WITNESS WHEREOF, the Town of Addison, Texas, Mercury Air Group, Inc. and Mercury Air Center – Addison, have executed this Consent to Assignment of Leases on the dates indicated below.

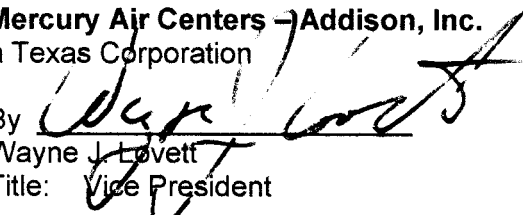
Date: _____

TOWN OF ADDISON, TEXAS
By 
Ron Whitehead, City Manager

Date: _____

Mercury Air Group, Inc.
a Delaware Corporation
By 
Wayne J. Lovett
Title: Executive Vice President

Date: _____

Mercury Air Centers – Addison, Inc.
a Texas Corporation
By 
Wayne J. Lovett
Title: Vice President

RECEIVED
GL #0430-2401
NOV 19 2002**Mercury Air Group, Inc.**

5456 McConnell
Los Angeles, CA 90066
Tel. (310) 577-8769
Fax: (310) 827-0650
www.mercurygroup.com

Wayne J. Lovett
Executive Vice President
General Counsel & Secretary
wjlovett@Mercuryair.com

November 16, 2002
John Hill, Esq
Cowles & Thompson
Bank of America Plaza
901 Main Street
Suite 4000
Dallas, Texas 75202

Dear Mr. Hill;

You have asked me to explain in writing why Mercury Air Group, Inc. wishes to assign its leases to Mercury Air Center – Addison, Inc., a Texas corporation.

Mercury Air Group, Inc., a Delaware corporation, is a public company traded on the American Stock Exchange under the symbol "MAX". Mercury has been in the aviation business since 1956 when it started as a ground handling company at LAX. Since then Mercury has grown to include four operating divisions: MercFuel, Inc., a Delaware corporation sells aviation fuels to airlines and commercial operators worldwide; Maytag Aircraft Corporation, a Colorado corporation does business with the United States Government at military bases in 17 countries, including Kuwait, Japan and Greece; Mercury Air Cargo, Inc., a California corporation is the largest independent cargo handler at LAX and has operations in Atlanta, GA and Canada as well, in addition this company also is engaged in space logistics, and general cargo sales agent services at locations through the world; Mercury Air Centers, Inc., a California corporation operates FBOs at 18 domestic locations. John, I am sending you a copy of our latest 10-K and Proxy Statement as well.

Historically, Mercury Air Centers has provided Fixed Base Operations ("FBO") services at 18 airports throughout the United States either directly through Mercury Air Group, Inc. or through its wholly owned subsidiary Mercury Air Centers, Inc. ("Air Centers"). At each FBO site, the Mercury: 1.) conducts retail aviation fuel sales and aircraft refueling operations which service principally corporate, private and fractional ownership aircraft and to some extent refueling operations to commercial aircraft, 2.) provides aircraft hangar rental and aircraft tie-down services, and 3.) at a few select FBO sites, provides aircraft maintenance. At each FBO site, the Mercury maintains administrative offices and provides office rent for its customers. The Mercury owns and leases refueling vehicles and maintains fuel storage tanks as required to support the fuels sales and into-plane fueling

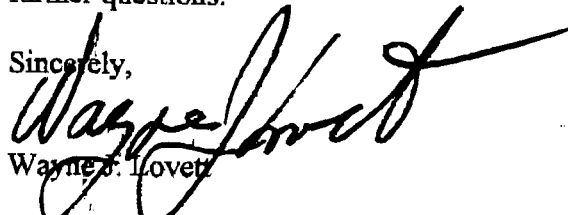
GL #0430-2401

operations. During the year ended June 30, 2002, the Mercury sold 36,025,000 gallons through its aviation retail fuel sales operations. The FBO property and facilities are leased from the respective airport authorities.

As part of an ongoing round of financing, Mercury is undertaking a corporate reorganization. Consistent with other companies in the industry and at the specific requirement of its lenders Mercury has formed operating companies to hold its leases and manage its operations at each of its 18 locations. In Addison, Mercury Air Center - Addison, Inc., a Texas corporation has been formed for this purpose. Mercury Air Center - Addison is a wholly owned subsidiary of Mercury Air Centers, Inc, a wholly owned subsidiary of Mercury which will manage the operations pursuant to an operating agreement. Mercury Air Center - Addison is what is known as a bankruptcy remote special purpose entity. Again, this is a requirement of Mercury's lenders. Naturally, Mercury shall remain fully liable to the Landlord for the payments under the lease and the operations at the Airport. Finally, in these uncertain times, it makes sense from a corporate perspective to organize the operations of the company so that the destruction of one does not unduly disrupt the operations of the others.

Hopefully this brief explanation will suffice. Please let me know if you have any further questions.

Sincerely,


Wayne J. Lovett

Council Agenda Item: #R12

SUMMARY:

Consideration and consent to various items related to Ground Lease #016-1501 at Addison Airport to include; 1) Amending Ground Lease #016A-1501 so that the demised premises includes all the premises originally included in Ground Lease #016A-1601 and #016A-1501 into one leasehold, and to modify the rental required under the amended lease to correspond with and reflect the change to the demised premises; 2) Agree to early terminate Ground Lease #016A-1601; and 3) Consent to the assignment of Ground Lease #016A-1501 from the Estate of Hazel M. Corry to Corry GP, LLC, a Texas limited liability company.

BACKGROUND:

The original ground tenant of 4511 Eddie Rickenbacker, Bert Corry died in 1996. His wife Hazel Corry was determined to be his sole heir who latter died in 2006. Consequently, the Estate of Hazel Corry is currently the ground tenant to the ground leases that comprise 4511 Eddie Rickenbaker. The Corry's daughter, Bertie Carol Neu is the executrix of the estate who now desires to assign the leases to a limited liability company for the benefit of the heirs.

Airport Management has been aware for some time now of discrepancies with the quality of the lease documentation for this relationship. For some reason, there were two ground leases of identical terms and conditions created for one physical property. When the Town received the lease records from AATI, there were two files, two rent roll accounts and two security deposits. One lease file did not have any exhibit identifying the demised premises and the other leases did not correspond to what we know the physical property to be. The estate could not provide any better documentation. Staff did find a survey dated when the leases were created that better represents what we believe the lease premises to be.

To accommodate the estates request to assign the lease, Airport Management is recommending that the Town take this opportunity to resolve the discrepancies by:

- Consolidate the lease premises into one lease by terminating GL #016A-1601, and by
- Amending the surviving lease so it defines the lease premises for the entire property to be the same as described in the 1982 survey and to affirm the correct rental rate (essentially the total of the two rentals the tenant is currently paying).
- Consent to the assignment of the ground lease to Corry LP, LLC

RECOMMENDATION:

Airport Management recommends the Town give its consent to the requested action and authorize the City Manager to execute the Agreements as proposed herein. The City Attorney has reviewed the Agreements and finds they are acceptable for the Town's purpose herein. Staff recommends approval.

Attachments: Lisa Pyles / Bill Dyer - Memorandum
Exhibit "1"

Council Agenda Item: #R12

SUMMARY:

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Exhibit "1"

Council Agenda Item: #R12

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BACKGROUND:

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- Consent to the assignment of the ground lease to Corry LP, LLC

RECOMMENDATION:

Airport Management recommends the Town give its consent to the requested action and authorize the City Manager to execute the Agreements as proposed herein. The City Attorney has reviewed the Agreements and finds they are acceptable for the Town's purpose herein. Staff recommends approval.

Attachments: Lisa Pyles / Bill Dyer - Memorandum
Exhibit "1"

#R12



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

June 18, 2007

To: Mark Acevedo

From: Lisa A. Pyles, Airport Director
Bill Dyer, Real Estate Manager

Re: Ground Lease #016A-1501 & #016A-1601, Bert Corry as Tenant

Requested Action

The Estate of Hazel M. Corry is requesting the Town of Addison to consider and consent to the following actions:

1. Amend Ground Lease #016A-1501 so that the demised premises includes all the premises originally included in Ground Lease #016A-1601 and #016A-1501 into one leasehold, and to modify the rental required under the amended lease to correspond with and reflect the change to the demised premises;
2. Agree to early terminate Ground Lease #016A-1601;
3. Consent to the assignment of Ground Lease #016A-1501 from the Estate of Hazel M. Corry to Corry GP, LLC, a Texas limited liability company.

Airport Management recommends the Town give its consent to the requested action and authorize the City Manager to execute (collectively referred hereafter as the "Agreements"):

- First Amendment To Ground Lease #016A-1501 (see Exhibit 1);
- Ground Lease Early Termination Agreement #016A-1601 (see Exhibit 2) and;
- Assignment of Ground Lease #016A-1501 by and between the Estate of Hazel M. Corry and Corry GP, LLC, a Texas limited liability company (see Exhibit 3).

The City Attorney has reviewed each of the above agreements and finds them acceptable for the Town's purpose herein.

Background Information:

On April 30, 1982, the Town of Addison and Addison Airport of Texas, Inc., as landlord, entered into two ground leases with Bert A. Corry, an individual, as the tenant. Except for the legal description of the demised premises the two ground leases contained the same terms and conditions. Together, the demised premises of the two ground leases comprise what is commonly known today as and located at 4511 Eddie Rickenbacker at Addison Airport.

Mr. Corry died on September 16, 1996, and his wife, Hazel M. Corry, was judicially determined to be his sole heir by that Judgment Declaring Heirship dated April 24, 2000 (attached as Exhibit "B" to the Agreements). Hazel M. Corry died testate on April 11, 2006, naming Bertie Carol Neu as the Independent Executrix of the Estate of Hazel M. Corry (as reflected in the Order Probating Will and Authorizing Letters Testamentary attached as Exhibit "C" to the Agreements). By virtue of the Judgment and the subsequent death of Hazel M. Corry, the sole heir of Bert A. Corry as reflected in the Order, the Estate of Hazel M. Corry is now the tenant under the two ground leases.

Ms. Neu, as the Executrix of the Estate of Hazel M. Corry, approached Airport Management about assigning the ground leases to a limited liability company named Corry GP, LLC. Upon review of the Town's records and documentation provided by the Estate, Airport Management determined there were discrepancies in the legal description of the demised premises compared to what is commonly known as the property located at 4511 Eddie Rickenbacker. Airport Management conducted a search of the Dallas County Deed of Records to see if the ground leases had been previously recorded but failed to find evidence of any such recordings. Airport Management found in the Airport's archives a boundary survey dated April 2, 1982 prepared by Riewe & Wischmeyer, Inc. (see Exhibit "D" to the proposed First Amendment To Ground Lease) that reflects what both parties believed to be the demised premises granted under the two ground leases. As a precautionary measure, Airport Management engaged Sparr Survey, Inc. to physically plot the corners of the Riewe & Wischmeyer survey to verify it against the real property. Airport Management and the Estate agree that the survey fairly depicts what both parties believe to comprise the demised premises granted under the two ground leases.

Summary of Corry Estate Ground Lease As Of June 15, 2007

Ground Lease	016A-1501	016A-1601	016A-1501 Amended
Street Address	4511 Eddie Rickenbacker	4511 Eddie Rickenbacker	
Land Area	26,231 SF .60 acs.	26,231 SF .6022 acs.	52,462 SF 1.204 acs.
Hangar Area	6,800	6,800	13,600
Office/Shop	0	0	0
Total Building Area	6,800	6,800	13,600
Year Built	1975	1975	1975
Dedicated Ramp	NA	NA	NA
Lease Commenced	01/01/1983	01/01/1983	01/01/1983
Lease Expiration	12/31/2022	12/31/2022	12/31/2022
Years Remaining	15.56	15.56	15.56
Current Monthly Rent	\$890.57	\$890.57	\$1,781.14
Est. Remaining Contract Rent	\$194,889.50	\$194,889.50	\$389,779
Next Rental Adjustment	1/1/2009	1/1/2009	1/1/2009



Conclusion & Recommendation

Given that Mr. and Mrs. Corry are both deceased, the Estate seeks to assign the ground lease(s) to a limited liability company to facilitate the probating of the Estate for the benefit its heirs. As a condition of the landlord's consent to this assignment, Airport Management is recommending the Town take the following actions:

1. Consolidate the two leasehold interests into Ground Lease #160A-1501 by terminating Ground Lease #016A-1601 and by
2. Amending Ground Lease #016A-1501 by replacing the description of the Demised Premises of the surviving lease with the description of the 1.204 acres set forth in the Boundary Survey dated April 2, 1982 prepared by Riewe & Wischmeyer, Inc. and;
3. To affirm the true and correct monthly rental rate of the modified demised premises to be \$1,781.14, being the combined rental for the two leases as of the effective date of the amendment. Airport Management and tenant agree and accept the survey and rental rate to reflect the lease arrangement as understood today.
4. Consent to Tenant's request to assign the surviving Ground Lease #016A-1501 from the Estate of Hazel M. Corry to Corry GP, LLC.

Without the termination of the one lease and amendment of the surviving ground lease, the Estate does not have clear title in its leasehold given the discrepancies in the legal description. The Town should be compelled to complete the recommended action not only to correct its own records but also to improve its security position in leasehold since the original leases fail to include any cross default provisions.

Airport Management recommends the Town give its consent to the requested action and authorize the City Manager to execute the Agreements as proposed herein. The City Attorney has reviewed the Agreements and finds they are acceptable for the Town's purpose herein.

EXHIBIT "1"

FIRST AMENDMENT TO GROUND LEASE

STATE OF TEXAS §
 §
PRESENTS:
COUNTY OF DALLAS §

KNOW ALL MEN BY THESE

This **FIRST AMENDMENT TO GROUND LEASE** (this "First Amendment") is entered into and effective as of the _____ day of _____, 2007 (the "Effective Date"), at Addison, Texas, by and between the Town of Addison, Texas (the "City" or "Landlord") and Bertie Carol Neu, Independent Executrix of the Estate of Hazel M. Corry, deceased ("Tenant") (Landlord and Tenant are sometimes referred to together herein as the "parties" and individually as a "party").

<u>Schedule of Exhibits</u>
Exhibit A: True and Correct Copy of Ground Lease Dated April 30, 1982
Exhibit B: Judgment Declaring Heirship dated April 24, 2000
Exhibit C: Order Probating Will and Authorizing Letters Testamentary
Exhibit D: Boundary Survey dated April 2, 1982

Recitals:

WHEREAS, a Ground Lease was executed on April 30, 1982, between the City of Addison, Texas and Addison Airport of Texas, Inc., as landlord, and Bert A. Corry, as tenant, a true and correct copy of which Ground Lease is attached hereto as Exhibit "A" ("Ground Lease #15"), by the terms of which certain real property as described in the Ground Lease and which is commonly known as and located at 4511 Eddie Rickenbacker, Addison Airport (the "Demised Premises"), Addison Airport, within the Town of Addison, Texas (the "City") and owned by the City was leased to Bert A. Corry; and

WHEREAS, Ground Lease #15 is the same as that instrument referred to as "Ground Lease #016A-1501" in the administrative archives and records of Landlord; and

WHEREAS, Bert A. Corry died on September 16, 1996, and Hazel M. Corry, wife of Bert A. Corry, was judicially determined to be his sole heir by that Judgment Declaring Heirship dated April 24, 2000 entered in Cause No. 99-4420-P/3, styled Estate of Bert A. Corry, Deceased (date of death September 16, 1996), entered by the Judge of Probate Court Number Three of Dallas County, Texas (which Judgment is attached hereto as Exhibit "B" and incorporated herein by reference); and

WHEREAS, Hazel M. Corry died testate on April 11, 2006, naming Bertie Carol Neu as the Independent Executrix of the Estate of Hazel M. Corry, as reflected in the Order Probating Will and Authorizing Letters Testamentary issued in Cause No. 06-3713-P, Probate Court, Dallas County, Texas, a true and correct copy of which is attached hereto as Exhibit "C" and incorporated herein by reference; and

WHEREAS, by virtue of such Judgment and the subsequent death of Hazel M. Corry, the sole heir of Bert A. Corry as reflected in the said Order Admitting Will to Probate and

Authorizing Letters Testamentary, the Estate of Hazel M. Corry is now the Tenant under Ground Lease #15; and

WHEREAS, Ground Lease #15 provides that, upon the expiration or termination of that certain agreement referred to and defined in Ground Lease #15 as the “Base Lease” (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under Ground Lease #15; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under Ground Lease #15; and

WHEREAS, on April 30, 1982 a second, separate ground lease affecting a portion of the Demised Premises, on and including the same terms and conditions as Ground Lease #15 (save and except the legal description of real property being leased), was executed between the City of Addison, Texas and Addison Airport of Texas, Inc., as landlord, and Bert A. Corry, as tenant (and is identified as “Ground Lease #16 or #016A-1601” in the administrative archives and records of the City) (“Ground Lease #16”); and

WHEREAS, in light of the differences in the description of the real property being leased by Landlord to Tenant contained in Ground Lease #15 and in Ground Lease #16 (Ground Lease #16 having been terminated simultaneously with the execution of this First Amendment pursuant to that Ground Lease Early Termination Agreement between the parties) and in order to combine the premises previously covered by the Ground Lease #16 with the premises covered by the Ground Lease #15, Landlord and Tenant desire to amend and modify Ground Lease #15 so that the Demised Premises as described in Ground Lease #15 shall be hereafter revised as set forth in the Boundary Survey dated April 2, 1982 prepared by Riewe & Wischmeyer, Inc., Consulting Engineers (the “Boundary Survey”), a true and correct copy of which is attached hereto as Exhibit “D” and incorporated herein.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), and the mutual promises, covenants, and conditions contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part of this Agreement for all purposes.

Section 2. Amendment.

A. Landlord and Tenant hereby agree to amend and modify Ground Lease #15 so that the Demised Premises as described in Ground Lease #15 shall from and after the Effective Date be modified in their entirety and replaced with the description set forth in the

Boundary Survey dated April 2, 1982 prepared by Riewe & Wischmeyer, Inc., Consulting Engineers as shown in Exhibit "D" attached hereto and made a part hereof for all purposes.

B. From and after the Effective Date, Tenant agrees to and shall pay to Landlord, without offset or deduction, rent for the Demised Premises at the rate of One Thousand Seven Hundred and Eighty-One Dollars and 14/100 (\$1,781.14) per month in advance, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the Term. The said amount shall be subject to adjustment as provided in Ground Lease #15.

Section 4. No Other Amendments. Except to the extent modified or amended herein, all other terms, conditions, standards, and obligations of and set forth in Ground Lease #15 are and shall remain unchanged and in full force and effect.

Section 5. Binding Effect. This First Amendment is and shall be for the benefit of, and binding upon, the parties hereto and their respective heirs, executors, administrators, successors, and assigns, as permitted by Ground Lease #15.

Section 6. Consent and Recording: This Amendment is subject to the consent and filing requirements of the Town of Addison, Texas. Landlord may record this First Amendment or a memorandum hereof in the real property records of Dallas County, Texas.

Section 7. Applicable Law; Venue. The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Amendment; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Amendment, and all obligations of the parties created by this Amendment are performable in Dallas County, Texas. Venue for any action under this Amendment shall lie in Dallas County, Texas.

Section 8. Final Agreement. This Amendment shall constitute the final agreement and understanding of the parties on the subject matter hereof and can only be modified by further written instrument signed and executed by both parties.

Section 9. Authority to Execute. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned parties execute this First Amendment To the Ground Lease as of the Effective Date first given above.

LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

TENANT:

ESTATE OF HAZEL M. CORRY

By: _____
Bertie Carol Neu, Independent Executrix

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me, the undersigned authority, on _____, 2007 by Bertie Carol Neu, as Independent Executrix of the Estate of Hazel M. Corry.

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS
My Commission Expires:

(Printed Name of Notary)

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me, the undersigned authority, on _____, 2007 by Ron Whitehead, City Manager for the Town of Addison, Dallas County, Texas, a Texas municipal corporation, on behalf of the said municipal corporation.

NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS
My Commission Expires:

(Printed Name of Notary)

EXHIBIT “A”

**True and Correct Copy of Ground Lease #15 Dated April 30, 1982
(Ground Lease #016A-1501)**

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of April 30, 1982, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and BERT A. CORRY (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 January 1, 1983, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of NINE HUNDRED THIRTEEN AND 72/100 (\$913.72) 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.

Lease Renewal. 1 - Hangar building with shops, offices, aircraft parking and vehicle parking.

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

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

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

9. Assignment, Subletting and Mortgaging of Leasehold Estate:

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

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold 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 whereat 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 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 after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

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

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

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

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

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

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

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

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

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

21. Indemnity and Exculpation:

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

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

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

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

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

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

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

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

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

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

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

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

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

demand from time to time and, which may arise by reason of any such reletting, in connection with the reletting of such premises, brokerage commissions, attorneys' fees, real estate taxes, and other 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. Landlord's mortgagee and Landlord's mortgagee fails to cure such default within the curative period allowed Landlord under this Lease.

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

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

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

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

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

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

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

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

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

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

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

LANDLORD:

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

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Bert A. Corry
Rt. 3, Box 1010
Mesquite, Texas 75249

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

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

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

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

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: Michael Love

CITY OF ADDISON, TEXAS

By: 

Its: Mayor

TENANT:

By: 

Its: _____

STATE OF TEXAS }
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 17 day of May, 19 82.

Maurice Robinson
Notary Public
Dallas In & for the State of Texas
County, Texas
my Commission Expires -
6-8-1985

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jenny 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 23 day of June, 19 82.

Jacque Sharp
Notary Public
Dallas
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Robert L. Core
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 7th day of July, 19 82.

Dorothy L. James
Notary Public
Dallas
County, Texas

ADDISON AIRPORT, INC.

FIELD NOTE DESCRIPTION

Area 20A (Aircraft Parking); 20B (Hangar); 20C (Automobile Parking)

Area 20A

Beginning at a point, said point being 853.0 feet to the right at right angle from station 20+55 of the centerline of Runway 15-33, said station 20+55 being 2055.0 feet in a northerly direction from the south end of said Runway 15-33 being 1068.0 feet along the centerline of runway extended from the point of intersection of the south property line of Addison Airport, Inc. and the centerline of Runway 15-33 extended, said point of intersection of the centerline of Runway 15-33 extended and the south property line of Addison Airport, Inc. being 410.0 feet in a westerly direction along the south property line of said Addison Airport, Inc. and the St. Louis and Southwestern Railroad right-of-way from the most south-easterly property corner of Addison Airport, Inc.

THENCE, South 20° 23' East a distance of 150.0 feet to a point;
THENCE, North 69° 37' East a distance of 78.0 feet to a point;
THENCE, North 20° 23' West a distance of 150.0 feet to a point;
THENCE, South 69° 37' West a distance of 78.0 feet to the point of beginning and being an area of 19,500 square feet.

Area 20B

Beginning at a point, said point being the southeast and most easterly corner of above described Area 20A.

THENCE, North 20° 23' West along the north-easterly line of area 20A, a distance of 125.0 feet to a point;
THENCE, North 69° 37' East a distance of 82.0 feet to a point;
THENCE, South 20° 23' East a distance of 125.0 feet to a point;
THENCE, South 69° 37' West a distance of 82.0 feet to the point of beginning and being an area of 10,250.0 square feet.

Area 20C

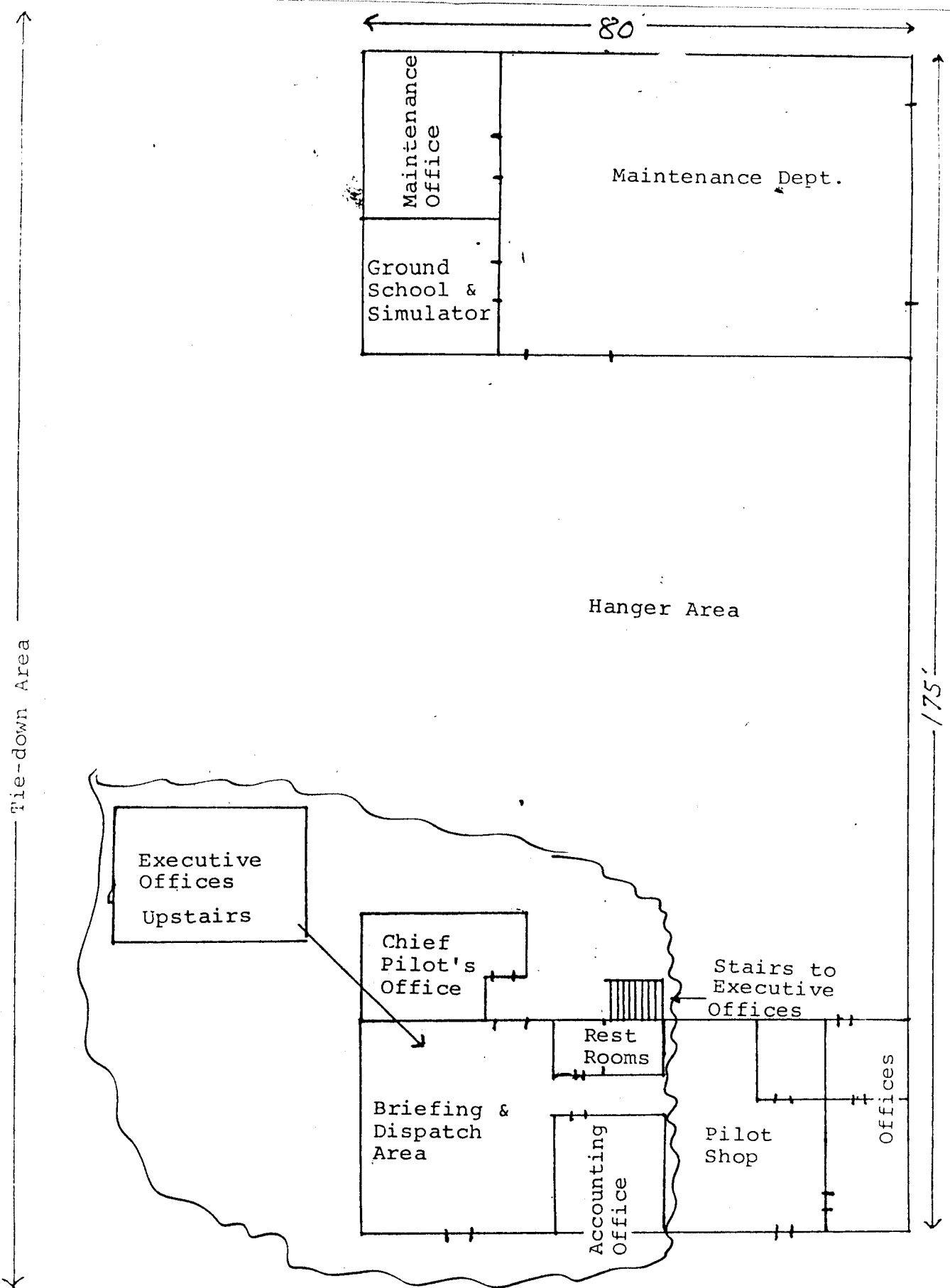
Beginning at a point, said point being the southeast and most easterly corner of above described Area 20B.

THENCE, South 69° 37' West along the southerly line of above described area 20B and Area 20A a distance of 160.0 feet to a point, said point being the southwest and most southerly corner of Area 20A.

THENCE, South 20° 23' East a distance of 40.0 feet to a point;
THENCE, North 69° 37' East a distance of 160.0 feet to a point;
THENCE, North 20° 23' West a distance of 40.0 feet to the point of beginning and being an area of 64,000 square feet.

AS

EXHIBIT "B"



Scale: 1" = 20 ft.

EXHIBIT "B"

EXHIBIT “B”

Judgment Declaring Heirship dated April 24, 2000

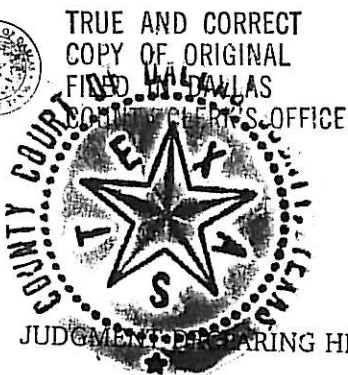
ESTATE OF)	IN THE PROBATE COURT
BERT A. CORRY)	NUMBER THREE OF
DECEASED)	DALLAS COUNTY, TEXAS

JUDGMENT DECLARING HEIRSHIP

On this day came on to be heard the sworn Application to Determine Heirship of the Estate of BERT A. CORRY, Deceased ("Decedent"), wherein HAZEL M. CORRY is the Applicant and Decedent's living heirs whose names are known are Respondents and Decedent's living heirs whose names and/or whereabouts are unknown and heirs suffering legal disability are Defendants, and it appears to the Court, and the Court so finds that all parties interested in the Estate of Decedent have been made parties to the Application; that the Court appointed an attorney ad litem to appear and answer and to represent Defendants and such attorney ad litem did so appear and filed an answer for Defendants; that this Court has jurisdiction of the subject matter and all persons and parties; that the evidence presented and admitted fully and satisfactorily proves each and every issue presented to the Court; that Decedent died intestate and that the heirship of Decedent has been fully and satisfactorily proved as well as the identity of the nature of Decedent's property as being separate or community and the interest and shares of each of the heirs therein; and that no administration is necessary.

The Court finds and it is ORDERED by the Court that the name and place of residence of Decedent's only heir and her share and interest in the real and personal property of Decedent are as follows:

<u>Name & Place of Residence</u>	<u>Share and Description of Real Property</u>	<u>Share and Description of Personal Property</u>
Hazel M. Corry 748 Bruton Lane East Mesquite, Texas 75149	All of Decedent's interest in the real property, described in Exhibit A and Exhibit B attached hereto	All of Decedent's interest in the personal property described below:
	All of Decedent's interest in a leasehold interest under a ground lease executed on April 30, 1982 by and between the City of Addison, Addison Airport of Texas, Inc. and	1988 Oldsmobile 88 Automobile Miscellaneous Household Goods and Personal Effects



Decedent for a term of four hundred eighty (480) months beginning on January 1, 1983, the demised premises being situated at Addison Airport, Dallas County, Texas

It is ORDERED that the attorney ad litem appointed to represent the interests of the Defendants is allowed a fee of \$ 503.68 to be paid out of the assets of Decedent.

The Court finds that there exists no necessity for administration of the Estate of Decedent, none is ordered, and upon payment of all costs of Court no further proceedings be had in this cause.

SIGNED this 24th day of April, 2000.

Joe Loring

Judge Presiding

APPROVED:

Tod Almquist

TOD ALMQUIST

907 North Dallas Bank Tower
12900 Preston Road
Dallas, Texas 75230
(972) 458-2161
Telecopier (972) 458-2452
Bar Card #01108880

ATTORNEY FOR APPLICANT

B. Jay Carmichael

B. JAY CARMICHAEL

Blankenship, Carmichael, Staubus, Wiland & Randall, P.C.
8111 Preston Road, Suite 950
Dallas, Texas 75225
(214) 691-3400
Telecopier (214) 691-3480
Bar Card #24012571

ATTORNEY AD LITEM



TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN DALLAS
COUNTY CLERK'S OFFICE



EXHIBIT “C”

**Order Admitting Will to Probate and Authorizing Letters Testamentary issued in Cause
No. 06-3713-P, Probate Court , Dallas County, Texas**

NO. 06-3713-P

IN THE ESTATE OF
HAZEL M. CORRY,
DECEASED

§
§
§
§
§

IN THE PROBATE COURT
DALLAS COUNTY, TEXAS

**ORDER PROBATING WILL AND
AUTHORIZING LETTERS TESTAMENTARY**

On this day came on to be heard the Application filed herein by **BERTIE CAROL NEU** on November 14, 2006, for the probate of the Will of **HAZEL M. CORRY**, hereinafter called Decedent, and for the issuance of Letters Testamentary.

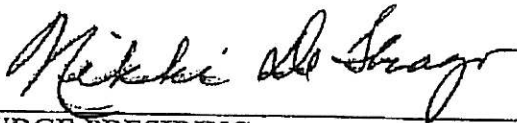
The Court, after having heard and considered the evidence, finds that legal notices of the filing of said Application have been issued and posted in the manner and for the length of time required by law, and no one came to contest same; and it further appearing that said Will was executed on April 1, 2003 with the formalities and solemnities and under the circumstances required by law to make it a valid Will, was self-proved according to law during the lifetime of said Decedent; that such Will has not been revoked by Decedent; that Decedent died at Mesquite, Dallas County, Texas on April 11, 2006; that this Court has jurisdiction and venue over the estate because Decedent was domiciled in Texas and had a fixed place of residence in Mesquite, Dallas County, Texas at the time of her death; that four years have not elapsed since the death of Decedent or prior to the said Application; that a necessity exists for the administration of this estate; that Decedent was never divorced; that Decedent's Will named **BERTIE CAROL NEU** to serve as Independent Executrix to act independently without bond or other security, and the said **BERTIE CAROL NEU** is not disqualified by law from serving as such or from accepting Letters Testamentary, and would be entitled to such letters.

IT IS THEREFORE ORDERED AND DECREED by the Court that said Will is hereby proved and established and admitted to probate and recorded as the **LAST WILL AND**

TESTAMENT of said HAZEL M. CORRY, Deceased, and that BERTIE CAROL NEU be, and is hereby appointed Independent Executrix of said Will and Estate without bond.

IT IS FURTHER ORDERED by the Court that Letters Testamentary upon the Will and Estate of HAZEL M. CORRY, Deceased, be and the same are hereby granted, that the Clerk shall issue said Letters Testamentary to BERTIE CAROL NEU, as Independent Executrix, when qualified according to law, and that no other action shall be had in this Court other than the return of an Inventory, Appraisement and List of Claims as required by law.

SIGNED this 12 day of December, 2006.



JUDGE PRESIDING

EXHIBIT “D”

Boundary Survey dated April 2, 1982

Being a tract of land situated in the E. Cook Survey, Abstract 374, Dallas County, Texas and located in 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 access) projected and the east right-of-way line of Keller Springs Road (a 60-foot access) projected; thence north 89° 58' 15" W a distance of 213.48 feet to an angle point;

THENCE S 89° 58' 15" W a distance of 420.02 feet to the BEGINNING POINT of this description;

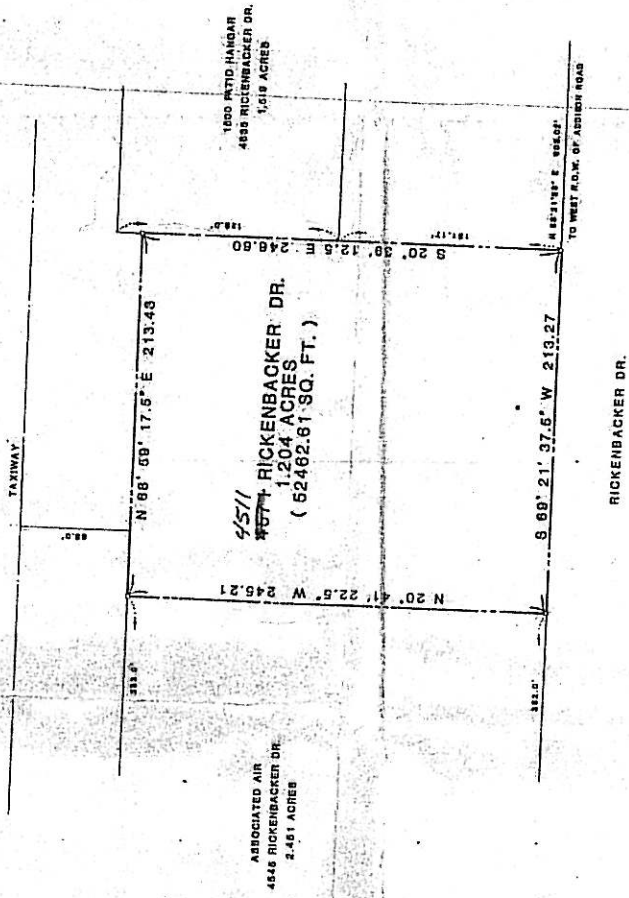
THENCE S 89° 21' 30" W a distance of 213.27 feet to the northeast corner of 4845 Rickenbacker Dr.;

THENCE S 89° 58' 15" W a distance of 213.48 feet to the northeast corner of 4845 Rickenbacker Dr.;

THENCE S 89° 58' 15" W a distance of 213.48 feet to a point (a corner);

THENCE S 89° 21' 30" E a distance of 213.27 feet to the west line of 1,204-acre tract a distance of 246.50 feet to the BEGINNING POINT and containing 1,204 acres of land more or less.

William J. DeLoach
 Surveyor
 State of Texas

ADDISON MUNICIPAL AIRPORT	
4577 4577	RICKENBACKER DR.
1,204 ACRES	
Riese & DeLoach, Inc.	
CONSULTING ENGINEERS	
DATE: APRIL 21, 1964	SCALE: 1"=40'
JOB NO. 64-0422	SHEET NO. 1 OF 1

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 60 foot street) projected;

THENCE S 00° 22' 50" E with the projected west R.O.W. of Addison Road a distance of 617.16 feet to an angle point;

THENCE S 69° 21' 38" W a distance of 602.02 feet to the BEGINNING POINT of this description;

THENCE S 69° 21' 38" W a distance of 213.27 feet to the southeast corner of 2.451 acre tract for corner;

THENCE N 20° 41' 22" W with the easterly line of 2.451 acre tract a distance of 245.21 feet for corner;

THENCE N 68° 59' 18" W a distance of 213.43 feet to a point for corner;

THENCE S 20° 33' 20" E with a line common to the west line of 1.559 acre tract a distance of 246.60 feet to the BEGINNING POINT and containing 1.204 acres of land more or less.

19 APRIL 1982
Date

William J. Wischmeyer
Riewe & Wischmeyer, Inc.

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 _____, 2007 (the "**Effective Date**") between the TOWN OF ADDISON, TEXAS (hereinafter referred to as the "**City**" or "**Landlord**"); a Texas home rule municipality, and the ESTATE OF HAZEL M. CORRY, a Texas estate (hereinafter referred to as "**Tenant**") (Landlord and Tenant are sometimes referred to together herein as the "**parties**" and individually as a "**party**").

<u>Schedule of Exhibits</u>
Exhibit A: True and Correct Copy of Ground Lease #16 Dated April 30, 1982
Exhibit B: True and Correct Copy of Ground Lease #15 Dated April 30, 1982
Exhibit C: Judgment Declaring Heirship dated April 24, 2000 entered in Cause No. 99-4420-P/3
Exhibit D: Order Probating Will And Authorizing Letters Testamentary issued in Cause No. 06-3713-P

Recitals:

WHEREAS, a Ground Lease was executed on April 30, 1982, between the City of Addison, Texas and Addison Airport of Texas, Inc., as landlord, and Bert A. Corry, as tenant (a true and correct copy of which Ground Lease is attached hereto as Exhibit "A" and incorporated herein by reference) (the "**Ground Lease #16**"), by the terms of which certain real property as described in the Ground Lease and which is commonly known as and located at 4511 Eddie Rickenbacker (the "**Demised Premises**"), Addison Airport, within the Town of Addison, Texas and owned by the City was leased to Bert A. Corry; and

WHEREAS, the Ground Lease #16 is the same as that instrument referred to as "Ground Lease #016A-1601" in the administrative archives and records of the City; and

WHEREAS, on April 30, 1982 a second, separate ground lease affecting a portion of the Demised Premises, on and including the same terms and conditions as the Ground Lease (save and except the legal description of real property being leased), was executed between the City of Addison, Texas and Addison Airport of Texas, Inc., as landlord, and Bert A. Corry, as tenant (and is identified as "Ground Lease #016A-1501" or "Ground Lease #15" in the administrative archives and records of the City) (the "**Ground Lease #15**") (a true and correct copy of which is attached hereto as Exhibit "B" and incorporated herein by reference);

WHEREAS, Bert A. Corry died on September 16, 1996, and Hazel M. Corry, wife of Bert A. Corry, was judicially declared to be his sole heir by that Judgment Declaring Heirship dated April 24, 2000 entered in Cause No. 99-4420-P/3, styled Estate of Bert A. Corry, Deceased (date of death September 16, 1996), entered by the Judge of Probate Court Number Three of Dallas County, Texas (which Judgment is attached hereto as Exhibit "C" and incorporated herein by reference); and

WHEREAS, Hazel M. Corry died testate on April 11, 2006, naming Bertie Carol Neu as the Independent Executrix of the Estate of Hazel M. Corry, as reflected in the Order Probating Will And Authorizing Letters Testamentary issued in Cause No. 06-3713-P, of the Probate Court, Dallas County, Texas, a true and correct copy of which is attached hereto as Exhibit "D" and incorporated herein by reference; and

WHEREAS, by virtue of such Judgment and the subsequent death of Hazel M. Corry, the sole heir of Bert A. Corry as reflected in the said Order Admitting Will to Probate and Authorizing Letters Testamentary, the Estate of Hazel M. Corry is now the Tenant under the Ground Lease (and the Second Ground Lease); and

WHEREAS, Ground Lease #15 and Ground Lease #16 (collectively hereinafter referred as the “Ground Leases”) provide that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Leases as the “Base Lease” (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Leases; and

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

WHEREAS, in light of the same terms and conditions (save and except the description of the leased premises) being set forth in Ground Lease #15 and in Ground Lease #16, and in order to clarify the description of the real property which has been leased by Landlord to Tenant, the parties now mutually desire by this instrument to provide for the early termination of Ground Lease #16, and by separate instrument (entitled “First Amendment to Ground Lease” and so called herein) to reflect the continuation of Ground Lease #15 according to its terms and conditions, but with a revised description of the Demised Premises which combines the premises previously covered by Ground Lease #16 with the premises covered by Ground Lease #15.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part of this Agreement for all purposes.

Section 2. Termination. Landlord and Tenant agree that, subject to the parties entering into and executing the First Amendment to Ground Lease as mutually agreed to by the parties, the Ground Lease #16 (#016A-1601) shall terminate as of the effective date of the First Amendment To Ground Lease (the “**Termination Date**”) as if such date was the stated expiration date of Ground Lease #16. The Termination Date is _____ (to be completed upon execution of the First Amendment to Ground Lease). In the event the First Amendment to Ground Lease is not agreed to and executed by the authorized representatives of both parties, this Ground Lease Early Termination Agreement shall be null and void ab initio, shall have no force or effect whatsoever, and the Ground Lease shall remain in full force and effect.

Section 3. Continued Performance. Landlord and Tenant agree that each shall continue to perform their respective obligations contained in Ground Lease #16 including, but not limited to, Tenant’s obligation to pay rent, through the Termination Date. If the Termination

Date is other than the last day of the month, then the parties agree that the rent attributable to that part of the month through the Termination Date shall be prorated on a per diem basis.

Section 4. Binding Effect. 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 (as the same may be permitted by Ground Lease #16).

Section 5. Applicable Law; Venue; Recording. The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement, and all obligations of the parties created by this Agreement are performable in Dallas County, Texas. Venue for any action under this Agreement shall lie in Dallas County, Texas. Landlord may record this Agreement or a memorandum hereof in the real property records of Dallas County, Texas.

Section 6. Final Agreement; No Other Amendments. This Agreement shall constitute the final agreement and understanding of the parties on the subject matter hereof and can only be modified by further written instrument signed and executed by both parties. Except to the extent modified or amended herein, all other terms, conditions, standards, and obligations of Ground Lease #16 shall remain unchanged and in full force and effect.

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

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

LANDLORD:

TENANT:

TOWN OF ADDISON, TEXAS

ESTATE OF HAZEL M. CORRY

By: _____
Ron Whitehead, City Manager

By: _____
Bertie Carol Neu, Independent Executrix

Date of signing: _____

Date of signing: _____

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me, the undersigned authority, on _____, 2007 by Bertie Carol Neu, as Independent Executrix of the Estate of Hazel M. Corry.

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

My Commission Expires:

(Printed Name of Notary)

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me, the undersigned authority, on _____, 2007 by Ron Whitehead, City Manager for the Town of Addison, Dallas County, Texas, a Texas municipal corporation, on behalf of the said municipal corporation.

NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

My Commission Expires:

(Printed Name of Notary)

<nen\addisonairport\earlyterminationagb-v2.doc>

EXHIBIT “A”

**True and Correct Copy of
Ground Lease #16 Dated April 30, 1982
(Ground Lease #016A-1601)**

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of April 30, 1982, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and BERT A. CORRY (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 January 1, 1983, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. Rental: Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of NINE HUNDRED THIRTEEN AND 72/100 (\$913.72) 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.

Lease Renewal. 1 - Hangar building with shops, offices, aircraft parking and vehicle parking.

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

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

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

9. Assignment, Subletting and Mortgaging of Leasehold Estate:

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

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee 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 allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

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

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

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

11. Maintenance and Repair of Demised Premises:

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Casualty Damage or Destruction:

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

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

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

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

(i) Net insurance proceeds as above defined shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses to pay (or reimburse Tenant for) the cost of Restoration, upon written request of Tenant to Landlord accompanied by (a) certificate of a supervising architect or engineer approved by Landlord, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has 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.

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

demand from time to time any deficiency that may arise by reason of any such reletting. In determining the amount of such deficiency, broker's 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

P. O. Box 144

Addison, Texas 75001

TENANT:

Bert A. Corry
Rt. 3, Box 1010
Mesquite, Texas 75249

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

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

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

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

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: [Signature]

Its: [Signature]

CITY OF ADDISON, TEXAS

By: [Signature]

Its: [Signature]

TENANT:

By: [Signature]

Its: _____

STATE OF TEXAS }
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 17 day of May, 19 82.

Maura Lohman
Notary Public

Dallas in and for the State
County, Texas My Commission Expires ^{of Texas} - 6-8-1985

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 23 day of June, 19 82.

Jacque Sharp
Notary Public

County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Robert J. ...
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 2th day of July, 19 82.

Bartholomew James
Notary Public

County, Texas

EXHIBIT “B”

**True and Correct Copy of
Ground Lease #15 Dated April 30, 1982
(Ground Lease #016A-1501)**

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of April 30, 1982, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and BERT A. CORRY (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 January 1, 1983, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of NINE HUNDRED THIRTEEN AND 72/100 (\$913.72) 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.

Lease Renewal. 1 - Hangar building with shops, offices, aircraft parking and vehicle parking.

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

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

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

9. Assignment, Subletting and Mortgaging of Leasehold Estate:

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

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold 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 whereof 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 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 after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

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

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

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

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

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

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

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

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

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

21. Indemnity and Exculpation:

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

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

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

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

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

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

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

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

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

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

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

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

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

demand from time to time and, if any, shall be borne by Tenant. No amount shall be payable by reason of any such reletting in default of Tenant or of such agency, brokerage commissions, attorneys' fees, removing 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. Landlord's mortgagee and Landlord's mortgagee fails to cure such default within the curative period allowed Landlord under this Lease.

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

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

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

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

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

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

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

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

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

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

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

LANDLORD:

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

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Bert A. Corry
Rt. 3, Box 1010
Mesquite, Texas 75249

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

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

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

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

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: _____

Its: _____

CITY OF ADDISON, TEXAS

By: _____

Its: _____

TENANT:

By: _____

Its: _____

STATE OF TEXAS }
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 17 day of May, 19 82.

Maurice Robinson
Notary Public
Dallas In & for the State of Texas
County, Texas
my Commission Expires -
6-8-1985

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jenny 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 23 day of June, 19 82.

Jacque Sharp
Notary Public
Dallas
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Robert L. Core
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 7th day of July, 19 82.

Dorothy L. James
Notary Public
Dallas
County, Texas

ADDISON AIRPORT, INC.

FIELD NOTE DESCRIPTION

Area 20A (Aircraft Parking); 20B (Hangar); 20C (Automobile Parking)

Area 20A

Beginning at a point, said point being 853.0 feet to the right at right angle from station 20+55 of the centerline of Runway 15-33, said station 20+55 being 2055.0 feet in a northerly direction from the south end of said Runway 15-33 being 1068.0 feet along the centerline of runway extended from the point of intersection of the south property line of Addison Airport, Inc. and the centerline of Runway 15-33 extended, said point of intersection of the centerline of Runway 15-33 extended and the south property line of Addison Airport, Inc. being 410.0 feet in a westerly direction along the south property line of said Addison Airport, Inc. and the St. Louis and Southwestern Railroad right-of-way from the most south-easterly property corner of Addison Airport, Inc.

THENCE, South 20° 23' East a distance of 150.0 feet to a point;
THENCE, North 69° 37' East a distance of 78.0 feet to a point;
THENCE, North 20° 23' West a distance of 150.0 feet to a point;
THENCE, South 69° 37' West a distance of 78.0 feet to the point of beginning and being an area of 19,500 square feet.

Area 20B

Beginning at a point, said point being the southeast and most easterly corner of above described Area 20A.

THENCE, North 20° 23' West along the north-easterly line of area 20A, a distance of 125.0 feet to a point;
THENCE, North 69° 37' East a distance of 82.0 feet to a point;
THENCE, South 20° 23' East a distance of 125.0 feet to a point;
THENCE, South 69° 37' West a distance of 82.0 feet to the point of beginning and being an area of 10,250.0 square feet.

Area 20C

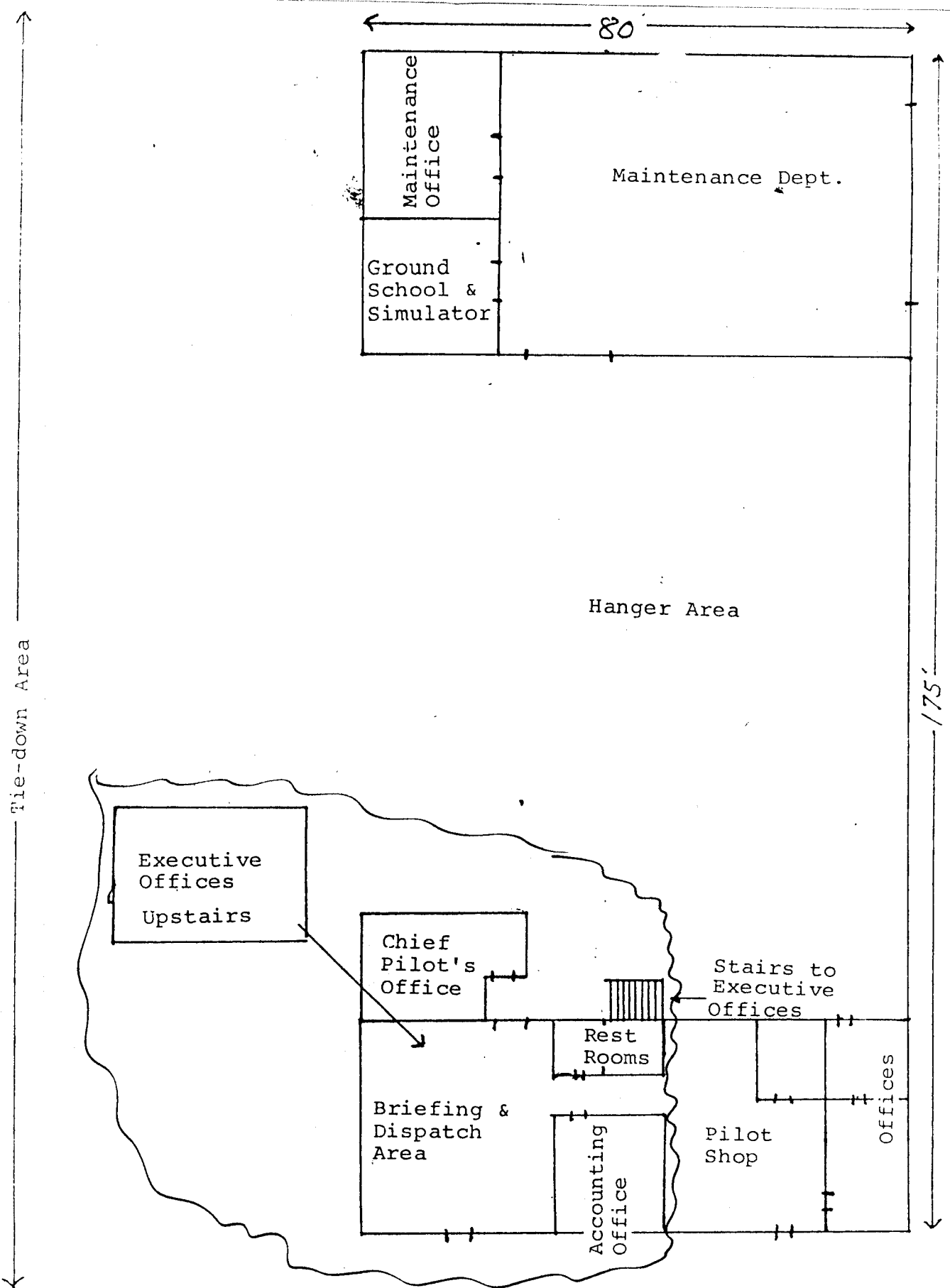
Beginning at a point, said point being the southeast and most easterly corner of above described Area 20B.

THENCE, South 69° 37' West along the southerly line of above described area 20B and Area 20A a distance of 160.0 feet to a point, said point being the southwest and most southerly corner of Area 20A.

THENCE, South 20° 23' East a distance of 40.0 feet to a point;
THENCE, North 69° 37' East a distance of 160.0 feet to a point;
THENCE, North 20° 23' West a distance of 40.0 feet to the point of beginning and being an area of 64,000 square feet.

AS

EXHIBIT "B"



Scale: 1" = 20 ft.

EXHIBIT "B"

EXHIBIT “C”

**Judgment Declaring Heirship
dated April 24, 2000 entered in Cause No. 99-4420-P/3, Probate Court No. 3,
Dallas County, Texas**

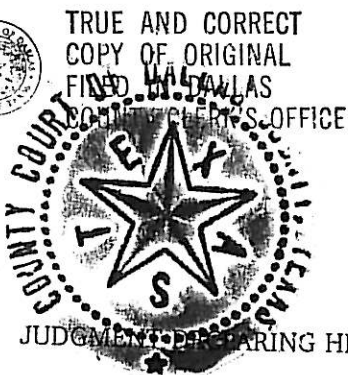
ESTATE OF)	IN THE PROBATE COURT
BERT A. CORRY)	NUMBER THREE OF
DECEASED)	DALLAS COUNTY, TEXAS

JUDGMENT DECLARING HEIRSHIP

On this day came on to be heard the sworn Application to Determine Heirship of the Estate of BERT A. CORRY, Deceased ("Decedent"), wherein HAZEL M. CORRY is the Applicant and Decedent's living heirs whose names are known are Respondents and Decedent's living heirs whose names and/or whereabouts are unknown and heirs suffering legal disability are Defendants, and it appears to the Court, and the Court so finds that all parties interested in the Estate of Decedent have been made parties to the Application; that the Court appointed an attorney ad litem to appear and answer and to represent Defendants and such attorney ad litem did so appear and filed an answer for Defendants; that this Court has jurisdiction of the subject matter and all persons and parties; that the evidence presented and admitted fully and satisfactorily proves each and every issue presented to the Court; that Decedent died intestate and that the heirship of Decedent has been fully and satisfactorily proved as well as the identity of the nature of Decedent's property as being separate or community and the interest and shares of each of the heirs therein; and that no administration is necessary.

The Court finds and it is ORDERED by the Court that the name and place of residence of Decedent's only heir and her share and interest in the real and personal property of Decedent are as follows:

<u>Name & Place of Residence</u>	<u>Share and Description of Real Property</u>	<u>Share and Description of Personal Property</u>
Hazel M. Corry 748 Bruton Lane East Mesquite, Texas 75149	All of Decedent's interest in the real property, described in Exhibit A and Exhibit B attached hereto	All of Decedent's interest in the personal property described below:
	All of Decedent's interest in a leasehold interest under a ground lease executed on April 30, 1982 by and between the City of Addison, Addison Airport of Texas, Inc. and	1988 Oldsmobile 88 Automobile Miscellaneous Household Goods and Personal Effects



Decedent for a term of four hundred eighty (480) months beginning on January 1, 1983, the demised premises being situated at Addison Airport, Dallas County, Texas

It is ORDERED that the attorney ad litem appointed to represent the interests of the Defendants is allowed a fee of \$ 503.68 to be paid out of the assets of Decedent.

The Court finds that there exists no necessity for administration of the Estate of Decedent, none is ordered, and upon payment of all costs of Court no further proceedings be had in this cause.

SIGNED this 24th day of April, 2000.

Joe Loring

Judge Presiding

APPROVED:

Tod Almquist

TOD ALMQUIST
907 North Dallas Bank Tower
12900 Preston Road
Dallas, Texas 75230
(972) 458-2161
Telecopier (972) 458-2452
Bar Card #01108880

ATTORNEY FOR APPLICANT

B. Jay Carmichael

B. JAY CARMICHAEL
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Telecopier (214) 691-3480
Bar Card #24012571

ATTORNEY AD LITEM



TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN DALLAS
COUNTY CLERK'S OFFICE



EXHIBIT “D”

**Order Probating Will and Authorizing Letters Testamentary issued in
Cause No. 06-3713-P, Probate Court, Dallas County, Texas**

NO. 06-3713-P

IN THE ESTATE OF
HAZEL M. CORRY,
DECEASED

§
§
§
§
§

IN THE PROBATE COURT
DALLAS COUNTY, TEXAS

**ORDER PROBATING WILL AND
AUTHORIZING LETTERS TESTAMENTARY**

On this day came on to be heard the Application filed herein by **BERTIE CAROL NEU** on November 14, 2006, for the probate of the Will of **HAZEL M. CORRY**, hereinafter called Decedent, and for the issuance of Letters Testamentary.

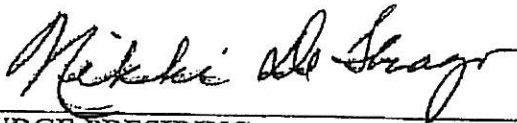
The Court, after having heard and considered the evidence, finds that legal notices of the filing of said Application have been issued and posted in the manner and for the length of time required by law, and no one came to contest same; and it further appearing that said Will was executed on April 1, 2003 with the formalities and solemnities and under the circumstances required by law to make it a valid Will, was self-proved according to law during the lifetime of said Decedent; that such Will has not been revoked by Decedent; that Decedent died at Mesquite, Dallas County, Texas on April 11, 2006; that this Court has jurisdiction and venue over the estate because Decedent was domiciled in Texas and had a fixed place of residence in Mesquite, Dallas County, Texas at the time of her death; that four years have not elapsed since the death of Decedent or prior to the said Application; that a necessity exists for the administration of this estate; that Decedent was never divorced; that Decedent's Will named **BERTIE CAROL NEU** to serve as Independent Executrix to act independently without bond or other security, and the said **BERTIE CAROL NEU** is not disqualified by law from serving as such or from accepting Letters Testamentary, and would be entitled to such letters.

IT IS THEREFORE ORDERED AND DECREED by the Court that said Will is hereby proved and established and admitted to probate and recorded as the **LAST WILL AND**

TESTAMENT of said HAZEL M. CORRY, Deceased, and that BERTIE CAROL NEU be, and is hereby appointed Independent Executrix of said Will and Estate without bond.

IT IS FURTHER ORDERED by the Court that Letters Testamentary upon the Will and Estate of HAZEL M. CORRY, Deceased, be and the same are hereby granted, that the Clerk shall issue said Letters Testamentary to BERTIE CAROL NEU, as Independent Executrix, when qualified according to law, and that no other action shall be had in this Court other than the return of an Inventory, Appraisement and List of Claims as required by law.

SIGNED this 12 day of December, 2006.



JUDGE PRESIDING

EXHIBIT "3"

ASSIGNMENT OF GROUND LEASE

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

KNOW ALL MEN BY THESE PRESENTS:

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of the _____ day of _____, 2007, at Addison, Texas, by and between Bertie Carol Neu, Independent Executrix for the Estate of Hazel M. Corry, ("Assignor"), and Corry GP, LLC, a Texas limited liability company ("Assignee").

<u>Schedule of Exhibits</u>
Exhibit A: True and Correct Copy of Ground Lease Dated April 30, 1982
Exhibit B: Judgment Declaring Heirship dated April 24, 2000
Exhibit C: Order Probating Will and Authorizing Letters Testamentary issued in Cause No. 06-3713-P

Recitals:

WHEREAS, a Ground Lease was executed on April 30, 1982, between the City of Addison, Texas and Addison Airport of Texas, Inc., as landlord, and Bert A. Corry, as tenant (the "Ground Lease," a true and correct copy of which, together with the First Amendment (as hereinafter defined and described), is attached hereto as Exhibit "A" and incorporated herein by reference), by the terms of which certain real property as described in the Ground Lease and which is commonly known as and located at 4511 Eddie Rickenbacker, Addison Airport (the "Demised Premises") within the Town of Addison, Texas (the "City") and owned by the City was leased to Bert A. Corry; and

WHEREAS, the Ground Lease is the same as that instrument referred to as "Ground Lease #016A-1501" or "Ground Lease #15" in the administrative archives and records of the City; and

WHEREAS, Bert A. Corry died on September 16, 1996, and Hazel M. Corry, wife of Bert A. Corry, was judicially determined to be his sole heir by Judgment Declaring Heirship dated April 24, 2000 entered in Cause No. 99-4420-P/3, styled Estate of Bert A. Corry, Deceased (date of death September 16, 1996), entered by the Judge of Probate Court Number Three of Dallas County, Texas (which Judgment is attached hereto as Exhibit B and incorporated herein by reference); and

WHEREAS, Hazel M. Corry died testate on April 11, 2006, naming Bertie Carol Neu as the Independent Executrix of the Estate of Hazel M. Corry, as reflected in the Order Probating Will and Authorizing Letters Testamentary issued in Cause No. 06-3713-P, Probate Court, Dallas County, Texas, a true and correct copy of which is attached hereto as Exhibit "C" and incorporated herein by reference; and

WHEREAS, by virtue of such Judgment and subsequent death of Hazel M. Corry, the sole heir of Bert A. Corry as reflected in the said Order Probating Will and Authorizing Letters Testamentary, and the appointment of Bertie Carol Neu as the Independent Executrix of the Estate of, the Estate of Hazel M. Corry is the Tenant under the Ground Lease; and

WHEREAS, the Ground Lease was subsequently amended and modified by that First Amendment To Ground Lease dated _____, 2007, effective as of _____, 2007 (the "First Amendment"), a true and correct copy of which First Amendment is attached hereto, together with the Ground Lease, as Exhibit "A" and incorporated herein; and

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

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

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

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

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), 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 first given above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease (as amended, attached hereto as Exhibit "A"), TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming a part thereof through Assignor.

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

Corry GP, LLC
Attn: Ms. Bertie Neu
748 Bruton Lane East
Mesquite, TX 75149

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

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

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

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

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

ASSIGNOR:

ESTATE OF HAZEL M. CORRY

By _____
Bertie Carol Neu, Independent Executrix

ASSIGNEE:

CORRY GP, LLC,
a Texas limited liability company

By _____
Bertie Carol Neu
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me, the undersigned authority, on _____, 2007 by Bertie Carol Neu, as Independent Executrix of the Estate of Hazel M. Corry.

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

My Commission Expires:

(Printed Name of Notary)

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2007 by Bertie Carol Neu, _____ of Corry GP, LLC, a Texas limited liability company, on behalf of the said limited liability company.

NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

My Commission Expires:

(Printed Name of Notary)

CONSENT OF LANDLORD

The Town of Addison, Texas (“Landlord”) is the Landlord in and under the Ground Lease described in the above and foregoing Assignment of Ground Lease (the “Assignment”) entered into as of the ____ day of _____, 2007, at Addison, Texas, by and between the Estate of Hazel M. Corry (by and through Bertie Carol Neu, Independent Executrix), Assignor, and Corry GP, LLC, a Texas limited liability company, Assignee.

In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same, Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding this consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from any of its covenants, obligations, duties, or responsibilities under or in connection with the Ground Lease, and Assignor shall remain liable and responsible for all such covenants, obligations, duties, or responsibilities.

In addition, notwithstanding any provision of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent is not and 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

Fully Executed Ground Lease With First Amendment To Be Attached When Executed

EXHIBIT "A"

**Copy of
Ground Lease Dated April 30, 1982
(Ground Lease #016A-1501)
and
First Amendment to Ground Lease**

EXHIBIT "B"

**Judgment Declaring Heirship
dated April 24, 2000 entered in Cause No. 99-4420-P/3, Probate Court No. 3,
Dallas County, Texas**

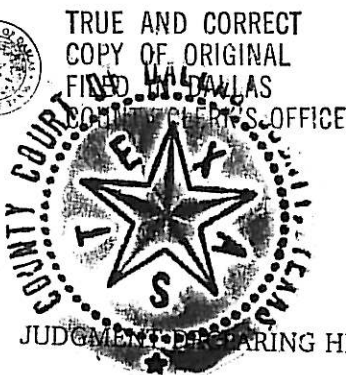
ESTATE OF)	IN THE PROBATE COURT
BERT A. CORRY)	NUMBER THREE OF
DECEASED)	DALLAS COUNTY, TEXAS

JUDGMENT DECLARING HEIRSHIP

On this day came on to be heard the sworn Application to Determine Heirship of the Estate of BERT A. CORRY, Deceased ("Decedent"), wherein HAZEL M. CORRY is the Applicant and Decedent's living heirs whose names are known are Respondents and Decedent's living heirs whose names and/or whereabouts are unknown and heirs suffering legal disability are Defendants, and it appears to the Court, and the Court so finds that all parties interested in the Estate of Decedent have been made parties to the Application; that the Court appointed an attorney ad litem to appear and answer and to represent Defendants and such attorney ad litem did so appear and filed an answer for Defendants; that this Court has jurisdiction of the subject matter and all persons and parties; that the evidence presented and admitted fully and satisfactorily proves each and every issue presented to the Court; that Decedent died intestate and that the heirship of Decedent has been fully and satisfactorily proved as well as the identity of the nature of Decedent's property as being separate or community and the interest and shares of each of the heirs therein; and that no administration is necessary.

The Court finds and it is ORDERED by the Court that the name and place of residence of Decedent's only heir and her share and interest in the real and personal property of Decedent are as follows:

<u>Name & Place of Residence</u>	<u>Share and Description of Real Property</u>	<u>Share and Description of Personal Property</u>
Hazel M. Corry 748 Bruton Lane East Mesquite, Texas 75149	All of Decedent's interest in the real property, described in Exhibit A and Exhibit B attached hereto	All of Decedent's interest in the personal property, described below:
	All of Decedent's interest in a leasehold interest under a ground lease executed on April 30, 1982 by and between the City of Addison, Addison Airport of Texas, Inc. and	1988 Oldsmobile 88 Automobile Miscellaneous Household Goods and Personal Effects



Decedent for a term of four hundred eighty (480) months beginning on January 1, 1983, the demised premises being situated at Addison Airport, Dallas County, Texas

It is ORDERED that the attorney ad litem appointed to represent the interests of the Defendants is allowed a fee of \$ 503.68 to be paid out of the assets of Decedent.

The Court finds that there exists no necessity for administration of the Estate of Decedent, none is ordered, and upon payment of all costs of Court no further proceedings be had in this cause.

SIGNED this 24th day of April, 2000.

Joe Loring

Judge Presiding

APPROVED:

Tod Almquist

TOD ALMQUIST
907 North Dallas Bank Tower
12900 Preston Road
Dallas, Texas 75230
(972) 458-2161
Telecopier (972) 458-2452
Bar Card #01108880

ATTORNEY FOR APPLICANT

B. Jay Carmichael

B. JAY CARMICHAEL
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8111 Preston Road, Suite 950
Dallas, Texas 75225
(214) 691-3400
Telecopier (214) 691-3480
Bar Card #24012571

ATTORNEY AD LITEM



TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN DALLAS
COUNTY CLERK'S OFFICE



EXHIBIT “C”

**Order Admitting Will to Probate and Authorizing Letters Testamentary
issued in Cause No. 06-3713-P, Probate Court, Dallas County, Texas**

NO. 06-3713-P

IN THE ESTATE OF
HAZEL M. CORRY,
DECEASED

§
§
§
§
§

IN THE PROBATE COURT
DALLAS COUNTY, TEXAS

**ORDER PROBATING WILL AND
AUTHORIZING LETTERS TESTAMENTARY**

On this day came on to be heard the Application filed herein by **BERTIE CAROL NEU** on November 14, 2006, for the probate of the Will of **HAZEL M. CORRY**, hereinafter called Decedent, and for the issuance of Letters Testamentary.

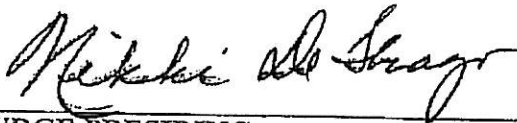
The Court, after having heard and considered the evidence, finds that legal notices of the filing of said Application have been issued and posted in the manner and for the length of time required by law, and no one came to contest same; and it further appearing that said Will was executed on April 1, 2003 with the formalities and solemnities and under the circumstances required by law to make it a valid Will, was self-proved according to law during the lifetime of said Decedent; that such Will has not been revoked by Decedent; that Decedent died at Mesquite, Dallas County, Texas on April 11, 2006; that this Court has jurisdiction and venue over the estate because Decedent was domiciled in Texas and had a fixed place of residence in Mesquite, Dallas County, Texas at the time of her death; that four years have not elapsed since the death of Decedent or prior to the said Application; that a necessity exists for the administration of this estate; that Decedent was never divorced; that Decedent's Will named **BERTIE CAROL NEU** to serve as Independent Executrix to act independently without bond or other security, and the said **BERTIE CAROL NEU** is not disqualified by law from serving as such or from accepting Letters Testamentary, and would be entitled to such letters.

IT IS THEREFORE ORDERED AND DECREED by the Court that said Will is hereby proved and established and admitted to probate and recorded as the **LAST WILL AND**

TESTAMENT of said HAZEL M. CORRY, Deceased, and that BERTIE CAROL NEU be, and is hereby appointed Independent Executrix of said Will and Estate without bond.

IT IS FURTHER ORDERED by the Court that Letters Testamentary upon the Will and Estate of HAZEL M. CORRY, Deceased, be and the same are hereby granted, that the Clerk shall issue said Letters Testamentary to BERTIE CAROL NEU, as Independent Executrix, when qualified according to law, and that no other action shall be had in this Court other than the return of an Inventory, Appraisement and List of Claims as required by law.

SIGNED this 12 day of December, 2006.



JUDGE PRESIDING

Council Agenda Item: #R13

There are no attachments for this item.

Council Agenda Item: #R14

There are no attachments for this item.

Council Agenda Item: #ES1

There are no attachments for this item.

Council Agenda Item: #ES2

There are no attachments for this item.

Council Agenda Item: #R15

There are no attachments for this item.

Council Agenda Item: #R16

There are no attachments for this item.