



REGULAR MEETING OF THE CITY COUNCIL

SEPTEMBER 25, 2007

7:30 P.M.

TOWN HALL

5300 BELT LINE ROAD

REGULAR SESSION

Item #R1 - Consideration of Old Business.

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for:

August 25, 2007, Special Meeting and Work Session
September 6, 2007, Special Meeting and Work Session
September 11, 2007, Regular City Council Meeting.

#2b - Approval of final payment totaling \$15,183.40 to Ratliff Hardscape, LTD. for completion of perimeter screening walls along Beltway Drive and Les Lacs Drive.

#2c - Approval of the repair of a 500 horsepower electric motor to Shermco Industries for the amount of \$34,850.00.

#2d - Approval of re-entering into an agreement with the Texas Department of Transportation for a Selective Traffic Enforcement Program (STEP) grant in the amount of \$27,825.71 (\$24,450.00 State reimbursement, \$3,375.71 Town match).

#2e - Approval to enter into an agreement with ACS/Carrollton in the amount of \$13,764 to maintain the police and fire portable and mobile radio equipment.

#2f - Approval to enter into a contract for \$119,942 with Northstar Construction, Inc. for Miscellaneous Pavement Repairs Bid # 07-26.

Item #R3 - Presentation of an Award to the Council from the DFW Asian American Chamber of Commerce.

Item #R4 - Consideration of approval of the adoption of the revised emergency management plan in order to enhance the Town of Addison's emergency preparedness programs.

Attachments:

1. Council Agenda Item Overview
2. NIMS Resolution
3. EOP Revision NIMS 2007
4. Emergency Management Plan

Administrative Recommendation:

Administration recommends approval.

Item #R5 - Consideration and approval is requested of an Assignment of a Ground Lease between the Town of Addison as Landlord and Mr. Greg Hayes, as tenant - Ground Lease #0320-GL01 on Addison Airport.

Attachments:

1. Council Agenda Item Overview
2. Ground Lease Document

Administrative Recommendation:

Administration recommends approval.

Item #R6 - Discussion and consideration of a Resolution approving a commemorative Naming Policy for Town Parks, Trails and Facilities.

Attachments:

1. Memo
2. Proposed Policy

Administrative Recommendation:

Administration recommends approval.

Item #R7 - Presentation and discussion, with the Council to give direction to the staff, regarding the Town's participation in and partial ownership and use (together with Opus West Corporation) of a parking garage located in the Addison Circle area and generally at the northwest corner of the Dallas North Tollway and Addison Circle Drive.

Attachments:

1. Memo from Carmen Moran
2. Letter from OPUS West
2. Evaluation of OPUS Parking Agreement by Walter P. Moore

Administrative Recommendation:

Administration recommends approval.

Item #R8 - Consideration and approval authorizing the City Manager to enter into a new ground lease and non-public fuel farm license agreement with ExecHangar ADS, LC on Addison Airport.

Attachments:

1. Council Agenda Item Overview
2. ExecHangar Agreement

Administrative Recommendation:

Administration recommends approval.

Item #R9 - Discussion regarding the Texas Municipal Retirement System.

Item #R10 - **PUBLIC HEARING** regarding the proposed Town of Addison's Annual Budget for the fiscal year beginning October 1, 2007 through September 30, 2008. This budget will raise more total property taxes than last year's budget by \$1,043,380 or 7.4%, and of that amount \$84,259 is tax revenue to be raised from new property added to the tax roll this year.

Attachments:

1. Council Agenda Item Overview
2. Ordinance

Administrative Recommendation:

Administration recommends approval.

Item #R11 - Consideration and approval of an Ordinance adopting the Town of Addison's annual budget for the fiscal year beginning October 1, 2007, and ending September 30, 2008.

Attachments:

1. Council Agenda Item Overview
2. Ordinance

Administrative Recommendation:

Administration recommends approval.

Item #R12 - Consideration and approval of a Resolution ratifying the property tax increase reflected in the annual budget for the fiscal year beginning October 1, 2007, and ending September 30, 2008.

Attachments:

1. Council Agenda Item Overview
2. Resolution

Administrative Recommendation:

Administration recommends approval.

Item #R13 - Consideration and approval of an Ordinance fixing and adopting the tax rate on all taxable property for the year 2007 and declaring an emergency.

Attachments:

1. Council Agenda Item Overview
2. Ordinance

Administrative Recommendation:

Administration recommends approval.

Item #R14 - Consideration and approval of an Ordinance adopting a 2007-2008 Schedule of Rates and Charges for Addison Airport's t-hangar, patio hangars and tie-downs.

Attachments:

1. Council Agenda Item Overview
2. Addison Airport 2007-2008 Recommended Rates & Charges
3. Ordinance
4. Rate Schedule

Administrative Recommendation:

Administration recommends approval.

Item #R15 - Consideration and approval is requested of the Town's FY 2007-08 Investment Policy.

Attachments:

1. Council Agenda Item Overview
2. Addison 2007 Policy Letter
3. 2007-08 Investment Policy

Administrative Recommendation:

Administration recommends approval.

Item #R16 - Consideration and approval is requested of a Resolution that adopts the Town of Addison Investment Strategy for FY 2007-08.

Attachments:

1. Council Agenda Item Overview
2. 2007-08 Investment Strategy

Administrative Recommendation:

Administration recommends approval.

Item #R17 - Consideration and approval is requested of approval of a contract with First Southwest Asset Management (FSAM) for investment advisory services.

Attachments:

1. Council Agenda Item Overview
2. Renewal Addison 2007
3. Investment Advisory Contract

Administrative Recommendation:

Administration recommends approval.

Adjourn Meeting

Posted:
September 21, 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.**

**OFFICIAL ACTIONS OF SPECIAL MEETING AND WORKSESSION
OF THE CITY COUNCIL**

August 25, 2007
9:00 A.M. – Addison Service Center
16801 Westgrove
Addison, TX 75001

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

Absent: None

Item #WS1 FY 2007/2008 Budget Discussion:
Visitor Services/Conference Center/Performing Arts
Special Events
Lunch Break
Marketing and Brand Management Efforts

The budget discussion for Visitor Services/Conference Center/Performing Arts was led by Bob Phillips.

The budget discussion for Special Events was led by Barbara Kovacevich.

The lunch break was taken.

The budget discussion for Marketing and Brand Management Efforts was led by Lea Dunn.

There was no action taken on these items.

Item #WS2 Discussion regarding Economic Development.

The discussion regarding Economic Development was led by Ron Whitehead.

There was no action taken on this Item.

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

Mayor

Attest:

City Secretary

**OFFICIAL ACTIONS OF SPECIAL MEETING AND WORKSESSION
OF THE CITY COUNCIL**

September 6, 2007
6:00 P.M. – Addison Town Hall
5300 Belt Line Road
Dallas, TX 75254

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

Absent: None

Item #WS2 Discussion regarding the request from Post Properties for parking at Esplanade Park and maintenance/repairs at Addison Circle.

This item was moved to the beginning of the Work Session.

Ron Whitehead led the discussion regarding the request from Post Properties for parking at Esplanade Park and maintenance/repairs at Addison Circle.

No action was taken on this item.

Item #WS1 FY 2007/2008 Budget Discussion.

The FY2007/2008 Budget Discussion was led by Ron Whitehead.

There was no action taken on this Item.

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

Mayor

Attest:

City Secretary

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

September 11, 2007
6:30 P.M. – Town Hall
5300 Belt Line Road
Upstairs Conference Room

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

Absent: None

Work Session

Item #WS1 - Presentation and discussion of Theatre Study.

Robert Long led the discussion regarding the Theatre Study.

There was no action taken on this item.

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

Mayor

Attest:

City Secretary

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

September 11, 2007
7:47 P.M. – Town Hall
5300 Belt Line Road
Council Chambers

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

Absent: None

Regular Session

Item #R1 - Consideration of Old Business.

The following employees were introduced to the Council: Howard Mayne with the Police Department, Holly Wilburn with the Finance Department and Phil Kagarice with Public Works Utilities.

Item #R2 - Consent Agenda.

#2a - Approval of the following Minutes:

8/28/2007 Regular Meeting of the City Council.

Mayor Chow asked for clarification on the Regular Council Meeting Minutes for 8/28/2007.

Councilmember Braun moved to duly approve the Minutes for the Regular Council Meeting on 8/28/2007 as written.

Councilmember Niemann seconded. Motion carried.

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

Voting Nay: None

Absent: None

Item #R3 - Discussion and consideration of 2007/2008 Non-Profit Proposals.

Mario Canizares led the discussion regarding 2007/2008 Non-Profit Proposals.

There was no action taken on this item.

Item #R4 - Consideration and approval of reappointment of R. Scott Wheeler to the Dallas County Appraisal District Board of Directors.

Councilmember Meier moved to duly approve Resolution R07-015 nominating R. Scott Wheeler for reappointment to the Dallas County Appraisal District Board of Directors.

Councilmember Braun seconded. Motion carried.

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

Voting Nay: None

Absent: None

Item #R5 - Consideration and approval of an ordinance amending the Town's annual budget for the fiscal year ending September 30, 2007.

Councilmember Niemann moved to duly authorize the City Manager to approve Ordinance 007-027 amending the Town's annual budget for the fiscal year ending September 30, 2007.

Councilmember Kraft seconded. Motion carried.

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

Voting Nay: None

Absent: None

Item #R6 - **PUBLIC HEARING** regarding the proposed Town of Addison's Annual Budget for the fiscal year beginning October 1, 2007 through September 30, 2008. This budget will raise more total property taxes than last year's budget by \$1,043,380 or 7.4%, and of that amount \$84,259 is tax revenue to be raised from new property added to the tax roll this year.

Randy Moravec presented the proposed Town of Addison's Annual Budget for the fiscal year beginning October 1, 2007 through September 30, 2008. This budget will raise more total property taxes than last year's budget by \$1,043,380 or 7.4%, and of that amount \$84,259 is tax revenue to be raised from new property added to the tax roll this year.

Mayor Chow opened the meeting as a public hearing. No one spoke. Mayor Chow closed the meeting as a public hearing.

No action was taken on this Item.

Item #R7 - **PUBLIC HEARING** on a proposal to increase the total property tax rate by 5.2% over the calculated effective tax rate.

Randy Moravec presented the proposal to increase the total property tax rate by 5.2% over the calculated effective tax rate.

Mayor Chow opened the meeting as a public hearing. No one spoke. Mayor Chow closed the meeting as a public hearing.

No action was taken on this Item.

Item #R8 - Consideration and approval authorizing the expenditure of \$2,500.00 as the Town's sponsorship of the Texas 21 Meeting at the Addison Conference Centre on November 2, 2007, as requested by Councilmember Hirsch.

Councilmember Niemann moved to duly authorize the expenditure of \$2,500.00 as the Town's sponsorship of the Texas 21 Meeting at the Addison Conference Centre on November 2, 2007, as requested by Councilmember Hirsch.

Councilmember Mellow seconded. Motion carried.

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

Item #R9 - Consideration and approval of appointment to Metrocrest Chamber Leadership Class.

Councilmember Kraft moved to duly approve the appointment to Metrocrest Chamber Leadership Class of Mr. Roy Stockard and Mr. Keith Kelvin, subject to verification of Mr. Keith's commitment to attend the meetings as stated in the requirements of the program.

Councilmember Hirsch seconded. Motion carried.

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

Item #R10 - Consideration and approval authorizing the City Manager to enter into an agreement with Krause Advertising for the production of the 2008 Addison calendar.

Councilmember Mellow moved to duly authorize the City Manager to enter into an agreement with Krause Advertising for the production of the 2008 Addison calendar.

Councilmember Kraft seconded. Motion carried.

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

Absent: None

Item #R11 - Consideration and approval of a Resolution authorizing the City Manager to enter into a contract with Crowne Plaza for the meeting space and sleeping room guarantee for the 2008, 2009 and 2010 North Texas Jazz Festival.

Councilmember Niemann moved to duly approve Resolution R07-016 authorizing the City Manager to enter into a contract with Crowne Plaza for the meeting space and sleeping room guarantee for the 2008, 2009 and 2010 North Texas Jazz Festival, subject to review and approval of the City Attorney and City Manager.

Councilmember Kraft seconded. Motion carried.

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

Voting Nay: None

Absent: None

Item #R12 - **PUBLIC HEARING** regarding and consideration of approval of an Ordinance adopting Goals and Policies for the Brookhaven Village neighborhood, approximately 100 acres bounded by Spring Valley Road on the north, the City of Farmers Branch on the east, Brookhaven Community College on the south, and Marsh Lane on the west, as an amendment to the Town of Addison's Comprehensive Plan.

Mayor Chow opened the meeting as a public hearing. No one spoke. Mayor Chow closed the meeting as a public hearing.

Councilmember Kraft moved to duly approve Ordinance 007-028 adopting Goals and Policies for the Brookhaven Village neighborhood, approximately 100 acres bounded by Spring Valley Road on the north, the City of Farmers Branch on the east, Brookhaven Community College on the south, and Marsh Lane on the west, as an amendment to the Town of Addison's Comprehensive Plan.

Councilmember Braun seconded. Motion carried.

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

Voting Nay: None

Absent: None

Item #R13 - FINAL PLAT/Beltway Office Park, Lot 4R. Requesting approval of a final plat in a Local Retail zoning district, located on 2.275 acres at 4400 Belt Line Road (formerly On the Border Restaurant), on application from McInnis Land Consultants, represented by Mr. Josh Lambert.

Councilmember Niemann motioned to approve a final plat in a Local Retail zoning district, located on 2.275 acres at 4400 Belt Line Road (formerly On the Border

Restaurant), on application from McInnis Land Consultants, represented by Mr. Josh Lambert, subject to conditions:

1. For clarity, please rename the subdivision as "Victoria Station" and label it "Lot 1R."
2. The Dedication Statement needs to be arranged in the same order it appears in the ordinance. The signature block should follow the Dedication Statement.
3. "OWNER'S CERTIFICATE" should be labeled at the top of the Owner's Certificate.
4. Remove the sentence "Now, therefore, know all men by these presents:" from the Owner's Certificate (do not remove it from the Dedication Statement).
5. The first two paragraphs in the Owner's Certificate should be combined to read "WHEREAS, OTB PARTNERS, LTD. is the owner of a 2.275 acre tract of land situated in the..."

Councilmember Braun seconded. Motion carried.

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

Item #R14 - REPLAT/Lot 12R, Block 90 Goldfarb Addition. Requesting approval of a replat to take two lots and replat them into one lot, located in an R-1 zoning district at 14917 and 14923 Lake Forest Drive, on application from Charles L. Butler II, represented by Ms. Sandy Tabacinic.

Councilmember Niemann motioned to approve a replat to take two lots and replat them into one lot, located in an R-1 zoning district at 14917 and 14923 Lake Forest Drive, on application from Charles L. Butler II, represented by Ms. Sandy Tabacinic, subject to the condition:

1. If the addition name is changed, then it should be labeled as "Lot 1."

Councilmember Mellow seconded. Motion carried.

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

Item #R15 - PUBLIC HEARING Case 1546-SUP/Holiday Inn Express regarding and consideration of approval of an Ordinance approving an amendment to an existing Special Use Permit for a hotel in order to add additional meeting space and additional rooms, located at 4960 Arapaho Road, on application from Holiday Inn Express, represented by Mr. Mahbub H. Dewan.

Mayor Chow opened the meeting as a public hearing. No one spoke. Mayor Chow closed the meeting as a public hearing.

Councilmember Niemann motioned to approve Ordinance 007-029 approving an amendment to an existing Special Use Permit for a hotel in order to add additional meeting space and additional rooms, located at 4960 Arapaho Road, on application from Holiday Inn Express, represented by Mr. Mahbub H. Dewan, subject to the condition:

-The applicant shall submit a detailed set of landscape and irrigation plans, stamped by a landscape architect licensed in the State of Texas, prior to the issuance of a building permit.

Councilmember Kraft seconded. Motion carried.

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

Voting Nay: None

Absent: None

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

Mayor

Attest:

City Secretary

Council Agenda Item: #2b

SUMMARY:

We are recommending that the Council approve final payment to Ratliff Hardscape, LTD. totaling \$15,183.40 for replacement of 1,815 feet of perimeter screening wall along Beltway Drive (Chatham Court Subdivision) and Les Lacs Drive (Grand Homes Subdivision). The attached aerial photos show the screen wall locations.

FINANCIAL IMPACT:

Project Budget:	<u>\$274,000.00</u>
Original Contract Amount:	<u>\$155,584.00</u>
Final Contract Amount:	<u>\$151,834.00</u>
Total Project Cost (Including Engineering)	<u>\$156,934.00</u>

This was a budgeted item in the FY 2007 parks operations budget. The original contract amount was reduced \$3,750.00, because it was not necessary to reconstruct any of the existing 18” diameter drilled piers. The original bid included an allowance to replace 15 piers at a cost of \$250 each, totaling \$3,750.00.

BACKGROUND:

This project consisted of removing the existing deteriorating walls and replacing them with new walls on the north and east sides of the Chatham Court subdivision, and the entire perimeter wall on the north side of the Grand Homes Subdivision along Les Lacs Drive.

Staff and Reedcon Engineering provided site inspections during the construction to insure that the construction methods were carried out according to the plans and specifications. Staff also conducted site visits to each of the residential addresses that were affected by the work to make sure the residents were satisfied with the work.

RECOMMENDATION:

Ratliff completed all work in a satisfactory manner, and provided an affidavit of bills paid to all subcontractors and for all materials, services, and labor used in connection with the contract.

The contract includes a 2-year maintenance bond requiring the contractor to maintain and keep the screen walls in good repair.

Staff recommends approval.



Greenleaf Ct

Beau Park Ln

Brookwood Ln

Blueberry Ct

Hemingway Ct

Parker Ct

Evergreen Ct

Dartmouth Ct

Camelot Ct

Emerald Ct

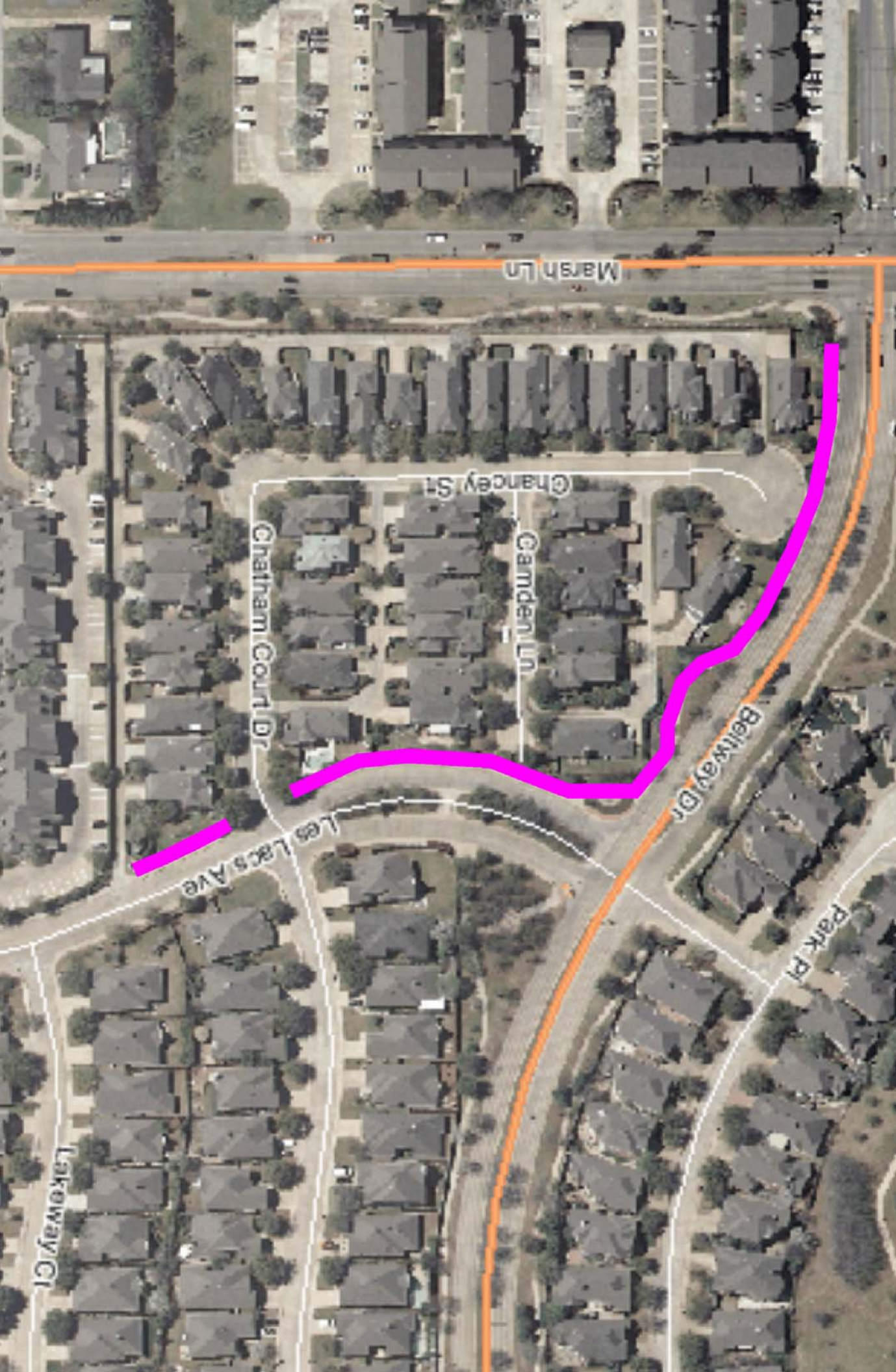
Aspen Ct

Meadows Creek Cir

Les Lacs Ave

STORD Dr

WAYSIDE Ct





#2c

www.shermco.com

Shermco industries, inc.

Conditions: SI-100995
Terms: Net 30 days
Quote valid for 30 days
Taxes excluded

P.O. Box 540545
Dallas, TX 75354
Phone: (972) 793-5523
Fax: (972) 793-5542

Quote No.:500420-07 Rev 4
(Please refer to Si Job/Quote on all correspondence.)

Wednesday, September 19, 2007

Jerry Davis
Addison Town of
PO Box 9010
Addison, TX 75001

Dear Jerry:

Thank you for the opportunity to submit this proposal.

Equipment: 500 HP, MFG US Motors, AC Vertical,
Volts 4160, RPM 1180, Serial P11P1750455R-1

Original quotation:	\$12,050.00
Additional Charges:	\$20,500.00 (30 to 40 day delivery)
Assemble old motor and verify dimensions	\$ 2,300.00
Total Charges:	\$34,850.00

Additional work to be performed:

Recast rotor (rotor is open)
Weld and machine bearing thrust collar and machine to size
Replace standoff pipes on both endbells
Replace leads on stator
Furnish and install new sight glasses

I will help you in any way possible; please contact me on my mobile phone **(214) 906-6138**. I'm available 24/7/365.

Thank you, we appreciate your business!

Shermco Industries, Inc.

Bob Francis

Apparatus Service Division



AUG 22 2003

Council Agenda Item: #2d

Summary:

Council consideration is requested authorizing the Town of Addison to reenter into an agreement with, the Texas Department of Transportation, for a Selective Traffic Enforcement Program (STEP) grant in the amount of \$27,825.71. This STEP grant will focus on Speeding, Safety Belt compliance and Intersection Traffic Control enforcement, for a total of 500 enforcement and 40 supervisory support hours.

Financial Impact:

- \$3,375.71: paid by Town in matching funds.
- \$24,450.00: reimbursement for enforcement hours worked.

This item was not included in the Police Department's Fiscal Year 07/08 Budget, but can be accommodated within the Police Department operating budget. As stated above, the total grant amount will be \$27,825.71. Within that amount, \$24,450.00 (\$22,580 plus \$1,620 travel/miscellaneous and \$250 equipment expenses) is guaranteed to the Town for reimbursement of enforcement hours worked by department personnel. Derived from the total salary cost of \$22,580 and multiplied by the fringe benefit cost of 14.95%, the Town's matching funds equal \$3,375.71.

Recently changed to a computer based program, the State has reset the clock on all participating agencies with respect to the amount of years in the grant system. This change allows us to work the grants two years longer with the State funding the majority of hours worked. The only negative to this will be the loss of vehicle mileage reimbursement for this year only.

Background:

During the previous grant period, February 2006 through August 2007, a total of 1257 speeding, 77 safety belts, 55 intersection traffic controls, and 3751 other citations issued. The Town received up to \$22,326 in wage reimbursements for the 540 enforcement/supervisory hours awarded for the listed time period. In compliance with the grant, numerous public speaking engagements and educational programs were performed for civic and children's groups.

After compiling the motor vehicle accident statistics for February through August, our highest causative factors continue to be intersection traffic control violations such as red lights and failures to yield right of way. Therefore, the Police Department will continue Intersection Traffic Control to FY 07/08 grant as an additional selected enforcement area.

The Police Department is confident this program will continue to be successful in attaining traffic compliance through enforcement and public education.

Recommendation:

Staff recommends approval.

#2d

TEXAS TRAFFIC SAFETY PROGRAM GRANT AGREEMENT

Contract Number: 588EGF6003
Charge Number: 8PT05T1AC
PIN: 17513335558001
Project Year: 1st

THE STATE OF TEXAS
THE COUNTY OF TRAVIS

THIS AGREEMENT IS MADE BY and between the State of Texas, acting by and through the Texas Department of Transportation, hereinafter called the Department and the, Town of Addison hereinafter called the Subgrantee, and becomes effective then fully executed by both parties. For the purpose of this agreement, the Subgrantee is designated as a(n) Local Government

AUTHORITY: Texas Transportation Code, Chapter 723, the Traffic Safety Act of 1967, and the Highway Safety Performance Plan for the Fiscal Year 2008.

Project Title: STEP Comprehensive

Grant Period: This Grant becomes effective on 10/01/2007 or on the date of final signature of both parties, whichever is later, and ends on 09/30/2008 unless terminated or otherwise modified.

Total Awarded:	\$27,825.71
Amount Eligible for Reimbursement:	\$24,450.00
Match Amount:	\$3,375.71
Program Income	\$0.00

TEXAS TRAFFIC SAFETY PROGRAM GRANT AGREEMENT

The signatory of the Subgrantee hereby represents and warrants that she/he is an officer of the organization for which she/he has executed this agreement and that she/he has full and complete authority to enter into this agreement on behalf of the organization.

THE SUBGRANTEE

Town of Addison

[Legal Name of Agency]

By:

[Authorized Signature]

[Name]

[Title]

Date: _____

Under the authority of Ordinance or
Resolution Number (for local government):

[Resolution Number]

THE STATE OF TEXAS

Executed for the Executive Director and
Approved for the Texas Transportation
Commission for the purpose and effect of
activating and/or carrying out orders,
established policies or work programs
approved and authorized by the Texas
Transportation Commission

By:

[District Engineer Texas Department of
Transportation]

[Name]

[Title]

Date: _____

By:

Director, Traffic Operations Division Texas
Department of Transportation (Not required
for local project grants under \$100,000.00)

Date: _____

PROGRAM ELEMENT SELECTION

YEAR LONG

- DWI DWI: Driving While Intoxicated
- Speed Speed: Speed Enforcement
- OP OP: Occupant Protection (Safety Belt & Child Safety Seat)
- ITC ITC: Intersection Traffic Control

WAVE

- DWI Jurisdiction wide (DWI enforcement effort must be focused at locations where there is an over-representation of alcohol-related crashes and/or DWI arrests)

- Speed Jurisdiction wide (Speed enforcement should be focused on areas where there is at least a 50% noncompliance with the posted speed limits and/or a higher number of speed-related crashes)

- OP Jurisdiction wide

CMV

- Speed, OP, and HMV CMV: Commercial Motor Vehicle; HMV: Hazardous Moving Violations

GENERAL INFORMATION

Project Title STEP Comprehensive

How many years has your organization received funding for this project?

This will be our first year.

Organization Address

Town of Addison

4799 Airport PW

Addison, TX 75001

Mailing Address (if different)

Project Director Contact Information Paul Spencer

PROPOSING AGENCY AUTHENTICATION

I submit the following person has authorized the submittal of this proposal.

Name Paul Spencer
Title Lieutenant
Address 4799 Airport PW

City Addison
State Texas
Zip Code
Phone Number 972-45-7145
Fax Number 972-450-7185
E-mail address pspencer@ci.addison.tx.us

TERMS, CONDITIONS AND RESPONSIBILITIES

How often do you plan to submit Performance Reports? Monthly
How often do you plan to submit RFR's? Quarterly

Terms and Conditions

I Agree with the Terms and Conditions.

Responsibilities of the Subgrantee

I Agree with the Responsibilities of the Subgrantee.

Responsibilities of the Department

I Agree with the Responsibilities of the Department.

**Texas Traffic Safety Program
GRANT AGREEMENT GENERAL TERMS AND CONDITIONS**

ARTICLE 1. COMPLIANCE WITH LAWS

The Subgrantee shall comply with all federal, state, and local laws, statutes, codes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any matter affecting the performance of this Agreement, including, without limitation, workers' compensation laws, minimum and maximum salary and wage statutes and regulations, nondiscrimination laws and regulations, and licensing laws and regulations. When required, the Subgrantee shall furnish the Department with satisfactory proof of its compliance therewith.

ARTICLE 2. STANDARD ASSURANCES

The Subgrantee hereby assures and certifies that it will comply with the regulations, policies, guidelines, and requirements, including 49 CFR (Code of Federal Regulations), Part 18; 49 CFR, Part 19 (OMB [Office of Management and Budget] Circular A-110); OMB Circular A-87; OMB Circular A-102; OMB Circular A-21; OMB Circular A-122; OMB Circular A-133; and the Traffic Safety Program Manual, as they relate to the application, acceptance, and use of federal or state funds for this project. Also, the Subgrantee assures and certifies that:

- A. It possesses legal authority to apply for the grant; and that a resolution, motion, or similar action has been duly adopted or passed as an official act of the applicant's governing body, authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
- B. It and its subcontractors will comply with Title VI of the Civil Rights Act of 1964 (Public Law 88-352), as amended, and in accordance with that Act, no person shall discriminate, on the grounds of race, color, sex, national origin, age, religion, or disability.
- C. It will comply with requirements of the provisions of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970, as amended; 42 USC (United States Code) §§4601 et seq.; and United States Department of Transportation (USDOT) regulations, "Uniform Relocation and Real Property Acquisition for Federal and Federally Assisted Programs," 49 CFR, Part 24, which provide for fair and equitable treatment of persons displaced as a result of federal and federally assisted programs.
- D. It will comply with the provisions of the Hatch Political Activity Act, which limits the political activity of employees. (See also Article 25, Lobbying Certification.)
- E. It will comply with the federal Fair Labor Standards Act's minimum wage and overtime requirements for employees performing project work.
- F. It will establish safeguards to prohibit employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
- G. It will give the Department the access to and the right to examine all records, books, papers, or documents related to this Grant Agreement.
- H. It will comply with all requirements imposed by the Department concerning special requirements of law, program requirements, and other administrative requirements.
- I. It recognizes that many federal and state laws imposing environmental and resource conservation requirements may apply to this Grant Agreement. Some, but not all, of the major federal laws that

may affect the project include: the National Environmental Policy Act of 1969, as amended, 42 USC §§4321 et seq.; the Clean Air Act, as amended, 42 USC §§7401 et seq. and sections of 29 USC; the Federal Water Pollution Control Act, as amended, 33 USC §§1251 et seq.; the Resource Conservation and Recovery Act, as amended, 42 USC §§6901 et seq.; and the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 USC §§9601 et seq. The Subgrantee also recognizes that the U.S. Environmental Protection Agency, USDOT, and other federal agencies have issued, and in the future are expected to issue, regulation, guidelines, standards, orders, directives, or other requirements that may affect this Project. Thus, it agrees to comply, and assures the compliance of each contractor and each subcontractor, with any such federal requirements as the federal government may now or in the future promulgate.

- J. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, 42 USC §4012a(a). Section 102(a) requires, on and after March 2, 1975, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any form of direct or indirect federal assistance.
- K. It will assist the Department in its compliance with Section 106 of the National Historic Preservation Act of 1966 as amended (16 USC 470 et seq.), Executive Order 11593, and the Antiquities Code of Texas (National Resources Code, Chapter 191).
- L. It will comply with Chapter 573 of the Texas Government Code by ensuring that no officer, employee, or member of the Subgrantee's governing board or the Subgrantee's subcontractors shall vote or confirm the employment of any person related within the second degree of affinity or third degree by consanguinity to any member of the governing body or to any other officer or employee authorized to employ or supervise such person. This prohibition shall not prohibit the employment of a person described in Section 573.062 of the Texas Government Code.
- M. It will ensure that all information collected, assembled, or maintained by the applicant relative to this project shall be available to the public during normal business hours in compliance with Chapter 552 of the Texas Government Code, unless otherwise expressly provided by law.
- N. If applicable, it will comply with Chapter 551 of the Texas Government Code, which requires all regular, special, or called meetings of governmental bodies to be open to the public, except as otherwise provided by law or specifically permitted in the Texas Constitution.

ARTICLE 3. COMPENSATION

- A. The method of payment for this Agreement will be based on actual costs incurred up to and not to exceed the limits specified in the Project Budget. The amount included in the Project Budget will be deemed to be an estimate only and a higher amount can be reimbursed, subject to the conditions specified in paragraph B hereunder. If the Project Budget specifies that costs are based on a specific rate, per-unit cost, or other method of payment, reimbursement will be based on the specified method.
- B. All payments will be made in accordance with the Project Budget.

The Subgrantee's expenditures may overrun a budget category (I, II, or III) in the approved Project Budget without a grant (budget) amendment, as long as the overrun does not exceed a total of five (5) percent per year of the maximum amount eligible for reimbursement (TxDOT) in the attached Project Budget for the current fiscal year. This overrun must be off-set by an equivalent underrun elsewhere in the Project Budget.

If the overrun is five (5) percent or less, the Subgrantee must provide written notification to the Department, through the TxDOT Electronic Grants Management System (eGrants) messaging system, prior to the Request for Reimbursement being approved. The notification must indicate the amount, the percent over, and the specific reason(s) for the overrun.

Any overrun of more than five (5) percent of the amount eligible for reimbursement (TxDOT) in the attached Project Budget requires an amendment of this Grant Agreement.

The maximum amount eligible for reimbursement shall not be increased above the Grand Total TxDOT Amount in the approved Project Budget, unless this Grant Agreement is amended, as described in Article 5 of this Agreement.

For Selective Traffic Enforcement Program (STEP) grants *only*: In the Project Budget, Subgrantees are not allowed to use underrun funds from the TxDOT amount of (100) Salaries, Subcategories A, "Enforcement," or B, "PI&E Activities," to exceed the TxDOT amount listed in Subcategory C, "Other." Also, Subgrantees are not allowed to use underrun funds from the TxDOT amount of (100) Salaries, Subcategories A, "Enforcement," or C, "Other," to exceed the TxDOT amount listed in Subcategory B, "PI&E Activities." The TxDOT amount for Subcategory B, "PI&E Activities," or C, "Other," can only be exceeded within the 5 percent flexibility, with underrun funds from Budget Categories II or III.

- C. To be eligible for reimbursement under this Agreement, a cost must be incurred in accordance with the Project Budget, within the time frame specified in the Grant Period of this Grant Agreement, attributable to work covered by this Agreement, and which has been completed in a manner satisfactory and acceptable to the Department.
- D. Federal or TxDOT funds cannot supplant (replace) funds from any other sources. The term "supplanting," refers to the use of federal or TxDOT funds to support personnel or an activity already supported by local or state funds.
- E. Payment of costs incurred under this Agreement is further governed by one of the following cost principles, as appropriate, outlined in the Federal Office of Management and Budget (OMB) Circulars:
 - A-21, Cost Principles for Institutions of Higher Education;
 - A-87, Cost Principles for State, Local, and Indian Tribal Governments; or,
 - A-122, Cost Principles for Nonprofit Organizations.
- F. The Subgrantee agrees to submit monthly or quarterly Requests for Reimbursement, as designated in this Grant Agreement, within thirty (30) days after the end of the billing period. The Request for Reimbursement and appropriate supporting documentation must be submitted through eGrants.
- G. The Subgrantee agrees to submit the final Request for Reimbursement under this Agreement within forty-five (45) days of the end of the grant period.
- H. The Department will exercise good faith to make payments within thirty (30) days of receipt of properly prepared and documented Requests for Reimbursement. Payments, however, are contingent upon the availability of appropriated funds.
- I. Project agreements supported with federal or TxDOT funds are limited to the length of this Grant Period specified in this Grant Agreement. If the Department determines that the project has demonstrated merit or has potential long-range benefits, the Subgrantee may apply for funding assistance beyond the initial Agreement period. Preference for funding will be given to those projects for which the Subgrantee has assumed some cost sharing, those which propose to assume the largest percentage of subsequent project costs, and those which have demonstrated performance that is acceptable to the Department.

ARTICLE 4. LIMITATION OF LIABILITY

Payment of costs incurred hereunder is contingent upon the availability of funds. If at any time during this Grant Period, the Department determines that there is insufficient funding to continue the project, the Department shall so notify the Subgrantee, giving notice of intent to terminate this Agreement, as specified in Article 11 of this Agreement. If at the end of a federal fiscal year, the Department determines that there is sufficient funding and performance to continue the project, the Department may so notify the Subgrantee to continue this agreement.

ARTICLE 5. AMENDMENTS

This Agreement may be amended prior to its expiration by mutual written consent of both parties, utilizing the Grant Agreement Amendment in eGrants. Any amendment must be executed by the parties within the Grant Period, as specified in this Grant Agreement.

ARTICLE 6. ADDITIONAL WORK AND CHANGES IN WORK

If the Subgrantee is of the opinion that any assigned work is beyond the scope of this Agreement and constitutes additional work, the Subgrantee shall promptly notify the Department in writing through eGrants system messaging. If the Department finds that such work does constitute additional work, the Department shall so advise the Subgrantee and a written amendment to this Agreement will be executed according to Article 5, Amendments, to provide compensation for doing this work on the same basis as the original work. If performance of the additional work will cause the maximum amount payable to be exceeded, the work will not be performed before a written grant amendment is executed.

If the Subgrantee has submitted work in accordance with the terms of this Agreement but the Department requests changes to the completed work or parts thereof which involve changes to the original scope of services or character of work under this Agreement, the Subgrantee shall make such revisions as requested and directed by the Department. This will be considered as additional work and will be paid for as specified in this Article.

If the Subgrantee submits work that does not comply with the terms of this Agreement, the Department shall instruct the Subgrantee to make such revisions as are necessary to bring the work into compliance with this Agreement. No additional compensation shall be paid for this work.

The Subgrantee shall make revisions to the work authorized in this Agreement, which are necessary to correct errors or omissions appearing therein, when required to do so by the Department. No additional compensation shall be paid for this work.

The Department shall not be responsible for actions by the Subgrantee or any costs incurred by the Subgrantee relating to additional work not directly associated with or prior to the execution of an amendment.

ARTICLE 7. REPORTING AND MONITORING

Not later than thirty (30) days after the end of each reporting period, the Subgrantee shall submit a performance report through eGrants. For short-term projects, only one report submitted by the Subgrantee at the end of the project may be required. For longer projects, the Subgrantee will submit reports at least quarterly and preferably monthly. The frequency of the performance reports is established through negotiation between the Subgrantee and the program or project manager.

For Selective Traffic Enforcement Programs (STEPS), performance reports must be submitted monthly.

The performance report will include, as a minimum: (1) a comparison of actual accomplishments to the objectives established for the period, (2) reasons why established objectives and performance measures were not met, if appropriate, and (3) other pertinent information, including, when appropriate, an analysis and explanation of cost underruns, overruns, or high unit costs.

The Subgrantee shall submit the Final Performance Report through eGrants within thirty (30) days after completion of the grant.

The Subgrantee shall promptly advise the Department in writing, through eGrants messaging, of events that will have a significant impact upon this Agreement, including:

- A. Problems, delays, or adverse conditions, including a change of project director or other changes in Subgrantee personnel, that will materially affect the ability to attain objectives and performance measures, prevent the meeting of time schedules and objectives, or preclude the attainment of project objectives or performance measures by the established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated and any Department or federal assistance needed to resolve the situation.
- B. Favorable developments or events that enable meeting time schedules and objectives sooner than anticipated or achieving greater performance measure output than originally projected.

ARTICLE 8. RECORDS

The Subgrantee agrees to maintain all reports, documents, papers, accounting records, books, and other evidence pertaining to costs incurred and work performed hereunder, (hereinafter called the records), and shall make such records available at its office for the time period authorized within the Grant Period, as specified in this Grant Agreement. The Subgrantee further agrees to retain said records for four (4) years from the date of final payment under this Agreement, until completion of all audits, or until pending litigation has been completely and fully resolved, whichever occurs last.

Duly authorized representatives of the Department, the USDOT, the Office of the Inspector General, Texas State Auditor, and the Comptroller General shall have access to the records. This right of access is not limited to the four (4) year period but shall last as long as the records are retained.

ARTICLE 9. INDEMNIFICATION

To the extent permitted by law, the Subgrantee, if other than a government entity, shall indemnify, hold, and save harmless the Department and its officers and employees from all claims and liability due to the acts or omissions of the Subgrantee, its agents, or employees. The Subgrantee also agrees, to the extent permitted by law, to indemnify, hold, and save harmless the Department from any and all expenses, including but not limited to attorney fees, all court costs and awards for damages incurred by the Department in litigation or otherwise resisting such claims or liabilities as a result of any activities of the Subgrantee, its agents, or employees.

Further, to the extent permitted by law, the Subgrantee, if other than a government entity, agrees to protect, indemnify, and save harmless the Department from and against all claims, demands, and causes of action of every kind and character brought by any employee of the Subgrantee against the Department due to personal injuries or death to such employee resulting from any alleged negligent act, by either commission or omission on the part of the Subgrantee.

If the Subgrantee is a government entity, both parties to this Agreement agree that no party is an agent, servant, or employee of the other party and each party agrees it is responsible for its individual acts and deeds, as well as the acts and deeds of its contractors, employees, representatives, and agents.

ARTICLE 10. DISPUTES AND REMEDIES

This Agreement supercedes any prior oral or written agreements. If a conflict arises between this Agreement and the Traffic Safety Program Manual, this Agreement shall govern.

The Subgrantee shall be responsible for the settlement of all contractual and administrative issues arising out of procurement made by the Subgrantee in support of Agreement work.

Disputes concerning performance or payment shall be submitted to the Department for settlement, with the Executive Director or his or her designee acting as final referee.

ARTICLE 11. TERMINATION

This Agreement shall remain in effect until the Subgrantee has satisfactorily completed all services and obligations described herein and these have been accepted by the Department, unless:

- This Agreement is terminated in writing with the mutual consent of both parties; or
- There is a written thirty (30) day notice by either party; or
- The Department determines that the performance of the project is not in the best interest of the Department and informs the Subgrantee that the project is terminated immediately.

The Department shall compensate the Subgrantee for only those eligible expenses incurred during the Grant Period specified in this Grant Agreement which are directly attributable to the completed portion of the work covered by this Agreement, provided that the work has been completed in a manner satisfactory and acceptable to the Department. The Subgrantee shall not incur nor be reimbursed for any new obligations after the effective date of termination.

ARTICLE 12. INSPECTION OF WORK

The Department and, when federal funds are involved, the US DOT, or any authorized representative thereof, have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed hereunder and the premises in which it is being performed.

If any inspection or evaluation is made on the premises of the Subgrantee or its subcontractor, the Subgrantee shall provide and require its subcontractor to provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work.

ARTICLE 13. AUDIT

The Subgrantee shall comply with the requirements of the Single Audit Act of 1984, Public Law (PL) 98-502, ensuring that the single audit report includes the coverage stipulated in OMB Circular A-133, "Audits of States, Local Governments, and Other Non-Profit Organizations."

The state auditor may conduct an audit or investigation of any entity receiving funds from the state directly under this Agreement or indirectly through a subcontract under this Agreement. Acceptance of funds directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds.

ARTICLE 14. SUBCONTRACTS

The Subgrantee shall not enter into any subcontract with individuals or organizations not a part of the Subgrantee's organization without prior written concurrence, through eGrants system messaging, with the subcontract by the Department. Subcontracts shall contain all required provisions of this Agreement. No subcontract will relieve the Subgrantee of its responsibility under this Agreement.

ARTICLE 15. GRATUITIES

Texas Transportation Commission policy mandates that employees of the Department shall not accept any benefit, gift, or favor from any person doing business with or who, reasonably speaking, may do business with the Department under this Agreement. The only exceptions allowed are ordinary business lunches and items that have received the advanced written approval of the Department's Executive Director.

Any person doing business with or who reasonably speaking may do business with the Department under this Agreement may not make any offer of benefits, gifts, or favors to Department employees, except as mentioned here above. Failure on the part of the Subgrantee to adhere to this policy may result in termination of this Agreement.

ARTICLE 16. NONCOLLUSION

The Subgrantee warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Subgrantee, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon or resulting from the award or making of this Agreement. If the Subgrantee breaches or violates this warranty, the Department shall have the right to annul this Agreement without liability or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover the full amount of such fee, commission, brokerage fee, contingent fee, or gift.

ARTICLE 17. CONFLICT OF INTEREST

The Subgrantee represents that it or its employees have no conflict of interest that would in any way interfere with its or its employees' performance or which in any way conflicts with the interests of the Department. The Subgrantee shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with the Department's interests.

ARTICLE 18. SUBGRANTEE'S RESOURCES

The Subgrantee certifies that it presently has adequate qualified personnel in its employment to perform the work required under this Agreement, or will be able to obtain such personnel from sources other than the Department.

All employees of the Subgrantee shall have such knowledge and experience as will enable them to perform the duties assigned to them. Any employee of the Subgrantee who, in the opinion of the Department, is incompetent or whose conduct becomes detrimental to the work, shall immediately be removed from association with the project.

Unless otherwise specified, the Subgrantee shall furnish all equipment, materials, supplies, and other resources required to perform the work.

ARTICLE 19. PROCUREMENT AND PROPERTY MANAGEMENT

The Subgrantee shall establish and administer a system to procure, control, protect, preserve, use, maintain, and dispose of any property furnished to it by the Department or purchased pursuant to this Agreement in accordance with its own property management procedures, provided that the procedures are not in conflict with the Department's property management procedures or property management standards and federal standards, as appropriate, in:

- 49 CFR, Part 18, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," or
- 49 CFR, Part 19 (OMB Circular A-110), "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations."

ARTICLE 20. OWNERSHIP OF DOCUMENTS AND INTELLECTUAL PROPERTY

Upon completion or termination of this Grant Agreement, whether for cause or at the convenience of the parties hereto, all finished or unfinished documents, data, studies, surveys, reports, maps, drawings, models, photographs, etc. prepared by the Subgrantee, and equipment and supplies purchased with grant

funds shall, at the option of the Department, become the property of the Department. All sketches, photographs, calculations, and other data prepared under this Agreement shall be made available, upon request, to the Department without restriction or limitation of their further use.

- A. Intellectual property consists of copyrights, patents, and any other form of intellectual property rights covering any data bases, software, inventions, training manuals, systems design, or other proprietary information in any form or medium.
- B. *All rights to Department.* The Department shall own all of the rights (including copyrights, copyright applications, copyright renewals, and copyright extensions), title and interests in and to all data, and other information developed under this contract and versions thereof unless otherwise agreed to in writing that there will be joint ownership.
- C. *All rights to Subgrantee.* Classes and materials initially developed by the Subgrantee without any type of funding or resource assistance from the Department remain the Subgrantee's intellectual property. For these classes and materials, the Department payment is limited to payment for attendance at classes.

ARTICLE 21. SUCCESSORS AND ASSIGNS

The Department and the Subgrantee each binds itself, its successors, executors, assigns, and administrators to the other party to this Agreement and to the successors, executors, assigns, and administrators of such other party in respect to all covenants of this Agreement. The Subgrantee shall not assign, sublet, or transfer interest and obligations in this Agreement without written consent of the Department through eGrants messaging.

ARTICLE 22. CIVIL RIGHTS COMPLIANCE

- A. Compliance with regulations: The Subgrantee shall comply with the regulations relative to nondiscrimination in federally-assisted programs of the USDOT: 49 CFR, Part 21; 23 CFR, Subchapter C; and 41 CFR, Parts 60-74, as they may be amended periodically (hereinafter referred to as the Regulations). The Subgrantee agrees to comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 and as supplemented by the U.S. Department of Labor regulations (41 CFR, Part 60).
- B. Nondiscrimination: The Subgrantee, with regard to the work performed during the period of this Agreement, shall not discriminate on the grounds of race, color, sex, national origin, age, religion, or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment.
- C. Solicitations for subcontracts, including procurement of materials and equipment: In all solicitations either by competitive bidding or negotiation made by the Subgrantee for work to be performed under a subcontract, including procurements of materials and leases of equipment, each potential subcontractor or supplier shall be notified by the Subgrantee of the Subgrantee's obligations under this Agreement and the regulations relative to nondiscrimination on the grounds of race, color, sex, national origin, age, religion, or disability.
- D. Information and reports: The Subgrantee shall provide all information and reports required by the regulations, or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Department or the USDOT to be pertinent to ascertain compliance with such regulations or directives. Where any information required of the Subgrantee is in the exclusive possession of another who fails or refuses to furnish this information, the Subgrantee shall so certify to the Department or the US DOT, whichever is appropriate, and shall set forth what efforts the Subgrantee has made to obtain the requested information.

- E. Sanctions for noncompliance: In the event of the Subgrantee's noncompliance with the nondiscrimination provision of this Agreement, the Department shall impose such sanctions as it or the US DOT may determine to be appropriate.
- F. Incorporation of provisions: The Subgrantee shall include the provisions of paragraphs A. through E. in every subcontract, including procurements of materials and leases of equipment, unless exempt by the regulations or directives. The Subgrantee shall take such action with respect to any subcontract or procurement as the Department may direct as a means of enforcing such provisions, including sanctions for noncompliance. However, in the event a Subgrantee becomes involved in, or is threatened with litigation with a subcontractor or supplier as a result of such direction, the Subgrantee may request the Department to enter into litigation to protect the interests of the state; and in addition, the Subgrantee may request the United States to enter into such litigation to protect the interests of the United States.

ARTICLE 23. DISADVANTAGED BUSINESS ENTERPRISE

It is the policy of the Department and the USDOT that Disadvantaged Business Enterprises, as defined in 49 CFR Part 26, shall have the opportunity to participate in the performance of agreements financed in whole or in part with federal funds. Consequently, the Disadvantaged Business Enterprise requirements of 49 CFR Part 26, apply to this Agreement as follows:

- The Subgrantee agrees to insure that Disadvantaged Business Enterprises, as defined in 49 CFR Part 26, have the opportunity to participate in the performance of agreements and subcontracts financed in whole or in part with federal funds. In this regard, the Subgrantee shall make good faith efforts in accordance with 49 CFR Part 26, to insure that Disadvantaged Business Enterprises have the opportunity to compete for and perform agreements and subcontracts.
- The Subgrantee and any subcontractor shall not discriminate on the basis of race, color, sex, national origin, or disability in the award and performance of agreements funded in whole or in part with federal funds.

These requirements shall be included in any subcontract.

Failure to carry out the requirements set forth above shall constitute a breach of this Agreement and, after the notification of the Department, may result in termination of this Agreement by the Department, or other such remedy as the Department deems appropriate.

ARTICLE 24. DEBARMENT/SUSPENSION

- A. The Subgrantee certifies, to the best of its knowledge and belief, that it and its principals:
1. Are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal department or agency;
 2. Have not within a three (3) year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state, or local public transaction or contract under a public transaction; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 3. Are not presently indicted or otherwise criminally or civilly charged by a federal, state, or local governmental entity with commission of any of the offenses enumerated in paragraph A. 2. of this Article; and
 4. Have not, within a three (3) year period preceding this Agreement, had one or more federal, state, or local public transactions terminated for cause or default.

- B. Where the Subgrantee is unable to certify to any of the statements in this Article, such Subgrantee shall attach an explanation to this Agreement.
- C. The Subgrantee is prohibited from making any award or permitting any award at any tier to any party which is debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, Debarment and Suspension.
- D. The Subgrantee shall require any party to a subcontract or purchase order awarded under this Grant Agreement to certify its eligibility to receive federal grant funds, and, when requested by the Department, to furnish a copy of the certification.

ARTICLE 25. LOBBYING CERTIFICATION

The Subgrantee certifies to the best of his or her knowledge and belief that:

- A. No federally appropriated funds have been paid or will be paid by or on behalf of the Subgrantee to any person for influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the party to this Agreement shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- C. The Subgrantee shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

ARTICLE 26. CHILD SUPPORT STATEMENT

Unless the Subgrantee is a governmental or non-profit entity, the Subgrantee certifies that it either will go to the Department's website noted below and complete the Child Support Statement or already has a Child Support Statement on file with the Department. The Subgrantee is responsible for keeping the Child Support Statement current and on file with that office for the duration of this Agreement period. The Subgrantee further certifies that the Child Support Statement on file contains the child support information for the individuals or business entities named in this grant. Under Section 231.006, Family Code, the Subgrantee certifies that the individual or business entity named in this Agreement is not ineligible to receive the specified grant or payment and acknowledges that this Agreement may be terminated and payment may be withheld if this certification is inaccurate.

The form for the Child Support Statement is available on the Internet at:

<http://www.dot.state.tx.us/cso/default.htm>.

RESPONSIBILITIES OF THE SUBGRANTEE:

- A. Carry out all performance measures established in the grant, including fulfilling the law enforcement objectives by implementing the Operational Plan contained in this Grant Agreement.
- B. Submit all required reports to the Department (TxDOT) fully completed with the most current information, and within the required times, as defined in **Article 3** and **Article 7** of the General Terms and Conditions of this Grant Agreement. This includes reporting to the Department on progress, achievements, and problems in monthly Performance Reports and attaching necessary source documentation to support all costs claimed in Requests for Reimbursement (RFR).
- C. Attend Department-approved grant management training.
- D. Attend meetings according to the following:
 - 1. The Department will arrange for meetings with the Subgrantee to present status of activities and to discuss problems and the schedule for the following quarter's work.
 - 2. The project director or other appropriate qualified persons will be available to represent the Subgrantee at meetings requested by the Department.
- E. Support grant enforcement efforts with public information and education (PI&E) activities. Salaries being claimed for PI&E activities must be included in the budget.
- F. When applicable, all newly developed PI&E materials must be submitted to the Department for written approval, through the TxDOT Electronic Grants Management System (eGrants) system messaging, prior to final production. Refer to the Traffic Safety Program Manual regarding **PI&E procedures**.
- G. For out of state travel expenses to be reimbursable, the Subgrantee must have obtained the written approval of the Department, through eGrants system messaging, prior to the beginning of the trip. Grant approval does not satisfy this requirement. For Department district-managed grants, the Subgrantee must have obtained written Department district approval, through eGrants system messaging, for travel and related expenses if outside of the district boundaries.
- H. Maintain verification that all expenses, including wages or salaries, for which reimbursement is requested is for work exclusively related to this project.
- I. Ensure that this grant will in no way supplant (replace) funds from other sources. Supplanting refers to the use of federal funds to support personnel or any activity already supported by local or state funds.
- J. Ensure that each officer working on the STEP project will complete an officer's daily report form. The form should include at a minimum: name, date, badge or identification number, type of grant worked, grant site number, mileage (including starting and ending mileage), hours worked, type of citation issued or arrest made, officer and supervisor signatures.

- K. Ensure that no officer above the rank of Lieutenant (or equivalent title) will be reimbursed for enforcement duty, unless the Subgrantee received specific written authorization from the Department, through eGrants system messaging, prior to incurring costs.
- L. Subgrantee may work additional STEP enforcement hours on holidays or special events not covered under the Operational Plan. However, additional work must be approved in writing by the Department, through eGrants system messaging, prior to enforcement. Additional hours must be reported in the Performance Report for the time period for which the additional hours were worked.
- M. If an officer makes a STEP-related arrest during the shift, but does not complete the arrest before the shift is scheduled to end, the officer can continue working under the grant to complete that arrest.
- N. Subgrantees with a traffic unit will utilize traffic personnel for this grant, unless such personnel are unavailable for assignment.
- O. Prior to conducting speed enforcement, the Subgrantee must select and survey enforcement sites that comply with existing state mandated speed limits in accordance with the Texas Transportation Code, Sections 545.352 through 545.356.
- P. Officers assigned to speed sites should be trained in the use of radar or laser speed measurement devices.
- Q. The Subgrantee should have a safety belt use policy. If the Subgrantee does not have a safety belt use policy in place, a policy should be implemented, and a copy maintained for verification during the grant year.
- R. Officers working DWI enforcement must be trained in the National Highway Traffic Safety Administration/International Association of Chiefs of Police Standardized Field Sobriety Testing (SFST). In the case of a first year subgrantee, the officers must be trained, or scheduled to be SFST trained, by the end of the grant year. For second or subsequent year grants, all officers working DWI enforcement must be SFST trained.
- S. The Subgrantee should have a procedure in place for contacting and using drug recognition experts (DREs) when necessary.
- T. The Subgrantee is encouraged to use the DWI On-line Reporting System available through the Buckle Up Texas Web site at www.buckleuptexas.com.

RESPONSIBILITIES OF THE DEPARTMENT:

- A. Monitor the Subgrantee's compliance with the performance obligations and fiscal requirements of this Grant Agreement using appropriate and necessary monitoring and inspections, including but not limited to:
- review of periodic reports
 - telephone conversations
 - eGrants system messaging
 - e-mails and letters
 - quarterly review meetings
 - physical inspection of project records and supporting documentation.
- B. Provide program management and technical assistance.
- C. Attend appropriate meetings.
- D. Reimburse the Subgrantee for all eligible costs as defined in the project budget. Requests for Reimbursement will be processed up to the maximum amount payable as indicated in the project budget.
- E. Perform an administrative review of the project at the close of the grant period to:
- Ascertain whether or not the project objectives were met
 - Review project accomplishments (performance measures completed, targets achieved)
 - Document any progress towards self-sufficiency
 - Account for any approved Program Income earned and expended
 - Identify exemplary performance or best practices.

GOALS AND STRATEGIES

Goal: To increase effective enforcement and adjudication of traffic safety-related laws to reduce fatal and serious injury crashes

Strategies: Increase enforcement of traffic safety-related laws.
Increase public education and information campaigns.

Goal: To increase occupant restraint use in all passenger vehicles and trucks

Strategy: Increase enforcement of occupation protection laws.

I agree to the above goals and strategies.

BASELINE INFORMATION

Baseline Definition: A number serving as a foundation for subgrantees to measure pre-grant traffic enforcement activity. Baseline information must be provided by the subgrantee in order to identify local traffic enforcement related activity. This information should exclude any activity generated with STEP grant dollars. Once the baseline is established, these figures will be used to compare subsequent year's local and grant traffic enforcement activity. Note: Baseline data used must be no older than 2001 data.

Baseline Year (12 months) From 1/1/2003 To 12/31/2003

Baseline Measure	Baseline Number
Number of speed citations	2041
Number of safety belt citations	147
Number of child safety seat citations	5
Number of Intersection Traffic Control (ITC) citations	470
Number of speed-related crashes	72
Number of crashes occurring at intersections	84

Survey data for the following should not be older than Sep 01, 2006

	Baseline Number	Month/Year of Survey
Percentage of speed compliance	36%	09/2006
Percentage of safety belt usage	88%	02/2007
Attach Speed survey data	10679-Addison sp survey.	
Attach Safety Belt survey data	10679-Addison op survey.	

LAW ENFORCEMENT OBJECTIVE / PERFORMANCE MEASURE

Objective / Performance Measure	Target Number
1. Number and Type citations/arrests to be issued under STEP	
a. Increase Speed citations by	1176
b. Increase Safety Belt citations by	96
c. Increase Child Safety Seat citations by	10
d. Increase ITC citations by	110
2. Propose Total Number of Traffic Related crashes	
a. Reduce the number of Speed-Related crashes to	65
b. Reduce the number if ITC-Related crashes to	78
3. Increase Speed Compliance	
a. Increase the Speed Compliance rate to	40 %
4. Increase Safety Belt usage	
a. Increase the Safety Belt usage rate among drivers and front seat passengers to	92 %
5. Number of Enforcement Hours	500
STEP Indicator	3.00

PI&E OBJECTIVE / PERFORMANCE MEASURE

Objective / Performance Measure	Target Number
Support Grant efforts with a public information and education (PI&E) program	
a. Conduct presentations	5
b. Conduct media exposures (e.g. news conferences, news releases, and interviews)	5
c. Conduct community events (e.g. health fairs, booths)	2
d. Produce the following number of public information and education materials	0
e. Number of public information and education materials distributed	1500

SALARIES AND FRINGE BENEFITS - 100 & 200

Law Enforcement Hours		500						
<input checked="" type="checkbox"/> Overtime		<input type="checkbox"/> Regular Time						
	TxDOT Hours	Match Hours	Wage Rate	TxDOT Salaries	Match Salaries	Total Salaries	Fringe %	Total Fringe:
A. Enforcement (overtime)								%
Officers / Deputies:	500	0	\$41.000	\$20,500.00		\$20,500.00	14.95 %	\$3,064.75
Sergeants:							%	\$0.00
Lieutenants / Other:							%	\$0.00
B. PI&E Activities (overtime)								%
PI&E Activities					\$0.00		%	\$0.00
C. Administrative Duties								%
supervisory support and surve	40	0	\$52.000	\$2,080.00		\$2,080.00	14.95 %	\$310.96
							%	\$0.00
							%	\$0.00
							%	\$0.00
							%	\$0.00
Total:				\$22,580.00	\$0.00	\$22,580.00		\$3,375.71
Category		TxDOT		Match				Total
Salaries:	\$22,580.00	100.0 %		\$0.00	0.00 %			\$22,580.00
Fringe Benefits:	\$0.00	0.00 %		\$3,375.71	100.0 %			\$3,375.71
Breakdown of Fringe Percentages:								
TMRS 13.94								
Medicare 1.01								

TRAVEL AND PER DIEM: NON-ENFORCEMENT TRAVEL - 300

Description Meals
Please explain Save a Life Summit
Unit Price \$30.000
Quantity 3
Total **\$90.00**

	Amount	Percentages
TxDOT	\$90.00	100.00%
Match	\$0.00	0.00%
Total	\$90.00	

TRAVEL AND PER DIEM: STEP ENFORCEMENT MILEAGE - 300

Miles 4500
 Cost per mile \$0.340
Total \$1,530.00

	Amount	Percentages
TxDOT	\$1,530.00	153000.00 %
Match	\$0.00	0.00 %
Total	\$1,530.00	

EQUIPMENT - 400

Description Scanner

Unit Price \$250.00

Quantity 1

Total Cost \$250.00

	Amount	Percentages
TxDOT	\$250.00	100.00 %
Match	\$0.00	0.00 %
Total	\$250.00	%

BUDGET SUMMARY

Budget Category	TxDOT	Match	Total
Category I - Labor Costs			
(100)Salaries	\$22,580.00	\$0.00	\$22,580.00
(200)Fringe Benefits	\$0.00	\$3,375.71	\$3,375.71
Category I Sub-Total	\$22,580.00	\$3,375.71	\$25,955.71
Category II - Other Direct Costs			
(300)Travel	\$1,620.00	\$0.00	\$1,620.00
(400)Equipment	\$250.00	\$0.00	\$250.00
(500)Supplies			\$0.00
(600)Contractual Services			\$0.00
(700) Other Miscellaneous			\$0.00
Category II Sub-Total	\$1,870.00	\$0.00	\$1,870.00
Total Direct Costs	\$24,450.00	\$3,375.71	\$27,825.71
Category III - Indirect Costs			
(800)Indirect Cost Rate			\$0.00
Summary			
Total Labor Costs	\$22,580.00	\$3,375.71	\$25,955.71
Total Direct Costs	\$1,870.00	\$0.00	\$1,870.00
Total Indirect Costs			\$0.00
Grant Total	\$24,450.00	\$3,375.71	\$27,825.71
Fund Sources (Percent Share)	87.87 %	12.13 %	

Operational Plan Instructions

I. Instructions

The goal of the Operational Plan is to assist agencies in defining roadways and locations where enforcement efforts should be concentrated. The Operational Plan is to be completed by the Subgrantee (STEP agency) and submitted as an attachment to the eGrants proposal. Contact your local TxDOT District Traffic Safety Specialist if you have any questions or need clarification regarding these instructions.

Site Type and Identifier: List the STEP enforcement component to be worked (ex. Speed, DWI, OP or ITC) and the site identifier (ex. A, B, C, 1, 2, 3). A site may be labeled as an entire sector or patrol district (ex. Sector A, District C).

Site Description: This is a description of the location(s) to be worked.

- **Speed Site:** Identify the specific roadway(s) where speed enforcement will be conducted. Include the name of the roadway, approximate length in miles and speed limits.
- **Occupant Protection Site:** Identify the site description as jurisdiction-wide.
- **Intersection Traffic Control Site:** Identify the specific intersection(s) that will receive increased enforcement.
- **DWI Site:** Identify the site as jurisdiction-wide, or as a specific sector or patrol district. The enforcement effort must be focused at locations where there is an over-representation of alcohol-related crashes and/or DWI arrests. Subgrantees must maintain and analyze crash data to justify the locations that warrant increased DWI enforcement. **Note:** If DWI sites are listed as specific sectors or patrol districts, the Subgrantee must describe the site's boundaries or indicate "See Attached Map".

Survey Results: List compliance rates for occupant protection and speed sites if applicable. Speed enforcement must be conducted at sites that have less than 50% compliance, as determined by speed surveys, or at sites with compliance rates of 50% or more that have been pre-approved by TxDOT. Additional documentation, such as crash data, will be required to show that these sites warrant increased enforcement.

Note: Survey tools, worksheets, and instructions can be found on the Buckle Up Texas Website at: <http://www.buckleuptexas.com>.

Enforcement Period: List hours of enforcement. The enforcement period is the range of time in which enforcement may be conducted. Hours listed on each officer's activity sheet must coincide with the hours listed on the Operational Plan. Any hours outside of those listed may not be counted as STEP activity, unless indicated as an exception in the Terms, Conditions and Responsibilities. **Note:** Occupant Protection STEP enforcement may be conducted during daytime and/or nighttime hours.

Examples: For Speed – Daily, Monday through Sunday, 6:00 A.M. – 8:00 P.M.
 For OP – Daily, Monday through Sunday, 8:00 A.M. – 11:00 P.M.
 For DWI – Friday 8:00 P.M. – Saturday 4:00 A.M.; Saturday 8:00 P.M. – Sunday, 4:00 A.M.
 For ITC – Daily, Monday through Sunday, 8:00 A.M. – 7:00 P.M.

II. Modifying a STEP Operational Plan

1. Subgrantees may request modifications to the Operational Plan, but must make such a request through the eGrants messaging system. The request sent to the District Traffic Safety Specialist, for district managed grants, or to the appropriate Division Program Manager in Austin, for division managed grants must include a description of the Site Name and STEP element that is being added or modified in the request.
2. Attach a copy of the new Operational Plan that includes the additional or modified sites, along with all required supporting documentation (i.e. surveys).
3. Modifications must comply with the Operational Plan instructions.
4. TxDOT approval will be provided, or denied, by the District Traffic Safety Specialist, for district managed grants, or by the appropriate Division Program Manager in Austin, for division managed grants through the eGrants messaging system. The modifications must be approved by TxDOT prior to implementing any changes to enforcement activity. Unauthorized enforcement activity conducted prior to TxDOT approval is not eligible for reimbursement.



Form 2109 (rev. 01/08/2007)

TRAFFIC SAFETY OPERATIONAL PLAN

Project Fiscal Year: 2008

Subgrantee: Town Of Addison _____

Project Title: Step - Comprehensive _____

Site Type & Identifier	Site Description	Survey Compliance Rates (if applicable)	Enforcement Period
OP	City Wide	88%	7 days a week daylight hours
Speed 1	Marsh Lane from Brookhaven Club Dr. to Arapaho Rd., 35 MPH, 1.5 miles	24%	7 days a week 24 hours per day
2	Midway Rd from Spring Valley Rd to Dooley Rd, 40 MPH, 1.8 miles	34%	7 days a week 24 hours per day
3	Quorum Dr. from Landmark Place to Westgrove Dr., 30 MPH, 1.8 miles	38%	7 days a week 24 hours per day
4	Montfort Rd. from Beltline Rd to Verde Valley, 30 MPH, .4 miles	36%	7 days a week 24 hours per day
5	Spring Valley Rd from Midway Rd to March Ln., 35 MPH, .9 miles	43%	7 days a week 24 hours per day
6	Arapaho Rd. from Addison Rd. to Surveyor Rd., 40 MPH, 1.0 miles	43%	7 days a week 24 hours per day
ITC 1	Eastbound 5000 Beltline Rd @ 15000 Dallas Parkway. Northbound 15000 Dallas Parkway @ 5100 Beltline Rd.	n/a	Daily, Monday through Sunday, 08:00 A.M – 7:00 P.M.
2	Beltline Rd and Midway Rd.	n/a	Daily, Monday through Sunday, 08:00 A.M – 7:00 P.M.

Site Type & Identifier	Site Description	Survey Compliance Rates (if applicable)	Enforcement Period
3	Beltline Rd. and Quorum Dr.	n/a	Daily, Monday through Sunday, 08:00 A.M – 7:00 P.M.
4	Beltline Rd. and Addison Rd.	n/a	Daily, Monday through Sunday, 08:00 A.M – 7:00 P.M.

Note: Any modifications made to the Operational Plan after the grant is executed do not require an amendment to the Grant Agreement. However, the Subgrantee must follow the Operational Plan modification procedures found in the Operational Plan Instructions before any enforcement is conducted in the related sites. For Speed and Occupant Protection sites, survey data must be submitted to support the Operational Plan. It is recommended that subgrantees follow the “Speed Survey Protocol and Instructions” and the “Occupant Restraint Survey Protocol” found on the Buckle Up Texas website: <http://www.buckleuptexas.com>.

Council Agenda Item: #2e

SUMMARY:

Council approval is requested to authorize the City Manager to enter into an agreement with ACS/Carrollton in the amount of \$13,764 to maintain the police and fire portable and mobile radio equipment. ACS currently provides maintenance on other police and fire radio equipment to include simulcast system and dispatch consoles.

FINANCIAL IMPACT:

This is an annual budgeted maintenance item. The proposal from DFW Communications was \$20,127 which was \$6,363 higher than the proposal from ACS/Carrollton (\$13,764).

BACKGROUND:

Since moving to the simulcast system maintenance on police and fire portable and mobile radios has been provided by DFW Communications while ACS/Carrollton has maintained our simulcast and dispatch infrastructure. While ACS/Carrollton has offered to provide maintenance for our police and fire radios in the past, this type of service was new to ACS/Carrollton and we had concerns related to their ability to provide the service as well as DFW Communications. Over the last few years several other local police and fire departments have started using ACS/Carrollton to provide maintenance on their portable and mobile radios and have been satisfied with the service and quality of the work. We are now comfortable in recommending that we move our police and fire portable and mobile radio maintenance contract to ACS/Carrollton which will save us \$6,363 and provide a closer repair facility when radios must be taken to the shop.

Recommendation:

Staff recommends approval.

Please limit this document to one page.

Council Agenda Item: #2f

SUMMARY:

This item is to award a contract to Northstar Construction, Inc. for Miscellaneous Pavement Repairs to various streets.

FINANCIAL IMPACT:

Budgeted Amount: \$140,000

Contract Amount: \$119,942

This project is funded for 2007 -08 in the Street Operations Budget.

Project Manager: Robin Jones

BACKGROUND:

On an annual basis the Street Division contracts the removal and replacement of failed concrete pavement on various Town streets. This project is designed to repair nine pavement failures on Quorum Drive and five failures on Midway Road. On August 21, 2007 bids were opened for Miscellaneous Pavement Repairs; Bid # 07-26. The Town received three bids. The low bid (\$119,942) was from Northstar Construction, Inc. Northstar has previously performed well on similar work in town, including a Miscellaneous Pavement Repair project this past May.

RECOMMENDATION:

Staff recommends awarding this contract in the amount of \$119,942 for Miscellaneous Pavement Repairs to Northstar Construction, Inc.

**Miscellaneous Pavement Repairs #2f
Bid No. 07-26**

DUE: August 21, 2007

10:00 AM

BIDDER	Bid Bond	Signed	Total Bid
Northstar Construction, Inc.	y	y	\$119,942.00
Jim Bowman Construction Co. L.P.	y	y	\$122,618.00
Gibson & Associates	y	y	\$143,604.00

Shanna N. Sims

Shanna N. Sims, Strategic Services Manager

Katie Roller

Witness

Council Agenda Item: #R4

SUMMARY: The Town of Addison maintains an Emergency Management Plan in order to handle large scale emergencies and disasters. This plan must be updated on a regular basis in order for it to be approved by the State of Texas. This plan has been revised to bring it into compliance with the federally mandated National Incident Management Systems (NIMS).

FINANCIAL IMPACT:

Budgeted Amount: \$0.00

Cost: \$0.00

BACKGROUND: The Town of Addison has an existing Emergency Operations Plan (EOP). The EOP consists of a Basic Plan and 24 Annexes. The Basic Plan needs to be updated to include the adoption of the National Incident Management System (NIMS). The adoption of the NIMS results in Federal, State and Local governments all using the same system during disasters and large scale emergencies. The adoption of our plan including the NIMS language and concepts will allow the Town to continue to apply for certain Federal grants and disaster assistance.

RECOMMENDATION: The Addison Fire Department recommends the Town Council adopt the revised emergency management plan in order to enhance the Town of Addison's emergency preparedness programs.



MEMORANDUM

TO: Mayor and Town Council

FROM: Noel Padden
Fire Chief

DATE: September 14, 2007

SUBJECT: Emergency Management Plan Revision

The Town of Addison is required by Texas State Statute to have an emergency management plan. The style and general format are dictated by the Department of Public Safety, Division of Emergency Management so that all plans state wide is developed in the same manner. This becomes important when emergencies or disasters cross geopolitical boundaries.

The Town's emergency management plan is made up of a basic emergency management plan and 24 annexes. This type of plan is known as a "multi-hazard or all hazard plan". It is designed to handle a wide range of emergencies and disasters. The basic plan serves as the framework from which our disaster response will be initiated. Only those specific annexes that would be required to handle a particular disaster will be utilized. For example, if we experienced a water drought, only those annexes required to handle this emergency would be initiated. The Shelter annex, donations management, search and rescue annex, etc. would not be utilized. Also within each annex, there are varying levels of resources and responses that can be used. By designing the emergency management plan in this fashion, it allows the plan to expand and retract to meet the particular needs of each emergency/disaster.

The Federal government has also mandated the use of the National Incident Management System (NIMS). Certain Federal grant and disaster assistance programs are contingent upon the adoption and use of the NIMS. The Mayor and Town Council passed Resolution Number R05-076 adopting the implementation of the NIMS on August 13, 2005. The attached TOA Basic Emergency Management Plan has been revised to bring it into compliance with

the NIMS. The revised language appears in **blue text** to assist you in identifying the revisions.

After the Mayor and Town Council approve these revisions, the TOA Basic Plan will be submitted to the Texas State Department of Public Safety, Division of Emergency Management for their review and approval. Should you have further questions concerning the Basic Emergency Management Plan and the NIMS revisions, please contact me at your convenience.

Attachment

#R4

RESOLUTION NO. __-__

A RESOLUTION BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS TO ADOPT THE REVISED EMERGENCY MANAGEMENT PLAN IN ORDER TO ENHANCE THE TOWN OF ADDISON EMERGENCY PREPAREDNESS.

WHEREAS, THE TOWN OF ADDISON IS EXPOSED TO MANY HAZARDS, ALL OF WHICH HAVE THE POTENTIAL FOR DISRUPTING THE COMMUNITY, CAUSING CASUALTIES, AND DAMAGING OR DESTROYING PUBLIC OR PRIVATE PROPERTY; AND,

WHEREAS, THE TOWN OF ADDISON HAS THE PRIMARY ROLE IN IDENTIFYING AND MITIGATING HAZARDS, PREPARING FOR AND RESPONDING TO, AND MANAGING THE RECOVERY FROM EMERGENCY SITUATIONS THAT AFFECT THE TOWN; AND,

WHEREAS, THE TOWN OF ADDISON HAS ORGANIZED ITS RESOURCES FOR THE BENEFIT OF RESIDENTS AND BUSINESSES AFFECTED DURING A DISASTER; AND,

WHEREAS, THE TOWN OF ADDISON EMERGENCY MANAGEMENT PLAN HAS RECENTLY BEEN REVISED INCLUDING CONFORMANCE WITH THE FEDERALLY MANDATED NATINAL INCIDENT MANAGEMENT SYSTEM; NOW, THEREFORE,

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

THAT, THE CITY COUNCIL DOES HEREBY ADOPT THE REVISED TOWN OF ADDISON EMERGENCY MANAGEMENT PLAN TO ENHANCE ITS EMERGENCY PREPAREDNESS.

DULY PASSED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, THIS THE 25TH DAY OF SEPTEMBER 2007.

MAYOR

ATTEST:

CITY SECRETARY

EMERGENCY MANAGEMENT PLAN FOR TOWN OF ADDISON



Addison!

APPROVAL & IMPLEMENTATION

THE TOWN OF ADDISON

Emergency Management Plan

THIS EMERGENCY MANAGEMENT PLAN IS HEREBY APPROVED. THIS PLAN IS EFFECTIVE IMMEDIATELY AND SUPERCEDES ALL PREVIOUS EDITIONS.

JOE CHOW
MAYOR

DATE

RESOLUTION NO. __ - __

A RESOLUTION BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS TO ADOPT THE REVISED EMERGENCY MANAGEMENT PLAN IN ORDER TO ENHANCE THE TOWN OF ADDISON EMERGENCY PREPAREDNESS.

WHEREAS, THE TOWN OF ADDISON IS EXPOSED TO MANY HAZARDS, ALL OF WHICH HAVE THE POTENTIAL FOR DISRUPTING THE COMMUNITY, CAUSING CASUALTIES, AND DAMAGING OR DESTROYING PUBLIC OR PRIVATE PROPERTY; AND,

WHEREAS, THE TOWN OF ADDISON HAS THE PRIMARY ROLE IN IDENTIFYING AND MITIGATING HAZARDS, PREPARING FOR AND RESPONDING TO, AND MANAGING THE RECOVERY FROM EMERGENCY SITUATIONS THAT AFFECT THE TOWN; AND,

WHEREAS, THE TOWN OF ADDISON HAS ORGANIZED ITS RESOURCES FOR THE BENEFIT OF RESIDENTS AND BUSINESSES AFFECTED DURING A DISASTER; AND,

WHEREAS, THE TOWN OF ADDISON EMERGENCY MANAGEMENT PLAN HAS RECENTLY BEEN REVISED INCLUDING CONFORMANCE WITH THE FEDERALLY MANDATED NATINAL INCIDENT MANAGEMENT SYSTEM; NOW, THEREFORE,

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

THAT, THE CITY COUNCIL DOES HEREBY ADOPT THE REVISED TOWN OF ADDISON EMERGENCY MANAGEMENT PLAN TO ENHANCE ITS EMERGENCY PREPAREDNESS.

DULY PASSED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, THIS THE 25TH DAY OF SEPTEMBER 2007.

MAYOR _____

ATTEST:

CITY SECRETARY

NIMS RESOLUTION 2007.doc

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BASIC PLAN

I. AUTHORITY

A. Federal

1. Robert T. Stafford Disaster Relief & Emergency Assistance Act, (as amended), 42 U.S.C. 5121
2. Emergency Planning and Community Right-to-Know Act, 42 USC Chapter 116
3. Emergency Management and Assistance, 44 CFR
4. Hazardous Waste Operations & Emergency Response, 29 CFR 1910.120
5. Homeland Security Act of 2002
6. [Homeland Security Presidential Directive. HSPD-5, Management of Domestic Incidents](#)
7. [Homeland Security Presidential Directive. HSPD-3, Homeland Security Advisory System](#)
8. [National Incident Management System](#)
9. [National Response Plan](#)
10. [National Strategy for Homeland Security, July 2002](#)
11. [Nuclear/Radiological Incident Annex of the National Response Plan](#)

B. State

1. Government Code, Chapter 418 (Emergency Management)
2. Government Code, Chapter 421 (Homeland Security)
3. Government Code, Chapter 433 (State of Emergency)
4. Government Code, Chapter 791 (Inter-local Cooperation Contracts)
5. Health & Safety Code, Chapter 778 (Emergency Management Assistance Compact)
6. Executive Order of the Governor Relating to Emergency Management
7. [Executive Order of the Governor Relating to the National Incident Management System](#)
8. Administrative Code, Title 37, Part 1, Chapter 7 (Division of Emergency Management)
9. [The Texas Homeland Security Strategic Plan, Part I and II, December 15, 2003](#)
10. [The Texas Homeland Security Strategic Plan, Part III, February 2004](#)

C. Local

1. Town of Addison Code of Ordinances Chapter 2, Section 2-72.
2. Town of Addison Code of Ordinances Chapter 30, Section 30-31 through 30-37 dated 1982.
3. INTER-LOCAL AGREEMENTS AND CONTRACTS. SEE THE SUMMARY IN ATTACHMENT 6.
4. TOWN OF ADDISON CHARTER SECTION 2.08 (W, X) (POWERS OF THE CITY COUNCIL).
5. TOWN OF ADDISON CHARTER SECTION 11.26 (DISASTER CLAUSE).

II. PURPOSE

This Basic Plan outlines the Town of Addison's approach to emergency operations, and is applicable to the Town of Addison. It provides general guidance for emergency management activities and an overview of our methods of mitigation, preparedness, response, and recovery. The plan describes our emergency response organization and assigns responsibilities for

various emergency tasks. This plan is intended to provide a framework for more specific functional annexes that describe in more detail who does what, when, and how. This plan applies to all local officials, departments, and agencies. The primary audience for the document includes the Mayor and other elected officials, emergency management staff, department and division heads and their senior staff members, leaders of local volunteer organizations that support emergency operations, and others who may participate in our mitigation, preparedness, response, and recovery efforts.

III. EXPLANATION OF TERMS

A. Acronyms

AAR	After Action Report
ARC	American Red Cross
CFR	Code of Federal Regulations
DDC	Disaster District Committee
DHS	Department of Homeland Security
EOC	Emergency Operations or Operating Center
EPI	Emergency Public information
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency, an element of the U.S. Department of Homeland Security
Hazmat	Hazardous Material
HSPD-5	Homeland Security Presidential Directive 5
ICP	Incident Command Post
ICS	Incident Command System
IP	Improvement Plan
JFO	Joint Field Office
JIC	Joint Information Center
NIMS	National Incident Management System
NRP	National Response Plan
OSHA	Occupational Health & Safety Administration
PIO	Public Information Officer
SOPs	Standard Operating Procedures
SOC	State Operations Center
TRRN	Texas Regional Response Network
TSA	The Salvation Army

B. Definitions

1. Area Command (Unified Area Command). An organization established (1) to oversee the management of multiple incidents that are each being managed by an ICS organization or (2) to oversee the management of large or multiple incidents to which several Incident Management Teams have been assigned. Sets overall strategy and priorities, allocates critical resources according to priorities, ensures that incidents are properly managed, and ensures that objectives are met and strategies followed. Area Command becomes Unified Area Command when incidents are multijurisdictional.

2. Disaster District. Disaster Districts are regional state emergency management organizations mandated by the Executive Order of the Governor relating to Emergency Management whose boundaries parallel those of Highway Patrol Districts and Sub-Districts of the Texas Department of Public Safety. The Town of Addison resides in Disaster District 1A (Garland).
3. Disaster District Committee. The DDC consists of a Chairperson (the local Highway Patrol captain or command lieutenant) and representatives of the state agencies and volunteer groups represented on the State Emergency Management Council with resources in the district. The DDC Chairperson, supported by committee members, is responsible for identifying, coordinating the use of, committing, and directing state resources within the district to respond to emergencies. The Town of Addison DDC Chairperson resides at the Department of Public Safety offices in Garland.
4. Emergency Operations or Operating Center. Specially equipped facilities from which government officials exercise direction and control and coordinate necessary resources in an emergency situation. The Town of Addison emergency operating center is located at fire station one in the training room, 4798 Airport Parkway, Addison, TX 75001.
5. Public Information. Information that is disseminated to the public via the news media before, during, and/or after an emergency or disaster.
6. Emergency Situation. As used in this plan, this term is intended to describe a range of situations, from a minor incident to a major disaster. It includes the following:
 - a. Incident. An incident is a situation that is limited in scope and potential effects. Characteristics of an incident include:
 - 1) Involves a limited area and/or limited population.
 - 2) Evacuation or in-place sheltering is typically limited to the immediate area of the incident.
 - 3) Warning and public instructions are provided in the immediate area, not community-wide.
 - 4) One or two local response agencies or departments acting under an incident commander normally handle incidents. Requests for resource support are normally handled through agency and/or departmental channels.
 - 5) May require limited external assistance from other local response agencies or contractors.
 - 6) For the purposes of the NRP, incidents include the full range of occurrences that require an emergency response to protect life or property.
 - b. Emergency. An emergency is a situation that is larger in scope and more severe in terms of actual or potential effects than an incident. Characteristics include:
 - 1) Involves a large area, significant population, or important facilities.
 - 2) May require implementation of large-scale evacuation or in-place sheltering and implementation of temporary shelter and mass care operations.
 - 3) May require community-wide warning and public instructions.
 - 4) Requires a sizable multi-agency response operating under an incident commander.

- 5) May require some external assistance from other local response agencies, contractors, and limited assistance from state or federal agencies.
 - 6) The EOC will be activated to provide general guidance and direction, coordinate external support, and provide resource support for the incident.
 - 7) For the purposes of the NRP, an emergency (as defined by the Stafford Act) is "any occasion or instance for which, in the determination of the President, Federal assistance is needed to supplement State and local efforts and capabilities to save lives and to protect property and public health and safety, or to lesson or avert the threat of catastrophe in any part of the United States.
- c. Disaster. A disaster involves the occurrence or threat of significant casualties and/or widespread property damage that is beyond the capability of the local government to handle with its own resources. Characteristics include:
- 1) Involves a large area, a sizable population, and/or important facilities.
 - 2) May require implementation of large-scale evacuation or in-place sheltering and implementation of temporary shelter and mass care operations.
 - 3) Requires community-wide warning and public instructions.
 - 4) Requires a response by all local response agencies operating under one or more incident commanders.
 - 5) Requires significant external assistance from other local response agencies, contractors, and extensive state or federal assistance.
 - 6) The EOC will be activated to provide general guidance and direction, provide emergency information to the public, coordinate state and federal support, and coordinate resource support for emergency operations.
 - 7) For the purposes of the NRP, a major disaster (as defined by the Stafford Act) is any catastrophe, regardless of the cause, which in the determination of the President causes damage of sufficient severity and magnitude to warrant major disaster federal assistance.
- d. Catastrophic Incident. For the purposes of the NRP, this term is used to describe any natural or manmade occurrence that results in extraordinary levels of mass casualties, property damage, or disruptions that severely affect the population, infrastructure, environment, economy, national morale, and/or government functions. An occurrence of this magnitude would result in sustained national impacts over prolonged periods of time, and would immediately overwhelm local and state capabilities. All catastrophic incidents are Incidents of National Significance.
7. Hazard Analysis. A document, published separately from this plan, that identifies the local hazards that have caused or possess the potential to adversely affect public health and safety, public or private property, or the environment.
8. Hazardous Material (Hazmat). A substance in a quantity or form posing an unreasonable risk to health, safety, and/or property when manufactured, stored, or transported. The substance, by its nature, containment, and reactivity, has the capability for inflicting harm during an accidental occurrence. Is toxic, corrosive, flammable, reactive, an irritant, or a strong sensitizer, and poses a threat to health and the environment when improperly managed. Includes toxic substances, certain infectious agents, radiological materials, and other related materials such as oil, used oil, petroleum products, and industrial solid waste substances.

9. Incident of National Significance. An actual or potential high-impact event that requires a coordinated and effective response by an appropriate combination of federal, state, local, tribal, nongovernmental, and/or private sector entities in order to save lives and minimize damage, and provide the basis for long-term communication recovery and mitigation activities.
10. Inter-local agreements. Arrangements between governments or organizations, either public or private, for reciprocal aid and assistance during emergency situations where the resources of a single jurisdiction or organization are insufficient or inappropriate for the tasks that must be performed to control the situation. Commonly referred to as a mutual aid agreement or automatic aid agreement.
11. Stafford Act. The Robert T. Stafford Disaster Relief and Emergency Assistance Act authorizes federal agencies to undertake special measures designed to assist the efforts of states in expediting the rendering of aid, assistance, emergency services, and reconstruction and rehabilitation of areas devastated by disaster.
12. Standard Operating Procedures. Approved methods for accomplishing a task or set of tasks. SOPs are typically prepared at the department or agency level and are used as guidelines for handling a particular situation. May also be referred to as Standard Operating Guidelines (SOGs).

IV. SITUATION AND ASSUMPTIONS

A. Situation

The Town of Addison is exposed to many hazards, all of which have the potential for disrupting the community, causing casualties, and damaging or destroying public or private property. A summary of our major hazards is provided in Figure 1. More detailed information is provided in our Hazard Analysis, published separately.

Figure 1
HAZARD SUMMARY

Hazard Type:	Likelihood of Occurrence*	Estimated Impact on Public Health & Safety			Estimated Impact On Property		
		Limited	Moderate	Major	Limited	Moderate	Major
<i>Natural</i>							
Drought	OCCASIONAL	MODERATE			LIMITED		
Earthquake	UNLIKELY	LIMITED			LIMITED		
Flash Flooding	OCCASIONAL	LIMITED			LIMITED		
Flooding (river or tidal)	UNLIKELY	LIMITED			LIMITED		
Hurricane	UNLIKELY	LIMITED			LIMITED		
Subsidence	LIKELY	LIMITED			MODERATE		
Tornado	LIKELY	MODERATE			MAJOR		
Wildfire	UNLIKELY	LIMITED			LIMITED		
Winter Storm	LIKELY	MODERATE			MODERATE		
<i>Technological</i>							
Aircraft Accident	OCCASIONAL	LIMITED			MAJOR		
Energy/Fuel Shortage	UNLIKELY	LIMITED			LIMITED		
Hazmat/Oil Spill (fixed site)	OCCASIONAL	LIMITED			LIMITED		

Hazmat/Oil Spill (transport)	OCCASIONAL	LIMITED	LIMITED
Major Structural Fire	OCCASIONAL	MODERATE	MODERATE
Nuclear Facility Incident	UNLIKELY	MAJOR	MAJOR
Water System Failure	UNLIKELY	MAJOR	MAJOR
Security			
Civil Disorder	UNLIKELY	LIMITED	LIMITED
Enemy Military Attack	UNLIKELY	LIMITED	LIMITED
Terrorism	UNLIKELY	MODERATE	MODERATE
* Likelihood of Occurrence: Unlikely, Occasional, Likely, or Highly Likely			

B. Assumptions

1. The Town of Addison will continue to be exposed to and subject to the impact of those hazards described above and as well as lesser hazards and others that may develop in the future.
2. It is possible for a major disaster to occur at any time, and at any place. In many cases, dissemination of warning to the public and implementation of increased readiness measures may be possible. However, some emergency situations occur with little or no warning.
3. Outside assistance will be available in most emergency situations, affecting the Town of Addison. Since it takes time to summon external assistance, it is essential for us to be prepared to carry out the initial emergency response on an independent basis.
4. Proper mitigation actions, such as floodplain management, and fire inspections, can prevent or reduce disaster-related losses. Detailed emergency planning, training of emergency responders and other personnel, and conducting periodic emergency drills and exercises can improve our readiness to deal with emergency situations.
5. EOC staff requiring support services such as secretaries, assistants, technical staff, etc. must arrange to have them present via the annexes they are responsible for.

V. CONCEPT OF OPERATIONS

A. Objectives

The objectives of the Town’s emergency management program are to protect public health and safety and preserve public and private property.

B. General

1. It is our responsibility to protect public health and safety and preserve property from the effects of hazardous events. We have the primary role in identifying and mitigating hazards, preparing for and responding to, and managing the recovery from emergency situations that affect the Town of Addison.
2. It’s impossible for government to do everything that is required to protect the lives and property of our population. Our citizens have the responsibility to prepare themselves and their families to cope with emergency situations and manage their affairs and property in ways that will aid the government in managing emergencies. We will assist

our citizens in carrying out these responsibilities by providing public information and instructions prior to and during emergency situations.

3. The Town of Addison is responsible for organizing, training, and equipping local emergency responders and emergency management personnel, providing appropriate emergency facilities, providing suitable warning and communications systems, and for contracting for emergency services. The state and federal governments offer programs that provide some assistance with portions of these responsibilities.
4. To achieve our objectives, we have organized an emergency program that is both integrated (employs the resources of government, organized volunteer groups, and businesses) and comprehensive (addresses mitigation, preparedness, response, and recovery). This plan is one element of our preparedness activities.
5. This plan is based on an all-hazard approach to emergency planning. It addresses general functions that may need to be performed during any emergency situation and is not a collection of plans for specific types of incidents. For example, the warning annex addresses techniques that can be used to warn the public during any emergency situation, whatever the cause.
6. Department directors of departments and divisions tasked in this plan are responsible to develop and keep current standard operating procedures that describe how emergency tasks will be performed. Departments and divisions are charged with insuring the training and equipment necessary for an appropriate response are in place. The emergency management coordinator is available to assist department directors as needed.
7. This plan is based upon the concept that the emergency functions that must be performed by many departments or agencies generally parallel some of their normal day-to-day functions. To the extent possible, the same personnel and material resources used for day-to-day activities will be employed during emergency situations. Because personnel and equipment resources are limited, some routine functions that do not contribute directly to the emergency may be suspended for the duration of an emergency. The personnel, equipment, and supplies that would normally be required for those functions will be redirected to accomplish emergency tasks.
8. We have adopted the National Incident Management System (NIMS) in accordance with the President's Homeland Security Directive (HSPD)-5. Our adoption of NIMS will provide a consistent approach to the effective management of situations involving natural or man-made disasters, or terrorism. NIMS allows us to integrate our response activities using a set of standardized organizational structures designed to improve interoperability between all levels of government, private sector, and nongovernmental organizations.
9. This plan, in accordance with the National Response Plan (NRP), is an integral part of the national effort to prevent, and reduce America's vulnerability to terrorism, major disasters, and other emergencies, minimize the damage and recover from attacks, major disasters, and other emergencies that occur. In the event of an Incident of National Significance, as defined in HSPD-5, we will integrate all operations with all levels of government, private sector, and nongovernmental organizations through the use of NRP coordinating structures, processes, and protocols.

C. Operational Guidance

We will employ the six components of the NIMS in all operations, which will provide a standardized framework that facilitates our operations in all phases of emergency management. Attachment 7 provides further details on the NIMS.

1. Initial Response. Our emergency responders will be the first on the scene of an emergency situation. They will normally take charge and remain in charge of the incident until it is resolved or others who have legal authority to do so assume responsibility. They will seek guidance and direction from our local officials and seek technical assistance from state and federal agencies and industry where appropriate.
2. Implementation of ICS
 - a. The first local emergency responder to arrive at the scene of an emergency situation will implement the incident command system and serve as the incident commander until relieved by a ranking or more qualified individual. The incident commander will establish an incident command post (ICP) and provide an assessment of the situation to local officials, identify response resources required, and direct the on-scene response from the ICP.
 - b. For some types of emergency situations, a specific incident scene may not exist in the initial response phase and the EOC may accomplish initial response actions, such as mobilizing personnel and equipment and issuing precautionary warning to the public. As the potential threat becomes clearer and a specific impact site or sites identified, an incident command post may be established, and direction and control of the response transitioned to the Incident Commander.
3. Source and Use of Resources.
 - a. The Town of Addison will use our own resources, all of which meet the requirements for resource management in accordance with the NIMS, to respond to emergency situations, purchasing supplies and equipment if necessary, and request assistance if our resources are insufficient or inappropriate. §418.102 of the Government Code provides that Dallas County should be the first channel through which a municipality requests assistance when its resources are exceeded. If additional resources are required, Addison will:
 - 1) Summon those resources available to us pursuant to inter-local agreements. See Attachment 6 to this plan, which summarizes the inter-local agreements and identifies the officials authorized to request those resources.
 - 2) Summon emergency service resources that we have contracted for. See Attachment 6.
 - 3) Request assistance from volunteer groups active in disasters.
 - 4) Request assistance from industry or individuals who have resources needed to deal with the emergency situation.
 - b. When external agencies respond to an emergency situation within the Town of Addison, we expect them to conform to the guidance and direction provided by our incident commander, which will be in accordance with the NIMS.

D. Incident Command System (ICS)

1. We intend to employ the ICS, an integral part of the NIMS, in managing emergencies. ICS is both a strategy and a set of organizational arrangements for directing and controlling field operations. It is designed to effectively integrate resources from different agencies into a temporary emergency organization at an incident site that can expand and contract with the magnitude of the incident and resources on hand. A summary of ICS is provided in Attachment 7.
2. The incident commander is responsible for carrying out the ICS function of command -- managing the incident. The four other major management activities that form the basis of ICS are operations, planning, logistics, and finance/administration. For small-scale incidents, the incident commander and one or two individuals may perform all of these functions. For larger incidents, a number of individuals from different departments or agencies may be assigned to separate staff sections charged with those functions.
3. An incident commander using response resources from one or two departments or agencies can handle the majority of emergency situations. Departments or agencies participating in this type of incident response will normally obtain support through the Town of Addison and/or automatic/mutual aid agreements.
4. In emergency situations where other jurisdictions or the state or federal government are providing significant response resources or technical assistance, it is generally desirable to transition from the normal ICS structure to a Unified Command structure. This arrangement helps to ensure that all participating agencies are involved in developing objectives and strategies to deal with the emergency. Attachment 7 provides additional information on Unified and Area Commands.

E. ICS - EOC Interface

1. For major emergencies and disasters, the Emergency Operations Center (EOC) will be activated. The EOC is located at Fire Station One in the training room, 4798 Airport Parkway, Addison, TX 75001. When the EOC is activated, it is essential to establish a division of responsibilities between the incident command post and the EOC. A general division of responsibilities is outlined below. It is essential that a precise division of responsibilities be determined for specific emergency operations.
2. The incident commander is generally responsible for field operations, including:
 - a. Isolating the scene.
 - b. Directing and controlling the on-scene response to the emergency situation and managing the emergency resources committed there.
 - c. Warning the population in the area of the incident and providing emergency instructions to them.
 - d. Determining and implementing protective measures (evacuation or in-place sheltering) for the population in the immediate area of the incident and for emergency responders at the scene.
 - e. Implementing traffic control arrangements in and around the incident scene.
 - f. Requesting additional resources from the EOC.

3. The EOC is generally responsible for:
 - a. Providing resource support for the incident command operations.
 - b. Issuing community-wide warning.
 - c. Issuing instructions and providing information to the general public.
 - d. Organizing and implementing large-scale evacuation.
 - e. Organizing and implementing shelter and mass care arrangements for evacuees.
 - f. Coordinating traffic control for large-scale evacuations.
 - g. Requesting assistance from the State and other external sources.
4. In some large-scale emergencies or disasters, emergency operations with different objectives may be conducted at geographically separated scenes. In such situations, more than one incident command operation may be established. If this situation occurs, a transition to an Area Command or a Unified Area Command is desirable and the allocation of resources to specific field operations will be coordinated through the EOC.

F. State, Federal, & Other Assistance

1. State & Federal Assistance
 - a. If Town of Addison and local resources are inadequate to deal with an emergency situation, we will request assistance from the State. State assistance furnished to local governments is intended to supplement local resources and not substitute for such resources, including mutual aid resources, equipment purchases or leases, or resources covered by emergency service contracts. As noted previously, cities must request assistance from their county before requesting state assistance
 - b. Requests for state assistance should be made to the Disaster District Committee (DDC) Chairperson (Highway patrol captain), who is located at the Department of Public Safety District Office in Garland at 350 West IH 30, Garland, TX 75043 (214) 861-2155 or (214) 861-2000. See Appendix 2 to Annex M, Resource Management, for a form that can be used to request state assistance. In essence, state emergency assistance to local governments begins at the DDC level and the key person to validate a request for, obtain, and provide that state assistance and support is the DDC Chairperson. A request for state assistance must be made by the Town of Addison Mayor and may be made by telephone, fax, or teletype. The DDC Chairperson has the authority to utilize all state resources within the district to respond to a request for assistance, with the exception of the National Guard. Use of National Guard resources requires approval of the Governor.
 - c. The Disaster District staff will forward requests for assistance that cannot be satisfied by state resources within the district to the State Operations Center (SOC) in Austin for action.
 - d. Dallas County Office of Security & Emergency Management also has resources available in case of a disaster. They may be contacted as follows:

Dallas County
Office of Security & Emergency Management
Records Building
509 Main Street
Room 305
Dallas, TX
(214) 653-7980 [M-F 8 to 5]
(214) 865-9461 24 Hour Duty Phone

2. Other Assistance

- a. If resources required to control an emergency situation are not available within the State, the Governor may request assistance from other states pursuant to a number of interstate compacts or from the federal government through the Federal Emergency Management Agency (FEMA).
- b. For major emergencies and disasters for which a Presidential declaration has been issued, federal agencies may be mobilized to provide assistance to states and local governments. The *National Response Plan (NRP)* describes the policies, planning assumptions, concept of operations, and responsibilities of designated federal agencies for various response and recovery functions. The *Nuclear/Radiological Incident Annex of the NRP* addresses the federal response to major incidents involving radioactive materials.
- c. FEMA has the primary responsibility for coordinating federal disaster assistance. No direct federal assistance is authorized prior to a Presidential emergency or disaster declaration, but FEMA has limited authority to stage initial response resources near the disaster site and activate command and control structures prior to a declaration and the Department of Defense has the authority to commit its resources to save lives prior to an emergency or disaster declaration. See Annex J, Recovery, for additional information on the assistance that may be available during disaster recovery.
- d. The NRP applies to Stafford and non-Stafford Act incidents and is designed to accommodate not only actual incidents, but also the threat of incidents. Therefore, NRP implementation is possible under a greater range of incidents.

G. Emergency Authorities

1. Key federal, state, and local legal authorities pertaining to emergency management are listed in Section I of this plan.
2. Texas statutes and the Executive Order of the Governor Relating to Emergency Management provide local government, principally the Mayor and City Manager, with a number of powers to control emergency situations. If necessary, the Mayor shall use these powers during emergency situations. These powers include:
 - a. Emergency Declaration. In the event of riot or civil disorder, the Mayor may request the Governor to issue an emergency declaration for this jurisdiction and take action to control the situation. Use of the emergency declaration is explained in Annex U, Legal.

- b. Disaster Declaration. When an emergency situation has caused severe damage, injury, or loss of life or it appears likely to do so, the Mayor may by executive order or proclamation declare a local state of disaster. The Mayor may subsequently issue orders or proclamations referencing that declaration to invoke certain emergency powers granted the Governor in the Texas Disaster Act *on an appropriate local scale* in order to cope with the disaster. These powers include:
- 1) Suspending procedural laws and rules to facilitate a timely response.
 - 2) Using all available resources of government and commandeering private property, subject to compensation, to cope with the disaster.
 - 3) Restricting the movement of people and occupancy of premises.
 - 4) Prohibiting the sale or transportation of certain substances.
 - 5) Implementing price controls.

A local disaster declaration activates the recovery and rehabilitation aspects of this plan. A local disaster declaration is required to obtain state and federal disaster recovery assistance. See Annex U, Legal, for further information on disaster declarations and procedures for invoking emergency powers.

- c. Authority for Evacuations. State law provides a county judge or mayor with the authority to order the evacuation of all or part of the population from a stricken or threatened area within their respective jurisdictions.

H. Activities by Phases of Emergency Management

1. This plan addresses emergency actions that are conducted during all four phases of emergency management.

a. Mitigation

The Town of Addison will conduct mitigation activities as an integral part of our emergency management program. Mitigation is intended to eliminate hazards, reduce the probability of hazards causing an emergency situation, or lessen the consequences of unavoidable hazards. Mitigation should be a pre-disaster activity, although mitigation may also occur in the aftermath of an emergency situation with the intent of avoiding repetition of the situation. Our mitigation program is outlined in Annex P, Mitigation.

b. Preparedness

Addison will conduct preparedness activities to develop the response capabilities needed in the event of an emergency. Among the preparedness activities included in the Town's emergency management program are:

- 1) Providing emergency equipment and facilities.
- 2) Emergency planning, including maintaining this plan, its annexes, and appropriate SOPs.
- 3) Conducting or arranging appropriate training for emergency responders, emergency management personnel, other local officials, and volunteer groups who assist us during emergencies.

4) Conducting periodic drills and exercises to test our plans and training.

c. Response

The Town of Addison will respond to emergency situations effectively and efficiently. The focus of most of this plan and its annexes is on planning for the response to emergencies. Response operations are intended to resolve an emergency situation while minimizing casualties and property damage. Response activities include warning, emergency medical services, firefighting, law enforcement operations, evacuation, shelter and mass care, emergency public information, search and rescue, as well as other associated functions.

d. Recovery

If a disaster occurs, the Town will carry out a recovery program that involves both short-term and long-term efforts. Short-term operations seek to restore vital services to the community and provide for the basic needs of the public. Long-term recovery focuses on restoring the community to its normal state. The federal government, pursuant to the Stafford Act, provides the vast majority of disaster recovery assistance. The recovery process includes assistance to individuals, businesses, and to government and other public institutions. Examples of recovery programs include temporary housing, restoration of government services, debris removal, restoration of utilities, disaster mental health services, and reconstruction of damaged roads and bridges. Our recovery program is outlined in Annex J, Recovery.

VI. ORGANIZATION AND ASSIGNMENT OF RESPONSIBILITIES

A. Organization

1. General

Most departments and divisions within Addison have emergency functions in addition to their normal day-to-day duties. During emergency situations, our normal organizational arrangements are modified to facilitate emergency operations. Our governmental organization for emergencies includes an executive group, emergency services, and support services. Attachment 3 depicts our emergency organization.

2. Executive Group

The Executive Group provides guidance and direction for emergency management programs and for emergency response and recovery operations. The Executive Group for the Town of Addison includes the Mayor, City Manager(s), and Emergency Management Coordinator(s).

3. Emergency Services

Emergency services include the Incident Commander and those departments, divisions, and groups with primary emergency response actions. The incident commander is the person in charge at an incident site.

4. Emergency Support Services

This group includes departments and divisions that support and sustain emergency responders and also coordinate emergency assistance provided by organized volunteer organizations, business and industry, and other sources.

5. Volunteer and Other Services

This group includes organized volunteer groups and businesses that have agreed to provide certain support for emergency operations.

B. Assignment of Responsibilities

1. General

For most emergency functions, successful operations require a coordinated effort from a number of departments, agencies, and groups. To facilitate a coordinated effort, elected and appointed officials, departments and agency heads, and other personnel may be assigned primary responsibility for planning and coordinating specific emergency functions. Generally, primary responsibility for an emergency function will be assigned to an individual from the department or agency that has legal responsibility for that function or possesses the most appropriate knowledge and skills. Other officials, departments, and agencies may be assigned support responsibilities for specific emergency functions. Attachment 4 summarizes the general emergency responsibilities of local officials, department and agency heads, and other personnel.

2. The individual having primary responsibility for an emergency function is normally responsible for coordinating preparation of and maintaining that portion of the emergency plan that addresses that function. Plan and annex assignments are outlined in Attachment 5. Listed below are general responsibilities assigned to the Executive Group, Emergency Services, Support Services, and other Support Agencies. Additional specific responsibilities can be found the functional annexes to this Basic Plan.

3. Executive Group Responsibilities

a. The Mayor will:

- 1) Establish objectives and priorities for the emergency management program and provide general policy guidance on the conduct of that program. This is accomplished by approving the emergency management plan.
- 2) Monitor the emergency response during disaster situations and provides direction where appropriate.
- 3) With the assistance of the Marketing and Communications Manager, keep the public informed during emergency situations.

- 4) With the assistance of the legal staff, declare a local state of disaster, request the Governor declare a state of emergency, or invoke the emergency powers of government when necessary.
 - 5) Request assistance from other local governments or the State when necessary
 - 6) Direct activation of the EOC.
- b. The City Manager will:
- 1) Implement the policies and decisions of the governing body (City Council) relating to emergency management.
 - 2) Organize the emergency management program and identifies personnel, equipment, and facility needs.
 - 3) Assign emergency management program tasks to departments and agencies.
 - 4) Ensure that departments and agencies participate in emergency planning, training, and exercise activities.
 - 5) Coordinate the operational response of local emergency services.
 - 6) Coordinate activation of the EOC and supervise its operation.
- c. The Emergency Management Coordinator and/or assistant EMC will:
- 1) Serve as the staff advisor to the Mayor and City Manager on emergency management matters.
 - 2) Keep the Mayor, and City Manager and governing body apprised of our preparedness status and emergency management needs.
 - 3) Coordinate local planning and preparedness activities and the maintenance of this plan.
 - 4) Prepare and maintain a resource inventory.
 - 5) Arrange appropriate training for local emergency management personnel and emergency responders.
 - 6) Coordinate periodic emergency exercises to test our plan and training.
 - 7) Manage the EOC, develop procedures for its operation, and conduct training for those who staff it.
 - 8) Activate the EOC when required.
 - 9) Perform day-to-day liaison with the state emergency management staff and other local emergency management personnel.
 - 10) Coordinate with organized volunteer groups and businesses regarding emergency operations.

4. Common Responsibilities

All emergency services and support services will:

- a. Provide personnel, equipment, and supplies to support emergency operations upon request.
- b. Develop and maintain SOPs for emergency tasks.
- c. Provide trained personnel to staff the incident command post and EOC and conduct emergency operations.

- d. Provide current information on emergency resources for inclusion in the Resource List in Appendix 1 to Annex M, Resource Management.
 - e. Report information regarding emergency situations and damage to facilities and equipment to the Incident Commander and/or the EOC.
5. Emergency Services Responsibilities
- a. The Incident Commander will:
 - 1) Manage emergency response resources and operations at the incident site command post to resolve the emergency situation.
 - 2) Determine and implement required protective actions for response personnel and the public at an incident site.
 - b. Warning.
 - 1) Primary responsibility for this function is assigned to the Police Chief who will prepare and maintain Annex A (Warning) to this plan and supporting SOPs. The warning function may be delegated to the Public Safety Communications Manager and/or the Communications Supervisor.
 - 2) Emergency tasks to be performed include:
 - a) Receive information on emergency situations.
 - b) Alert key local officials of emergency situations.
 - c) Disseminate warning information and instructions to the public through available warning systems.
 - d) Disseminate warning and instructions to special facilities such as schools and hospitals.
 - c. Communications.
 - 1) Primary responsibility for this function is assigned to the Communications Supervisor who will prepare and maintain Annex B (Communications) to this plan and supporting SOPs.
 - 2) Emergency tasks to be performed include:
 - a) Identify the communications systems available with the local area and determine the connectivity of those systems.
 - b) Develop plans and procedures for coordinated use of the various communications systems available in this jurisdiction during emergencies.
 - c) Determine and implement means of augmenting communications during emergencies, including support by volunteer organizations.
 - d. Radiological Protection.

- 1) Primary responsibility for this function is assigned to the EMS/Training Division Chief, who will prepare and maintain Annex D (Radiological Protection) to this plan and supporting SOPs.
 - 2) Emergency tasks to be performed include:
 - a) Maintain inventory of radiological equipment.
 - b) Ensure response forces include personnel with current training in radiological monitoring and decontamination.
 - c) Respond to radiological incidents and terrorist incidents involving radiological materials.
 - d) Make notification concerning radiological incidents to state and federal authorities.
- e. Evacuation.
- 1) Primary responsibility for this function is assigned to the Police Chief who will prepare and maintain Annex E (Evacuation) to this plan and supporting SOPs.
 - 2) Emergency tasks to be performed include:
 - a) Identify areas where evacuation has been performed or may be needed in the future and determine population at risk.
 - b) Perform evacuation planning for known risk areas to include route selection and determination of traffic control requirements.
 - c) Develop simplified planning procedures for ad hoc evacuations.
 - d) Determine emergency public information requirements.
 - e) Perform evacuation planning for special needs facilities (schools, hospitals, nursing homes, and other institutions).
- f. Firefighting.
- 1) Primary responsibility for this function is assigned to the Deputy Fire Chief-Operations who will prepare and maintain Annex F (Firefighting) to this plan and supporting SOPs.
 - 2) Emergency tasks to be performed include:
 - a) Fire prevention activities.
 - b) Fire detection and control.
 - c) Hazardous material and oil spill response.
 - d) Terrorist incident response.
 - e) Evacuation support.
 - f) Post-incident reconnaissance and damage assessment.
 - g) Fire safety inspection of temporary shelters.
 - h) Prepare and maintain fire resource inventory.
- g. Law Enforcement.
- 1) Primary responsibility for this function is assigned to the Police Chief who will prepare and maintain Annex G (Law Enforcement) to this plan and supporting SOPs.

2) Emergency tasks to be performed include:

- a) Maintenance of law and order.
- b) Traffic control.
- c) Terrorist incident response.
- d) Provision of security for vital facilities, evacuated areas, and shelters.
- e) Access control for damaged or contaminated areas.
- f) Warning support.
- g) Post-incident reconnaissance and damage assessment.
- h) Prepare and maintain law enforcement resource inventory.

h. Health and Medical Services.

1) Primary responsibility for this function is assigned to the Division Chief for Emergency Medical Services/Training who will prepare and maintain Annex H (Health & Medical Services) to this plan and supporting SOPs. The Town of Addison Health Inspector will be assigned to work within this area.

2) Emergency tasks to be performed include:

- a) Coordinate health and medical care and EMS support during emergency situations.
- b) Public health information and education.
- c) Inspection of food and water supplies.
- d) Develop emergency public health regulations and orders.
- e) Coordinate collection, identification, and internment of deceased victims.

i. Direction and Control.

1) Primary responsibility for this function is assigned to the City Manager and EMC. The EMC will prepare and maintain Annex N (Direction & Control) to this plan and supporting SOPs.

2) Emergency tasks to be performed include:

- a) Direct and control our local operating forces.
- b) Maintain coordination with neighboring jurisdictions and the Disaster District in Garland.
- c) Maintain the EOC in an operating mode or be able to convert the designated facility space into an operable EOC rapidly.
- d) Assigns representatives, by title, to report to the EOC and develops procedures for crisis training.
- e) Develops and identifies the duties of the staff, use of displays and message forms, and procedures for EOC activation.
- f) Coordinates in consultation with the Police Chief, the evacuation of areas at risk.

j. Hazardous Materials & Oil Spill.

- 1) The primary responsibility for this function is assigned to the Deputy Fire Chief-Operations who will prepare and maintain Annex Q (Hazardous Material & Oil Spill Response) to this plan and supporting SOPs.
- 2) Emergency tasks to be performed include:
 - a) In accordance with OSHA regulations, establish ICS to manage the response to hazardous materials incidents.
 - b) Coordinate external technical assistance and equipment support for hazmat incident.
 - c) Establish the hazmat incident functional areas (e.g., Hot Zone, cool zone, Cold Zone, etc.)
 - d) Determine and implement requirements for personal protective equipment for emergency responders.
 - e) Initiate appropriate actions to control and eliminate the hazard in accordance with established hazmat response guidance and SOPs.
 - f) Determine areas at risk and which public protective actions, if any, should be implemented.
 - g) Apply appropriate firefighting techniques if the incident has, or may, result in a fire.
 - h) Determines when affected areas may be safely reentered.

k. Search & Rescue.

- 1) The primary responsibility for this function is assigned to the Deputy Fire Chief-Operations, who will prepare and maintain Annex R (Search and Rescue) to this plan and supporting SOPs.
- 2) Emergency tasks to be performed include:
 - a) Coordinate and conduct search and rescue activities.
 - b) Identify requirements for specialized resources to support rescue operations.
 - c) Coordinate external technical assistance and equipment support for search and rescue operations (see Metrocrest Area Rescue Team Directory in Search & Rescue Annex).

l. Terrorist Incident Response.

- 1) Primary responsibility for this function is assigned to the Police Chief who will prepare and maintain Annex V (Terrorist Incident Response) to this plan and supporting SOPs.
- 2) Emergency tasks to be performed include:

- a) Coordinate and carry out defensive anti-terrorist activities, including criminal intelligence, investigation, protection of facilities, and public awareness activities.
- b) Coordinate and carry out offensive counter-terrorist operations to neutralize terrorist activities.
- c) Carry out terrorism consequence operations conducted in the aftermath of a terrorist incident to save lives and protect public and private property.
- d) Ensure required notification of terrorist incidents is made to state and federal authorities.

6. Support Services Responsibilities

a. Shelter and Mass Care.

- 1) Primary responsibility for this function is assigned to the Dallas Area Chapter of the American Red Cross via the Parks & Recreation Director who will prepare and maintain Annex C (Shelter and Mass Care) to this plan and supporting SOPs.
- 2) Emergency tasks to be performed include:
 - a) Perform emergency shelter and mass care planning.
 - b) Coordinate and conduct shelter and mass care operations with other departments, relief agencies, and volunteer groups.

b. Public Information.

- 1) Primary responsibility for this function is assigned to the Marketing & Communications Manager who will prepare and maintain Annex I (Emergency Public Information) to this plan and supporting SOPs.
- 2) Emergency tasks to be performed include:
 - a) Establish a Joint Information Center (JIC)
 - b) Conduct on-going hazard awareness and public education programs.
 - c) Pursuant to the Joint Information Center (JIS), compile and release information and instructions for the public during emergency situations and responds to questions relating to emergency operations
 - d) Provide information to the media and the public during emergency situations.
 - e) Arrange for media briefings.
 - f) Compiles print and photo documentation of emergency situations.

c. Recovery.

- 1) Primary responsibility for this function is assigned to the Assistant City Manager who will prepare and maintain Annex J (Recovery) to this plan and supporting SOPs.
- 2) Emergency tasks to be performed include:

- a) Establish and train a damage assessment team using local personnel. Coordinate the efforts of that team with state and federal damage assessment personnel who may be dispatched to assist us.
 - b) Assess and compile information on damage to public and private property and needs of disaster victims and formulate and carry out programs to fill those needs.
 - c) If damages are beyond our capability to deal with, compile information for use by our elected officials in requesting state or federal disaster assistance.
 - d) If we are determined to be eligible for state or federal disaster assistance, coordinate with state and federal agencies to carry out authorized recovery programs.
- d. Public Works & Engineering.
- 1) Primary responsibility for this function is assigned to the Town of Addison Public Works Director who will prepare and maintain Annex K (Public Works & Engineering) to this plan and supporting SOPs.
 - 2) Emergency tasks to be performed include:
 - a) Protect government facilities and vital equipment where possible.
 - b) Assess damage to streets, bridges, traffic control devices, and other public facilities.
 - c) Direct temporary repair of vital facilities.
 - d) Restore damaged roads and bridges.
 - e) Restoration of contract waste treatment and disposal systems.
 - f) Arrange for debris removal.
 - g) General damage assessment support.
 - h) Building inspection support.
 - i) Provide specialized equipment to support emergency operations.
 - j) Support traffic control and search and rescue operations.
 - k) Identify requirements for emergency drinking water and portable toilets to the agency responsible for mass care.
- e. Utilities.
- 1) Primary responsibility for this function is assigned to the TXU Corporation (TXU Electric Delivery) via the Public Works Director who will prepare and maintain Annex L (Energy and Utilities) to this plan and supporting SOPs.
 - 2) Emergency tasks to be performed include:
 - a) Prioritize restoration of utility service to vital facilities and other facilities.
 - b) Arrange for the provision of emergency power sources where required.
 - c) Assess damage to, repair, and restore public utilities.
 - d) Monitor recovery activities of privately owned utilities.
- f. Resource Management.
- 1) Primary responsibility for this function is assigned to the Finance Director who will prepare and maintain Annex M (Resource Management) to this plan and

supporting SOPs. The Town's Special Events Manager will also be assigned to assist in this function.

2) Emergency tasks to be performed include:

- a) Maintain an inventory of emergency resources.
- b) During emergency operations, locates supplies, equipment, and personnel to meet specific needs.
- c) Maintain a list of suppliers for supplies and equipment needed immediately in the aftermath of an emergency.
- d) Establish emergency purchasing procedures and coordinate emergency procurements.
- e) Establish and maintain a manpower reserve and coordinate assignment of reserve personnel to departments and agencies that require augmentation.
- f) Coordinate transportation, sorting, temporary storage, and distribution of resources during emergency situations.
- g) Establish staging areas for resources, if required.
- h) During emergency operations, identify to the Donations Management Coordinator those goods, services, and personnel that are needed.
- i) Maintain records of emergency-related expenditures for purchases and personnel.

g. Human Services.

1) Primary responsibility for this function is assigned to the Parks and Recreation Director. Prepare and maintain Annex O (Human Services) to this plan and supporting SOPs

2) Emergency tasks to be performed include:

- a) Identify emergency feeding sites.
- b) Identify sources of clothing for disaster victims.
- c) Secure emergency food supplies.
- d) Coordinate the operation of shelter facilities operated by the American Red Cross.
- e) Coordinate special care requirements for disaster victims such as the aged, special needs individuals, and others.
- f) Coordinate the provision of disaster mental health services to disaster victims, emergency workers, and/or others suffering trauma due to the emergency incident/disaster.

h. Hazard Mitigation.

1) The primary responsibility for this function is assigned to the Deputy Chief-Prevention who will prepare and maintain Annex P (Hazard Mitigation) to this plan and supporting SOPs.

2) Emergency tasks to be performed include:

- a) Maintain the local Hazard Analysis.

- b) Identify beneficial pre-disaster hazard mitigation projects and seek approval from local officials to implement such projects.
- c) In the aftermath of an emergency, determine appropriate actions to mitigate the situation and coordinate implementation of those actions.
- d) Coordinate and carry out post-disaster hazard mitigation program.

i. Transportation.

- 1) The primary responsibility for this function is assigned to the Facilities & Fleet Administrator who will prepare and maintain Annex S (Transportation) to this plan and supporting SOPs.
- 2) Emergency tasks to be performed include:
 - a) Identifies local public and private transportation resources and coordinates their use in emergencies.
 - b) Coordinates deployment of transportation equipment to support emergency operations.
 - c) Establishes and maintains a reserve pool of drivers, maintenance personnel, parts, and tools.
 - d) Maintains records on use of transportation equipment and personnel for purpose of possible reimbursement.

j. Donations Management.

- 1) The primary responsibility for this function is assigned to the Salvation Army and Assistant EMC who will prepare and maintain Annex T (Donations Management) to this plan and supporting SOPs.
- 2) Emergency tasks to be performed include:
 - a) Compile resource requirements identified by the Resource Management staff.
 - b) Solicit donations to meet known needs.
 - c) Establish and implement procedures to receive, accept or turn down offers of donated goods and services, and provide instructions to donors of needed goods or services.
 - d) In coordination with the Resource Management staff, establish a facility to receive, sort, and distribute donated goods.

k. Legal.

- 1) The primary responsibility for this function is assigned to the Town Attorney who will prepare and maintain Annex U (Legal) to this plan and supporting SOPs.
- 2) Emergency tasks to be performed include:
 - a) Advise local officials on emergency powers of local government and procedures for invoking those measures.
 - b) Review and advise our officials on possible legal issues arising from disaster operations.
 - c) Prepare and/or recommend legislation to implement the emergency powers that may be required during an emergency.

- d) Advise local officials and department heads on record-keeping requirements and other documentation necessary for the exercising of emergency powers.

L. Airport.

- 1) The primary responsibility for this function rests with the Airport Manager. Prepare and maintain Annex (W) (Airport Services) to this plan and supporting SOP's.
- 2) Emergency tasks to be performed include:
 - a) Protect Airport Facilities and vital navigation equipment where possible.
 - b) Coordinate activities with the Federal Aviation Administration.
 - c) Direct temporary repair of vital facilities.
 - d) Provide specialized equipment to support airport emergency operations.
 - e) Conduct general damage assessment at airport facilities.

M. Department and agency heads not assigned a specific function in this plan will be prepared to make their resources available for emergency duty at the direction of our Mayor, City Manager or Emergency Management Coordinator.

7. Volunteer & Other Services

a. Volunteer Groups. The following are local volunteer agencies that can provide disaster relief services and traditionally have coordinated their efforts with our local government. The EMC will coordinate their services.

- 1) DALLAS Chapter, American Red Cross.

Provides shelter management, feeding at fixed facilities and through mobile units, first aid, replacement of eyeglasses and medications, provision of basic clothing, and limited financial assistance to those affected by emergency situations. The Red Cross also provides feeding for emergency workers.

- 2) The Salvation Army.

Provides emergency assistance to include mass and mobile feeding, temporary shelter, counseling, missing person services, medical assistance, and the warehousing and distribution of donated goods including food clothing, and household items. It also provides referrals to government and private agencies for special services.

- 3) Southern Baptist Convention Disaster Relief.

Provides mobile feeding units staffed by volunteers. Active in providing disaster childcare, the agency has several mobile childcare units. Can also assist with clean-up activities, temporary repairs, reconstruction, counseling, and bilingual services.

- 4) RACES.

The Radio Amateur Civil Emergency Service provides amateur radio support for emergency operations, including communications support in the EOC.

b. Business Support.

The following businesses have agreed to provide support for emergency operations as indicated:

- 1) Public Works Emergencies: MasTec North America, Inc., 4747 Irving Boulevard, Suite 221, Dallas, TX 75247 (214) 571-2500.

VII. DIRECTION AND CONTROL

A. General

1. The Mayor is responsible for establishing objectives and policies for emergency management and providing general guidance for disaster response and recovery operations, all in compliance with the NIMS. During disasters, the Mayor may carry out those responsibilities from the EOC or other designated locations.
2. The City Manager will provide overall direction of the response activities of all our departments. During major emergencies and disasters, the City Manager will normally carry out those responsibilities from the EOC.
3. The Emergency Management Coordinator will manage the EOC.
4. The Incident Commander, assisted by a staff sufficient for the tasks to be performed, will manage the emergency response at an incident site.
5. During emergency operations, department heads retain administrative and policy control over their employees and equipment. However, personnel and equipment will carry out mission assignments directed by the incident commander. Each department and division is responsible for having its own operating procedures to be followed during response operations, but interagency procedures, such a common communications protocol, may be adopted to facilitate coordinated effort.
6. If our own resources are insufficient or inappropriate to deal with an emergency situation, we may request assistance from other jurisdictions, organized volunteer groups, or the State. The process for requesting State or federal assistance is covered in section V.F of this plan; also see the Request for Assistance form in Annex M, Appendix 2. External agencies are expected to conform to the general guidance and directed provided by our senior decision-makers.

B. Emergency Facilities

1. Incident Command Post. Except when an emergency situation threatens, but has not yet occurred, and those situations for which there is no specific hazard impact site (such as a severe winter storm or area-wide utility outage), an incident command post or command posts will be established in the vicinity of the incident site(s). As noted

previously, the incident commander will be responsible for directing the emergency response and managing the resources at the incident scene.

2. Emergency Operating Center. When major emergencies and disasters have occurred or appear imminent, designated personnel will activate our EOC, which is located at the Addison Fire Department Station One in the Training Room, 4798 Airport Parkway, Addison, TX 75001.
3. The following individuals are authorized to activate the EOC:
 - a. Mayor
 - b. City Manager and/or Deputy/Assistant City Managers
 - c. Emergency Management Coordinator or Assistant EMC.
4. The general responsibilities of the EOC are to:
 - a. Assemble accurate information on the emergency situation and current resource data to allow local officials to make informed decisions on courses of action.
 - b. Working with representatives of emergency services, determine and prioritize required response actions and coordinate their implementation.
 - c. Provide resource support for emergency operations.
 - d. Suspend or curtail government services, recommend the closure of schools and businesses, and cancellation of public events.
 - e. Organize and activate large-scale evacuation and mass care operations.
 - f. Provide emergency information to the public.
5. Representatives of those departments and agencies assigned emergency functions in this plan will staff the EOC. EOC operations are addressed in Annex N (Direction and Control). The interface between the EOC and the incident command post is described in paragraph V.E above.
6. Our Alternate EOC is located at the Addison Police Department, 4799 Airport Parkway, Addison, TX. This facility will be used if our primary EOC becomes unusable.
7. We have minimal mobile command and control vehicles, operated by the Police and Fire Departments that may be used as an incident command post. These units are very basic and provide a location to get out of the weather at the scene of an emergency.

C. Line of Succession

1. The line of succession for the /Mayor is:
 - a. Mayor Pro Tempore
 - b. Deputy Mayor Pro Tempore
 - c. Senior Council Member
2. The line of succession for City Manager is:
 - a. Deputy City Manager
 - b. Assistant City Manager
 - c. Assistant City Manager

3. The line of succession for the Emergency Management Coordinator is:
 - a. Assistant Emergency Management Coordinator
 - b. Deputy Fire Chief-Operations
 - c. Deputy Fire Chief for EMS/Training
4. The lines of succession for each of our department and agency heads shall be in accordance with the SOPs established by those departments and agencies.

VIII. READINESS LEVELS

- A.** Many emergencies follow some recognizable build-up period during which actions can be taken to achieve a gradually increasing state of readiness. Based on State of Texas recommendations, we use a four-tier system. Readiness Levels will be determined by the Mayor or City Manager or, for certain circumstances, the Emergency Management Coordinator. General actions to be taken at each readiness level are outlined in the annexes to this plan; more specific actions will be detailed in departmental or division SOPs.
- B.** The following Readiness Levels will be used as a means of increasing our alert posture.
 1. Level 4: Normal Conditions
 - a. Emergency incidents occur and local officials are notified. One or more departments or agencies respond to handle the incident; an incident command post is established. Limited assistance may be requested from other jurisdictions pursuant to established inter-local agreements.
 - b. The normal operations of government are not affected.
 2. Level 3: Increased Readiness
 - a. Increased Readiness refers to a situation that presents a greater potential threat than “Level 4”, but poses no immediate threat to life and/or property. Increased readiness actions may be appropriate when the situations similar to the following occur:
 - 1) Weather Threats. Weather systems may develop that have the potential to impact the Addison area. Readiness actions may include regular situation monitoring, a review of plans and resource status, determining staff availability and placing personnel on-call.
 - 2) Tornado Watch indicates possibility of tornado development. Readiness actions may include increased situation monitoring and placing selected staff on alert.
 - 3) Flash Flood Watch indicates flash flooding is possible due to heavy rains occurring or expected to occur. Readiness actions may include increased

situation-monitoring, reconnaissance of known trouble spots, deploying warning signs.

- 4) Mass Gathering. For mass gatherings with previous history of problems, readiness actions may include reviewing security, traffic control, fire protection, and first aid planning with organizers and determining additional requirements.
 - 5) Terrorist Activities. When terrorist activities have occurred within the United States but not within the Dallas/Fort Worth area.
- b. Declaration of "Level 3" will generally require the initiation of the "Increased Readiness" activities identified in each annex to this plan.

3. Level 2: High Readiness

- a. High Readiness refers to a situation with a significant potential and probability of causing loss of life and/or property. This condition will normally require some degree of warning to the public. Actions could be triggered by severe weather warning information issued by the National Weather Service such as:
- 1) Weather Threats. A tropical weather system may impact the local area within 72 hours. Readiness actions may include continuous storm monitoring, identifying worst-case decision points, increasing preparedness of personnel and equipment, updating evacuation checklists, verifying evacuation route status, and providing the public information for techniques to protect homes and businesses on the evacuation routes.
 - 2) Tornado Warning. Issued when a tornado has actually been sighted in the Addison vicinity or indicated by radar, and may strike in the Addison area. Readiness actions may include activating the EOC, continuous situation monitoring, and notifying the public about the warning.
 - 3) Flash Flood Warning. Issued to alert persons that flash flooding is imminent or occurring on certain streams or designated areas, and immediate action should be taken. Readiness actions may include notifying the public about the warning, evacuating low-lying areas, open shelters to house evacuees, and continuous situation monitoring.
 - 4) Winter Storm Warning. Issued when heavy snow, sleet, or freezing rain are forecast to occur separately or in a combination. Readiness actions may include preparing for possible power outages, putting road crews on stand-by to clear and/or sand the roads, and continuous situation monitoring.
 - 5) Mass Gathering. Civil disorder with relatively large-scale localized violence is imminent. Readiness actions may include increased law enforcement presence, putting hospitals and fire departments on alert, and continuous situation monitoring.
 - 6) Terrorist Activities. When terrorist activities have occurred within the Dallas/Fort Worth area.

- b. Declaration of a “Level 2” will generally require the initiation of the “High Readiness” activities identified in each annex to this plan.

4. Level 1: Maximum Readiness

- a. Maximum Readiness refers to situation that hazardous conditions are imminent. This condition denotes a greater sense of danger and urgency than associated with a “Level 2” event. Actions could also be generated by severe weather warning information issued by the National Weather Service combined with factors making the event more imminent.

- 1) Weather Threats. Readiness actions may include continuous situation monitoring, activation of the EOC, recommending precautionary actions for special facilities, placing emergency personnel and equipment into position for emergency operations, and preparing public transportation resources for evacuation support.
- 2) Tornado Warning. A tornado has been sited in the Addison area or moving towards the Addison area. Readiness actions may include taking immediate shelter and putting damage assessment teams on stand-by.
- 3) Flash Flood Warning. Flooding is imminent or occurring at specific locations. Readiness actions may include evacuations, rescue teams on alert, sheltering evacuees and/or others displaced by the flooding, and continuous monitoring of the situation.
- 4) Mass Gathering. Civil disorder is about to erupt into large-scale and widespread violence. Readiness actions may include having all EMS units on stand-by, all law enforcement present for duty, notify the DDC that assistance may be needed and keep them apprised of the situation, and continuous situation monitoring is required.
- 5) Terrorist Activities. When terrorist activities have occurred around the Addison area.

- b. Declaration of “Level 1” will generally require the initiation of the “Maximum Readiness” activities identified in each annex to this plan.

IX. ADMINISTRATION AND SUPPORT

A. Agreements and Contracts

1. Should our Addison resources prove to be inadequate during an emergency, requests will be made for assistance from other local jurisdictions, other agencies, and industry in accordance with existing mutual-aid agreements and contracts and those agreements and contracts concluded during the emergency. Such assistance may include equipment, supplies, or personnel. All agreements will be entered into by authorized

officials and should be in writing whenever possible. Agreements and contracts should identify the local officials authorized to request assistance pursuant to those documents.

2. In an effort to facilitate assistance pursuant to mutual aid agreements, our available resources are identified and are a part of the Texas Regional Response Network (TRRN).
3. The agreements and contracts pertinent to emergency management that we are a party to are summarized in Attachment 6.

B. Reports

1. Hazardous Materials Spill Reporting. If the Town is responsible for a release of hazardous materials of a type or quantity that must be reported to state and federal agencies, the department or agency responsible for the spill shall make the required report. See Annex Q, Hazardous Materials and Oil Spill Response, for more information. If the party responsible for a reportable spill cannot be located, the Incident Commander shall ensure that the required report(s) are made.
2. Initial Emergency Report. This short report should be prepared and transmitted by the EOC when an on-going emergency incident appears likely to worsen and we may need assistance from other local governments or the State. See Annex N, Direction and Control for the format and instructions for this report.
3. Situation Report. A daily situation report should be prepared and distributed by the EOC during major emergencies or disasters. See Annex N, Direction and Control, for the format of and instructions for this report.
4. Other Reports. Several other reports covering specific functions are described in the annexes to this plan.

C. Records

1. Record Keeping for Emergency Operations

The Town of Addison is responsible for establishing the administrative controls necessary to manage the expenditure of funds and to provide reasonable accountability and justification for expenditures made to support emergency operations. This shall be done in accordance with the established local fiscal policies and standard cost accounting procedures.

- a. Activity Logs. The Incident Command Post and the EOC shall maintain accurate logs recording key response activities, including:
 - 1) Activation or deactivation of emergency facilities.
 - 2) Emergency notifications to other local governments and to state and federal agencies.
 - 3) Significant changes in the emergency situation.

- 4) Major commitments of resources or requests for additional resources from external sources.
 - 5) Issuance of protective action recommendations to the public.
 - 6) Evacuations.
 - 7) Casualties.
 - 8) Containment or termination of the incident.
- b. Incident Costs. All department and agencies shall maintain records summarizing the use of personnel, equipment, and supplies during the response to day-to-day incidents to obtain an estimate of annual emergency response costs that can be used as in preparing future department or agency budgets.
- c. Emergency or Disaster Costs. For major emergencies or disasters, all departments and agencies participating in the emergency response shall maintain detailed costs for emergency operations to include:
- 1) Personnel costs, especially overtime costs
 - 2) Equipment operations costs
 - 3) Costs for leased or rented equipment
 - 4) Costs for contract services to support emergency operations
 - 5) Costs of specialized supplies expended for emergency operations

These records may be used to recover costs from the responsible party or insurers or as a basis for requesting financial assistance for certain allowable response and recovery costs from the state and/or federal government.

2. Preservation of Records

- a. In order to continue normal government operations following an emergency situation or disaster, vital records must be protected. These include legal documents as well as property and tax records. The principal causes of damage to records are fire and water; therefore, essential records should be protected accordingly. Each department is responsible for preparation of annexes to this plan and will include protection of vital records in its SOPs.
- b. If records are damaged during an emergency situation, the Town will seek professional assistance to preserve and restore them.

D. Training

It will be the responsibility of each agency director to ensure that agency personnel, in accordance with the NIMS, possess the level of training, experience, credentialing, currency, physical and medical fitness, or capability for any positions they are tasked to fill.

E. Consumer Protection

Consumer complaints regarding alleged unfair or illegal business practices often occur in the aftermath of a disaster. Such complaints will be referred to the Director of Finance, who will pass such complaints to the Consumer Protection Division of the Office of the Attorney General.

F. Post-Incident and Exercise Review

The EMC or Assistant EMC is responsible for organizing and conducting a critique following the conclusion of a significant emergency event/incident or exercise. The After Action Report (AAR) will entail both written and verbal input from all appropriate participants. An Improvement Plan will be developed based on the deficiencies identified, and an individual, department, or agency will be assigned responsibility for correcting the deficiency and a due date shall be established for that action.

X. PLAN DEVELOPMENT AND MAINTENANCE

A. Plan Development

The Mayor is responsible for approving and promulgating this plan.

B. Distribution of Planning Documents

1. The Mayor or City Manager shall determine the distribution of this plan and its annexes. In general, copies of plans and annexes should be distributed to those individuals, departments, divisions, and organizations tasked in this document. Copies should also be set-aside for the EOC and other emergency facilities.
2. The Basic Plan should include a distribution list (See Attachment 1 to this plan) that indicates who receives copies of the basic plan and the various annexes to it. In general, individuals who receive annexes to the basic plan should also receive a copy of this plan, because the Basic Plan describes our emergency management organization and basic operational concepts.

C. Review

Local officials shall review the Basic Plan and its annexes every two years (even years). The Emergency Management Coordinator will establish a schedule for this review of planning documents by those tasked in them.

D. Update

1. This plan will be updated based upon deficiencies identified during actual emergency situations and exercises and when changes in threat hazards, resources and capabilities, or government structure occur.
2. The Basic Plan and its annexes will be revised every two years (even years). Responsibility for revising the Basic Plan is assigned to the Emergency Management Coordinator. Responsibility for revising or updating the annexes to this plan is outlined in Section VI.B, Assignment of Responsibilities, as well as in each annex.
3. Revised or updated planning documents will be provided to all departments, divisions, and individuals tasked in those documents.

4. §418.043(4) of the Government Code provides that DEM shall review local emergency management plans. The process for submitting new or updated planning documents to DEM is described in Chapter 6 of the DEM-10. The EMC is responsible for submitting copies of planning documents to our DEM Regional Liaison Officer for review.

ATTACHMENTS:

1. Distribution List
2. References
3. Organization for Emergencies
4. Functional Responsibility Matrix
5. Annex Assignments
6. Summary of Agreements & Contracts
7. [National Incident Management System](#)

ATTACHMENT 1 DISTRIBUTION LIST

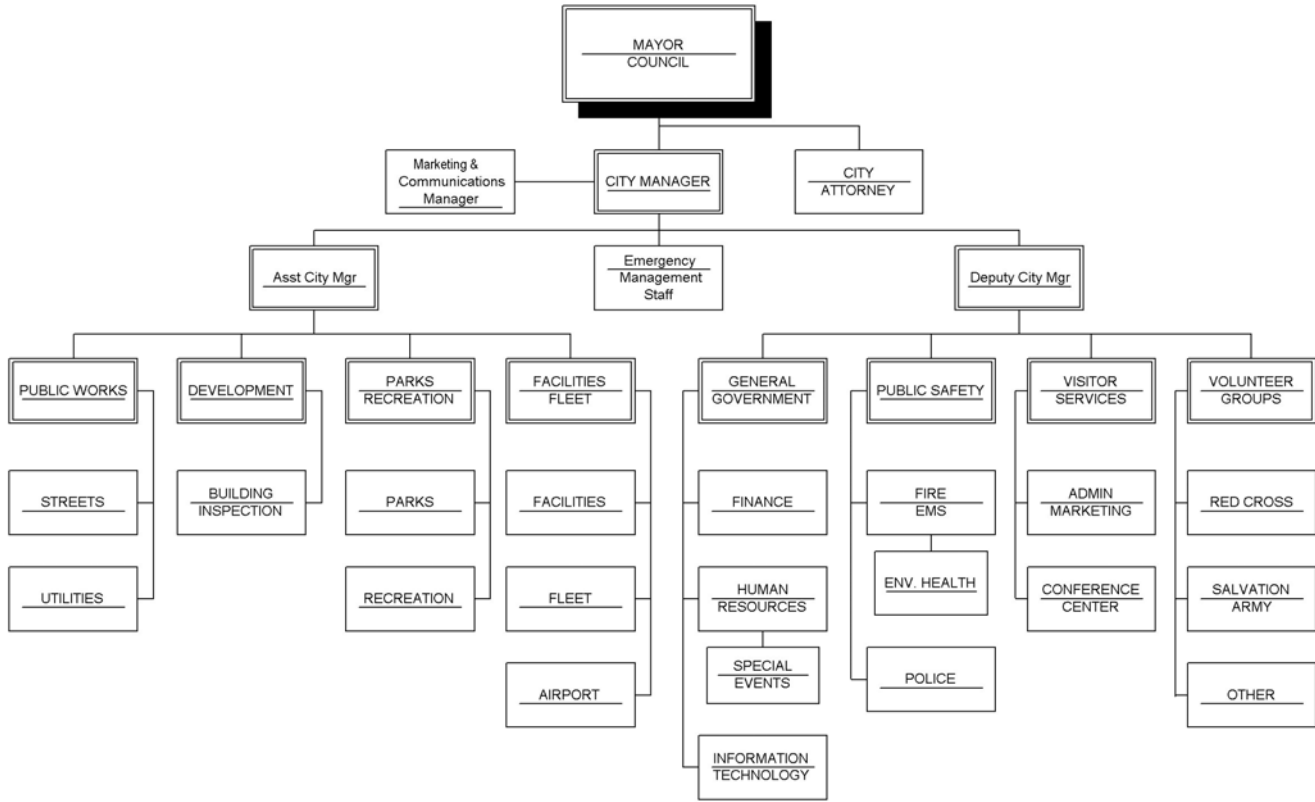
<u>Jurisdiction/Agency Plan</u>	<u>Basic Plan</u>	<u>Annexes</u>
Town of Addison Mayor	1	Compact Disk (CD) All
City Manager	1	CD
Deputy City Manager	1	CD
Assistant City Managers (2)	1	CD
Emergency Management Coordinator	1	CD
Assistant Emergency Management Coordinator	1	CD
City Secretary	1	CD
Addison Police Chief	1	CD
Fire Chief	1	CD
Deputy Fire Chief-Operations	1	CD
Deputy Fire Chief-Prevention	1	CD
Deputy Fire Chief-EMS/Training	1	CD
Finance Director	1	CD
Town Public Works Director	1	CD
Human Resources Director	1	CD
City Attorney	1	CD
RACES Officer	1	CD
DISD Transportation Director	1	CD
Dallas Local Emergency Planning Committee	1	CD
American Red Cross	1	CD
The Salvation Army	1	CD
Public Safety Communications Supervisor	1	CD
Parks & Recreation Director	1	CD
Information Technology Director	1	CD
General Services Director	1	CD
Airport Manager	1	CD
DEM Regional Liaison Officer	1	CD

ATTACHMENT 2 REFERENCES

1. Texas Department of Public Safety, Division of Emergency Management, *Local Emergency Management Planning Guide*, DEM-10
2. Texas Department of Public Safety, Division of Emergency Management, *Disaster Recovery Manual*
3. Texas Department of Public Safety, Division of Emergency Management, *Mitigation Handbook*
4. FEMA, Independent Study Course, IS-288: *The Role of Voluntary Organizations in Emergency Management*
5. FEMA, *State and Local Guide (SLG) 101: Guide for All-Hazard Emergency Operations Planning*
6. U. S. Department of Homeland Security, National Response Plan
7. 79th Texas Legislature, House Bill 3111
8. Charter of the Town of Addison, Texas, 1978
9. Code of Ordinances, Town of Addison, Texas, 1999

**ATTACHMENT 3
ORGANIZATION FOR EMERGENCY MANAGEMENT**

**Town of Addison
Organization Chart for Activation of the Emergency Management Plan**



**ATTACHMENT 4
EMERGENCY MANAGEMENT FUNCTIONAL RESPONSIBILITIES**

	Warning	Communications	Shelter & Mass Care	Radiological Protection	Evacuation	Firefighting	Law Enforcement	Health & Medical	Emergency Public Information	Recovery	Public Works & Engineering	Utilities	Resource Management	Direction & Control	Human Services	Hazard Mitigation	Hazmat & Oil Spill Response	Search & Rescue	Transportation	Donations Management	Legal	Terrorist Incident Response	Airport	Support
Mayor														C										
City Manager														P										
EMC														C										
Law Enforcement	P	P			P		P															P		
Fire Service				P		P		P								P	P	P						
Public Works											P	P												
Utilities (TXU)												S												
Airport Manager																							P	
Development Services																								S
Human Resources													S											
Finance Director													P											S
Facilities & Fleet Svcs																			P					
Town Attorney																					P			
Deputy City Manager					S				S					S							S			
American Red Cross			P																					
Marketing & Comm. Mgr.								P																
Assistant City Manager					S					P	S	S				P								
Parks & Recreation			C												P									
Assistant EMC														S		S				C				
Salvation Army																					P			
Information Services																								S
Visitor Services																								S
Special Events													C											

P – INDICATES PRIMARY RESPONSIBILITY
S – INDICATES SUPPORT RESPONSIBILITY
C – INDICATES COORDINATION RESPONSIBILITY

**ATTACHMENT 5
ANNEX ASSIGNMENTS**

ANNEX	ASSIGNED TO:
Annex A: Warning	Police Department
Annex B: Communications	Police Department
Annex C: Shelter & Mass Care	American Red Cross/ Parks & Recreation
Annex D: Radiological Protection	Fire Department
Annex E: Evacuation	Police Department
Annex F: Firefighting	Fire Department
Annex G: Law Enforcement	Police Department
Annex H: Health and Medical Services	Fire Department
Annex I: Public Information	Marketing & Communications Manager
Annex J: Recovery	Assistant City Manager
Annex K: Public Works & Engineering	Public Works Department
Annex L: Utilities	Public Works Department & TXU
Annex M: Resource Management	Finance Department
Annex N: Direction & Control	Mayor, City Manager & EMC
Annex O: Human Services	Parks & Recreation Department
Annex P: Hazard Mitigation	Fire Department
Annex Q: Hazardous Materials & Oil Spill Response	Fire Department
Annex R: Search & Rescue	Fire Department
Annex S: Transportation	Facilities & Fleet Services
Annex T: Donations Management	Salvation Army
Annex U: Legal	Town Attorney
Annex V: Terrorist Incident Response	Police Department
Annex W: Airport Operations	Airport Director
Annex X: Information Technology	Information Technology Department

**ATTACHMENT 6
SUMMARY OF AGREEMENTS & CONTRACTS**

Agreements

Description: **Dallas Automatic Aid Agreement**
Summary of Provisions: **Boundary Descriptions, Apparatus Covered, 2-1992**
Officials Authorized to Implement: **City Council**
Costs: **N/A**
Copies Held By: **Addison Fire Department Administration Files**

Description: **Addison, Carrollton, And Farmers Branch Automatic Aid Agreement**
Summary of Provisions: **Boundary Drop Descriptions, 3-1994**
Officials Authorized to Implement: **City Council**
Costs: **N/A**
Copies Held By: **Addison Fire Department Administration Files**

Description: **Statement of Agreement between Dallas Area Chapter of the American Red Cross and the Town of Addison**
Summary of Provisions: **Shelter and Mass Care Agreement, 11-2003**
Officials Authorized to Implement: **City Manager**
Costs: **N/A**
Copies Held By: **Addison Fire Department Administration Files**

Contracts

Description: **Emergency Public Works Assistance**
Summary of Provisions: **Contract with Mas Tec North American, 2003**
Officials Authorized to Implement: **Public Works Director**
Costs: **Per Contract**
Copies Held By: **Department of Public Works**

Description:
Summary of Provisions:
Officials Authorized to Implement:
Costs:
Copies Held By:

ATTACHMENT 7
NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS) SUMMARY

A. BACKGROUND

1. NIMS is a comprehensive, national approach to incident management that is applicable to all jurisdictional levels and across functional disciplines. This system is suitable across a wide range of incidents and hazard scenarios, regardless of size or complexity. It provides a flexible framework for all phases of incident management, as well as requirements for processes, procedures, and systems designed to improve interoperability.
2. NIMS is a multifaceted system that provides a national framework for preparing for, preventing, responding to, and recovering from domestic incidents.

B. COMPONENTS

1. Command and Management. The incident management structures employed by NIMS can be used to manage emergency incidents or non-emergency events such as celebrations. The system works equally well for small incidents and large-scale emergency situations. The system has built-in flexibility to grow or shrink depending on current needs. It is a standardized system, so personnel from a variety of agencies and geographic locations can be rapidly incorporated into a common management structure.
 - a. Incident Management System. A system that can be used to manage emergency incidents or non-emergency events such as celebrations.

1) FEATURES OF ICS

ICS has a number of features that work together to make it a real management system. Among the primary attributes of ICS are:

- a) Common Terminology. ICS requires the use of common terminology, such as the use of standard titles for facilities and positions within an organization, to ensure efficient and clear communications.
- b) Organizational Resources. All resources including personnel, facilities, major equipment, and supply items used to support incident management activities must be “typed” with respect to capability. This typing will minimize confusion and enhance interoperability.
- c) Manageable Span of Control. Span of control should ideally vary from three to seven. Anything less or more requires expansion or consolidation of the organization.
- d) Organizational Facilities. Common terminology is used to define incident facilities, the activities conducted at these facilities, and the organizational positions that can be found working there.

- e) Use of Position Titles. All ICS positions have distinct titles.
- f) Reliance on an Incident Action Plan. The incident action plan, which may be verbal or written, is intended to provide supervisory personnel a common understanding of the situation and direction for future action. The plan includes a statement of objectives, organizational description, assignments, and support material such as maps. Written plans are desirable when two or more jurisdictions are involved, when state and/or federal agencies are assisting local response personnel, or there has been significant turnover in the incident staff.
- g) Integrated Communications. Integrated communications includes interfacing disparate communications as effectively as possible, planning for the use of all available systems and frequencies, and requiring the use of clear text in communications.
- h) Accountability. ICS is based on an orderly chain of command, check-in for all responders, and only one supervisor for each responder.

2) UNIFIED COMMAND

- a) Unified Command is a variant of ICS used when there is more than one agency or jurisdiction with responsibility for the incident or when personnel and equipment from a number of different agencies or jurisdictions are responding to it. This might occur when the incident site crosses jurisdictional boundaries or when an emergency situation involves matters for which state and/or federal agencies have regulatory responsibility or legal requirements.
- b) ICS Unified Command is intended to integrate the efforts of multiple agencies and jurisdictions. The major change from a normal ICS structure is at the top. In a Unified command, senior representatives of each agency or jurisdiction responding to the incident collectively agree on objectives, priorities, and an overall strategy or strategies to accomplish objectives; approve a coordinated Incident Action Plan; and designate an Operations Section Chief. The Operations Section Chief is responsible for managing available resources to achieve objectives. Agency and jurisdictional resources remain under the administrative control of their agencies or jurisdictions, but respond to mission assignments and direction provided by the Operations Section Chief based on the requirements of the Incident Action Plan.

3) AREA COMMAND

- a) An Area Command is intended for situations where there are multiple incidents that are each being managed by an ICS organization or to oversee the management of large or multiple incidents to which several Incident Management Teams have been assigned. Area Command becomes Unified Area Command when incidents are multijurisdictional.

- b) The organization of an Area Command is different from a Unified Command in that there is no operations section, since all operations are conducted on-scene, at the separate ICPs.
 - b. Multiagency Coordination Systems. Multiagency coordination systems may be required for incidents that require higher level resource management or information management. The components of multiagency coordination systems include facilities, equipment, EOCs, specific multiagency coordination entities, personnel, procedures, and communications; all of which are integrated into a common framework for coordinating and supporting incident management.
 - c. Public Information. The NIMS system fully integrates the ICS Joint Information System (JIS) and the Joint Information Center (JIC). The JIC is a physical location where public information staff involved in incident management activities can collocate to perform critical emergency information, crisis communications, and public affairs functions. More information on JICs can be obtained in the DHS *National Incident Management System Plan*, dated March 2004.
2. Preparedness. Preparedness activities include planning, training, and exercises as well as certification of response personnel, and equipment acquisition and certification. Activities would also include the creation of mutual aid agreements and Emergency Management Assistance Compacts. Any public information activities such as publication management would also be preparedness activities.
 3. Resource Management. All resources, such as equipment and personnel, must be identified and typed. Systems for describing, inventorying, requesting, and tracking resources must also be established.
 4. Communications and Information Management. Adherence to NIMS specified standards by all agencies ensures interoperability and compatibility in communications and information management.
 5. Supporting Technologies. This would include any technologies that enhance the capabilities essential to implementing the NIMS. For instance, voice and data communication systems, resource tracking systems, or data display systems.
 6. Ongoing Management and Maintenance. The NIMS Integration Center provides strategic direction and oversight in support of routine review and continual refinement of both the system and its components over the long term.

Council Agenda Item: #R5

SUMMARY:

Consideration and approval of an Assignment of Ground Lease between the Town of Addison as Landlord and Mr. Greg Hayes Ground Lease #0320-GL01 on Addison Airport.

BACKGROUND:

Mr. Greg Hayes (Tenant) is requesting City Council consideration and approval for the Assignment of Ground Lease #0320-GL01 from Greg Hayes to Carol Hayes.

The subject Ground Lease is for certain real property located at 4769 Glenn Curtiss Drive consisting of 40,511 square feet, or .93 acres of land. It is a "managed hangar" lease agreement, whereby the Landlord leases and collects revenue as the agent for the Tenant.

The Ground Lease tenant and his spouse are in the process of a divorce. Mr. Hayes wishes to convey this property as part of their settlement. As stated above, this is a "managed hangar" lease agreement, whereby the Landlord leases and collects revenue as agent for the Tenant and retained 30% of gross revenue collected before distributing the net proceeds to the Tenant. The Tenant is responsible for the ongoing maintenance of the facility. Mr. Hayes is currently in good standing with the Town.

RECOMMENDATION:

Airport Management recommends the Town give its consent to the requested action and authorize the City Manager to execute the Assignment of Ground Lease as proposed herein. The City Attorney has reviewed the respective Assignment, and finds them to be acceptable for the Town's purpose.

Staff recommends approval.

Attachments: Bill Dyer- Memorandum
Exhibit 1: Location Map & Aerial View of Subject Property
Exhibit 2: Assignment of Ground Lease



Memorandum

To: Mark Acevedo, Director
General Services - Town of Addison

From: Bill Dyer, Real Estate Manager

cc: Lisa A. Pyles, A.A.A.E., Airport Director

Date: September 13, 2007

Re: Requested Action by the Town of Addison Regarding
Ground Lease #0320-GL01 (Greg Hayes Managed Hangars)
Assignment of Ground Lease from Greg Hayes to Carol Hayes

Summary of Requested Action and Recommendation by Airport Manager

In regard to the Ground Lease between Town of Addison (Landlord) and Greg Hayes (Tenant), request of approval is being made for the consideration of the Assignment of Ground Lease from Greg Hayes to Carol Hayes.

Airport Management has reviewed the above request and recommends the Town grant the required consent. The City Attorney has reviewed the assignment agreement and finds it acceptable for the Town's purpose.

Background Information

The subject Ground Lease is for certain real property located at 4769 Glenn Curtiss Drive consisting of 40,511 square feet, or .93 acres of land. It is a "managed hangar" lease agreement, whereby the Landlord leases and collects revenue as the agent for the Tenant.

A portion of this ground-leased property, together with a portion of the improvements thereon, was taken by the Texas Turnpike Authority in order to construct the toll tunnel under the airport that connects the eastern and western termini of Keller Springs Road. The Tenant executed a Settlement and First Amendment to Lease Agreement effective July 10, 1997 for this purpose.

The property now consists of six 60' T-hangars @ 1,600 square feet each (58' wide x 40' deep) with approximately 18' height clearance. There is also one end-cap storage unit @ 400 square feet and one full-size unit on the southeast corner of the building without ramp access that is currently being leased as a storage unit. The hangars are in very good condition, have electricity and are fully paved with concrete floors. (See Exhibit 1: Location Map and Aerial View).

The Ground Lease has a term of 480 months and is due to expire January 31, 2019. The current rent is \$2.89 per month plus 30% of gross revenues collected, or approximately \$1,200 per month. The lease was originally made and entered into by and between the City of Addison and Addison Airport of Texas, Inc., Landlord and Greg Hayes and John Hilz, Tenant and was subsequently assigned from John Hilz to Greg Hayes effective September 16, 1991.

Current Status:

The Ground Lease tenant and his spouse are in the process of a divorce. Mr. Hayes wishes to convey this property as part of their settlement. As stated above, this is a "managed hangar" lease agreement, whereby Landlord leases and collects revenue as agent for the Tenant and retained 30% of gross revenue collected before distributing the net proceeds to the Tenant. Tenant is responsible for the ongoing maintenance of the facility. Mr. Hayes is currently in good standing with the Town.

Conclusion and Recommendation of Airport Operator

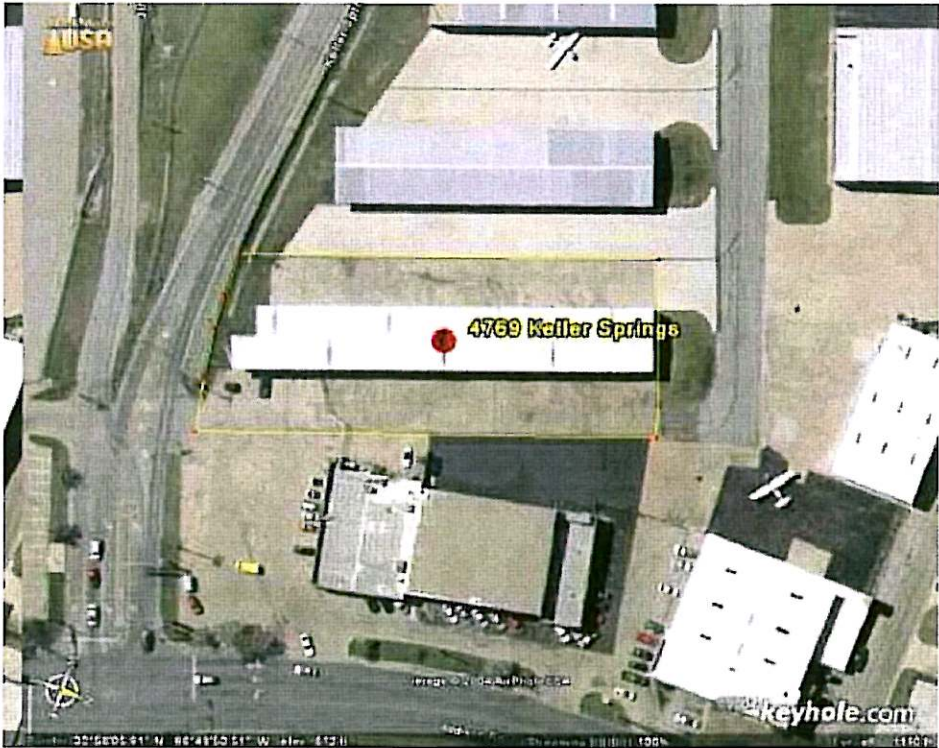
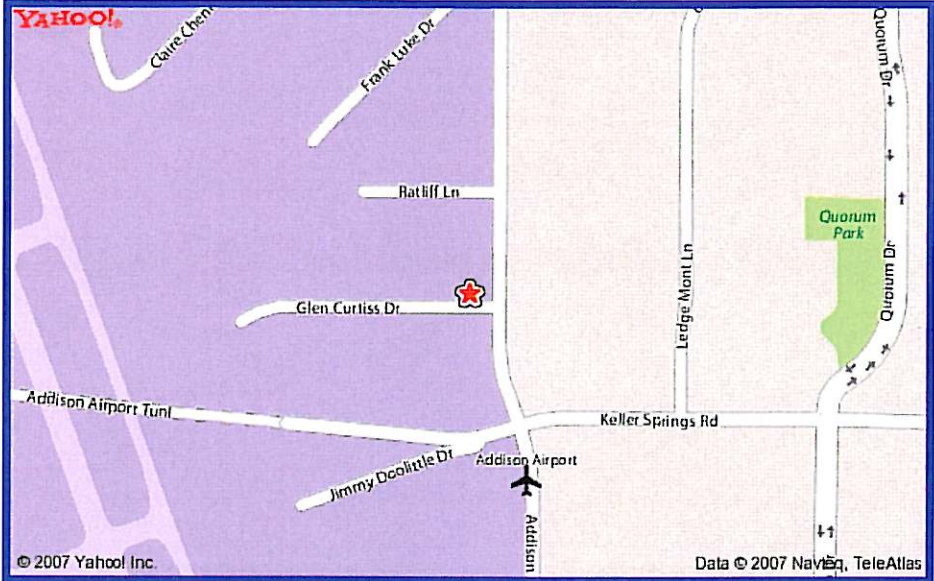
Airport Management recommends the Town give its consent to the requested action and authorize the City Manager to execute the Assignment of Ground Lease as proposed herein. The City Attorney has reviewed the respective Assignment, and finds them to be acceptable for the Town's purpose.

Exhibits

- Exhibit 1: Location Map & Aerial View of Subject Property
- Exhibit 2: Assignment of Ground Lease

Exhibit 1

Location Map of Subject Property



**Aerial View of Subject Site
4769 Glenn Curtiss Drive**

Exhibit 2

ASSIGNMENT AGREEMENT

STATE OF TEXAS

§

ASSIGNMENT OF GROUND LEASE

COUNTY OF DALLAS

§

§

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of June 11, 2007, at Addison, Texas, by and between **GREG HAYES** (herein referred to as "Assignor") and **CAROL B. HAYES** (herein referred to as "Assignee").

WHEREAS, a Ground Lease was executed on August 29, 1978 between the City of Addison, Addison Airport of Texas, Inc., and **GREG HAYES AND JOHN HILZ** as evidenced by that Memorandum of Lease publicly recorded at the Dallas County, Texas Deed of Records as Instrument #197800758344 in Book 78229 Pages 0635-0637 (a true and correct copy of said Memorandum of Lease and Ground Lease are attached hereto as Exhibit A, the "Ground Lease") by the terms of which certain real property located at Addison Airport commonly known as 4769 Keller Springs Road, within the Town of Addison, Texas (the "City") and owned by the City; and

WHEREAS, by that Assignment of Lease dated September 16, 1991 (a true and correct copy of which was publicly recorded in the Dallas County Deed of Records as Instrument #199101898258 in Book 91189 Page 2385-2403 is attached hereto as Exhibit B), the Ground Lease was assigned from **JOHN HILZ**, as assigner, to **GREG HAYES**, as assignee; and

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

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

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

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

whereby the assignee agrees to be bound by the terms and provisions of the Ground Lease; and

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

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

AGREEMENT

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

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

3. Assignee hereby agrees to and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is 4002 Villa Grove, Dallas, TX 75287.

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

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

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

ASSIGNOR:



GREG HAYES

ASSIGNEE:



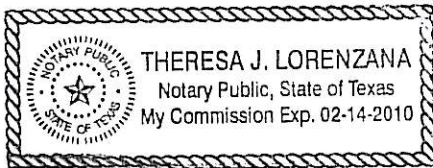
CAROL B. HAYES

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

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

GIVEN under my hand and seal of office this 23rd day of August, 2007.

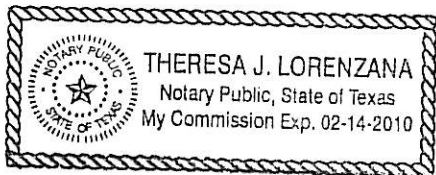


Theresa J. Lorenzana
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

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

GIVEN under my hand and seal of office this 31st day of August, 2007.



Theresa J. Lorenzana
Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (The "Assignment") entered into and effective as of June 11, 2007, at Addison, Texas, by and between **GREG HAYES**, an individual (herein referred to as "Assignor") and **CAROL B. HAYES**, an individual (herein referred to as "Assignee"). In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding, Landlord does not release Assignor from its obligations under the Ground Lease. In addition, notwithstanding any provision of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

MEMORANDUM OF LEASE

DEED RECORD

STATE OF TEXAS
COUNTY OF DALLAS

THIS Memorandum of Lease agreement entered into this 8th day of November, 1978, by and between ADDISON AIRPORT OF TEXAS, INC., a Texas corporation, CITY OF ADDISON, TEXAS, a municipal corporation, both hereinafter referred to as Landlords, and GREG HAYES AND JOHN HILZ, hereinafter referred to as Tenants, to acknowledge that on the 29th day of August, 1978, the said Landlords and Tenants entered into a Ground Lease covering the following described property, to-wit:

Being a tract of land situated in the E. Cook Survey, Abstract 326, and the W. Lomax Survey, Abstract 792, Dallas County, Texas, and located on Addison Municipal Airport, Addison, Texas, said tract being more fully described as follows:

Begin at an iron pin found for the intersection of the extended centerline of Addison Road and the extended centerline of Keller Springs Road; THENCE South 60 degrees 27 minutes 40 seconds West 128.15 feet to the BEGINNING POINT of this description;

THENCE South 68 degrees 52 minutes 40 seconds West 120.00 feet;

THENCE North 21 degrees 07 minutes 20 seconds West 338.33 feet;

THENCE North 68 degrees 52 minutes 40 seconds East 120.00 feet;

THENCE South 21 degrees 07 minutes 20 seconds East 338.33 feet to the BEGINNING POINT and containing 0.93 acres of land more or less.

SAID Ground Lease containing the terms and conditions and other provisions under which said property is being used and occupied by the Tenants, and the terms, conditions and provisions of said Ground Lease are adopted and made a part of this Memorandum of Lease as if copied in full herein.

ADDISON AIRPORT OF TEXAS, INC.

BY: Henry Stuart
Henry Stuart, President

Greg Hayes
Greg Hayes

CITY OF ADDISON, TEXAS

BY: Jerry Redding
Jerry Redding, Mayor

John Hilz
John Hilz

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority on this day personally appeared HENRY STUART, President of Addison Airport of Texas, Inc., a Texas Corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, as the act of said corporation and in the capacity therein stated.

GIVEN under my hand and seal of office, this 29th day of November, 1978.

Jaquie Shaver
Notary Public, Dallas County, Texas



74221 (06-3)

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared JERRY REDDING, Mayor for the City of Addison, Texas, a municipal corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and consideration therein expressed as the act of said corporation and in the capacity therein stated.

GIVEN under my hand and seal of office, this _____ day of November, 1978.

Notary Public, Dallas County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

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

GIVEN under my hand and seal of office, this 9th day of November, 1978.

Notary Public, Dallas County, Texas

STATE OF TEXAS
COUNTY OF DALLAS

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

GIVEN under my hand and seal of office, this 9th day of November, 1978.

Notary Public, Dallas County, Texas

78229 06:31

UNOFFICIAL COPY

STATE OF TEXAS COUNTY OF DALLAS
I hereby certify that this instrument was filed on the
date and time stamped hereon by me and was duly
recorded in the volume and page of the official records
of Dallas County, Texas as stamped hereon by me.

NOV 28 1978



R.E. Maudsels

COUNTY CLERK, DALLAS COUNTY, TEXAS

NOV 28 1978

NOV 28 AM 10:48 '78

COUNTY CLERK
DALLAS COUNTY

R.E. Maudsels
1978

ASSIGNMENT OF LEASE

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1 09/27/1

THIS AGREEMENT is made this the 16th day of September, 1991, at Addison, Texas, between JOHN HILZ, hereinafter called "Assignor," and GREG HAYES, hereinafter called "Assignee."

WHEREAS, a lease executed on August 29, 1978, between the City of Addison and Addison Airport of Texas, Inc., as Lessor, and Greg Hayes and John Hilz as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, Assignor now desires to assign all of his rights, title and interest in the Lease to Assignee, and Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten Thousand and no/100 Dollars (\$10,000.00), receipt of which is hereby acknowledged, and the agreement of Assignee, hereinafter set forth, Assignor hereby assigns and transfers to Assignee, his heirs, executors and assigns, all of his rights, title and interest in and to the lease heretofore described, a copy of which is attached hereto as Exhibit "A," and the Assignee hereby agrees 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.

For the same consideration, Assignor does hereby covenant with Assignee, his heirs, executors and assigns, that Assignor is the lawful owner of Assignor's interest in the Ground Lease and the leasehold estate created thereby and the rights and interest hereby assigned, and that Assignor has good right and authority to assign and transfer the same, and that the leasehold estate of Assignor is free and clear of all liens and encumbrances except for that certain indebtedness in the original principal sum of

EXHIBIT "B"

One Hundred Twenty-Nine Thousand One Hundred Sixty-Eight and 89/100 Dollars (\$129,168.89) fully described in and secured by Deed of Trust dated July 1, 1985, recorded in Volume 85139, page 2499, Deed of Trust Records of Dallas County, Texas, and that rentals and other financial obligations payable by Lessee thereunder have been duly paid and no default exists by Assignor in the terms and conditions of the Ground Lease, and that Assignor will warrant and forever defend the same unto Assignee, his heirs, executors and assigns, against Assignor, his heirs, executors and assigns, and all and every person or persons whom-ever lawfully claiming or to claim the same.

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.

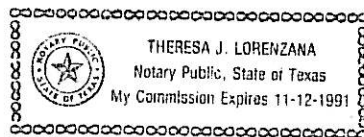
ASSSIGNOR:



JOHN HILZ

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on September 16th, 1991, by John Hilz.



Theresa J. Lorenzana
Notary Public in and for
the State of Texas

EXHIBIT "A"

THE STATE OF TEXAS |
 | GROUND LEASE
COUNTY OF DALLAS |

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of the 29th day of August, 1978, 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 Grog Hayes and John Hilz (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 to 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 February 1, 1979, 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 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. Parking and Storage of Aircraft Upon the Demised Premises. Subject to reasonable requirements established from time to time by Landlord, Landlord agrees during the term hereof (i) to enter into rental or storage agreements as the agent of Tenant with aircraft owners providing for the parking and storage of aircraft upon the demised premises, (ii) to make collections of charges for the parking and storage of aircraft upon the demised premises for the account of Tenant and (iii) to provide necessary assistance to aircraft owners in the moving, parking and storage of aircraft upon the demised premises. All charges made for the parking and storage of aircraft upon the demised premises shall be at a rate which is comparable for similar facilities at or near the Airport. Landlord shall submit to Tenant from time to time a schedule of charges for the parking and storage of aircraft made at similar facilities at or near the Airport and shall notify Tenant of any substantial changes in said charges within a reasonable period of time after such changes occur. Landlord shall account to Tenant on or before the twentieth day of each calendar month for collections for the preceding calendar month. Landlord shall have the right to deduct from payments to Tenant all sums of money then due and owing by Tenant to Landlord including any base monthly rental due under paragraph 5 or percentage rental due under paragraph 7. It is specifically understood and agreed that in undertaking the foregoing, Landlord is at all times acting as Tenant's agent, and Landlord is not responsible for failure to make collections or for failure to rent or lease the demised premises for the parking or storage of aircraft. Unless otherwise agreed by Landlord in writing, Tenant shall have no right to lease the demised premises for the rental or storage of aircraft or for other purposes or to undertake other actions with respect to the demised premises which would interfere with the leasing of the demised premises by Landlord, as Tenant's agent, for the parking and storage of aircraft.

5. Rental: Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, base monthly rental for the demised premises at the rate of one Dollars (\$ 1.00) per month in advance. One such monthly installment shall be due and payable on or before the Commencement Date, and a like monthly installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

Tenant has deposited with Landlord, upon Tenant's execution of this Lease, One Dollar Dollars (\$ 1.00) to be applied as follows:

- (i) \$ 1.00 for rent for
- (ii) \$ 1.00 as a security deposit. Such security deposit shall be held by Landlord without interest as security for the performance by Tenant of Tenant's covenants and obligations under this Lease. The security deposit is not an advance payment of rental or a measure of liquidated damages in case of default by Tenant. Upon the occurrence of any event of default, Landlord may, from time to time, without prejudice to any other remedy provided herein or provided by law, use the security deposit to the extent necessary to make good any arrearages of rent and any other damage, injury, expense or liability caused to Landlord by such event of default. Following any such application of the security deposit, Tenant shall pay to Landlord, on demand, the amount so applied in order to restore the security deposit to its original amount. If Tenant is not then in default hereunder, any remaining balance of such security deposit shall be returned by Landlord to Tenant upon expiration or termination of this Lease.

6. Adjustment of Base Monthly 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 base monthly rental due under paragraph 5 shall be adjusted as follows:

A. A comparison shall be made between the Consumer's Price Index - All Urban Consumers 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 Adjustment Date.

B. The base 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 base monthly rental ever be decreased below the monthly rental set forth in paragraph 5.

C. 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.

7. Percentage Rental. In addition to the base monthly rental, Tenant also shall pay to Landlord for the use of the demised premises percentage rental for each calendar month during the term hereof in an amount equal to (x) the product of thirty percent (30 %) multiplied by the total gross revenues resulting from the operation of the demised premises during the applicable calendar month less (y) the base monthly rental for the applicable calendar month. "Gross revenues" shall mean all monies derived from the operation of the demised premises unreduced by operation expenses, debt service, taxes, insurance, costs and any other costs. The percentage rental due hereunder for each calendar month during the term hereof shall be paid on or before the end of the calendar month next succeeding the calendar month for which the percentage rental is being paid. As long as Landlord is entering into parking and storage agreements and making collections as Tenant's agent under paragraph 4, Landlord shall have the right to deduct the percentage rental due, if any, from any payments to Tenant.

8. Use of Demised Premises and Construction of Improvements. The demised premises shall be used and occupied by Tenant only for the following purposes:

Aircraft Storage Only.

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 following improvements:

- 1 - Metal building 44'11" wide X 333'4" Long X 17'8" cave height. Kirby Building per Stover Steel Structures order 2814-SS dated June 21, 1978.

Prior to the commencement of any construction, Tenant shall submit plans and specifications to Landlord depicting in reasonable detail the type and manner of construction of the proposed improvements. All construction shall be strictly in accordance with the plans and specifications submitted to and approved by Landlord.

Construction of improvements by Tenant shall be performed in a first class, workmanlike manner, and 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 any such construction.

9. 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.

10. 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.

11. Assignment, Subletting and Mortgaging of Leasehold Estate:

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 8 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 8 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee becomes the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

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

D. Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a leasehold mortgage and written notice to such effect has been given to Landlord, to give the holder of such leasehold 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 such 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.

12. 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 "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

13. 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 39 shall be paid by Tenant on demand.

14. Alterations, Additions and Improvement. After completion of the improvements described in paragraph 8 Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

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

15. 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, thereafter, 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 or of Landlord under paragraph 4.

(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.

16. 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 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 16.

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) 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 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 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 proceed 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.

17. 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 6, 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 the 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 of 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 interests 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.

18. 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.

19. 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.

20. 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, modify 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.

21. 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.

22. Landlord's Right of Entry. Landlord and Landlord's authorized representatives shall have the right 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, (iv) to undertake actions contemplated in paragraph 4, or (v) 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.

23. 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 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 persons whomsoever, excepting only duly authorized agents and employees of Landlord.

24. 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.

25. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 24, 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 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 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 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 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 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, 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.

26. 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 same 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.

27. 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.

28. 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.

29. 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 39 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.

30. 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.

31. 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. Subject to the foregoing conditions concerning subordination, Tenant agrees upon demand by Landlord to execute further instruments subordinating this Lease to or declaring this Lease prior and superior to any mortgage, deed of trust or other lien.

32. Rent on Net Return Basis. Except for the rental due under the Base Lease during the time that AAFL 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.

33. 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.

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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 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.

40. 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.

41. 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.

42. 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.

43. 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.

44. 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.

45. 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.

46. 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.

47. 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:

Greg Hayes & John Hilz
4560 Beltline Road
Suite 420
Dallas, Texas 75240

48. 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.

49. 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.

50. 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.

51. Entire Agreement and Amendments. This Lease, consisting of fifty-one (51) 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 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.

LANDLORD

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: Pres.

CITY OF ADDISON, TEXAS

By: *[Signature]*
Its: Mayer

TENANT:

Greg Hayes
Greg Hayes

[Signature]
John Hitz

I hereby certify this is a true copy of the original lease.

Robert L. Gore Oct 29, 1978
Robert L. Gore Date

Assignment of Lease

John Hilg
to
Greg Hayes

After Recording Return to:
Greg Hayes
4560 Belt Line Rd
Suite 300
Dallas, TX 75244-2419

COUNTY CLERK, Dallas County, Texas

Car Bunker



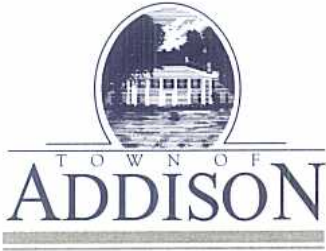
SEP 27 1991

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.
COUNTY OF DALLAS
STATE OF TEXAS
I hereby certify this instrument was filed on the date and time stamped herein by me and was duly recorded in the volume and page of the named records of Dallas County, Texas as stamped herein by me.

1991 SEP 27 AM 8:30

FILED
Car Bunker
COUNTY CLERK
DALLAS COUNTY

68116 2072

**DEVELOPMENT SERVICES**

(972) 450-2880 Fax: (972) 450-2837

16801 Westgrove

Post Office Box 9010 Addison, Texas 75001-9010

MEMORANDUM

September 18, 2007

TO: Ron Whitehead
FROM: Carmen Moran, Director of Development Services
SUBJECT: Commemorative Naming Policy

The staff has been looking for several months at various policies for naming Addison's facilities. Those facilities would include city buildings, parks, trails, and in some instances, streets. In a budget work session on August 18, 2007, the staff presented a proposed naming policy to the Council. The Council wanted a couple of items changed. The items were: a provision requiring a super majority of the Council to rename a park, trail or facility, and recognition of a contribution toward the construction of a facility in addition to recognition of a contribution of land.

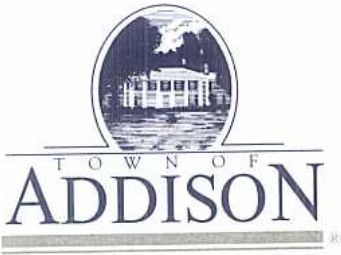
As staff noted when it presented the Policy to the Council the first time, this is a commemorative naming policy only. It refers to the naming of a property in honor of outstanding achievement, distinctive service, or significant community contribution. It does not involve an annual fee paid to the Town, even though the naming may involve financial consideration.

Staff proposes the attached Guidelines and Policies for the naming of Parks and Facilities.

Town of Addison
Proposed Guidelines and Policies for the naming of Parks
Trails and Facilities

1. When naming a park, trail, or facility after a person, at least one of the following stipulations should be met:
 - a) The person has donated the land to be used, has provided significant contributions to acquire the land, or has sold the land to the Town at a price significantly below market value.
 - b) The person has provided significant contributions to the cost of construction of the park, trail or facility, or has provided construction services at a price significantly below market value.
 - c) The person has made significant and consistent long-term contributions to the Town of Addison.
 - d) The person shall not have been an employee or councilmember/Mayor of the Town of Addison for at least five years.
2. When appropriate, parks, trails, and facilities can be named after predominant geographical or physical features of the land. These may include natural features (rivers, trees, etc.) or man-made features (subdivisions, buildings, etc).
3. Parks and trails may be named after historical events that are specific to the Town of Addison.
4. The Council will consider re-naming existing facilities. However, the motion to rename an existing park, trail, or facility must be approved by a 3/4th vote of the entire Council (e.g., if all members of the Council are eligible to vote, approval would require 6 out of 7 votes).
5. Different sections of parks and facilities may carry names that differ from that of the overall park or facility. This may include the naming of individual items in a park or facility (such as a meeting room). However, the above guidelines shall still apply in choosing a name.
6. Any citizen, group of citizens, entity or organization may submit a proposal to name a facility after an individual, group of individuals, or community organization to honor and recognize significant contributions to the community through public service, community volunteerism or outstanding achievement. The contributions of the individuals or group must be well-documented and broadly acknowledged within the community. If possible, written permission and agreement must be obtained from the individual, group or organization who or which is being commemorated.

The guidelines listed above are guidelines only. Meeting any or all of the above guidelines does not guarantee that a park or facility will carry any certain name. Ultimately, all naming decisions are to be made by the Addison City Council, which may make exceptions to these guidelines when it deems appropriate.



#R7

DEVELOPMENT SERVICES
(972) 450-2880 Fax: (972) 450-2837

16801 Westgrove
Post Office Box 9010 Addison, Texas 75001-9010

MEMORANDUM

September 18, 2007

TO: Ron Whitehead
FROM: Carmen Moran, Director of Development Services
SUBJECT: Parking garage funding analysis by Walter P. Moore

The staff has been approached by OPUS West about the possibility of the Town's investment in the construction of a parking garage in Addison Circle. The garage would serve two purposes. It would be used by the tenants in the office building during the day, and on nights and weekends, it would be used by visitors to Addison Circle. In addition, it would be available as parking for our big three special events: Taste Addison, Kaboom Town, and Oktoberfest.

OPUS West does not yet have a final design for the office building or the parking structure, but the staff has attached a conceptual sketch that was submitted when the Ashton (now the Aventura) was going through the zoning process in 1999. The sketch shows the parking garage in the location being proposed by OPUS. OPUS originally expected to construct 500 spaces. However, at this point, it expects the garage to have at least 720 parking spaces. There is a possibility that OPUS will purchase the adjacent tract to the north from SNK Realty, and build a second building, which would utilize the same garage and expand the garage to 1,200 parking spaces.

The Town talked with OPUS about an agreement whereby the Town would have use of 200 parking spaces every night and on weekends, then on a select number of weekends, the Town would have the ability to use all spaces in the garage. OPUS submitted a proposal to the Town (attached) for a 50-year lease with a one-time lease payment of \$2,000,000.00, to be paid in two installments.

ORIGINAL STUDY

The Town asked Walter P. Moore, a nationally-recognized consultant on parking and parking garages, to conduct an analysis to determine what the appropriate amount of the Town's investment in a garage should be, and how the investment should be structured. Walter P. Moore analyzed the Town's participation three ways:

1. The Town purchase the rights for the use of 200 parking spaces by making one-time lease payment.
2. The Town rent (per month) the rights for use of 200 parking spaces based on "fair market value."
3. The Town act as owner/developer and construct a parking structure with two hundred spaces to be used by the Town of Addison for after hours use and five hundred spaces to be leased to the Opus Group for its parking needs.

Walter P. Moore concluded that the best way for the Town to obtain the right to use parking spaces in the garage was through a one-time lease payment. The staff presented the study to the Council on July 26, 2007. The Council had several questions about the study which related to the cost of the garage, the terms for financing, the amount of the Town's contribution, and the legality of using city funds for a lease.

REVISED STUDY

The staff went back to Walter P. Moore and asked the firm to re-do the study to correct errors, verify the construction costs it had assumed, and run another analysis of what it would cost the Town to construct parking spaces on land it already owned, and with no financing.

Walter P. Moore came back with a development cost of \$16,144 per space. That cost assumes that the Town already owns the land and would pay cash for the construction. The construction costs are based on 2006 RS Means Building Construction Cost Data (with an assumption of a 3% increase per quarter), and on historical data for the Dallas area.

The staff did some additional research to try and find comparable construction numbers. It found that there has been a parking garage constructed in Addison Circle for as low as \$8,000 a space, but it was a concrete block garage that was covered by all sides by apartments and did not have any exterior finishes. In addition, the \$8,000 per space was a construction cost only, and it was a negotiated price, not one obtained through the competitive bidding process the Town would have to use.

The staff also talked to several consultants who are quoting as much as \$12,000 to \$13,000 per space for construction costs only, which assumes no land cost and no design and engineering cost. Walter P. Moore's estimated construction cost was \$13,699, which is consistent with the construction prices the staff has been hearing from consultants.

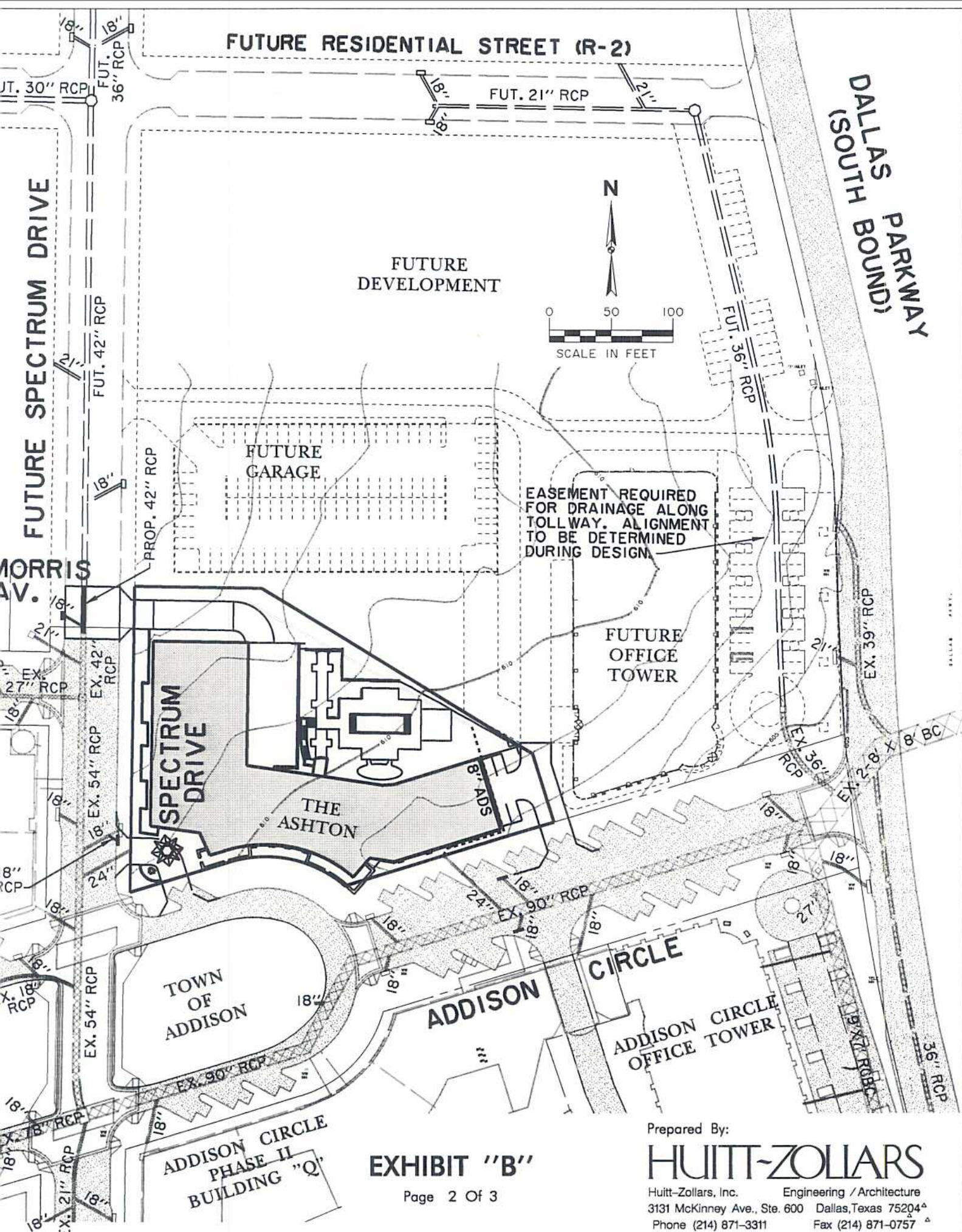
In addition, the garage that OPUS is planning to construct must be 90% brick against the public street sides, which is the east and west ends. The staff and the developer met with the Aventura homeowners on September 13th, and the Aventura owners have requested that the south side of the garage, which will

face their building and pool, be brick, or a similar material, as well. Therefore, this garage will be more expensive to construct than a normal garage due to the requirement for a finished face on three sides.

A lease payment of \$2,000,000.00 assumes a lease rate of \$10,000.00 per space. The staff believes that \$10,000.00 per space is less than it would cost the Town to construct the spaces. The staff also believes that sharing spaces and maximizing the use of parking is in the best interest of the district and is a "sustainable" method of providing parking in Addison Circle. The staff believes \$10,000 a space is a fair price for the night and weekend use of the spaces, but in addition, the Town would get the possibility of (eventually) 1,200 spaces that would be available for use during Kaboom Town, Oktoberfest, and Taste Addison.

The staff has also investigated the Council's question about using city funds for a lease. John Hill has spoken with Ben Brooks, the Town's bond counsel, and it is possible for the Town to invest city funds to purchase a ground lease.

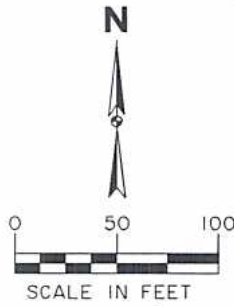
The staff recommends that the Council enter into an agreement with OPUS West for a 50-year ground lease in the amount of \$2,000,000.00 for night and weekend use of 200 parking spaces, and use of all parking spaces in the proposed garage for special events. If the Council agrees in concept to the ground lease and the price, the staff would then work with the OPUS group to draw up a lease agreement for the Council's approval. That agreement would embody the maintenance, insurance, and construction recommendations.



FUTURE RESIDENTIAL STREET (R-2)

DALLAS PARKWAY
(SOUTH BOUND)

FUTURE DEVELOPMENT



FUTURE GARAGE

EASEMENT REQUIRED FOR DRAINAGE ALONG TOLL WAY. ALIGNMENT TO BE DETERMINED DURING DESIGN.

FUTURE OFFICE TOWER

SPECTRUM DRIVE

THE ASHTON

TOWN OF ADDISON

ADDISON CIRCLE

ADDISON CIRCLE

ADDISON CIRCLE OFFICE TOWER

ADDISON CIRCLE PHASE II BUILDING "Q"

EXHIBIT "B"

Page 2 Of 3

Prepared By:

HUITT-ZOLIARS

Huitt-Zollars, Inc. Engineering / Architecture
3131 McKinney Ave., Ste. 600 Dallas, Texas 75204
Phone (214) 871-3311 Fax (214) 871-0757

OCTOBER 26, 1999



THE OPUS GROUP
ARCHITECTS
CONTRACTORS
DEVELOPERS

OPUS WEST CORPORATION
A member of The Opus Group

15455 North Dallas Parkway, Suite 450
Addison, TX 75001
Phone 972-480-9787
Fax 972-669-2216
www.opuscorp.com

March 9, 2007

Carmen Moran
Director of Development Services
Town of Addison
5300 Beltline road
P.O. Box 9010
Addison, TX 75001

Dear Carmen:

I want to thank you for taking time to talk with me about the speculative office building we have planned for Addison Circle.

As a follow-up to our meeting, I am pleased to present the following proposal outlining the basic business terms as it relates to the City of Addison's use of the parking structure which would be built to support the building. The salient points of our proposal are as follows:

1. Opus will construct an office building and accompanying parking structure with a minimum capacity of 500 parking spaces. Construction on both to start no later than January 1, 2009.
2. The City of Addison shall have for a period of fifty (50) years, the non-exclusive right to access (lease) the parking structure during the following hours: Monday-Friday from 6:30 p.m. to Midnight and Saturday-Sunday from 6:00 a.m. to Midnight.
3. The City of Addison shall pay a one time lease payment of \$2,000,000.00 in two installments:
 - a. Installment A due upon issue of a building permit from the City
 - b. Installment B due upon issue of Certificate of Occupancy
4. The City of Addison shall at its expense provide security and maintenance of the structure during special events and shall indemnify Owner against any and all liability, specifics of which shall be covered in a mutually agreed upon parking lease agreement.



We are drafting a lease/use agreement that would further detail the specifics of the transaction and we will work diligently with you in coming to terms that are acceptable to both parties. Again, we are excited about the potential of developing a project that compliments the unique and attractive setting that exists in Addison Circle and I look forward to talking to you soon.

Regards,

A handwritten signature in black ink, appearing to read 'Geoff Meyer', with a long horizontal flourish extending to the right.

Geoff Meyer – Director of Real Estate Development
Opus West Corporation

Cc/John Greer-Opus West

This proposal is intended to be a non-binding deal structure. There will be no binding agreement between Opus or the City of Addison until both parties have executed and delivered a definitive, binding, written lease agreement.

Evaluation of The Opus Group Parking Proposal
Town of Addison, Texas

Prepared for
Mr. Ron Whitehead
City Manager
5300 Belt Line Road
Town of Addison, Texas 75001

Prepared by
Walter P. Moore and Associates, Inc.
1845 Woodall Rodgers Freeway
Suite 1650
Dallas, Texas 75201

53-07001-00

September 13, 2007 (Rev.)
June 25, 2007

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EXECUTIVE SUMMARY

Walter P. Moore and Associates, Inc., has been commissioned to perform evaluations and provide recommendations to support the Town of Addison's efforts to secure the long term rights or ownership in 200 parking spaces. Those spaces are to be located in the planned parking structure of the speculative office building planned for Addison Circle.

The Opus Group, acting as the developer, intends to construct an office building and supporting parking structure with construction to start on or before January 1, 2009. The Town of Addison is in need of "after hours" (evenings and weekends) parking for the many events planned for Addison Circle. The two entities are in discussions to enter into business terms to satisfy the Town of Addison's parking needs by securing a 50-year agreement for the non-exclusive right to access 200 spaces in the parking structure.

Walter P Moore is providing an evaluation and recommendations for the best financial and long-term use arrangement for the Town of Addison. Those business terms have been analyzed under the following scenarios:

1. Town of Addison to purchase the rights for the use of 200 parking spaces by making one-time lease payment.
2. Town of Addison to rent (per month) the rights for use of 200 parking spaces based on "fair market value".
3. Town of Addison to act as Owner/Developer to construct a parking structure. Two-hundred spaces will be used by the Town of Addison for after hours use. Five-hundred spaces will be leased to The Opus Group for their parking needs.

Walter P Moore, using industry data¹ and its own history of parking costs, has determined that the Town of Addison would be best served by entering into the agreement, wherein they pay a one-time lease payment of

¹ Based on 2006 RS Means Building Construction Cost Data (\$34.36 per Square Foot) with a 3% increase per quarter (through third quarter of 2007), and Walter P More historical data for the Dallas area.

\$2,000,000 for the long-term use of the 200 parking spaces. Alternates two and three described in this report could generate a cost for parking of \$5,500,000 and \$6,571,925 respectively, for the use of the 200 spaces over the 50-year period.

The final contractual business terms for defining use, standards of design, operational criteria, and maintenance standards shall be developed by The Opus Group and approved by the Town of Addison using the recommendations outlined in this report.

This study represents the opinions and professional judgment of Walter P Moore. Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible and are believed to be reliable. This study is based on estimates, assumptions, and other information reviewed and evaluated by Walter P Moore from its meetings with the Town of Addison's representatives, and our general knowledge of the parking industry. No responsibility is assumed for inaccuracies in reporting by the Town of Addison's representatives or any other data source used in preparing this study. Unforeseen changes in economic or other factors could have an impact on the conclusions presented.

ECONOMIC EVALUATION

Town of Addison to Purchase Parking Rights

The Town of Addison could purchase rights to non-exclusive use of 200 spaces in the parking facility for a one-time lease payment of \$2,000,000 to The Opus Group. Non-exclusive rights are defined as after hours use (see page 7, "Hours of Operation and Guaranteed Use").

To determine the value of this option for the Town of Addison we have developed two additional options:

1. Rental of 200 spaces on a monthly basis
2. Finance and build a parking structure and lease 500 spaces to The Opus Group

Based on the projected development costs, the following is a summary of the financial results to purchase the right of use for 200 spaces in the parking structure:

Note: No land cost or financing costs are included in the summary as the Town of Addison owns the land and would finance the development with cash. Refer to page three for an itemized list of development costs.

Development Cost	\$8,071,925
Development Cost Per Space	\$16,144
Lease Payment (Lump sum for 50-year term)	\$2,000,000
Lease Payment Per Space (for 50-year period)	\$10,000
Total Cost over 50-Year Period	\$2,000,000

The projected cost of parking, for a 50-year period, for the Town of Addison to purchase the parking rights is \$2,000,000, or \$10,000 per space.

Town of Addison to Rent Parking Rights

As a potential alternative to secure the long-term use of spaces, the Town of Addison could secure rights to non-exclusive use of 200 spaces for a monthly rental payment to The Opus Group.

Based on the projected development costs, the following is a summary of the financial results for the Town to rent the non-exclusive rights for the use of 200 spaces in the parking structure:

Note: No land cost or financing costs are included in the summary as the Town of Addison owns the land and would finance the development with cash. Refer to page three for an itemized list of development costs.

Development Cost	\$8,071,925
Development Cost Per Space	\$16,144
Rental Payment (for 50-Year Period) ²	\$5,500,000
Rental Payment By Space (for 50-Year period)	\$27,500
Total Cost over 50-Year Period	\$5,500,000

The projected cost of parking, for a 50-year period, for the Town of Addison to rent the parking rights is \$5,500,000, or \$27,500 per space.

² City payment of \$20 per space, per month with adjustment for 3% inflation. The \$20 per space, per month represents the fair market value for off-peak, after hours parking.

Town of Addison as Owner/Developer

As a potential alternative to secure the long-term use of 200 spaces, the Town of Addison could construct a parking facility, acting as Owner/Developer and lease 500 parking spaces to The Opus Group for their use. For the purpose of this analysis, it is assumed that the size of the parking structure would remain at 500 spaces and there would be no costs incurred for land purchase or project financing.

To determine the value of this option for the Town of Addison, we have estimated the development cost to build a parking structure and its potential for generating revenues with a lease agreement with The Opus Group.

Development Cost

Development Analysis	
Hard Costs (Construction)	
Capacity (Spaces)	500
Maximum Gross Square Feet (GSF)	175,000
Estimated GSF/Space	350
Cost Per Space	\$13,699
Construction Cost Estimate/Sq. Ft.	\$38
Estimated Construction Cost Subtotal	\$6,650,000
50-year Design Enhancements	\$199,500
Estimated Project Construction Cost	\$6,849,500
Soft Costs (Services)	
A&E Consulting Fees (6%)	\$410,970
Control Equipment Cost	\$75,000
Legal Fees	\$50,000
Geotechnical Investigation	\$50,000
Surveys	\$20,000
Construction Management	\$273,980
Owners Contingency (5%)	\$342,475
Estimated Project Soft Cost	\$1,222,425
Total Estimated Development Cost	\$8,071,925
Total Development Cost Per Space	\$16,144

Town of Addison as Owner/Developer

Potential Income

Current market surveys of corporate office building parking in the City of Dallas and the Town of Addison indicate that a fair market value for monthly parking for tenants is \$50 per month (\$600 per year). Industry standards reflect an operating expense of \$33.33 per month, per space, or \$400 per year, per space for similar parking structures

Summary

Based on the projected development costs and estimate for operating revenues (with The Opus Group lease agreement), the following is a summary of the financial results.

Development Cost	\$8,071,925
Development Cost per Space	\$16,144
Operating Expenses (50 years)	\$10,000,000
Capital Improvements (See page 9 for Pre-Cast)	\$3,500,000
Total Cost over 50-Year Period	\$21,571,925
Operating Revenue (50 years)	\$15,000,000
Total Cost over 50 years	\$6,571,925

The projected cost of parking, for a 50-year period, for the Town of Addison acting as Owner/Developer is \$6,571,925, or \$13,144 per space.

FUNCTIONAL DESIGN CRITERIA

The following is a list of minimum design standards to be incorporated into a 50-year structure:

1. Maximum five-level structure, one at grade and four-elevated levels.
2. Structural system:
 - a. Cast-in-place, post-tension structure
 - b. Pre-cast concrete structure
3. Exterior design elements shall reflect the architecture of the planned office building
4. Two cab traction elevator
5. Lighting and security to good design practices
6. Materials meeting all applicable quality standards
7. ADA compliance in all aspects of design
8. Multiple points of entry/exit for both vehicles and pedestrians
9. Required setbacks and landscape buffers as required per the Town of Addison standards
10. Maximum walking distance to vertical transportation – 250 feet
11. Minimum ceiling height:
 - a. 8'-0" clear to bottom of beams for pre-cast, 7'-2" for cast-in-place
 - b. 8'-2" clear path-of-travel to all van accessible spaces, 8'-4" for cast-in-place
12. Flat floor spaces – 60% of floor area
13. Park-on-ramp maximum slope – 5.5%
14. Express ramp maximum slope – 12%
15. Express ramp minimum transition length – 12'-0" at 6% Slope
16. Maximum number of 360° turns to top of garage – 5 turns

17. Spaces passed on primary search path:
 - a. Angled parking – 800
 - b. 90° parking – 500
18. Non-parked roadway lane width:
 - a. One Lane – 12'-0"
 - b. Multiple Lanes – 11'-0"
19. Drive aisle width for turning movements:
 - a. One lane – 18'-0"
 - b. Two lanes with two-way traffic – 30'-0"
20. Minimum Drive Aisle for Two-Way Traffic – 24'-0"
21. Parking Bay & Space Geometry:
 - a. 54'-6" bay width and 9 foot wide spaces at 60°
 - b. 51'-6" bay width and 9 foot wide spaces at 70°
 - c. 61'-4" bay width and 9 foot wide spaces at 90°
22. Garage Lighting:
 - a. Entry/Exit Locations – 50 foot candles (from edge of building to 80' inside the facility)
 - b. Traffic Lanes – 10 foot candles
 - c. Parking Areas – 10 foot candles
 - d. Stairs and Pedestrian Walkways – 30 foot candles
 - e. Elevator Lobbies – 50 foot candles
 - f. Restrooms and Storage Areas – 50 foot candles
 - g. Roof – 5 foot candles
23. Enhancements to achieve a 50-year structure

OPERATIONAL CRITERIA

The following operational criteria and procedures are minimum standards to be incorporated into the 50-year structure.

Hours of Operation and Guaranteed Use

The after hours use by the Town of Addison shall be guaranteed as follows:

Monday – Thursday, 6 PM – 2 AM

Friday – Sunday, 6 AM – 2 AM

The Opus Group shall provide a guarantee to the Town of Addison for access to the 200 spaces in a contiguous area (within the parking structure) and have the capability to cordon off and reserve the area. Additionally, 500 spaces shall be available for designated events. The Opus Group shall have a card access system (for controlled access to the parking structure) that is capable of “time zone” activation.

Maintenance

Routine Maintenance – Routine maintenance of the parking structure must be performed at regular intervals (daily, weekly, semi-annually, and annually) if the full benefit of the effort is to be realized. Irregular or incomplete routine maintenance procedures will provide only a marginal return on investment and in many cases will result in the need for capital repairs and replacement work to be performed beyond what is included in this analysis.

Housekeeping - Cleaning of the parking facility shall include, but not limited to, the following:

1. Remove trash and debris from all areas of the garage
2. Remove accumulated snow, ice, and water in all areas of the garage
3. Sweep the garage
4. Power wash the garage
5. Clean and maintain all vertical surfaces
6. Remove graffiti immediately
7. Clean all public restrooms and other common areas in the garage

8. Maintain trash and rubbish containers throughout the facility
9. Clean floor drain grates at all levels
10. Clean all windows and glass
11. Re-stripe the garage, as required, to original condition
12. Maintain all painted surfaces in the garage for all miscellaneous metals and concrete surfaces

The Town of Addison shall be responsible for removal of trash and debris only after times of their use and shall participate in the costs (to be mutually agreed upon) for all other routine maintenance services.

Structural and Waterproofing

1. Remove standing water from all floor surfaces
2. Route and seal cracks on floor slab
3. Re-seal joints between structural double tee beams, between vertical elements, and horizontal floor surfaces (for pre-cast structure)
4. Patch or grind concrete surfaces to prevent any trip hazards or other safety concerns
5. Re-seal expansion joints
6. Replace and reset bearing pads
7. Patch and/or re-apply weatherproof membrane systems as required
8. Provide periodic application of concrete penetrating sealers on the concrete floor surfaces
9. Repair cracks in masonry joints (pointing)

Equipment

1. Provide normal preventative maintenance
2. Repair and maintain internal graphics and wayfinding systems
3. Inspect and replace light fixture bulbs/lamps as required

4. Maintain, in good working condition, all mechanical systems in the garage

Capital Repair & Replacement – The frequency of the following maintenance items will vary dependent on the geographical location of the facility and routine maintenance procedures performed.

1. Structural engineer shall inspect the structure every three years and prepare a report of items in need of repair or replacement
2. Replacement of failed expansion joints
3. Major structural repairs to beams, columns, pre-cast double tees, façade, etc.
4. Major repair of elevators and other mechanical systems in the garage
5. Major repair or replacement of waterproofing membrane system
6. Major repair or replacement of the Parking Access and Revenue Control System (PARC)
7. Major repair to the electrical systems in the garage
8. Major repair or replacement of light fixtures in the garage
9. Re-surfacing of the floor slabs (for topping in place pre-cast double tees)
10. Major repair and maintenance of the fire protection systems in the garage.

The Opus Group shall be required to place in escrow, an annual payment for use in performing capital improvements as shown below:

Cast-in-place	\$35,000.00
Pre-cast	\$70,000.00

Insurance Requirements

The Opus Group shall be required to carry public liability insurance in such amounts as shown below, to pay all the premiums thereon when due, and to cause such insurance to include the Town of Addison as additional insured there under (with respect to Town of Addison's operations only). The Opus Group and the Town of Addison shall participate in the costs on a percentage basis, to be agreed upon by both parties.

Commercial General Liability \$1,000,000 combined single limit each occurrence for bodily injury and property damage.

Umbrella Excess Coverage \$10,000,000

Garagekeeper's Legal Liability \$10,000,000 combined single limit each occurrence

Workers' Compensation As required by law

The Opus Group shall obtain and maintain liability insurance on elevators in the Parking Facility naming The Opus Group and Town of Addison as insured.

The Opus Group shall obtain fire and extended coverage insurance covering the parking facility and the equipment contained therein.

SUMMARY

Walter P Moore, using industry databases and its own history of parking costs, has determined that the Town of Addison would be best served by entering into the agreement, wherein they pay a one-time lease payment of \$2,000,000 for the long-term use of the 200 parking spaces. Alternates two and three described in this report would generate a cost for parking of \$5,500,000 and \$6,571,925 respectively, for the use of the 200 spaces.

The final contractual business terms for defining use, standards of design, operational criteria and maintenance standards shall be developed by the Developer, and approved by the Town of Addison, to achieve a structure with a 50-year life.

Council Agenda Item: #R8

SUMMARY:

Consideration and approval authorizing the City Manager to enter into a new ground lease and non-public fuel farm license agreement with ExecHangar ADS, LC on Addison Airport.

BACKGROUND:

Airport Management and staff is pleased to submit to the Town Council for their consideration and consent to authorize the City Manager to enter into, a new 40-year ground lease arrangement, together with an Addison Airport non-public fuel farm license agreement with ExecHangar ADS, LC., a Kansas limited liability company ("ExecHangar") in connection with the proposed redevelopment of the city-owned north tie-down area, also referred to as "the north city ramp," at Addison Airport.

ExecHangar ADS, LC is a Kansas Limited Liability Corporation formed for the purpose of developing and operating a corporate/executive aircraft hangar co-operative at Addison Airport. Daniel L. Claassen, the developer and operating manager for ExecHangar, proposes building up to four jet hangars of nearly 10,000 square feet each to be marketed as fractional ownership interests to corporate flight departments and the owners/operators of executive aircraft. ExecHangar intends to sell shares of ownership interests in the development through private offerings subject to the terms and conditions of their Offering Memorandum and will use the proceeds of sale to finance the construction, management and operation of the project *without* the financial participation or contribution of the Town or Airport. Consequently, the ExecHangar development will provide a unique form of hangar ownership at Addison Airport for mid-size corporate flight departments and executive operators who will have the opportunity to participate in the investment benefits of co-operative hangar ownership, including appreciation, cost management and tax benefits, if any. A key element of the proposed development is granting its members, through the Tenant's fueling permit, the ability to perform restricted fueling operations.

RECOMMENDATION:

Airport Management and staff recommend the Town Council give its consent to the requested action and authorize the City Manager to enter into a new ground lease and non-public fuel farm license agreement with ExecHangar ADS, LC on Addison Airport. The city attorney has reviewed the aforementioned agreements and finds them to be acceptable for the Town's use.

Attachments: Bill Dyer- Memorandum

1: Proposed Ground Lease

2: Proposed Non-public Operator Fuel Farm License Agreement

3: Offering Memorandum (Blue Folder Contents)



William M. Dyer
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bill.dyer@staubach.com

Memorandum

To: Mark Acevedo
From: Bill Dyer
CC: Lisa Pyles
Date: August 31, 2007
Re: Request for the Town Council's consideration and consent authorizing the City Manager to enter into a new ground lease and non-public fuel farm license agreement with ExecHangar ADS, LC

Requested Action: Airport Management is pleased to submit to the Town Council for their consideration and consent authorizing the City Manager to enter into, on behalf of the Town, a new 40-year ground lease arrangement (Attachment 1), together with an Addison Airport non-public fuel farm license agreement (Attachment 2) with ExecHangar ADS, LC., a Kansas limited liability company ("ExecHangar") in connection with the proposed redevelopment of the city-owned north tie-down area, also referred to as "the north city ramp," at Addison Airport.

The city attorney has reviewed the aforementioned agreements and finds them to be acceptable for the Town's use.

Background Information:

ExecHangar ADS, LC is a Kansas Limited Liability Corporation formed for the purpose of developing and operating a corporate/executive aircraft hangar co-operative at Addison Airport. Daniel L. Claassen, the developer and operating manager for ExecHangar, proposes building up to four jet hangars of nearly 10,000 square feet each to be marketed as fractional ownership interests to corporate flight departments and the owners/operators of executive aircraft. ExecHangar intends to sell shares of ownership interests in the development through private offerings subject to the terms and conditions of their Offering Memorandum (see Exhibit 5 of the Ground Lease) and will use the proceeds of sale to finance the construction, management and operation of the project *without* the financial participation or contribution of the Town or Airport. Consequently, the ExecHangar development will provide a unique form of hangar ownership at Addison Airport for mid-size corporate flight departments and

executive operators who will have the opportunity to participate in the investment benefits of co-operative hangar ownership, including appreciation, cost management and tax benefits, if any.

Proposed Development:

The proposed improvements are to be constructed in two phases on the North City Ramp located off Claire Chennault Drive.

During the first phase, ExecHangar is to construct two conventional executive hangars on approximately one-half of the 3.04 acre North City Ramp site. Each building will be approximately 10,000 square feet with a clear height of more than 26 feet to accommodate over 90% of the type of aircraft that typically operate from Addison Airport. Along with the building improvements, ExecHangar will demolish and construct all new aircraft apron, taxiway connectors and related infrastructure needed to serve the project. Under the terms and conditions of the proposed ground lease, ExecHangar will have a five-year exclusive option to build the second phase, consisting of two more buildings of similar design and construction on the remaining portion of the three-acre site.

As proposed, ExecHangar will provide over \$3 million (\$75/BSF) in new capital investment at Addison Airport should all four hangars (Phase I & Phase II) be constructed. Rental and other fees due from ExecHangar's are projected to exceed three times the current annual revenue the airport receives operating the property as the North City Ramp.

Development Site:

Location: As previously stated, the proposed ExecHangar development is to be constructed on what is commonly known as the North City Ramp, a three-acre improved site on Claire Chennault Drive used for aircraft tie-down. The site is bound by Claire Chennault (a non-dedicated Airport public access road) to the south with the Cavanaugh Flight Museum directly across the street. To the west and adjacent to the subject site is the Addison Jetport, an AATI ground lease currently subleased by FirstAir and used as their retail terminal facility. Immediately to the east and



encircling the east end of Taxiway Victor are a cluster of ground-leased multi-tenant executive hangars and offices. To the immediate north, opposite of Taxiway Victor is the unimproved vacant land controlled by RR Investments (Million Air) which has been master planned for two multi-tenant executive hangar/office buildings similar to the 4400 Westgrove complex.

Condition: The North City Ramp is a large apron area used for staging and parking of aircraft. It was originally constructed in 1983. KAS Engineers, Inc., who recently completed a facility condition investigation for Airport Management, reported the apron area is composed of a 2" course of hot mix asphalt concrete over 6" of concrete pavement. The asphalt surface shows considerable cracking indicating the sub-base is beginning to fail. The three lead-ins from Taxiway Victor to the apron are also failing. Earlier this year, the landing gear of one of Cherry Air's aircraft punched through the northernmost lead due to inadequate strength. KAS recommended that each of the three lead-ins be reconstructed with 8" concrete over a 6" lime-stabilized base and 18" reinforced concrete pipe for drainage at an estimated cost of \$150,000. KAS also suggested that, although the Town could probably continue with its current maintenance program for a while longer, the apron area should ideally be treated with a geo-grid membrane with 3" hot mix asphalt concrete over the top and an additional cost of \$850,000.

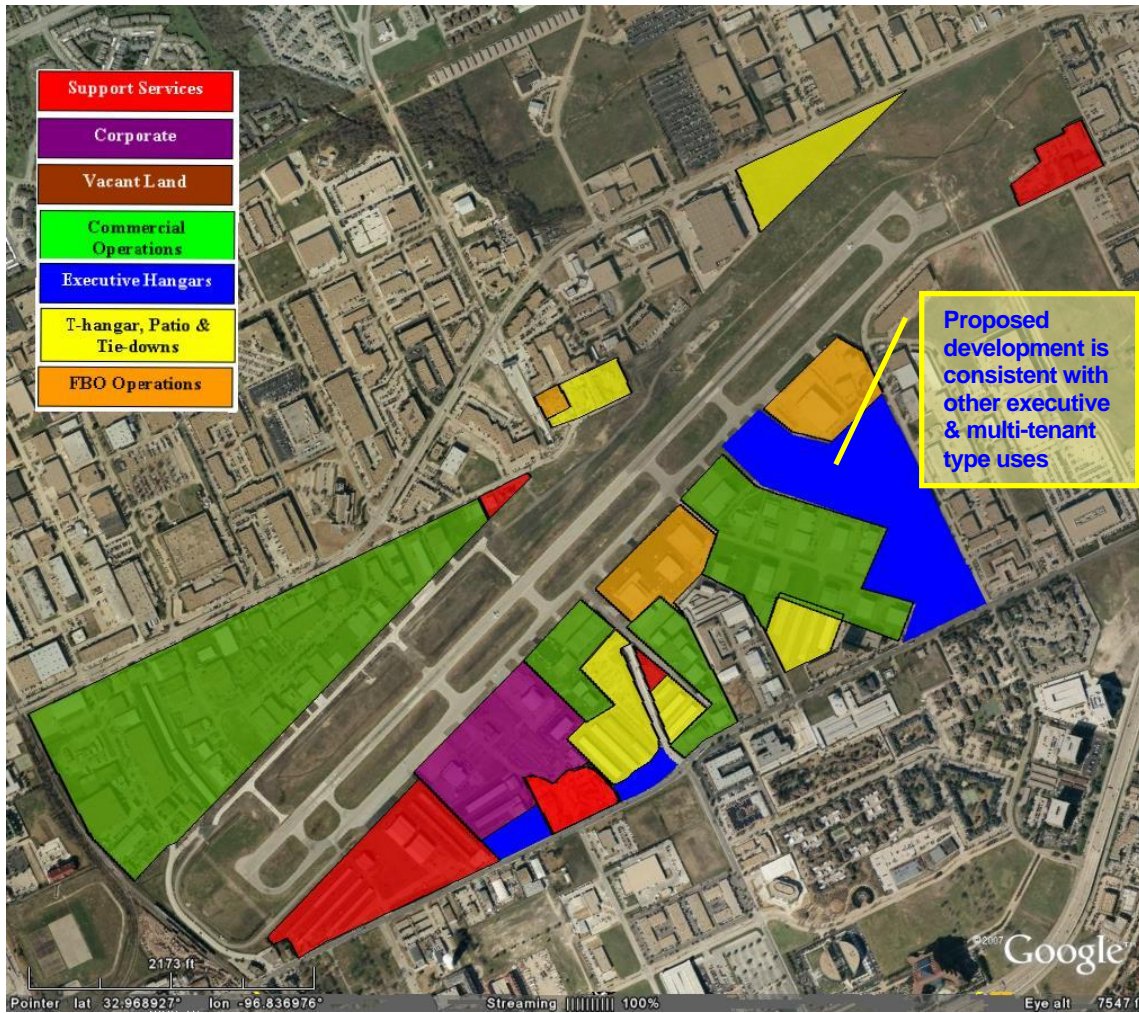
Current Use and Occupancy: The North City Ramp is currently 97% leased (37 of 40 occupied) with all leases continuing on a month-to-month basis. At this level of occupancy, revenue is \$4,500 per month or \$54,000 per year (\$.41/SFL). A summary of the tenants currently using this facility is as follows:

- 16 units leased to Cherry Air
- 13 units leased to Million Air
- 3 units leased to Menagerie Enterprises (a.k.a. Monarch Air)
- 3 units leased to Airline Transport (AATI subtenant)
- 3 units vacant
- 2 units leased to SACSA (tenant in default)

Cherry Air, Million Air and Menagerie are all commercial operators at Addison Airport who have facilities elsewhere on the Airport and only use the city ramp for overflow or long-term staging purposes. Each of these operators has long been aware that their use of this facility was indefinite. Based upon the terms of the ground lease, ExecHangar is required to provide the Town 60 days' advance written notice before it desires to commence Phase I construction and 180 days' notice before it can begin Phase II. These requirements should provide more than sufficient opportunity for the above tenants to make other provisions for their aircraft. Airport Management is committed to help coordinate and facilitate this process as well.

Highest & Best Use: WSAAV Airport Management's Strategic Plan for Real Estate Management and Landside Operations (prepared in 2005 and subsequently updated in November 2006), characterizes the long-term land use surrounding Taxiway Victor as predominately executive/multi-tenant office/hangar facilities with Million Air FBO situated at the flight-line. All properties on either side of the taxiway, except for the North City Ramp itself, are subject to long-term ground leases (with remaining terms ranging from 6.82 to 37.42

years) and are either improved or proposed to be improved with executive/multi-tenant office/hangar-type use. The Strategic Plan portrays the North City Ramp as an "excellent executive/multi tenant redevelopment site" as well as compatible and consistent with these uses. The Strategic Plan also recommends consideration be given to the impact any redevelopment may have on the neighboring Jetport, which is scheduled to revert back to the Town in six years. The proposed ExecHangar development is compatible with the existing and proposed surrounding uses and should complement the future use and development of the Jetport, all of which is consistent with the Town's long-term objectives for the Airport.



Addison Airport Future Land Use

Summary of Ground Lease Terms:

The terms and conditions of the proposed ground lease are generally consistent with the Town of Addison's typical ground lease agreement except for the unique provisions found in Section 3.A(2). This section stipulates that in addition to the customary ground rental, the tenant must pay Additional Rent directly tied to its unique privilege of providing aviation fueling services to its members. This Additional Rent is justified as an economic equalizer needed to offset the

economic advantage ExecHangar may otherwise have because of its non-public fueling privileges. Unlike many conventional hangar owners at Addison Airport, ExecHangar will be able to offer low cost fuel dispensing services to its Members. Furthermore, as a non-public fueler, ExecHangar is not required under the Addison Airport Minimum Standards to meet many of the same costly operating standards required of the public FBOs. The Additional Rent offsets the extraordinary advantages and fairly compensates the Airport for the unique privileges given to ExecHangar.

As outlined in Section 3.A(2), ExecHangar agrees to pay, in addition to the customary ground rent (Base Rent), \$.08 times the total gallons of aviation dispensed under its license during the preceding month (the "Additional Rent"). This Additional Rent is in addition to and separate from any payment of flowage fees required of the licensee under any fueling permit or fuel dispensing license issued to ExecHangar by the Town.

The following is a summary of other key terms and conditions found in the proposed ground lease:

1. Leased Premises is that portion of the North City Ramp identified as Phase I (generally the eastern half of the subject site).
2. Section 2.A. The term of the agreement will commence the earlier of March 1, 2009 or when Substantial Completion [of construction] is achieved as defined in the agreement.
3. Section 2.B. The Town will deliver the Lease Premises to the tenant upon 60 days' advance written notice of tenant's intent to commence construction. Until said time the Town may continue to use the Leased Premises for its own purposes.
4. Section 3.A(1). Annual Base Rent is \$.60 times the gross square feet of the Leased Premises, paid in 12 equal installments.
5. Section 3.A(2). Additional Rent paid monthly is equivalent to \$.08 times the gallons dispensed by tenant during the preceding month. Such Additional Rent is in addition to and separate from any payment of flowage fees required under any fueling permit or licensed issued to tenant by the Town. The Additional Rent is justified as an economic equalizer needed to offset the economic advantages ExecHangar may otherwise have because of its non-public fueling privileges. The Additional Rent mitigates much of these advantages and fairly compensates the Town for this unique service.
6. Section 5. Permitted use of the Leased Premises is for the construction of two 10,000 SF conventional hangars with office space and related infrastructure to be used for the storage and maintenance of corporate aircraft owned, leased or otherwise controlled by the members including air charter and corporate aircraft management operations. Tenant and members are prohibited from conducting other commercial aeronautical services including, but not limited to, air taxi, cargo transport, flight school or avionics services other than what may be incidental to members' primary business.
7. Section 6.A. Total Construction Value of the Phase I improvements shall meet or exceed \$1,500,000.

8. Section 6.D. Construction shall commence on or before September 1, 2008.
9. Section 9A & B. Tenant (ExecHangar ADS, LC) is not allowed to assign or sublet the ground lease or create a leasehold mortgage without the Town's prior written consent. However, the members may assign or sublet their leasehold interests provided any such assignment or consent complies with the Tenant's Articles of Organization and fulfills the Town's standard requirements listed in Section 9A(i-vi) of the ground lease. Members may create a leasehold mortgage affecting their ownership interests provided it complies with Tenant's Articles of Organization and the Town will execute an estoppel letter if the letter complies with the related terms of the ground lease.
10. Exhibit 4 – Expansion Option - Provided Tenant is not in default of the Ground Lease or any other agreement or contract with Landlord, Tenant has the exclusive option to exercise the right to annex the remainder of the North City Ramp (approx 1.5 acres) to the Leased Premises under the following terms and conditions:
 - a. The Town will release the land subject to the option after it receives 180 days' advance written notice of Tenant's intent to commence construction of Phase II.
 - b. Permitted use of the option land is the same as Phase I but with two additional hangar/office buildings and related improvements to be constructed of comparable size, construction and costs as Phase I.
 - c. Construction of Phase II must commence within 90 days of taking possession of the Phase II land from the Town and Substantial Completion of Phase II shall occur no later than 9 months later.
 - d. Upon Substantial Completion of Phase II construction, the Base Rent will be recalculated to reflect the gross land area of Phase I and Phase II combined.
 - e. Adjustment of Base Rent shall continue without interruption.
 - f. All other terms and conditions of the ground lease shall continue in full force effect for the duration of the original Term.

Summary of Addison Airport Fuel Farm License Agreement:

ExecHangar proposed development and ground lease agreement is contingent upon the Town of Addison also issuing ExecHangar a non-public aviation fuel dispensing license substantially in the form presented herein as Attachment 2. The terms of the proposed license agreement are consistent with the Town's approved form except where noted in #5 below.

1. Section 1.1 Licensee is ExecHangar ADS LC, a Kansas limited liability company
2. Section 1.1(j) Designated tanks #9, 10, #11 (FBO standard facility) 65,000 gallon capacity with Licensee proportionate share of 20.64%.
3. Section 1(k) Commencement Date: The earlier of March 1, 2009 or when Licensee commences use of the Tanks (to align with ground lease).

4. Section 1 (m-o) Initial monthly fee is \$3,218.04 plus the Fuel Flowage Fee (currently \$.12 per gallon).
5. Section 1(q) Permitted Use is Non-public Operator with delivery to aircraft owned or leased by Licensee only. *This section is specifically modified to include aircraft owned or leased by Licensee and Member's of Licensee as defined in the Offering Memorandum. Licensee is expressly prohibited from dispensing aircraft fuel to any aircraft not owned or leased by Licensee or its Members including, but not limited to, any sublessee of the Licensee and/or its Members.*
6. Section 7.7(b) as a Non-public Operator, ExecHangar will be required to maintain the minimum performance standard of 180,000 gallons dispensed over any consecutive six- month period once operations are stabilized.
7. The initial term is five years from the Commencement Date with Licensee having four consecutive five-year options (Exhibit D of the License Agreement) to extend the License Agreement for a total of 25 year term.

Economic Impact:

ExecHangar's proposed development and continuing operations will provide significant economic benefit to the Town of Addison and Addison Airport:

- ExecHangar proposes to construct over \$3 million (\$75/BSF) in new capital investment at the Airport provided all four hangars (Phase I & Phase II) are constructed.
- Projected annual revenue for Phase I is \$150,000 (three times the current annual revenue received for this property). Phase II will provide an additional \$39,200 in ground rent.
 - Base rental income generated from the site will increase 46%, (from \$.41/SFL as tie down ramp today to \$.60/SFL as ground lease).
 - Provided ExecHangar maintains its non-public fuel farm license, the Additional Rental provided for under Section A(2) of the lease will provide the Airport a minimum of \$28,800 a year in additional revenue.
 - Provided ExecHangar maintains the Fuel Farm License Agreement, ExecHangar will pay the monthly Fuel Farm Base Fee of \$3,218.04 per month or \$38,616 per year.
 - Provided ExecHangar continues to dispense fuel under its Fuel Farm License Agreement, an estimated \$43,200 Fuel Flowage Fee at 360,000 gallons a year (assuming the non-public operator minimum requirement) at \$.12/gallon can be expected.
- Real property improvements and additional based aircraft should significantly contribute to the local tax base.
- The Airport will no longer incur the expense of maintaining and operating the North City Ramp.

Conclusion and Recommendation:

ExecHangar has proposed to develop a corporate/executive co-operative hangar development on the site currently operated by the City as tie down ramp predominantly used by several local operators. The initial development consists of two 10,000 SF hangars with the developer having a five-year option to develop two more hangar buildings of similar size, design and construction. ExecHangar intends to sell private ownership interests in the project to its members in accordance with the developer's private Offering Memorandum. A key element of the proposed development is granting its members, through the Tenant's fueling permit, the ability to perform restricted fueling operations.

In consideration of the following:

- The proposed development, together with the ground lease and fuel farm license agreement, presents the Airport an opportunity to significantly enhance revenue. Total revenue generated from the same site will be nearly triple the current level.
- The Additional Rent as described above not only provides the Airport much needed additional revenue, it offsets the economic advantages ExecHangar may otherwise benefit from because of its non-public fueling privileges. The Additional Rent mitigates much of these advantages and fairly compensates the Town for this unique service.
- The terms of the Ground Lease together with the dispensing permit create a self-policing mechanism where ExecHangar ADS LC, as the fuel dispensing license holder, has the burden to ensure only member aircraft are fueled and no other party. The members will hold the fuel dispensing license holder accountable to comply with the terms of the permit so not to risk their self-fueling privileges.
- ExecHangar is required to meet the same minimum performance requirements as a non-public fueler that is 180,000 gallons per every six consecutive months. Although the members have the latitude to sublease their hangar space under the ground lease, the fuel license prohibits the fuel dispensing license holder from selling fuel to sub-tenants and non-members. Consequently, as long as ExecHangar and its members desire to retain a fuel dispensing license, the project will remain predominately member occupied.
- As the fuel dispensing license holder, Tenant may only fuel aircraft owned or leased by Tenant and/or its members and is expressly prohibited from dispensing fuel to any aircraft not owned or leased by Tenant or its members including but not limited to any aircraft owned by a sublessee. Any sublessee will be required to purchase its fuel from an authorized public fueler. This express limitation is necessary to keep the project within the intended goals and objectives if the Addison Airport Minimum Standards.
- Using the one available fuel farm facility to attract new development and new tenants to the Airport is excellent way to leverage the benefits of this facility, rather having it remain dormant and not generating revenue for the Airport.
- Alternatively, the Airport can continue to operate the North City Ramp as tie-down space generating approximately \$54,000 in annual revenue with the very real prospect of having to make up to \$1,000,000 in repairs in the near future.

After giving thorough consideration to the benefits of the proposed development, Airport Management recommends the Town of Addison authorize the City Manager to enter into, on behalf of the Town, a new 40-year ground lease arrangement (Attachment 1), together with an Addison Airport non-public fuel farm license agreement (Attachment 2) with ExecHangar ADS, LC., a Kansas limited liability company ("ExecHangar") in connection with the proposed redevelopment of the North City Ramp.

The city attorney has reviewed the aforementioned agreements and finds them to be acceptable for the Town's use.

Attachment 1

Proposed Ground Lease

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Summary of Exhibits
• Exhibit 1: ADS Legal Description
• Exhibit 2.1: Boundary Survey of Leased Premises
• Exhibit 2.2: Legal Description of Leased Premises
• Exhibit 2.3: Proposed Site Plan Premises
• Exhibit 3: Description of Improvements to Be Constructed On Leased Premises
• Exhibit 4: Expansion Option
• Exhibit 5: Offering Memorandum dated June 1, 2007

GROUND LEASE AGREEMENT

This Ground Lease Agreement (“Lease” or “Agreement”) is made and entered into as of September 12, 2007 (the "Effective Date"), by and among the **Town of Addison**, a Texas home-rule municipality (hereinafter sometimes referred to as “Landlord” or the “City”), and **ExecHangar ADS, LC**, a Kansas limited liability company (hereinafter referred to as “Tenant”).

WITNESSETH:

WHEREAS, the City is the owner of the Addison Airport, a description of which is set forth in Exhibit 1 attached hereto and incorporated herein (the “Airport”); and

WHEREAS, the Airport is operated and managed for and on behalf of the City by Washington Staubach Addison Airport Venture, a Texas joint venture (“Manager”), pursuant to that Agreement for the Operation and Management of Addison Airport dated August 8, 2000 between the City and Manager; and

WHEREAS, Tenant desires to lease from the City, and the City desires to lease to Tenant, a portion of the Airport generally described as that certain parcel of real property at Addison Airport consisting of approximately 2.02 acres (87,818 gross square feet) of land located north and adjacent to Claire Channault Rd. which is more fully described in Exhibit 2.1 and Exhibit 2.2 attached hereto and incorporated herein (which portion is referred to herein as the “Leased Premises”) according to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

Section 1. Demise of Leased Premises: In consideration of the terms, covenants and conditions set forth in this Agreement, Landlord does hereby lease to Tenant, and Tenant does hereby lease and accept from Landlord, the Leased Premises, subject to all matters of record in any way appertaining to the Leased Premises.

Section 2. Term:

A. 1. The term hereof shall commence on the earlier of March 1, 2009 or the first day of the first month after Substantial Completion (as such term is defined in Section 6.H. below) of any office/hangar comprising all or a portion of the Building Improvements as defined herein is achieved by Tenant of the construction of the improvements described in Section 6 of this Agreement (the “Commencement Date”) and shall end the last day of the four hundred eightieth (480th) full calendar month next following the Commencement Date (the "Expiration Date"), it

being the intent of the parties that the term of this Lease shall not exceed forty (40) years. Furthermore, it is expressly understood and agreed upon by Landlord and Tenant that any interest of any Member shall terminate co-terminously upon the termination date of this Lease Agreement. The period of time beginning upon the Effective Date and ending upon the Commencement Date is herein referred to as the "Preliminary Period". Any entry upon the Leased Premises by Tenant during the Preliminary Period shall be subject to all of the terms and conditions hereof.

B. The City hereby agrees and shall release and deliver to Tenant the Leased Premises in its "AS IS" and "WHERE IS" condition free and clear of all personal property, trash and loose debris within sixty (60) calendar days after Tenant has delivered to Landlord written notice of its intent to commence construction (as defined in Section 6 herein) of the Building Improvements on the Leased Premises (the "City Delivery Date") and, Tenant agrees to accept the Leased Premises in accordance with Section 7, below, however should the City fail to be able to release the Leased Premises for reasons outside Tenant's control (e.g., City is unable to timely relocate existing tenants), and such failure causes a delay in the Substantial Completion of the Building Improvements, the Commencement Date shall be extended by the number of days between the City Delivery Date and the actual date the City delivers the Leased Premise to Tenant.

Section 3. Rental & Security Deposit:

A. Subject to adjustment as herein below provided, Tenant agrees to pay to Landlord, without offset or deduction, Rent each month for the Leased Premises, which is equal to the sum of the Base Rent and any Additional Rent as set forth below:

A (1). Base Rent: The first such monthly payment or installment of the Base Rental shall be (i) due and payable on or before the Commencement Date (the "Rent Commencement Date") and (ii) in an amount of Four Thousand Three Hundred Ninety Dollars and ninety cents (\$4,390.90) (being the equivalent one-twelfth of the product of sixty cents (\$0.60) times the total gross square feet contained within the Leased Premises shown in Exhibit 2.1 (the "Base Rental"). Thereafter, another payment or installment of the Base Rental, subject to adjustment as set forth below, shall be due and payable on the first day of each calendar month during the term hereof. All Rent is due on the first of each month and is delinquent after the 5th day of each month and subject to the provisions of Section 39.

A (2). Additional Rent: Provided Tenant (or any of its Affiliates) is the holder of and bound by a valid aircraft fueling permit or license issued by the Town of Addison ("Fuel License"), (i) Tenant agrees to pay as "Additional Rent" to Landlord under this Lease eight cents (\$.08) (the "Fuel Dispense Rate") for each gallon of aviation fuel (e.g. "JetA" or "100LL", but not to include diesel and mobile fuel used in connection with ground support operations) delivered and received into the licensed fuel tanks during the preceding calendar month (the "Dispensing Period"). Landlord and Tenant herein agree and acknowledge that any payment of this Additional Rent by Tenant to Landlord under this sub-paragraph A (2) is in addition to and separate from any payment of a fuel flowage fee required and in satisfaction of the Tenant's fueling permit or license issued by the Town of Addison, Texas. Any Additional Rent shall be paid on or before the fifth (5th) day of the calendar month following the Dispensing Period, without offset or deduction of any nature.

(i) As used herein, "Affiliate" shall mean any person or entity controlling, controlled by, or under common control with Tenant. "Control" used herein shall have the same meaning as defined in Section 9 of this Agreement.

(ii) Tenant shall submit to Landlord with each monthly payment of the Additional Rent, but in no event later than the fifth (5th) day of each month during the Term, a monthly fuel report (the "Monthly Report"), certified as being true and correct by a duly authorized representative of Tenant, showing for the preceding calendar month the amount of fuel sold or otherwise delivered to a consumer of aeronautical fuel.

(iii) On or before the sixtieth (60th) day after the expiration of each calendar year, and the thirtieth (30th) day after the expiration or termination of this Lease, Tenant shall deliver to Landlord an annual fuel report (the "Annual Report"), certified as being true and correct by an authorized representative of Landlord, the amount of fuel sold or otherwise delivered to a consumer of aeronautical fuel.

(iv) In addition to the information described in sub-paragraph (ii) and (iii) above, each Monthly Report and each Annual Report shall include any and all additional information required by Landlord, and shall be in the form established by Landlord (which form may be modified, revised, or amended by Licensor in its sole discretion at any time). Each of the Monthly Reports and the Annual Report are hereinafter referred to as a "Fuel Report." In the event Landlord is not satisfied with any Fuel Report provided by Tenant, Landlord shall have the right to cause its auditors or designated representative to inspect Tenant's books and records, wherever located, evidencing and accounting for all fuel sold or otherwise dispensed by Tenant for the reporting period or periods in question. Tenant hereby agrees to make available all books and records, including but not limited to its bills of lading, general ledgers, bank accounts and fuel sales receipts available for inspection during Tenant's normal business hours within five (5) days upon receipt of written demand by Landlord. If it is determined by the auditors that the amount of fuel delivered and received into the Fuel Tanks during such period(s) is understated by more than five percent (5%), the reasonable expense of such audit shall be borne by Tenant. Tenant shall promptly pay to Landlord any deficiency, or Landlord shall promptly refund to Tenant any overpayment, as the case may be, which is established by such audit.

(v) If Tenant fails to prepare and deliver promptly any Fuel Report or other document required under this Lease, Landlord may, in addition to exercising any of the remedies provided to Licensor under this License or any law, rule, or regulation, engage a Certified Public Accountant to make an audit of the books and records of Tenant and prepare the Fuel Report or other document that Tenant failed to prepare and deliver promptly to Landlord. The Fuel Report or other document prepared by such Certified Public Accountant shall be conclusively binding on Tenant, and Tenant shall pay upon demand all expenses of the audit and other services in regard to preparing such Fuel Report or other document.

(vi) In the event the Town of Addison, in its sole discretion, increases the "Fuel Flowage Rate" from its 2007 rate of twelve cents (\$.12) per gallon for non-public fueling operators as provided for under the Addison Airport Fuel Farm License Permit over the Term of this Agreement, the aforementioned Dispensing Rate shall be reduced an equal and corresponding amount; but in no event shall it be reduced to be less than zero (\$0.00) dollars per gallon (e.g. Fuel Flowage Rate is increased \$.03 a gallon from \$.12/gallon to \$.15/gallon, the Dispensing Rate shall be reduced from \$.08/gallon to \$.05/gallon).

(vii) In the event the Town of Addison, in its sole discretion, decreases the "Fuel Flowage Rate" from its 2007 rate of twelve cents (\$.12) per gallon for non-public fueling operators over the Term of this Agreement, the aforementioned Dispensing Rate shall be increased an equal and corresponding amount; but in no event shall it ever be greater than eight cents (\$.08) per gallon (e.g. Fuel Flowage Rate is decreased from \$.15/gallon to \$.12/gallon, the Dispensing Rate shall be increased from \$.05/gallon to \$.08/gallon).

B. Security Deposit: No Security Deposit Required.

Section 4. Adjustment of Rental: Commencing on the second anniversary of the Rent Commencement Date and on every second anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under Section 3.A (1) Base Rent shall be adjusted as follows:

A. Monthly rent shall be adjusted to reflect changes in the Consumers' Price Index - All Items for Dallas, Texas Metropolitan Area (hereinafter referred to as the "Consumer Price Index"), as quoted in the publication *Consumer Price Index for All Urban Consumers (CPI-U)* for the Dallas-Fort Worth Consolidated Metropolitan Statistical Area which is issued by the U.S. Department of Labor, Bureau of Labor Statistics. The basic index ("Basic Index") is the Consumer Price Index existing on the Rent Commencement Date. The current index ("Current Index") is the Consumer Price Index on the first day of the calendar month preceding the then applicable Adjustment Date.

B. Beginning with the first full month following the then applicable Adjustment Date, the monthly rent shall be adjusted so that it equals the product of the Base Amount multiplied by a fraction, the numerator of which is the Current Index and the denominator of which is the Basic Index (the "Adjusted Rental"), but in no event shall such monthly rent ever be decreased below the Base Rental set forth in Section 3.A(1).

C. In the event that the Consumer Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible (as reasonably determined by Landlord) shall be substituted therefore.

Section 5. Use of Leased Premises: The Leased Premises shall be used and occupied by Tenant only for the following purposes:

A. For constructing and operating a conventional aircraft hangar and office facility owned by Tenant, which then sells an interest in the Leased Premises to private subscribers (the "Members") of fractional ownership interests, as set forth in the ExecHangar ADS LC Offering Memorandum ("Offering Memorandum") dated June 1, 2007, as amended or modified, attached hereto as Exhibit 4 and incorporated herein. Tenant will construct two (2) conventional aircraft hangars (each hangar being approximately 110 feet wide, 90 feet deep with a minimum hangar door clearance of 26 feet high) in accordance with Section 6 below. Notwithstanding, Members of Tenant shall not be entitled to nor be granted any rights, whether legal, equitable, or otherwise, in any land owned by Landlord.

(1). The permitted use of this facility is expressly limited to the day-to-day storage and maintenance of personal and corporate aircraft owned, leased or otherwise controlled ("controlled"

having the meaning in this instance of having the legal capacity to sell, barter or otherwise convey the aircraft and transfer its title) by its Members and not otherwise without the prior written consent of Landlord. Tenant and/or its Members are permitted to conduct air charter and corporate aircraft management operations provided such services are limited to aircraft owned, leased or otherwise controlled by Tenant and/or its Members.

(2). Without limiting the foregoing, Tenant and its Members are expressly prohibited from (i) conducting any other commercial aeronautical services (including but not limited to third party maintenance, air taxi, cargo transport, flight school or avionics services) from the Leased Premises other than what may be incidental to Tenant's (or its Member's); (ii) provisioning any of the following: ground transportation for rent or hire, including taxi and limousine service; food sales; barber; alcoholic beverage sales; sales of pilot supplies; newsstands; and gift and other retail shops. Tenant may install and operate vending machines on the Leased Premises for use by Tenant and its employees and guests.

(3). The Tenant shall not at any time leave the Leased Premises vacant, but shall continuously throughout the term of this Lease conduct and carry on in the entire Leased Premises the type of use for which the Leased Premises are leased, except during periods in which the Leased Premises may not be occupied as a result of fire or other casualty, or reasonable periods for repairs and alterations, all such repairs and alterations to be diligently pursued by Tenant to completion.

B. The Tenant for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (i) no person on the grounds of race, creed, color, national origin, sex, age or handicap shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities; (ii) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, creed, color, national origin, sex, age, or handicap shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination; (iii) that the Tenant shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964 and as said Regulations may be amended.

C. The Tenant agrees to furnish service on a fair, equal, and non-discriminatory basis to all users thereof and to charge fair, reasonable, and not unjustly discriminatory prices for each unit or service, provided that the Tenant may be allowed to make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

D. Notwithstanding the Landlord's approval of the Lease, Landlord has not independently verified that the Offering Memorandum complies with the Securities Act of 1933, as may be amended, and any other applicable state securities laws or any other federal or state statutes.

Section 6. Construction of Improvements:

A. In connection with the use and occupancy of the Leased Premises by Tenant, Tenant shall cause to be constructed on the Leased Premises buildings and other improvements (together, the "Building Improvements"), at Tenant's sole cost, expense and risk (except as may be otherwise agreed to between Landlord and Tenant), in accordance with plans and specifications which have been previously submitted to and approved in writing by Landlord. The term "Building Improvements" shall mean those improvements described in Exhibit 3 attached hereto and incorporated herein. Except as provided for in this Agreement, Tenant may not construct, locate, install, place or erect any other improvements upon the Leased Premises without the prior written consent of Landlord. The construction cost (separate and apart from the cost of design) of the Building Improvements shall exceed One Million Five Hundred Thousand Dollars and no/cents (\$1,500,000.00 (the "Construction Cost"), and Tenant shall submit to Landlord evidence of such construction cost (the "Construction Cost Evidence"); such Construction Cost Evidence shall include true and correct copies of all receipts or other documents or records indicating the nature of the construction work performed, the cost thereof and the amount paid for such construction work.

B. The Building Improvements shall be constructed on the Leased Premises in accordance with plans and specifications prepared by an architect and/or engineer selected by Tenant (the "Design Plan"), which shall be submitted to Landlord and approved in writing by Landlord. Any architect or engineer shall be duly licensed to practice architecture or engineering, as the case may be, in the State of Texas. Such construction shall be performed in a first class, workmanlike manner and in compliance with all applicable building codes, standards and ordinances, as set out in more detail, below. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages (including consequential damages) or injury (including, without limitation, claims for personal injury or death, or property damage or destruction, or economic loss), liens and any and all other liabilities and obligations which arise in connection with such construction, and Tenant shall defend, indemnify, and hold harmless Landlord and Manager, and their respective officials, officers, employees, and agents, from and against any and all such costs, expenses, claims, liens, liabilities, and obligations. It is expressly understood and agreed that Tenant's construction of the Building Improvements shall include the finish-out of such building and improvements in accordance with the plans and specifications for the finish-out of the Building Improvements as agreed by Landlord and Tenant.

C. Landlord's approval of the Design Plan or any other plans and specifications does not impose on Landlord any responsibility whatsoever, including, without limitation, any responsibility for the conformance of the plans and specifications with any governmental regulations, building codes, and the like, for which Tenant and its contractors shall have full and complete responsibility.

D. If construction of the Building Improvements has not commenced on or before September 1, 2007, Landlord may terminate this Agreement by written notice to Tenant and this Agreement shall be and become null and void and neither party to this Agreement shall have any further rights one against the other, except that Landlord shall return to Tenant any deposits made to Tenant within five (5) business days following such termination.

(1). For purposes hereof, construction shall be deemed to have commenced when all of the following events have occurred: (i) approval of the Design Plan by Landlord, (ii) Tenant has been issued the required building permit(s) or licenses necessary to construct the Building Improvements on the Leased Premises, (iii) received FAA's determination to Tenant's filing of Form 7460 Notice of Proposed Construction or Alteration, (iv) execution of a contract with a qualified contractor, (v) proof of required Builder's Risk Insurance Policy (or other acceptable form of Tenant's financial obligation to the project), and the initiation of actual mobilization of construction equipment on the Leased Premises.

(2). After commencement of construction, Tenant shall complete construction of the Building Improvements with reasonable diligence, without material deviation from the Design Plan, and any deviation from the Design Plan shall be subject to the review and approval of Landlord. If (i) construction of the Building Improvements is not Substantially Complete on or before March 1, 2009, and with Final Completion achieved no later than one-hundred and twenty (120) days thereafter or, (ii) the Construction Costs of the Building Improvements do not exceed **\$1,500,000.00** as established by the Construction Costs Evidence which Tenant shall submit to Landlord on or before the Final Completion date, Landlord may terminate this Lease by providing written notice to Tenant and the same shall become null and void and neither party to this Agreement shall have any further rights one against the other, except that Landlord shall return to Tenant any deposits made to Tenant within five (5) business days following such termination and Tenant shall at Landlord's request remove any portion of the Building Improvements and leave the premises in a good condition.

E. Tenant agrees that any construction or modification of the Building Improvements or any other improvements (authorized to be constructed in writing by Landlord) on the Leased Premises shall comply with all standards, codes, and rules adopted by Landlord or Manager, including, but not limited to, any rules relating to construction and maintenance standards and specifications, will comply with the Town of Addison, Texas building code and zoning requirements, and will meet or exceed all applicable State and Federal standards. Tenant recognizes that such construction/maintenance standards and specifications, Town of Addison building code and zoning requirements, and all applicable State and Federal standards, and other applicable standards, codes, and rules may be modified or amended from time to time and that compliance will be measured by such standards in effect at the time of a particular construction or modification of improvements.

F. Tenant will properly and timely submit to the Federal Aviation Administration (FAA), the Texas Department of Transportation (TxDOT), and any other governmental entity or agency having jurisdiction regarding Addison Airport, a Notice of Proposed Construction or Alteration (FAA Form 7460), when and as required.

G. Tenant further agrees that the Landlord shall be authorized at all times during any project of construction to enter upon the Leased Premises, and all parts thereof, in order to observe the performance of such construction, and Tenant agrees to provide the Landlord a construction schedule setting out the time of Commencement, Substantial Completion and Final Completion of significant elements of the construction, which schedule shall be delivered to Landlord prior to the start of any construction project on the Leased Premises.

H. "Substantial Completion" of the construction of the Building Improvements shall be deemed to have occurred upon the issuance by the Town of Addison, Texas of a certificate of temporary or final occupancy for the Building Improvements. "Final Completion" of the construction of the Building Improvements shall be deemed to occur upon the issuance by Tenant's architect who designed the Building Improvements of such documentation as may be to establish the final completion (closeout) of the construction of the Building Improvements and the delivery by Tenant to Landlord of comprehensive As-Built drawings and documentation reviewed by Tenant's architect reflecting all approved changes and modifications to the originally approved Design Plan.

I. Failure of Tenant to observe and comply with the requirements of this Section shall be an Event of Default.

Section 7. Acceptance of Leased Premises: TENANT ACKNOWLEDGES THAT TENANT HAS FULLY INSPECTED THE LEASED PREMISES AND ACCEPTS THE LEASED PREMISES AND THAT THE LEASED PREMISES ARE LEASED TO TENANT "AS IS, WHERE IS, AND WITH ALL FAULTS AND PATENT AND LATENT DEFECTS", AND LANDLORD HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY DISCLAIMS, ANY REPRESENTATION, PROMISE, COVENANT, AGREEMENT, GUARANTY OR WARRANTY OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, AS TO THE QUANTITY, QUALITY, CONDITION, SUITABILITY, HABITABILITY, OR FITNESS OF THE PROPERTY FOR ANY PURPOSE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION REGARDING SOIL CONDITIONS, AVAILABILITY OF UTILITIES, DRAINAGE, ZONING LAWS, ENVIRONMENTAL LAWS, OR ANY OTHER FEDERAL, STATE OR LOCAL STATUTES, CODES, REGULATIONS OR ORDINANCES. TENANT ALSO ACKNOWLEDGES AND AGREES THAT TENANT'S INSPECTION AND INVESTIGATION OF THE LEASED PREMISES HAVE BEEN ADEQUATE TO ENABLE TENANT TO MAKE TENANT'S OWN DETERMINATION WITH RESPECT TO THE SUITABILITY OR FITNESS OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO SOIL CONDITIONS, AVAILABILITY OF UTILITIES, DRAINAGE, ZONING LAWS, ENVIRONMENTAL LAWS, AND ANY OTHER FEDERAL, STATE OR LOCAL STATUTES, CODES, REGULATIONS OR ORDINANCES. TENANT ACKNOWLEDGES THAT THE DISCLAIMERS, AGREEMENTS AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH ARE AN INTEGRAL PORTION OF THIS LEASE AND THAT LANDLORD WOULD NOT AGREE TO LEASE THE LEASED PREMISES TO TENANT AS SET FORTH HEREIN WITHOUT THE DISCLAIMERS, AGREEMENTS AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH. TENANT FURTHER ACKNOWLEDGES THAT TENANT IS NOT IN A DISPARATE BARGAINING POSITION WITH RESPECT TO LANDLORD. TENANT ACKNOWLEDGES AND AGREES FURTHER THAT THIS LEASE IS SUBJECT TO ANY AND ALL CURRENTLY EXISTING TITLE EXCEPTIONS OR OTHER MATTERS OF RECORD OR VISIBLE OR APPARENT FROM AN INSPECTION AFFECTING THE LEASED PREMISES. TENANT WAIVES ANY IMPLIED WARRANTIES OF SUITABILITY,

HABITABILITY, AND FITNESS FOR A PARTICULAR PURPOSE, AND FURTHER WAIVES ALL CLAIMS BASED ON ANY DEFECT IN THE LEASED PREMISES THAT COULD HAVE BEEN DISCOVERED BY TENANT'S REASONABLE INSPECTION. TENANT, AT ITS COST, SHALL BE ENTITLED TO PERFORM A PHASE I ENVIRONMENTAL STUDY, PROVIDING A COPY OF THE RESULTS TO LANDLORD AND THE TOWN, ALL AS SPECIFIED IN MORE DETAIL IN SECTION 22D BELOW. WITHOUT LIMITING THE FOREGOING, THERE IS NO WARRANTY, EXPRESS OR IMPLIED, OF SUITABILITY, MERCHANTABILITY, HABITABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE GIVEN IN CONNECTION WITH THIS LEASE.

In accepting the Leased Premises, Tenant acknowledges that this Lease shall be construed to provide rent to Landlord on a Net Return Basis, as set out in Section 32, below.

Section 8. Securing Governmental Approvals and Compliance with Law; Noise Abatement:

A. Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. This Lease is subject to and Tenant shall comply at all times with all laws, ordinances, rules, regulations, directives, permits, or standards of any governmental authority, entity, or agency (including, without limitation, the Town of Addison, Texas, the State of Texas, the Federal Aviation Administration, the Texas Department of Transportation, the United States Environmental Protection Agency, and the Texas Commission on Environmental Quality) applicable or related to, whether directly or indirectly the use and occupancy of the demised premises and whether in existence or hereafter enacted, adopted or imposed. Tenant shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with, the demised premises, all at Tenant's sole cost and expense, and shall comply with and be subject to (and this Lease is made and entered into subject to) any and all grant agreements or grant assurances now existing or as hereafter agreed to, adopted or imposed.

Tenant agrees that any new construction or modification of existing improvements on the demised premises will comply with all standards and rules published by the Landlord or by any person or entity authorized by Landlord to manage and/or operate the Airport ("Airport Manager"), including, but not limited to, the Airport's published "Construction/Maintenance Standards and Specifications," will comply with the Town of Addison building codes and zoning requirements or any other laws, ordinances, permits, rules, regulations, or policies of the Town of Addison, Texas, and will meet or exceed all applicable State and Federal standards, permits, laws, rules, or regulations. Tenant recognizes that the referenced Construction/Maintenance Standards and Specifications, Town of Addison building codes and zoning requirements and other laws, ordinances, permits, rules, regulations or policies, and all applicable State and Federal standards, laws, rules, or regulations may be modified or amended from time to time and that compliance will be measured by such standards in effect at the time of a particular construction or modification of improvements. Tenant will properly and timely submit to the Federal Aviation Administration, the Texas Department of Transportation, and any other governmental entity or agency having jurisdiction regarding or related to Addison Airport, a Notice of Proposed Construction, when and as required. Tenant further agrees that the Landlord shall be authorized at all times during any

project of construction to enter upon the demised premises, and all parts thereof, in order to observe the performance of such construction, and Tenant agrees to provide the Landlord a construction schedule setting out the time of commencement, final completion and completion of significant elements of the construction, which schedule shall be delivered to Landlord prior to the start of any construction project on the demised premises. Failure of Tenant to observe and comply with any provision or requirement of this Section 8 shall be an Event of Default.

B. Tenant shall comply with noise abatement standards at the Airport at all times and shall notify any aircraft operator using any portion of the demised premises of such standards.

Section 9. Assignment, Subletting and Mortgaging of Leasehold Estate; Stored Aircraft Information:

A. Tenant:

1). Without the prior written consent of Landlord, Tenant shall have no power to and may not assign, sublet, sell, pledge, encumber, license, transfer, or otherwise convey (together, "assign" or "assignment") this Lease or any rights or obligation of Tenant hereunder (except as herein below provided and in accordance with all of the terms and conditions of this Lease) or sublet the whole or any part of the demised premises (except as provided for in Section 5), and any such assignment or subletting shall be null and void and may be deemed by Landlord (in Landlord's sole discretion) an Event of Default (as hereafter defined) under Section 23 of this Lease. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of Section 5 pertaining to the use of the Leased Premises. In the event of any Landlord-approved transfer or subletting, Tenant shall not transfer Tenant's rights hereunder or sublet the Leased Premises without first obtaining a written agreement from each such transferee or sublessee whereby each such transferee or sublessee agrees:

- (i) to be bound by the terms and provisions of this Lease;
- (ii) that no such assignment or subletting shall constitute a novation;
- (iii) that in the event of the occurrence of an Event of Default while the Leased Premises or a portion thereof is transferred or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such transferee 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 transferee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.
- (iv) Landlord shall have no responsibility or obligation for the performance by Tenant or any of its Member;
- (v) neither the assignment or the exercise by Landlord of its rights hereunder shall give the assignee or sublessee any rights directly or indirectly against Landlord or create or impose any obligation, duty, responsibility, or liability of Landlord in favor of or for the benefit of the assignee or sublessee;

(vi) Landlord's consent to any transfer or subletting will not waive its rights, and it will not stop Landlord from exercising its rights, with respect to any other actual or proposed transfer or subletting, and Landlord's consent to any transfer will not relieve Tenant or any Guarantor of any liability to Landlord under this Lease or otherwise.

2). If consent by Landlord to an assignment or subletting is required pursuant to paragraph A (1) above, Tenant shall request, in writing, Landlord's consent to a proposed assignment and such request must include: (i) the name of the proposed assignee; (ii) the nature and character of the assignee's business; (iii) all material terms of the proposed assignment; and (iv) audited financial statements or other evidence of the proposed assignee to perform its obligations.

For the purposes hereof and any applicable law, and without limitation as to other grounds for Landlord withholding consent, it shall be deemed reasonable for Landlord to withhold its consent when any one or more of the following apply:

(i) the proposed assignee is of a character or of a reputation or is engaged in a business, which is not consistent with the master or strategic plan of Addison Airport as determined by Landlord;

(ii) the proposed assignee has not demonstrated sufficient financial responsibility or creditworthiness to the satisfaction of Landlord in light of the duties, obligations, and responsibilities of the Tenant under this Lease at the time when the consent is requested;

(iii) the proposed assignee's intended use of the demised premises is inconsistent with the Lease;

(iv) the proposed assignment would cause Landlord to be in violation of another lease or agreement to which Landlord is a party or to which Landlord or the Addison Airport is subject (including, without limitation, any grant agreements or grant assurances of the Federal Aviation Administration or any other governmental entity or agency);

(v) if at any time consent is requested or at any time prior to the granting of consent, Tenant is in default under the Lease or would be in default under the Lease but for the pendency of a grace or cure period; or

(vi) the proposed assignee does not intend to occupy the entire demised premises as described in the Lease and conduct its business there from for a substantial portion of the then remaining term of the Lease.

For purposes hereof and any applicable law, and without limitation as to other grounds for Landlord delaying consent, it shall be deemed to be reasonable for Landlord to delay its consent for a period not to exceed 45 days after the receipt by Landlord of all information requested by Landlord regarding or in connection with the proposed assignment and the propose assignee. An assignment will be deemed to have occurred if a person or persons who own or have voting control of 50% or more of Tenant on the date of this Lease cease to own or have voting control of 50% or more of Tenant at any time during the Term; Tenant

shall provide to Landlord from time to time, as requested by Landlord and in a form acceptable to Landlord, a written certification as to the ownership of voting securities or voting control of Tenant. For purposes hereof, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities or partnership interests, by contract, or otherwise. Any assignment or any subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of Paragraph 6 pertaining to the use of the demised premises.

B. Members:

1). Notwithstanding the foregoing, Landlord hereby acknowledges and consents to the sale and assignment or subletting of any Member's ownership interests provided said conveyance is in accordance with the Tenant's Articles of Organization and Operating Agreement together with the requirements stipulated in paragraph A (1) above.

2). Members of the Project shall have the right to mortgage their respective leasehold estate (their "Unit(s)") created hereby in order to secure a mortgage loan for the purpose of acquiring or financing their ownership interests in the Project provided such mortgage is created in accordance with the Association's Declarations and this Lease. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by the Owner and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rent due hereunder and otherwise fully perform the terms and conditions of this Lease; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the Leased Premises to the mortgage of such proposed leasehold mortgagee.

3). Landlord agrees, if and so long as the leasehold estate of any Member 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.

4). Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of any Owner a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee after foreclosure, or transfer in lieu of foreclosure, as the Member hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee performs all of the obligations of the Owner pursuant to the Association's Governing Instruments. Any other transfer or conveyance of a right, interest, obligation, or liability hereunder, or any part of the Leased

Premises, without the prior written approval of Landlord, any such transfer shall be null and may deem a default under Section 23 of this Lease by Landlord, it being the intent of this provision that such mortgagee shall have no greater right to transfer this Lease, or any right, interest, obligation, or liability hereunder, or any part of the Leased Premises, than any Member has as set forth in subsection B. of this Section. Landlord also agrees to consider the execution and delivery to such proposed leasehold mortgagee of any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by the Owner of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the Leased Premises to the mortgage of such proposed leasehold mortgagee.

C. Upon the beginning of each and every calendar year during the Term and/or within thirty (30) days after one or more Units has been assigned, sublet or otherwise conveyed, Tenant shall provide to Landlord a complete and accurate membership roster which shall include, but not be limited to, the Members name, mailing address, email address, daytime telephone number, unit number, ownership share (percent), emergency contact information, contact information for any subtenant or owner's affiliate using the Leased Premises, together with the make, model, aircraft type and "N" number of any aircraft routinely stored or kept on, or in the demised premises. Tenant's failure to provide said information as prescribed constitutes a default of this Lease.

Section 10. Property Taxes and Assessments: Tenant shall pay, before they become delinquent, any and all property taxes or assessments, and any other governmental charges, fees or expenses (collectively, the "Taxes"), levied or assessed on any improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord "paid receipts" or other written evidence that all such taxes have been paid by Tenant when due. In the event Tenant shall fail to pay any such taxes, assessments, or charges prior to delinquency, Landlord shall have the right to pay (but not the obligation) or cause all taxes, assessments, or charges to be paid and the reasonable costs thereof expended by Landlord plus interest thereon as provided in Section 39 of the Lease shall be paid by Tenant on demand. Subject to the payment of any outstanding Taxes, Tenant may protest, appeal or institute other formal proceedings to effect a reduction or abatement of real estate taxes and assessments with respect to real estate taxes and assessments levied against the improvements on the demised premises and/or the Tenant's leasehold interest in the Lease for any tax fiscal year that ends after the Commencement Date of this Lease. Such protest, appeal or other proceedings may be conducted only in the name of Tenant. To this end and at Tenant's expense, Tenant shall give Landlord written notice of any such protest or appeal.

Section 11. Maintenance and Repair of Leased Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and in a first class condition (in accordance with any construction and/or maintenance standards and specification established by Landlord or Manager and all applicable ordinances, rules and regulations of the Town of Addison, Texas) all the Leased Premises and all fixtures, equipment and personal property on the Leased Premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the Leased Premises clean and free of trash and in good repair

and condition, with all fixtures and equipment situated in the Leased Premises in good working order, reasonable wear and tear excepted. Tenant shall reimburse Landlord for and indemnify Landlord against all damages, which Landlord incurs from Tenant's delay in vacating the Leased Premises.

B. In the event Tenant shall fail to so maintain the Leased 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 therefore expended by Landlord plus interest thereon as provided in Section 39 shall be paid by Tenant on demand.

Section 12. Alterations, Additions and Improvements: After completion of the Building Improvements described in Section 6, Tenant shall not create any openings in the roof or exterior walls, or make any material alterations, additions or improvements to the Leased Premises or any improvements thereon or modifications thereto without the prior written consent of Landlord or Manager. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord or Manager. Tenant shall have the right, without Landlord's consent, 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 (including, without limitation and as may be required by law, obtaining a building permit).

All alterations, modifications, additions and improvements in and to the Leased Premises shall be performed in a first class, workmanlike manner, shall comply with all the standards and requirements set out, above, in Section 6 and Section 8, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages (including consequential damages), liens and any and all other liabilities and obligations which arise in connection therewith (and shall defend, indemnify, and hold harmless Landlord and Manager, and their respective officials, officers, employees, and agents, from and against any and all such costs, expenses, claims, liens, liabilities, and obligations as set forth in Section 6).

Section 13. Insurance: Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the Leased Premises as follows:

A. Insurance against loss or damage to improvements by fire, lightning, and all other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than one hundred percent (100%) of the full insurable value of the demised premises and any and all improvements thereon. The term "full insurable value" as used herein means actual replacement value at the time of such loss. 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.

B. A policy or policies insuring Tenant and its Members against any liability to the public or to the Members and their tenants and invitees, incident to the ownership and/or use of the Project, including the personal liability exposure of the Members. Limits of liability under such insurance shall not be less than \$1,000,000.00 for each occurrence, CSL/\$1,000,000.00 general aggregate and \$1,000,000 for property damage. Coverage must include contractual liability.

C. Statutory limits of workers compensation insurance and employer's liability, if required by law, with limits of liability of not less than \$1,000,000 each-occurrence each accident/\$1,000,000 by disease each-occurrence/\$1,000,000 by disease aggregate.

D. If applicable, boiler and pressure vessel insurance on all steam boilers and air compressors, 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 for damage to or destruction of property resulting from such perils.

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

F. Such other insurance on improvements in such amounts and against such other insurable hazard, which at the time are commonly obtained within the aeronautical industry for similar types of Building Improvements and Tenant's permitted use of the Leased Premises.

G. Tenant shall maintain for itself or on behalf of its Members or, otherwise cause the Members to provide, without interruption, the following policies of insurance if applicable:

(i) Hangarkeepers Legal Liability insurance, at limits of \$1,000,000 per-occurrence is required if Tenant or an Member is engaged in maintenance, repair, or servicing of aircraft belonging to a third-party, or if Tenant is otherwise involved in any operation in which Tenant has care, custody, or control of an aircraft that belongs to a third-party.

(ii) Aircraft liability insurance against third party bodily injury or death and property damage or destruction at minimum limits required by regulatory agencies having jurisdiction at the Airport and which are acceptable to Landlord, but in any event not less than \$1,000,000 each occurrence (applies to the ownership, operation or use of aircraft by Tenant or any Member or subtenant).

With reference to the foregoing insurance requirements, Tenant's insurance policies shall comply with the following:

1. The Town of Addison, Texas and Airport Manager shall be named as an additional insured with respect to all liability policies.

2. All liability policies shall contain no cross liability exclusions or insured versus insured restrictions.
3. A waiver of subrogation in favor of the Town of Addison, Texas and Airport Manager shall be contained in the Workers Compensation, Builders Risk, and all liability policies.
4. Such insurance shall be maintained in full force and effect and shall not be cancelled, altered or amended without thirty (30) days prior written notice having first been furnished to the Town of Addison and the Airport Manager.
5. All insurance policies, which name the Town of Addison and the Airport Manager as an additional insured, shall be primary and non-contributory.
6. Required limits may be satisfied by any combination of primary and umbrella liability insurances.
7. Contractor may maintain reasonable and customary deductibles, subject to reasonable approval by Landlord.
8. Insurance must be purchased from insurers that are financially acceptable to Landlord in its commercially reasonable discretion, and provided that any insurer with an AM Best (or equivalent) rating of A or better shall be deemed acceptable to Landlord.

All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Certificates of all such insurance (together with the declaration page of such policies, along with the endorsement naming the Town of Addison, Texas and the Manager as an additional insured), satisfactory to Landlord, evidencing all coverage above, shall be promptly delivered to Landlord and updated as may be appropriate, with complete copies of such policies furnished to the Landlord upon request. Landlord reserves the right to review the insurance requirements contained herein and to reasonably adjust coverages and limits when deemed necessary and prudent by Landlord.

Section 14. Casualty Damage or Destruction:

A. In case of any damage to or destruction of the buildings, structures, equipment, or any other improvements on or at the Leased Premises (including the Building Improvements), 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 any building, structure, equipment, or other improvements (including the Building Improvements) on or at the Leased 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 and diligently commence and complete the restoration, repair and

replacement of said building, structure, equipment, or other improvements as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction and with at least as good workmanship and quality as such building, structure, equipment, or other improvements on or at the Leased Premises being repaired or replaced, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration"). All Restoration plans (whether design, architectural, or otherwise) shall be approved in writing by Landlord prior to the commencement of construction. All such design and construction shall comply with other Sections of this Lease concerning the design and construction of buildings and other improvements on or at the Leased Premises, including without limitation Sections 6, 8, and 13 hereof.

C. All insurance proceeds, if any, payable on account of such damage to or destruction of the buildings, structures and equipment on the Leased Premises shall be made payable jointly to Landlord and Tenant, and shall be deposited with a third party escrow agent as may be agreed upon by Landlord and Tenant ("Escrow Agent"). Any costs of such Escrow Agent shall be payable out of the insurance proceeds, or if such proceeds are not sufficient to pay such escrow agent, Tenant shall be responsible to pay the Escrow Agent.

D. Insurance proceeds received by the Escrow Agent on account of any damage to or destruction of the buildings, structures and equipment on the Leased 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 ("Net Insurance Proceeds")) shall be applied as follows:

- (i) Net insurance proceeds 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) the 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', materialman'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 required by the foregoing clauses Section 14. D (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialman's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration. Landlord's right to commence or complete Restoration shall begin after Landlord has given Tenant at least thirty (30) days written notice

requesting (i) the commencement of Restoration, or (ii) that Tenant diligently proceed to the completion of Restoration, and Tenant during such thirty (30) day period fails to commence or diligently complete Restoration. In such event, Landlord shall be entitled to obtain the insurance proceeds, and Tenant shall promptly pay any deficiency if such proceeds are not sufficient for Restoration.

F. In the event of termination of this Lease by Landlord as a result of Tenant's failure to commence or complete (as the case may be) the Restoration, this Lease shall terminate and come to an end upon Landlord's termination as aforesaid as though the date of such termination by Landlord were the date of expiration of the term of this Lease, and all insurance proceeds shall be paid to Landlord.

Section 15. Condemnation:

A. If during the term hereof, any part of the Leased 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 Leased 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 Leased 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 Leased 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 Section 4, by a fraction, the numerator of which shall be the number of square feet remaining in the Leased Premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the Leased Premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the Leased Premises.

C. If this Lease is not terminated pursuant to Section 15.A., above, Tenant shall promptly restore any building and any other improvements on the Leased 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 Leased 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 15.A., condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

Section 16. Utilities: Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the Leased Premises and Tenant shall pay all charges for

water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees, impact fees, and services furnished to the Leased Premises during the term hereof. Tenant agrees to contact all utility service providers prior to any excavation or digging on the Leased Premises. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

Section 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 Leased Premises, other Airport installations, and all other reasonable services which may be provided with or without charge from time to time by Landlord in operating the Airport ("Common Facilities"). All such Common Facilities shall at all times be under the exclusive control, operation and management of Landlord and may be rearranged, modified, changed, altered, removed, or terminated from time to time at Landlord's sole discretion.

Section 18. Rules and Regulations: Landlord has adopted *Addison Airport Minimum Standards and Requirements for Commercial Aeronautical Service Providers* (also commonly referred to as the "Minimum Standards" or "Airport Minimum Standards") and *Addison Airport Rules and Regulations* (also commonly referred to as the "Rules and Regulations" or "Airport Rules and Regulations"), which shall govern Tenant in the use of the Leased Premises and all Common Facilities, a copy of which has been furnished to Tenant. The Minimum Standards and Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with these governing documents. Landlord, in its sole discretion, shall have the right to amend, modify and alter these Minimum Standards and Rules and Regulations from time to time in a reasonable manner or may introduce other regulations as deemed necessary for the purpose of assuring the safety, welfare, convenience and protection of property of Landlord, Tenant and all other tenants and customers of the Airport.

Section 19. Signs and Equipment: After first securing Landlord's approval, Tenant shall have the right from time to time to install and operate signs depicting Tenant's name and operate radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the Leased Premises that may be reasonably necessary for the operation of Tenant's business, provided such signs and equipment are installed and maintained in compliance with all applicable governmental laws, rules, and regulations, including the City sign ordinance, and do not interfere with the operation of any navigation facilities or Airport communications (including, without limitation, navigation facilities or Airport communications used or operated by the Federal Aviation Administration).

Section 20. Landlord's Right of Entry: Landlord and Landlord's authorized representatives shall have the right, during normal business hours, to enter the Leased Premises (i) to inspect the general condition and state of repair thereof, (ii) to make repairs permitted under this Lease, (iii) to show the Leased 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 Leased Premises customary signs advertising the Leased Premises for lease.

Section 21. Indemnity and Exculpation:

A. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL NOT BE LIABLE TO TENANT OR TO TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR TO ANY OTHER PERSON WHOMSOEVER, FOR ANY DEATH OR INJURY TO PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY OR ANY OTHER HARM ON OR ABOUT THE DEMISED PREMISES OR ANY ADJACENT AREA OWNED BY LANDLORD CAUSED BY OR RESULTING FROM ANY ACT OR OMISSION OF TENANT, TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT, OR ARISING OUT OF THE USE OR OCCUPATION OF THE DEMISED PREMISES BY TENANT, ITS EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, OR SUBCONTRACTORS AND/OR THE CONDUCT OF TENANT'S BUSINESS THEREON, OR ARISING OUT OF ANY BREACH OR DEFAULT BY TENANT IN THE PERFORMANCE OF TENANT'S OBLIGATIONS HEREUNDER;

B. TENANT SHALL DEFEND (WITH COUNSEL REASONABLY ACCEPTABLE TO LANDLORD), INDEMNIFY AND HOLD HARMLESS LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) (TOGETHER, FOR PURPOSES OF THIS SUBPARAGRAPH, "INDEMNIFIED PERSONS") FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, LOSSES, HARM, DAMAGES, PENALTIES, LIABILITY, EXPENSES, LAWSUITS, JUDGMENTS, COSTS, AND FEES (INCLUDING REASONABLE ATTORNEY FEES AND COURT COSTS) ("DAMAGES"), WHICH ARE SUFFERED BY, RECOVERED FROM, OR ASSERTED AGAINST LANDLORD AND ARE RESULTING FROM, BASED UPON, OR ARISING OUT OF, IN WHOLE OR IN PART, (I) ANY CONDITION OF THE DEMISED PREMISES; (II) ANY ACT OR OMISSION OF TENANT, ITS MEMBERS, ITS OFFICERS, EMPLOYEES, AGENTS, ENGINEERS, CONSULTANTS, CONTRACTORS, SUBCONTRACTORS, INVITEES, OR ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY EMPLOYED BY OR ACTING UNDER TENANT AND/OR ITS MEMBERS, UNDER, IN CONNECTION WITH, OR IN THE PERFORMANCE OF, THIS LEASE; (III) THE DEMISED PREMISES BECOMING OUT OF REPAIR FOR ANY REASON INCLUDING BY DEFECT IN OR FAILURE OF EQUIPMENT, PIPES, OR WIRING, OR BROKEN GLASS, OR BY THE BACKING UP OF DRAINS, OR BY GAS, WATER, STEAM,

ELECTRICITY OR OIL LEAKING, ESCAPING OR FLOWING INTO THE DEMISED PREMISES, REGARDLESS OF THE SOURCE, OR BY DAMPNES OR BY FIRE, EXPLOSION, FALLING PLASTER OR CEILING; (IV) THE VIOLATION OR NON-COMPLIANCE OF ANY PROVISION OF THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY OTHER APPLICABLE STATE SECURITIES LAWS OR ANY OTHER FEDERAL OR STATE LAWS RELATING TO THE OFFERING MEMORANDUM REFERENCED IN SECTION 5 A HEREIN; OR (VI) THE TAKING POSSESSION OF THE LEASED HANGAR OR RELETTING OF SAME INCLUDING ALL DAMAGES CAUSED BY THE INDEMNIFIED PERSONS OWN NEGLIGENCE. HOWEVER WHEN DAMAGES ARISE OUT OF THE GROSS NEGLIGENCE OF LANDLORD, TENANT'S LIABILITY UNDER THIS CLAUSE SHALL BE LIMITED TO A PORTION OF THE TOTAL AMOUNT OF THE DAMAGES (EXCLUDING DEFENSE FEES AND COSTS) EQUAL TO TENANT'S PROPORTIONATE SHARE OF THE NEGLIGENCE THAT CAUSED THE LOSS. LIKewise, TENANT'S LIABILITY FOR LANDLORD'S DEFENSE COSTS AND ATTORNEYS' FEES SHALL BE LIMITED TO A PORTION OF THE DEFENSE COSTS AND ATTORNEYS' FEES EQUAL TO TENANT'S PROPORTIONATE SHARE OF THE NEGLIGENCE THAT CAUSED THE LOSS;

C. TENANT HEREBY RELEASES LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES FROM AND AGREES SUCH PARTIES SHALL NOT BE LIABLE TO TENANT FOR, ANY LOSS OR DAMAGE THAT MAY BE OCCASIONED BY OR THROUGH THE ACTS OR OMISSIONS OF OTHER TENANTS OF LANDLORD OR CAUSED BY OPERATIONS IN CONSTRUCTION OF ANY PRIVATE, PUBLIC OR QUASI-PUBLIC WORK.

D. THE PROVISIONS OF THIS SECTION 21 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE.

Section 22. Environmental Compliance:

A. No Storage or Disposal: Tenant shall not install, store, use, treat, transport, discharge or dispose (or permit or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by Tenant, its directors, officers, shareholders, members, partners, agents, employees, invitees, contractors, subcontractors, independent contractors, or subtenants) on the Leased Premises or any portion of the Common Facilities, any: (a) asbestos in any form; (b) urea formaldehyde foam insulation; (c) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; or (d) any other chemical, material, air pollutant, toxic pollutant, waste, or substance which is regulated as toxic or hazardous or exposure to which is prohibited, limited or regulated by the Resource Conservation Recovery Act (42 U.S.C. §6901, et seq., as amended or superseded), the Comprehensive and Environmental Response Compensation and Liability Act (42 U.S.C. §9601, et seq., as amended or superseded), the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Air Act, and/or the Clean Water Act, or any other federal, state, county, regional, local or other governmental authority laws, rules, orders, standards, policies, or

regulations, or which, even if not so regulated may or could pose a hazard to the health and safety of the occupants of the Leased Premises and/or any portions of the Common Facilities, and which is either: (i) in amounts in excess of that permitted or deemed safe under any applicable law, rule, order, standard, policy, or regulation or (ii) in any manner prohibited or deemed unsafe under applicable law, rule, order, standard, policy, or regulation. (The substances referred to in (a), (b), (c) or (d) are collectively referred to hereinafter as “Hazardous Materials”).

B. Cleanup Laws: Tenant shall, at Tenant’s own expense, comply with any presently existing or hereafter enacted laws relating to Hazardous Materials (collectively, “Cleanup Laws”); provided, however that Tenant shall not be responsible for correcting any violation of the Cleanup Laws under this Section that existed prior to the Effective Date. In furtherance and not in limitation of the foregoing, Tenant shall, at Tenant’s own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the “Authority”) under the Cleanup Laws. Should any Authority require that a cleanup plan be prepared and that a cleanup be undertaken because of the existence of Hazardous Materials which were installed, stored, used, treated, transported, disposed of or discharged on the Leased Premises and/or any portion of the Common Facilities, by Tenant, its directors, shareholders, members, partners, officers, agents, employees, invitees, independent contractors, contractors, subcontractors, licensees, subtenants, any other person entering the Leased Premises under express or implied invitation of Tenant, or any person directly or indirectly employed by or acting under Tenant, during the Term of this Lease, Tenant shall, at Tenant’s own expense, prepare and submit the required plans and financial assurances and carry out the approved plans in accordance with such Cleanup Laws and to Landlord’s satisfaction. At no expense to Landlord, Tenant shall promptly provide all information requested by Landlord for preparation of affidavits or other documents required by Landlord to determine the applicability of the Cleanup Laws to the Leased Premises and/or any portion of the Common Facilities, as the case may be, and shall sign the affidavits promptly when requested to do so by Landlord. **TENANT SHALL INDEMNIFY, DEFEND, SAVE AND HOLD LANDLORD AND MANAGER, THEIR OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS, HARMLESS FROM AND AGAINST, AND REIMBURSE LANDLORD FOR, ANY AND ALL OBLIGATIONS, DAMAGES, INJUNCTIONS, FINES, PENALTIES, DEMANDS, CLAIMS, COSTS, EXPENSES, ACTIONS, LIABILITIES, SUITS, PROCEEDINGS AND LOSSES OF WHATEVER NATURE (INCLUDING, WITHOUT LIMITATION, ATTORNEYS’ FEES AND COURT COSTS), AND ALL CLEANUP OR REMOVAL COSTS (COLLECTIVELY “DAMAGES”) AND ALL ACTIONS OF ANY KIND ARISING OUT OF OR IN ANY WAY CONNECTED WITH, (I) THE INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTING, DISPOSAL OR DISCHARGE OF HAZARDOUS MATERIALS IN OR ON THE LEASED HANGAR AND/OR ANY PORTION OF THE COMMON FACILITIES BY TENANT, ITS AGENTS, EMPLOYEES, INVITEES, CONTRACTORS, SUBCONTRACTORS, INDEPENDENT CONTRACTORS, MEMBERS OR SUBTENANTS DURING THE LEASE TERM OR AT ANY OTHER TIME, AND (II) ALL FINES, SUITS, PROCEDURES, CLAIMS AND ACTIONS OF ANY KIND ARISING OUT OF TENANT’S FAILURE TO PROVIDE ALL INFORMATION, MAKE ALL SUBMISSIONS AND TAKE ALL STEPS REQUIRED BY THE AUTHORITY UNDER THE CLEANUP LAWS OR ANY OTHER ENVIRONMENTAL LAW, RULE, STANDARD, REGULATION, OR POLICY. HOWEVER WHEN DAMAGES ARISE OUT OF THE CO-NEGLIGENCE OF LANDLORD, TENANT’S LIABILITY UNDER THIS CLAUSE SHALL BE LIMITED TO**

A PORTION OF THE TOTAL AMOUNT OF THE DAMAGES (EXCLUDING DEFENSE FEES AND COSTS) EQUAL TO TENANT'S PROPORTIONATE SHARE OF THE NEGLIGENCE THAT CAUSED THE LOSS. LIKewise, TENANT'S LIABILITY FOR LANDLORD'S DEFENSE COSTS AND ATTORNEYS' FEES SHALL BE LIMITED TO A PORTION OF THE DEFENSE COSTS AND ATTORNEYS' FEES EQUAL TO TENANT'S PROPORTIONATE SHARE OF THE NEGLIGENCE THAT CAUSED THE LOSS. In addition to and not in limitation of Landlord's other rights and remedies, Tenant's failure to abide by the terms of this Section shall be restrainable by injunction.

C. Environmental Notices: Tenant shall promptly supply Landlord with copies of any notices, correspondence and submissions made by Tenant to or received by Tenant from any governmental authorities of the United States Environmental Protection Agency, the United States Occupational Safety and Health Administration, the FAA, TxDOT, or any other local, state or federal authority that requires submission of any information concerning environmental matters or Hazardous Materials.

D. Prior to the City Delivery Date of this Lease, the Tenant, at Tenant's sole cost and expense, shall be entitled to conduct a Phase I Environmental Site Assessment ("ESA") with respect to the Leased Premises. If the Phase I ESA indicates the likely presence of Hazardous Materials on the Leased Premises, Tenant shall be entitled to conduct a Phase II ESA at Tenant's sole cost and expense. If the Phase II ESA indicates the presence of Hazardous Materials on the Leased Premises, Tenant shall be entitled, as its sole remedy, to disaffirm this Lease, in which case this Lease shall become null and void and no further obligation shall be borne by either party hereto. A copy of a Phase I ESA or Phase II ESA shall be delivered promptly to Landlord upon completion.

E. Survival: Tenant's defense and indemnity and hold harmless obligation and Tenant's liability pursuant to the terms of this Section 22 shall survive the expiration or earlier termination of this Lease.

Section 23. Default by Tenant: Each of the following events shall be deemed to be an event of default ("Event 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, or to pay or cause to be paid taxes (to the extent Tenant is obligated to pay or cause same to be paid), utilities, or insurance premiums, or any other payment which Tenant is to make under this Lease, on the date that same is due and such failure shall continue for a period of ten (10) days after the date on which such payment is to be made.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease (other than the payment of rent or other sum of money, or the payment of taxes, utilities or insurance premiums, or other payments Tenant is to make under this Lease, as set forth in Section 23 A.) and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant 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 Tenant has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Tenant fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Landlord shall have the right to terminate.

C. Tenant shall fail to deliver the Additional Deposit to Landlord on the date that same is due and such failure shall continue for a period ten (10) days after the delivery by Landlord to Tenant of written notice of such failure.

D. 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.

E. 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.

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

G. Abandonment by Tenant for a period of thirty (30) days of any substantial portion of the Leased Premises or cessation of use of the Leased Premises for the purpose leased.

H. Tenant is in default of any other Ground Lease with the Town of Addison or, provided Tenant is the holder of a valid aviation fuel dispensing permit or license issued by the Town of Addison, is in default of said fuel dispensing permit or license.

Section 24. Remedies of Landlord: Upon the occurrence of an Event of Default by Tenant under this Lease, Landlord, without prejudice to any other legal, equitable, or contractual right or remedy, shall have the option to pursue any one or more of the following remedies using lawful force if necessary or appropriate, without notice or demand whatsoever:

A. Terminate this Lease or any of Tenant's rights under this Lease, with or without reentering or repossessing the Leased Premises.

B. Terminate Tenant's right to occupy all or any part of the Leased Premises without terminating this Lease and with or without reentering or repossessing the Leased Premises.

C. Recover unpaid rent and any Damages (as defined below);

D. Change or pick the locks, access codes, or other access control devices, and take any other self-help or judicial action to exclude Tenant and other occupants from the Leased Premises.

E. Remove and store (at Tenant's sole cost) any property on the Leased Premises.

F. Sue for eviction, specific enforcement, equitable relief, rent, damages, or any other available remedy.

G. Apply the Security Deposit in any manner permitted by this Lease, and increase the amount of the Security Deposit.

H. Cure Tenant's default, and if Landlord does so, Tenant must reimburse Landlord within thirty (30) days after Landlord delivers an invoice for any expenses Landlord incurred effecting compliance with Tenant's obligations.

I. Withhold or suspend any payment that this Lease would otherwise require Landlord to make.

J. Charge interest on any amount not paid when due from the due date through the date of its payment at the Default Rate, which is the lesser of 18% per annum or the highest rate permitted by applicable law.

K. Recover — but only if Tenant fails to pay rent, and Landlord terminates this Lease or Tenant's right of possession with more than 12 months remaining in the term of this Lease — liquidated rental damages for the period after any such termination equal to 12 times the monthly rent due at the time of termination in lieu of any other contractual or legal measure of damages (including reletting costs) for Tenant's non-payment of rent, and the parties agree this is a reasonable estimate of Landlord's damages for such a breach given the uncertainty of future market rental rates and of the duration of any vacancy.

L. Exercise all other remedies available to Landlord at law or in equity (including, without limitation, injunctive and other extraordinary remedies).

For purposes of this Section, "Damages" includes, without limitation, all actual, incidental, and consequential damages, court costs, interest, and attorneys' fees arising from Tenant's breach of this Lease (including, without limitation, the cost of (A) recovering possession, (B) removing and storing Tenant's and any other occupant's property, (C) re-letting (including, without limitation, the costs of brokerage commissions and cleaning, decorating, repairing, or altering the Leased Premises for a substitute tenant or tenants), (D) collecting any money owed by Tenant or a substitute tenant, (E) repairing any damage caused by any Tenant Party, (F) performing any obligation of Tenant under the Lease, (G) any other loss or cost incurred by Landlord as a result of, or arising from, Tenant's breach of the Lease or Landlord's exercise of its rights and remedies for such breach, (H) any contractual or liquidated types or measures of damages specified in this Lease; and (I) any other type or measure of damages recoverable for any particular breach under Applicable Law.

Rental Deficiency is a contractual measure of Damages for Tenant's non-payment of rent measured by either the: (A) Actual Rental Deficiency, which is the difference (never less than zero) between (1) the rent due for, and other rent allocable under this Lease to, each month beginning with the first month with respect to which Landlord receives rent from reletting the Leased Premises, and (2) the proceeds, if any, that Landlord actually collects from any substitute tenant for any part of the Leased Premises in each corresponding month in which the Term and the term of the substitute tenant's lease overlap, *or* (B) Market Rental Deficiency, which is the present value, discounted at 6% simple annual interest, of the difference (never less than zero) between (1) the rent otherwise due under this Lease during any period after Tenant's breach in which Landlord may elect to recover this damage measure, and (2) the Fair Rental Value of the Leased Premises during that period, *plus* any costs incurred in connection with any actual or attempted reletting and any other Damages. In determining the Market Rental Deficiency, the Fair Rental Value will be the total rent

that a comparable tenant would pay for comparable space in a building of substantially equivalent quality, size, condition, and location, considering rental rates and concessions then prevalent in the marketplace, the remaining lease term, the expected vacancy, any other relevant factors. An independent MAI appraiser selected by Landlord will determine the Leased Premises' Fair Rental Value, and that determination will conclusively bind the parties in any computation of the Market Rental Deficiency.

Unless Landlord delivers signed, written notice thereof to Tenant, no act or omission by Landlord or Manager or their respective officials, officers, employees, or agents will constitute Landlord's acceptance of surrender of the Leased Premises, termination of Lease, or an actual or constructive eviction of Tenant (including, without limitation, Tenant's delivery of keys to any of Landlord's or Manager's officials, officers, employees, or agents or Landlord's repossession, reentry, or reletting of the Leased Premises).

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.

Section 25. Default by Landlord: No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the Leased Premises or render Landlord liable for damages (including consequential 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 recovery or entitle Tenant to take any action whatsoever with regard to the Leased Premises, or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has not begun 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 the thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within the said thirty (30) day period, or within said the additional reasonable period of time, Tenant shall have the right to:

A. 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

B. 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.

Section 26. Mitigation of Damages:

A. In lieu of any other obligation to mitigate damages arising from Tenant's failure to pay rent or its abandonment of the Leased Premises in breach of this Lease, Landlord beginning not more than 60 days after Tenant physically vacates the Premises and continuing until the Leased Premises have been relet, will market the Leased Premises for lease, and Tenant will remain liable for all rent and other Damages.

Landlord and Tenant agree to the following criteria in connection with Landlord's obligation to mitigate damages after a default Tenant and abandonment of the Leased Premises by Tenant under this Lease:

(1) Landlord will have no obligation to solicit or entertain negotiations with any other prospective tenants of the Leased Premises until and unless Landlord obtains full and complete possession of the Leased Premises, including without limitation, the final and unappealable legal right to relet the Leased Premises free of any claim of Tenant.

(2) Landlord will not be obligated to offer the Leased Premises to a prospective tenant when other premises suitable for that prospective tenant's use are (or soon will be) available in any other premises located at Addison Airport.

(3) Landlord will not have any obligation to lease the Leased Premises for any rental less than the current rate then prevailing for similar space at Addison Airport (or if no similar space is available, the current fair market rental then prevailing for similar space in comparable buildings in the same market area as the Leased Premises) nor shall Landlord be obligated to enter into a new lease under any terms or conditions that are unacceptable to Landlord.

(4) Landlord will not be obligated to enter into any lease with any prospective tenant whose reputation is not acceptable to Landlord, in Landlord's sole judgment and opinion.

(5) Landlord will not be obligated to enter into a lease with any prospective tenant: (i) which does not have, in Landlord's sole judgment and opinion, sufficient financial resources and operating experience to operate the Leased Premises in a first class manner and meet its financial obligations; or (ii) whose proposed use of the Leased Premises is not a permitted use under the terms of this Lease.

(6) Landlord will not be required to expend any amount of money to alter, remodel or otherwise make the Leased Premises suitable for use by any prospective tenant.

If Landlord makes the Leased Premises available for reletting under the criteria set forth hereinabove, Landlord will be deemed to have fully satisfied Landlord's obligation to mitigate damages under this Lease and under any law or judicial ruling in effect on the date of this Lease or at the time of Tenant's default, and Tenant hereby waives and releases, to the fullest extent legally permissible, any right to assert in any action by Landlord to enforce the terms of this Lease, any defense, counterclaim, or rights of setoff or recoupment respecting the mitigation of damages by Landlord (or alleged failure by Landlord to adequately mitigate its damages), unless and to the

extent Landlord maliciously or in bad faith fails to act in accordance with the requirements of this Section.

No rent collected from a substitute tenant for any month in excess of the rent due under the Lease for that month will be credited or offset against unpaid rent for any other month or any other Damages. Tenant stipulates that the mitigation requirements expressed in this Section are objectively reasonable. **TO THE FULLEST EXTENT PERMITTED BY LAW, TENANT WAIVES ANY OTHER OBLIGATION BY LANDLORD TO MITIGATE ITS DAMAGES AFTER TENANT FAILS TO PAY RENT OR VACATES OR ABANDONS THE PREMISES.**

B. Tenant's right to seek damages as a result of a default by Landlord under this Lease shall be conditioned on Tenant taking all actions reasonably required, under the circumstances, to minimize any loss or damage to Tenant's property or business, or to any of Tenant's officers, employees, agents, invitees, or other third parties that may be caused by any such default of Landlord.

Section 27. 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 Leased Premises, which loss or damage is covered by valid and collectible casualty, 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.

Section 28. Title to Improvements: Any and all improvements on the Leased Premises, including, without limitation, any buildings, constructed on the Leased Premises by or for Tenant, shall be owned by Tenant during the term of this Agreement. The term "improvements" shall mean the improvements from time to time on the Leased Premises (including, without limitation, the Building Improvements).

Upon the termination of this Agreement, whether by expiration of the term hereof or by reason of default on the part of Tenant, or for any other reason whatsoever, the improvements (including, without limitation, the Building Improvements), and all parts thereof, shall merge with the title of the Leased Premises, free and clear of any claim of Tenant and all persons or entities claiming under or through Tenant (including, without limitation, any holder of a leasehold mortgage), and shall become the property of Landlord; 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 Leased Premises, but Tenant shall be required to repair any damage to the Leased 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 Leased Premises and restore the Leased Premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense. Upon such termination, Tenant shall deliver the Leased Premises to Landlord in good condition, reasonable wear and tear excepted, and shall, at Landlord's request, execute a recordable instrument evidencing the termination of this Agreement and stating the termination or expiration date.

Section 29. Mechanics' and Materialman's Liens; Lien for Rent:

A. Tenant agrees to defend, indemnify and hold harmless Landlord and Manager, and Landlord's and Manager's officials, officers, employees and agents, from and against all liability arising out of the filing of any mechanics' or materialman's liens against the Leased Premises by reason of any act or omission of Tenant or anyone claiming under Tenant, including Members, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in Section 39 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 Leased Premises.

B. To secure payment of rent and other sums of money coming due hereunder, Tenant grants to Landlord a continuing security interest in all of Tenant's goods, wares, equipment, fixtures, furniture, inventory, accounts, contract rights, chattel paper, and its other personal property ("Collateral") situated in or on the Leased Premises.

C. Tenant will not remove, or allow others to remove, the Collateral from the Leased Premises without Landlord's prior written consent. But Tenant may remove Collateral in the ordinary course of business before a default. If a default occurs, Landlord will be entitled to exercise any or all rights and remedies under the Uniform Commercial Code or otherwise provided in this Lease or by law. Landlord may sell any or all of the Collateral at public or private sale upon 10 days notice to Tenant, and Tenant stipulates that this notice is adequate and reasonable. This contractual lien supplements any statutory or contractual lien in favor of Landlord.

D. At Landlord's request, Tenant will sign and deliver to Landlord a financing statement in form sufficient to perfect Landlord's security interest in the Collateral, and Tenant irrevocably appoints Landlord as Tenant's attorney-in-fact to sign and deliver a financing statement to Landlord if Tenant fails or refuses to do so. This power-of-attorney is coupled with an interest.

E. Tenant warrants and represents that (a) the Collateral has not been purchased or used for personal, family, or household purposes; and (b) the lien in the Collateral constitutes a first and superior lien. Tenant will not allow any other lien in the Collateral without Landlord's prior written consent.

Pursuit of any one or more of the foregoing remedies shall not preclude the simultaneous or subsequent pursuit of any other remedy provided herein or any other remedy provided by law or in equity, nor shall the pursuit of any one or more remedies constitute a forfeiture or waiver of any rent

or other amount payable by lessee hereunder or of any damages (including consequential damages) accruing to or suffered by Landlord by reason of any event of default.

Section 30. Title: Tenant accepts the Leased Premises subject to: (i) the terms and conditions of this Agreement, (ii) the Rules and Regulations; (iii) easements and rights-of-way, and (iv) zoning ordinances and other ordinances, laws, statutes, regulations, orders, standards, rules, or policies now in effect or hereafter promulgated by any governmental authority having jurisdiction over the Leased Premises (including, without limitation, the City, the Federal Aviation Administration, and the Texas Department of Transportation), and (v) the terms of any and all FAA, TxDOT, or other grant agreements or grant assurances regarding the Airport, and the terms of any grant, loan, or agreement under Section 22.055, Tex. Transp. Code, as amended or superseded, whether now existing or made in the future.

Section 31. Quiet Enjoyment and Subordination: Landlord represents that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall (subject to all of the terms and conditions of this Lease) peaceably and quietly have, hold and enjoy the Leased Premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon, or to any other matter affecting, the Leased 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 Leased 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 Leased Premises; provided, however, any such subordination shall be upon the express conditions that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns, and perform all of the covenants and conditions required by the terms of this Lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

Section 32. Rent on Net Return Basis: 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 Leased 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.

Section 33. Holding Over: Should Tenant, or any of Tenant's successors in interest fail to surrender the Leased 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 one hundred fifty percent (150%) of the Base Rent paid for the last month of the term of this Lease.

Section 34. 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. Landlord will not be deemed to have waived any right or Tenant's breach of any obligation under this Lease, unless Landlord delivers a signed writing, addressed to Tenant explicitly relinquishing that right or breach. No custom or practice arising during the administration this Lease will waive, or diminish, Landlord's right to insist upon strict performance of Tenant's obligations. No restrictive endorsement or other statement on or accompanying any check or payment will be deemed an accord and satisfaction or novation, and Landlord will be entitled to accept any such check or payment, without prejudice, to Landlord's rights to recover the full amount due and to exercise its other remedies.

Section 35. 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 Leased 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 Leased Premises.

Section 36. Attorneys' Fees: If, on account of any breach or default by Tenant of Tenant's obligations under this Lease, it shall become necessary for Landlord to employ an attorney to enforce or defend any of Landlord's rights or remedies hereunder, Landlord shall be entitled to collect reasonable attorneys' fees incurred in such connection from Tenant.

Section 37. 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.

Section 38. 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. 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.

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:

(i) 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.

(iii) 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.

Section 39. Interest on Tenant's Obligations and Manner of Payment: All monetary obligations of Tenant to Landlord under this Lease remaining unpaid five (5) 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 fifth (5th) 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.

Section 40. Special Events: Landlord may sponsor certain special events, including, but not limited to, air shows, to be conducted on portions of the Airport, which may limit or obstruct access to the Premises and/or to the Airport ("Special Events"). As a material inducement to Landlord to enter into this Lease, and notwithstanding anything to the contrary contained herein, Tenant, on behalf of Tenant and on behalf of all directors, officers, shareholders, partners, principals, employees, agents, contractors, subtenants, licensees or concessionaires of Tenant and on behalf of any other party claiming any right to use the Leased Premises by, through or under Tenant, hereby: (i) agrees that Landlord has the right to sponsor any or all Special Events and to allow use of portions of the Airport therefore even if the same limit or obstruct access to the Premises and/or to the Airport; (ii) releases, waives and discharges Landlord and Manager, and their respective officials, officers, employees and agents, from all liability for any loss, damage, cost, expense or claim arising or resulting from or pertaining to the limitation or obstruction of access to the Leased Premises and/or to the Airport from the conduct of Special Events and/or activities relating or pertaining thereto, including, without limitation, death, injury to person or property or loss of business or revenue (the "Released Claims"); (iii) covenants not to sue the Landlord or Manager or their respective officials, officers, employees and agents (whether in their official or private capacities) for any Released Claims; (iv) agrees that the terms contained in this Section are intended and shall be construed to be as broad and inclusive as possible under the laws of the State of Texas; and (v) agrees that if any portion of this Section is held to be invalid or unenforceable, the remainder of this Section shall not be affected thereby but shall continue in full force and effect.

Section 41. Independent Contractor: It is understood and agreed that in leasing and operating the Leased Premises, Tenant is acting as an independent contractor and is not acting as agent, partner, joint venturer or employee of Landlord or Manager.

Section 42. Force Majeure: In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by an 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.

Section 43. Force Majeure: In the event performance by Tenant of any term, condition or covenant in this Lease is delayed or prevented by an 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 Tenant, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Tenant is so delayed or hindered.

Section 44. 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.

Section 45. 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.

Section 46. Captions: The captions or headings, sections, 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.

Section 47. 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.

Section 48. Severability: If any provision in this Lease should be held to be invalid, illegal, or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby, and the invalid, illegal, or unenforceable term will be reformed to give effect (to the fullest extent possible) to the parties' intentions in a manner that is legal, valid, and enforceable. It is the parties intent that the term of this Lease not exceed 40 years (480 months); if it should be determined that the term of this Lease exceeds such period of time, the term hereof shall be reformed so as to make the term hereof not exceed such period of time.

Section 49. Notices: Any notice or document required 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.

TO LANDLORD:

Town of Addison, Texas
c/o Washington Staubach Addison Airport
Venture
16051 Addison Road, Suite 220
Addison, Texas 75001
Attn: Real Estate Manager

TO TENANT:

Addison, Texas 75001

Section 50. 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.

Section 51. 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.

Section 52. Consent; "Includes" and "Including": Where Landlord consent or approval is required in this Lease, such consent or approval may be given by the City Council of the Town of Addison, Texas or by the City Manager of the Town of Addison. For purposes of this Lease, "includes" and "including" are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded.

Section 53. Governing Law and Venue; Survivability of Rights and Remedies: This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas and with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the interpretation, validity and enforcement of this Agreement, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas. Any rights and remedies either party may have with respect to the other arising out of the performance of or failure to perform this Lease during the term hereof shall survive the cancellation, expiration or termination of this Lease.

Section 54. Entire Agreement and Amendments: This Lease, consisting of fifty-three (53) Sections and Exhibits 1, 2.2, 2.3, 3, 4 and 5 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:

TENANT:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

By: _____
Printed Name: _____
Its: _____

**STATE OF TEXAS
COUNTY OF DALLAS**

This instrument was acknowledged before me on _____, 2007 by Ron Whitehead, City Manager of the Town of Addison, Texas, a Texas municipal corporation, on behalf of the said municipal corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2007.

Notary Public, State of Texas

**STATE OF TEXAS
COUNTY OF DALLAS**

This instrument was acknowledged before me on _____, 2007 by _____, _____ of _____, a _____, on behalf of the said _____.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2007.

Notary Public, State of Texas

EXHIBIT 1

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS
2005 JUL -7 PM 12:04

Carla Calhoun
Surveyor
DALLAS COUNTY, TEXAS

1
2

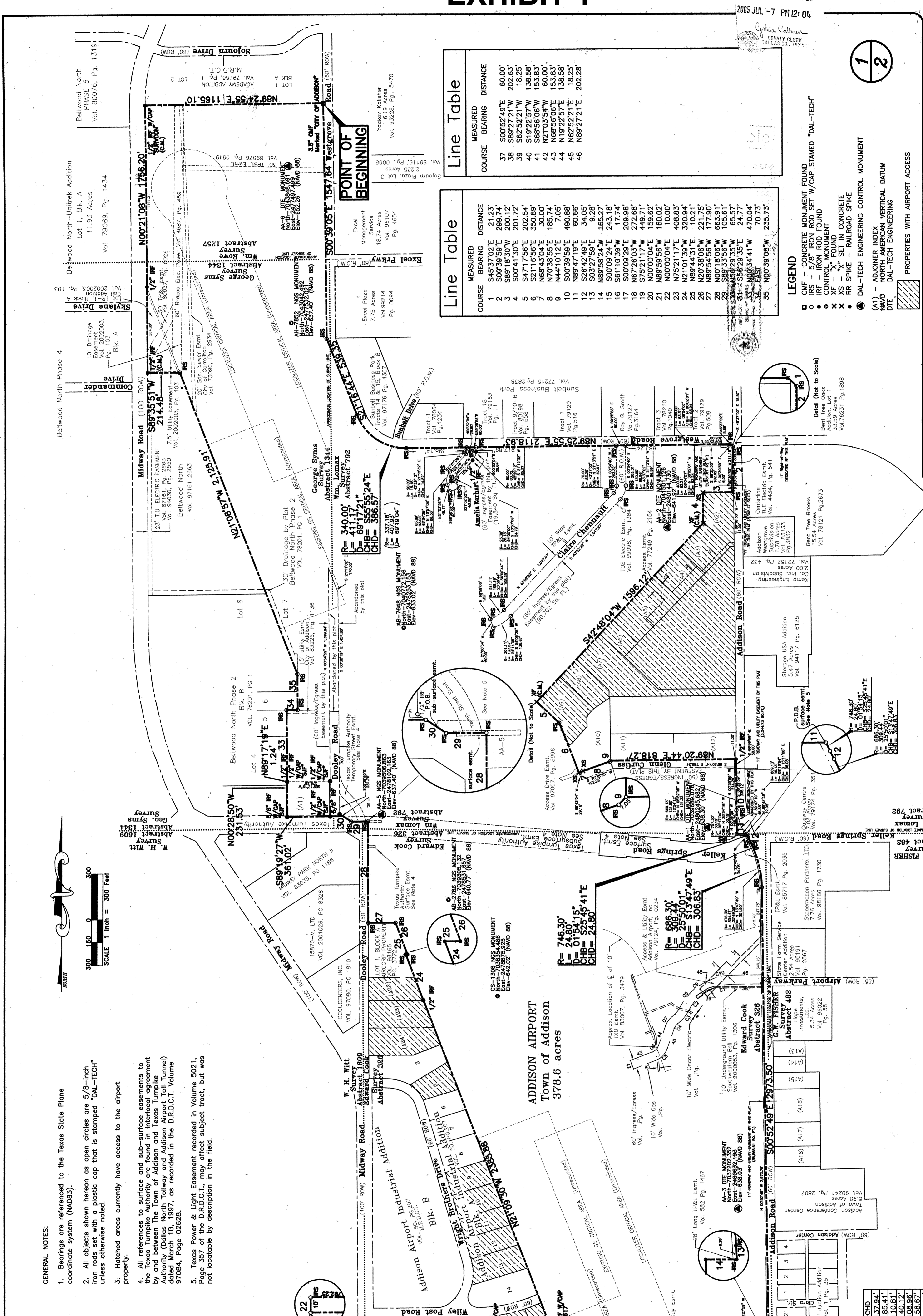
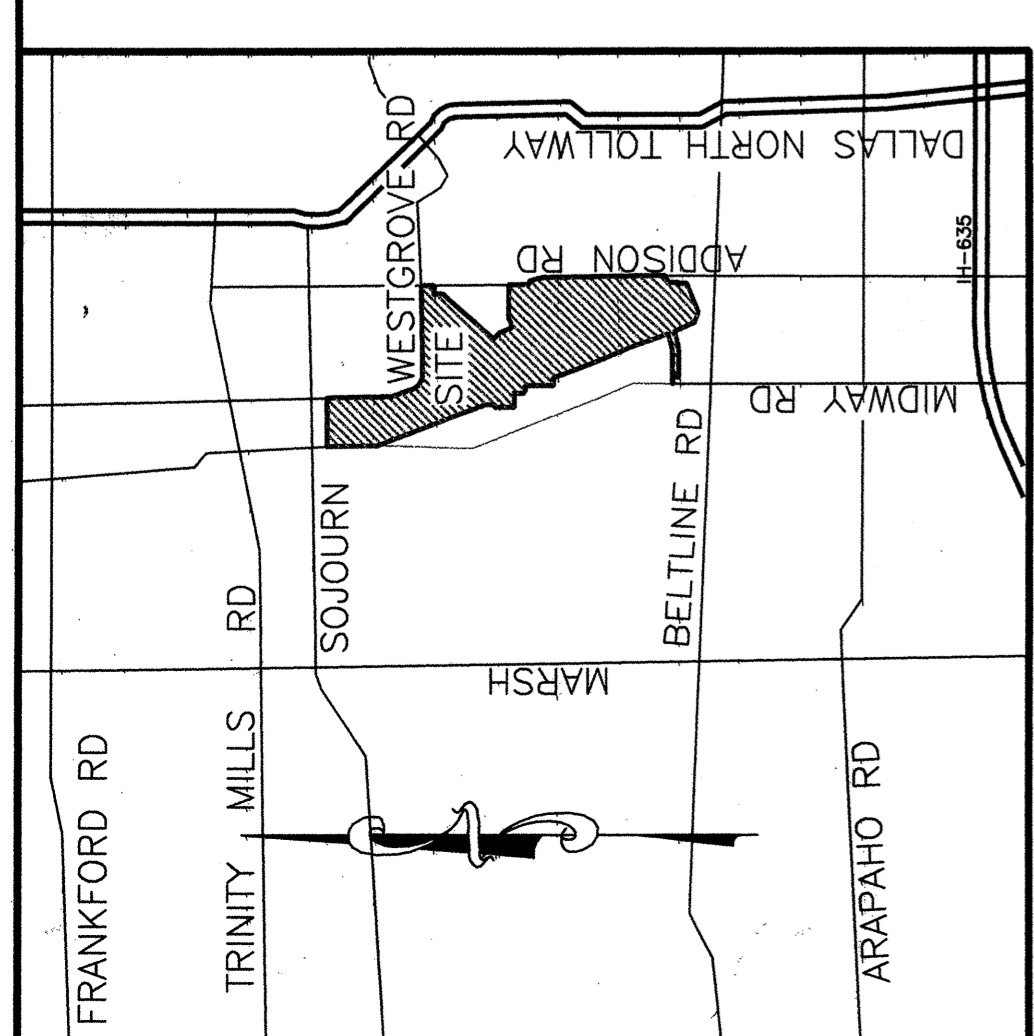
FINAL PLAT
ADDISON AIRPORT
TOWN OF ADDISON, TEXAS

DALTECH
ENGINEERING, INC.
CONSULTING CIVIL ENGINEERS / SURVEYORS
CONSTRUCTION MANAGERS
17311 QUINCY PARKWAY
DALLAS, TEXAS 75248
(972) 250-2727 (972) 250-4774

Town of Addison Approval
City Secretary: **CARMEN MORAN**
Scott Wheeler
JOE CHEN
Mayor (Town of Addison)

DRAWN: _____ JOB NO. _____ CONTRACT NO. _____ DATE _____
DTE: 0216 SCALE: 1"=300' DEC. 2004

- GENERAL NOTES:**
- Bearings are referenced to the Texas State Plane coordinate system (NAD83).
 - All objects shown hereon as open circles are 5/8-inch iron rods set with a plastic cap that is stamped "DAL-TECH" unless otherwise noted.
 - Hatched areas currently have access to the airport property.
 - All references to surface and sub-surface easements to the Texas Turnpike Authority are found in interlocal agreement by and between the Town of Addison and Texas Turnpike Authority (Dallas North Tollway and Addison Airport Toll Tunnel) dated March 10, 1997, as recorded in the D.R.D.C.I. Volume 97084, Page 02626.
 - Texas Power & Light Easement recorded in Volume 5021, Page 357 of the D.R.D.C.I. may affect subject tract, but was not locatable by description in the field.



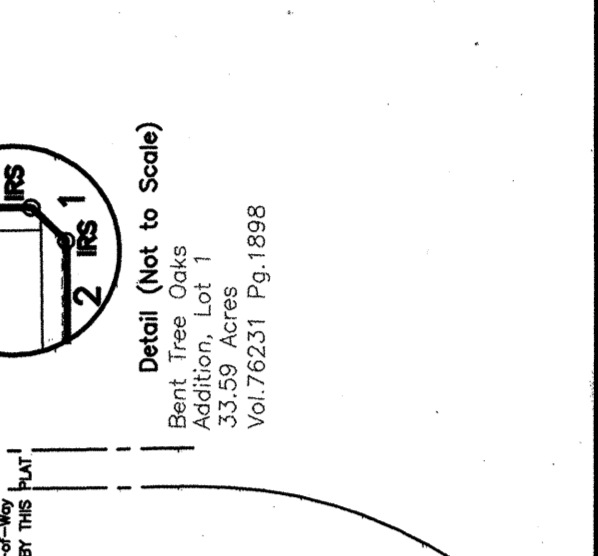
Line Table

COURSE	BEARING	DISTANCE
1	S45°37'02"E	21.23'
2	S00°39'59"E	298.74'
3	S89°18'30"W	200.12'
4	S00°41'30"E	201.72'
5	S47°17'56"E	202.54'
6	S21°17'56"E	350.89'
7	N68°43'04"E	30.00'
8	N73°38'55"E	185.74'
9	N44°10'12"E	7.05'
10	S00°39'59"E	490.88'
11	N89°47'19"E	80.66'
12	S26°42'49"E	34.05'
13	S03°27'59"E	9.28'
14	N89°58'24"W	165.27'
15	S00°09'24"E	243.18'
16	S61°10'39"W	17.74'
17	S00°09'29"E	209.98'
18	N67°26'03"W	272.68'
19	S75°21'17"W	449.71'
20	N00°00'04"E	159.62'
21	N89°59'56"W	160.02'
22	N00°00'04"E	10.00'
23	N75°21'17"E	408.83'
24	N21°01'39"W	320.94'
25	N89°44'31"E	10.21'
26	N20°38'06"W	221.75'
27	N89°54'56"W	177.90'
28	N00°18'08"W	66.91'
29	S88°33'58"W	108.61'
30	S34°55'29"E	24.77'
31	N08°34'41"W	470.04'
32	N00°39'08"W	70.73'
35	N00°39'08"W	235.73'

Line Table

COURSE	BEARING	DISTANCE
37	S00°52'49"E	60.00'
38	S89°21'41"W	203.63'
39	S62°22'21"W	18.25'
40	S19°22'57"W	136.98'
41	S68°56'06"W	153.60'
42	N21°03'54"E	153.83'
43	N19°22'57"E	136.98'
44	N89°22'21"E	148.28'
45	N62°32'21"E	202.28'
46	N89°27'21"E	202.28'

- LEGEND**
- CMF - CONCRETE MONUMENT FOUND
 - IRF - 5/8" IRON ROD SET W/CAP STAMPED "DAL-TECH"
 - IRF - IRON ROD FOUND
 - CONTRARY TO PLAT
 - × XS - "X" SET IN CONCRETE
 - ⊙ RR SPIKE - RAILROAD SPIKE
 - DAL-TECH ENGINEERING CONTROL MONUMENT
 - (A1) - ADJOINER INDEX
 - NAVD - NORTH AMERICAN VERTICAL DATUM
 - DTE - DAL-TECH ENGINEERING
- PROPERTIES WITH AIRPORT ACCESS

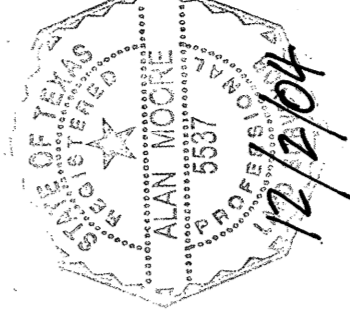


CURVE TABLE

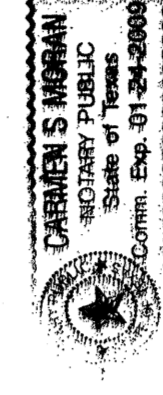
NO.	RAD.	L	DELTA	CHB	CHD
C1	300.00'	139.19'	26°35'00"	S76°09'51"W	137.94'
C2	300.00'	188.50'	36°00'00"	S44°52'21"W	185.41'
C3	248.00'	111.76'	25°49'09"	S39°46'56"W	110.81'
C4	70.00'	40.68'	33°18'33"	S36°02'14"W	40.12'
C5	130.00'	112.43'	49°33'09"	S44°09'32"W	108.96'
C6	70.00'	60.54'	49°33'09"	N44°09'32"E	58.67'
C7	130.00'	75.58'	33°18'33"	N36°02'14"E	74.52'
C8	188.00'	84.72'	25°49'09"	N39°46'56"E	84.00'
C9	360.00'	1226.19'	36°00'00"	N44°52'21"E	1222.49'
C10	360.00'	167.03'	26°35'00"	N76°09'51"E	165.53'

EXHIBIT 1

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS
2005 JUL -7 PM 12:04 7



Alan Moore
Alan Moore, RPLS No. 5537



C. Moran
CARMEN S. MORAN
Professional Engineer
No. 17311
DALLAS, TEXAS

2
2

FINAL PLAN

ADDISON AIRPORT
TOWN OF ADDISON, TEXAS

DATE	SCALE	CONTRACT NO.	JOB NO.
DEC. 2004	1" = 300'		0216
DRAWN	DTE		

DALTECH
ENGINEERING, INC.
CONSULTING CIVIL ENGINEERS / SURVEYORS
CONSTRUCTION MANAGERS

17311 DALLAS PARKWAY
SUITE 200
DALLAS, TEXAS 75248
(972) 250-2727 (872) 250-4774

Town of Addison Approval:
City Secretary: *C. Moran*
Scott Wheeler *Ball*
Mayor (Town of Addison)

PROPERTY DESCRIPTION

Being a tract of land out of the E. Cook Survey, Abstract No. 326, the William Lomax Survey, Abstract No. 792, the George Synms Survey, Abstract 1344, and the William Rowe Survey, Abstract 1257, and being all of a tract of land described in deed to the City of Addison recorded in Volume 77010, Page 1391 of the Deed Records of Dallas County, Texas (D.R.D.C.T.), all of a tract of land described in judgment to the City of Addison recorded in Volume 91079, Page 2687, D.R.D.C.T., Lot 7, Block B of Beltwood North Addition, Phase II, on Addition 62011, Page 0011, 82020, Page 1321, D.R.D.C.T. and being the right of way line of Addison Road, as shown on the plat thereof recorded in Volume 81150, Page 1985, D.R.D.C.T., said tracts to be known as the Addison Airport tract and being more particularly described as follows:

Beginning at a concrete monument found with a 3 1/2 inch disk stamped "City of Addison" lying in the west right-of-way line of Westgrove Road (a 60 foot wide right-of-way) said point being the most northerly northeast corner of said Addison Airport tract and the southeast corner of Lot 1, Block A, Academy Addition, an addition to the City of Carrollton, Dallas County, Texas, according to the Plat thereof recorded in Volume 79186, Page 1, D.R.D.C.T.;

THENCE South 00 degrees 39 minutes 05 seconds East, along the west right-of-way line of said Westgrove Road, a distance of 1347.64 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE South 01 degrees 16 minutes 44 seconds East, continuing along said west right-of-way line of Westgrove Road, a distance of 539.35 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE along a curve to the left of said Westgrove Road having a radius of 340.00 feet, a central angle of 89 degrees 17 minutes 21 seconds and an arc length of 411.17 feet, being subtended by a chord of South 55 degrees 55 minutes 24 seconds East for a distance of 386.57 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE North 89 degrees 25 minutes 55 seconds East, along the southerly right-of-way line of Westgrove Road for a distance of 2,116.93 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH" at the corner clip of said southerly right-of-way line of Westgrove Road and the west right-of-way line of Addison Road (a 60 foot wide right-of-way);

THENCE South 45 degrees 37 minutes 02 seconds East, along said corner clip, a distance of 21.23 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE South 00 degrees 39 minutes 59 seconds East, along said west right-of-way line of Addison Road, a distance of 299.74 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE South 89 degrees 18 minutes 30 seconds West, departing said west right-of-way line of Addison Road, a distance of 200.12 feet to a chiseled "X" set in concrete;

THENCE South 00 degrees 41 minutes 30 seconds East, a distance of 201.72 feet to a found "X";

THENCE South 42 degrees 48 minutes 04 seconds West, a distance of 1,596.12 feet to a found "X";

THENCE South 47 degrees 17 minutes 56 seconds East, a distance of 202.54 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE South 21 degrees 16 minutes 56 seconds East, a distance of 350.89 feet to a chiseled "X" set in concrete;

THENCE North 68 degrees 43 minutes 04 seconds East, a distance of 30.00 feet to a chiseled cross set in concrete;

THENCE North 70 degrees 38 minutes 55 seconds East, a distance of 185.74 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE North 44 degrees 10 minutes 12 seconds East, a distance of 7.05 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH"; said point is the common corner between the aforesaid Addison Airport tract and the southwest corner of a tract of land described in deed to O.J. Broughton and E.E. Ericson recorded in Volume 4350, Page 491 of D.R.D.C.T.;

THENCE North 89 degrees 20 minutes 44 seconds East, along the common line of said Addison Airport tract and the south line of said O.J. Broughton tract for a distance of 818.27 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH" in the west right-of-way line of aforesaid Addison Road;

PROPERTY DESCRIPTION

THENCE North 21 degrees 09 minutes 30 seconds West, along the aforesaid west line of said Addison Airport Industrial District addition, a distance of 2,365.86 feet to a 1/2 inch iron rod found;

THENCE North 21 degrees 01 minute 39 seconds West, a distance of 320.94 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE North 89 degrees 44 minutes 31 seconds East, a distance of 10.21 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE North 20 degrees 38 minutes 06 seconds West, a distance of 221.75 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE North 89 degrees 54 minutes 56 seconds West, a distance of 177.90 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH" in the east right-of-way line of Dooley Road (a 50 foot wide right-of-way);

THENCE North 00 degrees 18 minutes 06 seconds West, along the said east right-of-way line of Dooley Road, a distance of 663.91 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH" for the apparent intersection of said east right-of-way line of Dooley Road and the north right-of-way line of the old Keller Springs Road (a 50 foot wide right-of-way);

THENCE South 89 degrees 33 minutes 56 seconds West, with the said north line of Keller Springs Road, a distance of 105.61 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE North 56 degrees 29 minutes 35 seconds West, a distance of 65.57 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH" in the aforesaid east right-of-way line of Dooley Road (a 60 foot wide right-of-way);

THENCE South 89 degrees 19 minutes 27 seconds West, a distance of 361.02 feet to a 5/8 inch iron rod found;

THENCE North 00 degrees 28 minutes 50 seconds West, a distance of 231.53 feet to a 1/2 inch iron rod found;

THENCE North 89 degrees 17 minutes 19 seconds East, a distance of 1.24 feet to a 1/2 inch iron rod found with cap stamped Su&F

THENCE North 00 degrees 34 minutes 41 seconds West, a distance of 470.04 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH" in the east line of Beltwood North Phase 2, an addition to the City of Dallas, Texas, according to the Plat thereof recorded in Volume 78201, Page 1, D.R.D.C.T.;

THENCE East, a distance of 70.73 feet along said Beltwood North Phase 2 addition to a 5/8 inch iron rod set with cap stamped "DAL-TECH";

THENCE North 00 degrees 39 minutes 08 seconds West, along said Beltwood North Phase 2 addition, a distance of 235.73 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH" for the most southerly corner of Lot 7 of said Beltwood North Phase 2 addition;

THENCE North 21 degrees 08 minutes 57 seconds West, passing the north line of said Beltwood North Phase 2 addition at a called distance of 576.04 feet and continuing on for a total distance of 2,125.91 feet to a 5/8 inch iron rod set with cap stamped "DAL-TECH" for the northeast corner of Beltwood North Addition, according to the plat thereof recorded in Volume 78201, Page 1, D.R.D.C.T.; same being the southeast corner of Lot 1R-1, Block A, Coll Addition, according to the plat thereof recorded in Volume 200203, Page 103, D.R.D.C.T.;

THENCE South 89 degrees 35 minutes 51 seconds West, along the common line between the north line of said Beltwood Addition and the south line of said Coll Addition, a distance of 214.48 feet to a 1/2 inch iron rod found in the east right-of-way line of Midway Road (a 100 foot wide right-of-way);

THENCE North 00 degrees 21 minutes 08 seconds West, along said east right-of-way line of Midway Road, passing a 1/2 inch iron rod found for the North corner of said Lot 1R-1, Block A, at a distance of 564.89 feet and continuing for a total distance of 1,756.20 feet to a 1/2 inch iron rod found with cap stamped "SURVCON";

THENCE North 89 degrees 24 minutes 55 seconds East, a distance of 1,165.10 feet to the POINT OF BEGINNING and CONTAINING 16,492,399 square feet or 378.6 acres of land, more or less.

I, Alan Moore, a Registered Professional Land Surveyor in the State of Texas, do hereby certify that I prepared this Plat from an actual survey of the land under my supervision in accordance with the "Minimum Standards of Practice" approved by the Texas Board of Professional Land Surveyors.

Alan Moore, RPLS No. 5537

Control Monument

(MAD 83, TEXAS NORTH CENTRAL - 4202)

North	East	Elevation	Desc.
7039689.078	2480245.682	638.30	AA-1
7041501.126	2480144.730	641.92	AA-2
7037202.352	2480632.193	638.03	AA-3
7035957.886	2479444.822	632.41	AA-4
7035908.863	2478102.163	637.40	AA-5
7043549.691	2477497.489	652.25	AA-6
7043772.156	2478253.153	633.02	AB7648
7043042.492	2477532.021	637.40	AB7852
7036354.486	2478875.925	642.02	CS1308

Adjoiner Index

Index	Owner	Vol.	Page
A1	Texas Turnpike Authority	96197	4724
A2	Texas Federal Subdivision, No.2	79039	133
A3	Blakey Airport Addition	84068	4359
A4	Van-Hoff Subdivision	79122	1831
A5	Aweco Subdivision	79136	2610
A6	Regal Aweco Subdivision	97093	2816
A7	Hensel Way Addition	82020	3576
A8	Almond Old Land Grant Subdivision	98245	3626
A9	Airport Plaza Addition	79078	2022
A10	1350-acre Walle Subdivision	84108	3030
A11	Airport Plaza Addition	85070	2962
A12	Eleanor W. Dextran Marital Trust No. 1	95004	4713
A13	Tom J. Shephard et ux Sandra D. Shephard	97229	4451
A14	Crossroads-Aviation Inc.	97044	213
A15	D.A. Coady	70165	679
A16	Barco, Mirror, & Glass	63083	1059
A17	Sanatral Public	97247	4072
A18	White Rock Mesonic Lodge #234	3981	416
A20	George P. Kondos and Carol C. Kondos	91084	2102
A21	15800-Moore Road Ltd.	2000039	4255
A22	John-Mac Joint Venture	82001	4089
A24	Midway Road Condo's	81115	0016

Parent Tracts

Owner: City of Addison
Address: 15333 Addison Road City of Addison, Texas
Legal Description: Being all the certain tract of land 373.332 acres, more or less, out of the Edward Cook Survey, Abstract 326, the William Lomax Survey Abstract 1257, Lot 1R-1, Block A of Coll Addition, Vol. 200203, Pg. 103, Dallas County, Texas, and part of Lot 1 of Block A of the Carroll Estates Addition, Volume 10 Page 473, Dallas County, Texas

Grantor: Addison Airport, Inc.
Grantee: City of Addison
WD Vol.77010 Pg. 1391

Grantor: W. H. Lafluy
Grantee: City of Addison
Judgment Cause# 80-1894-D
Vol.91079 Pg.2687

Grantor: Beltwood North Joint Venture, et al
Grantee: City of Addison
Vol.82022 Pg.1211

Grantor: Bob Chester and William F. Chester
Grantee: City of Addison
Vol.98015 Pg.2143

Res. Chester Addition Vol.84216 Pg.3066

Grantor: Projects-Coh. Inc.
Grantee: City of Addison
Vol.97217 Pg.1350

Grantor : Charles Cayce, Independent Executor of the Estate of William L. Gray and Independent Executor of the Estate of Kathy L. Gray
Grantee: Town of Addison, Texas
Vol. 2003105, Pg. 11725

Res. Lot 1R-1, Block A, Coll Addition, Vol. 2002003, Pg. 103

Grantor: North Texas Tollway Authority
Grantee: Town of Addison
Vol. 2002150, Pg. 10404

Dedication Statement

That the TOWN OF ADDISON ("Owner") does hereby adopt this plat designating the hereinabove property as ADDISON AIRPORT ADDITION, an addition to the Town of Addison, Texas, and, subject to the conditions, restrictions and reservations stated hereinafter, owner dedicates to the public use forever the streets and alleys shown thereon.

The easements shown on this plat are hereby reserved for the purposes as indicated, including, but not limited to, the installation and maintenance of water, sanitary sewer, drainage, electric, telephone, gas and cable television. Owner shall have the right to use these easements, provided however, that it does not unreasonably interfere or impede with the provision of the services to others. Said utility easements are hereby being reserved by mutual use and hereby expressly and solely for the benefit of the provider of services for which easements are granted.

Any drainage and floodway easement shown hereon is hereby dedicated to the public's use forever, but including the following covenants with regards to maintenance responsibilities. The existing channels or creeks traversing the drainage and floodway easement will remain as an open channel, unless required to be enclosed by ordinance, at all times and shall be maintained by the individual owners of the lot or lots that are traversed by or adjacent to the drainage and floodway easement. The City will not be responsible for the maintenance and operation of said creek or creeks or for any damage or injury of private property or person that results from the flow of water along said creek, or for any damage or injury of private property or person that results from the flow of water along said creek, or for the removal of erosion. No other structure within the drainage and floodway easement. Provided, however, it is understood that in the event it becomes necessary for the City to channelize or consider erecting any type of drainage structure in order to improve the storm drainage, then in such event, the City shall have the right, but not the obligation, to enter upon the drainage and floodway easement at any point, or points, with all rights of ingress and egress to investigate, survey, erect, construct or maintain any drainage facility deemed necessary by the City for drainage purposes. Each property owner shall keep the natural drainage channels and creeks traversing the drainage and floodway easement adjacent to his property clean and free of debris, silt, growth, vegetation, weeds, rubbish, refuse matter and any substance which would result in unsanitary conditions or obstruct the flow of water, and the City shall have the right of ingress and egress for the purpose of inspection and repair and maintenance work by the property owner and any other person authorized in writing by the property owner, and the property owner shall be responsible for the cost of any such work. The City shall not be held liable for any water overflow and natural bank erosion to an extent that cannot be definitely defined. The City shall agree to indemnify and hold harmless the City from any such damages and injuries. Building areas outside the drainage and floodway easement line shall be plotted to a minimum elevation as shown on the plat. The minimum floor of elevation of each lot shall be shown on the plat.

The maintenance or paving of the utility and fire line easements is the responsibility of the property owner. All public utilities shall be installed to the full right of ingress and egress to and from and upon the said utility easements for the purpose of constructing, reconstructing, inspecting, patrolling, maintaining and adding to or removing all or parts of its respective system without the necessity at any time of procuring the permission of anyone. Any public utility shall have the right of ingress and egress to private property for the purpose of reading meters and any maintenance and service required or ordinarily performed by that utility. Buildings, fences, trees, shrubs or other improvements or growth may be constructed, reconstructed or placed upon, over or across the utility easements as shown; provided, however, that owner shall at its sole cost and expense be responsible under any and all circumstances for the maintenance and repair of such improvements or growth, any public utility shall have the right to remove and keep removed all or parts of any buildings, fences, trees, shrubs or other improvements or growth which in any way endanger or interfere with the construction, maintenance or efficiency of its respective system or service.

Water main and sanitary sewer easements shall also include additional area of working space for construction and maintenance of the systems. Additional easement area is also shown for installation and maintenance of manholes, cleanouts, fire hydrants, water sewer and service lines from the main to curb or pavement line, and the descriptions of such additional easements herein granted shall be determined by their locations as installed.

This plat is approved subject to all platting ordinances, rules, regulations and resolutions of the Town of Addison, Texas.

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This plat is approved subject to all platting ordinances, rules, regulations and resolutions of the Town of Addison, Texas.

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EXHIBIT 2.2

Legal Description of Lease Premises

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

COMMENCING at the intersection of the south line of Westgrove Road (60 foot right-of-way) with the west line of Claire Chennault Road (60 foot right-of-way) (Not Dedicated);

THENCE S 00°32'21" E, along the west line of said Claire Chennault Road, 256.76 feet to the point of curvature of a non-tangent circular curve to the right having a radius of 70.00 feet;

THENCE southwesterly, continuing along the west line of said Claire Chennault Road and along said curve to the right, through a central angle of 43°40'00", an arc distance of 53.35 feet and having a chord which bears S 21°05'00" W, 52.07 feet to a "PK" nail found at the point of tangency;

THENCE S 42°55'00" W, continuing along the northwest line of said Claire Chennault Road, 506.35 feet to a "PK" nail set at the **POINT of BEGINNING**, same being the southerly southeast corner of a ground lease as described in deed to CC Hanger, L.P. recorded in Volume 2004, Page 7523 of the Deed Records of Dallas County, Texas;

THENCE S 42°55'00" W, continuing along the northwest line of said Claire Chennault Road, 376.58 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the easterly corner of Lease Tract 68 (unrecorded);

THENCE N 47°24'55" W, departing the east line of said Claire Chennault Road, along the northeast line of said Lease Tract 68, 355.97 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the southeast line of Taxiway Victor, and lying in a non-tangent circular curve to the left having a radius of 485.00 feet;

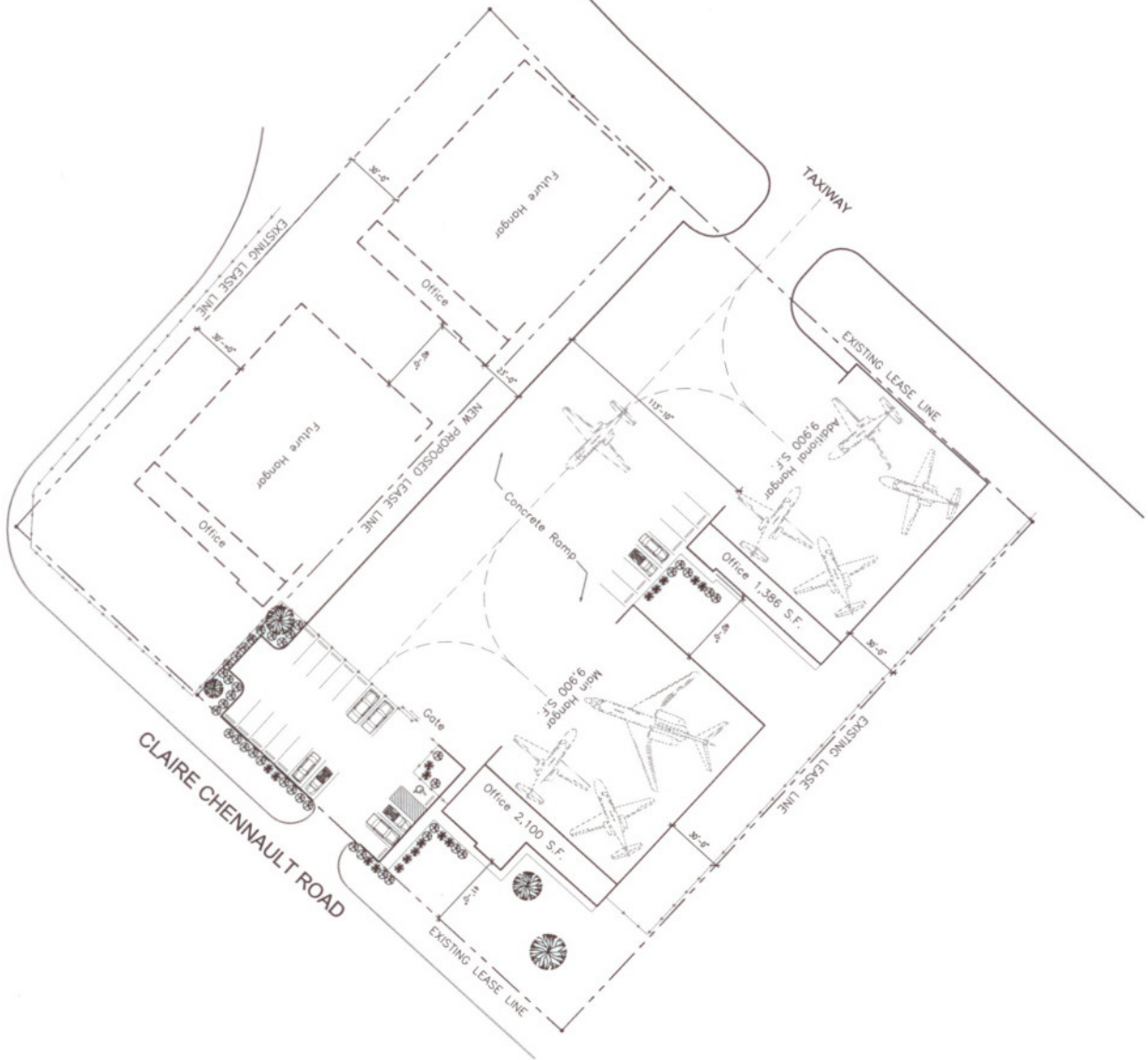
THENCE northeasterly, along the southeast line of said Taxiway Victor and along said curve to the left, through a central angle of 07°09'47", an arc distance of 60.63 feet and having a chord which bears N 46°35'45" E, 60.60 feet to a "PK" nail set with flasher at the point of tangency;

THENCE N 43°00'51" E, along the southeast line of said Taxiway Victor, 316.49 feet to a 1/2-inch iron rod found at the westerly corner of said CC Hanger tract;

THENCE S 47°21'28" E, departing the southeast line of said Taxiway Victor, along the southwest line of said CC Hanger tract, 351.54 feet to the **POINT of BEGINNING** and containing 3.045 acres of land.

EXHIBIT 2.3 SITE PLAN

A SITE ARCHITECTURAL PLAN
SCALE: 1" = 30'-0"



Phase I - 87,818 square feet

Phase II - 44,741 square feet

SITE PLAN

SP1.1	DATE: 04/20/2007	107036
	BY: RJS/MS	



ExecHangar™
ADDISON AIRPORT
DALLAS COUNTY, TEXAS

McCluggage Van Sickle & Perry
125 S. WASHINGTON WICHITA, KANSAS 67202
P.O. BOX 3846 WICHITA, KANSAS 67201
PH. 316.262.6451 FAX 316.262.5460

Exhibit 3 – Description of Improvements To Be Constructed

Tenant shall cause to have erected and/or constructed to or on the Leased Premises the Building Improvements generally described in this Exhibit 3. The term Building Improvements also includes any structures, fixtures, additions, aprons, parking areas taxiways/taxi lanes, landscape or any other building or site improvement located on the Leased Premises, including, without limitation, any alterations or improvements made pursuant to Section 12 of the Lease Agreement.

Tenant shall construct two (2) 9,900 square foot hangars with attached support facilities. The heated hangar will be 110' wide and 90' deep with a 34' building height and include a 86' x 27'11" powered door. Each of the buildings will include a reception area, flight planning area, men's and women's restrooms, line office and utility room and limited private offices. Ramp area, vehicle parking and landscaping will be included in the construction of the project.

This Exhibit 3 hereby includes by reference the complete set of construction documents approved by the Town of Addison for the Building Improvements including but not limited to all architectural, civil, mechanical, and electrical and landscape drawings and specifications, together with all change orders and as-built modifications, warranties and guaranties procured by Tenant.

Exhibit 4.0 – EXPANSION OPTION

Provided Tenant is in good standing with Landlord and not in default of this Lease Agreement or any other agreement or contract with Landlord at the time, Tenant shall have the exclusive option to exercise the right (the “Expansion Option”) to annex to the Leased Premises that certain parcel of real property at Addison Airport consisting of approximately 1.03 acres (44,741 gross square feet) of land described as Phase II in Exhibit 2.1 and Exhibit 2.2 located immediately west of and adjacent to the Leased Premises (the “Option Land”). Tenant may exercise this option anytime after the Effective Date of this Lease Agreement but before September 1, 2012 and only after Tenant has given Landlord 180 days advanced written notice of its desire and intent to exercise said option.

Should Tenant exercise the aforementioned Expansion Option, the following terms and conditions shall apply:

1. The City hereby agrees and shall release and deliver to Tenant the Option Land in its “AS IS” and “WHERE IS” condition free and clear of all personal property, trash and loose debris within one-hundred and eighty (180) calendar days after Tenant has delivered to Landlord written notice of its intent to annex the Option Land to the Leased Premises (the “City Option Land Delivery Date”) and,
2. The use of the Option Land is to be the same as the Leased Premises set forth in Section 5 of the Lease but with two additional hangar/office buildings and related improvements (the “Optional Building Improvements”) to be constructed of comparable size, construction and cost as the initial Building Improvements, subject to Landlord’s advance review and approval of Tenant’s Design Plan.
3. Effective the first full month after Substantial Completion of the Option Building Improvements, the Base Rental of the Lease shall be increased to an amount equal to the product of the then monthly Base Rental per gross square foot (of the original Leased Premises a.k.a. Phase I) times the total gross square feet of the original Leased Premises plus the Option Land (that is Phase I and Phase II combined).
4. Base Rental, as modified, shall continue to be adjusted subject to the provisions of Section 4 without interruption.
5. Tenant agrees to accept the Optional Land in accordance with Section 7 of this Lease Agreement, however should the City fail to be able to release the Option Land for reasons outside Tenant’s control (e.g. City is unable to timely relocate existing tenants), and such failure causes a delay in the Substantial Completion of the Optional Building Improvements, shall be extended by the number of days between the City Delivery Date and the actual date the City delivers the Optional Land to Tenant.
6. Construction of the Optional Building Improvements shall be in accordance with the Lease and wherein the term “Building Improvements” is used or otherwise referenced, it shall also mean to include, without limitation, the Optional Building Improvements, except that (i) construction of the Optional Building Improvements must commence (as defined in Section 5 D no later than ninety (90) days after the actual date the City delivers the Optional Land to Tenant and (ii) Substantial Completion shall occur no later than two-hundred and seventy days (9 months) after construction commences (as defined in the Lease Agreement) of the Optional Building Improvements.

7. All other terms and conditions of the Lease Agreement shall continue in full an in effect for the duration of the original Term.

Exhibit 5.0 – ExecHangar ADS, LC
Offering Memorandum (the “Prospectus”) Dated June 1, 2007

Or most current version

Attachment 2

Proposed Non-public Operator Fuel Farm License Agreement



Addison Airport

Fuel Farm License Agreement

EXECHANGAR ADS LC

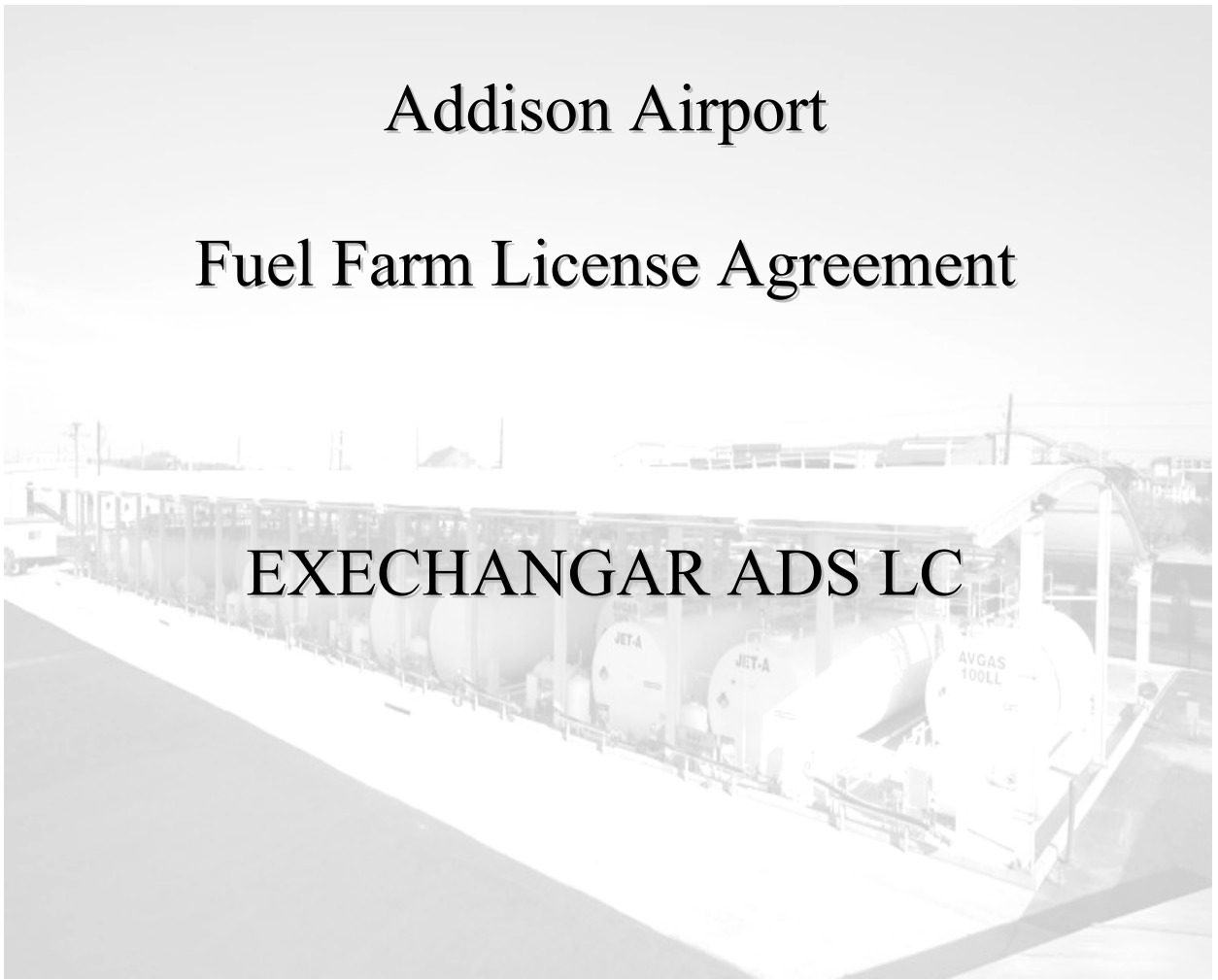


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ADDISON AIRPORT FUEL FARM LICENSE AGREEMENT

SECTION 1

DEFINITIONS AND CERTAIN BASIC PROVISIONS

1.1 The following list sets out certain defined terms and certain financial and other information pertaining to this License Agreement (“License” and “Agreement” are interchangeably used herein to mean one and the same):

- (a) “Licensor”: TOWN OF ADDISON, a Texas home-rule municipality.
- (b) Licensor's Address: 5300 Belt Line Road, Dallas, Texas 75254.
- (c) “Manager”: Washington Staubach Addison Airport Joint Venture
- (d) Manager’s Address: 16051 Addison Road, Suite #220, Addison, Texas 75001
- (e) “Licensee”: EXECHANGAR-ADS LC, a Kansas limited liability company
- (f) Licensee's Address: 8811 SOUTH KANSAS, SEDGWICK, HARVEY COUNTY KANSAS, 67135
 Primary Contact: Daniel L. Claassen Phone Number: _____
- (g) Licensee's Trade Name: ExecHangar ADS LC
- (h) Licensee's Guarantor (if applicable, attach Guaranty as an exhibit): _____
- (i) “Fuel Farm”: Licensor's property located in the Town of Addison, Dallas County, Texas, which property is described on Exhibit “A” and shown on Exhibit “B” attached to this License. With regard to Exhibits “A” and “B”, the parties agree that they are attached solely for the purpose of depicting the location of the Fuel Farm and the Fuel Tanks within the Fuel Farm and that no representation, warranty, or covenant is to be implied by any information shown on such exhibits.
- (j) “Fuel Tanks”: The three (3) above-ground storage tanks, together with all equipment attached thereto necessary for Licensee’s use of the Fuel Tank in accordance with this License, situated in the Fuel Farm and identified on Exhibit “C” attached hereto, with a stipulated combined capacity of 65,000 gallons (“Total Licensee Gallon Capacity”) of fuel, also being known as

Tank #	Designated Fuel Type	Licensee Gallon Capacity	% Of Total Fuel Farm Combined Capacity
# 9	Jet A	25,000	7.937%
#10	Jet A	25,000	7.937%
#11	100 LL	15,000	4.762%
#			
Total		65,000	20.636% **

** The “Licensee's Proportionate Share”, calculated in accordance with Section 4.10, on the Commencement Date is established to be 20.64 Percent (20.64 %).

- (k) “Commencement Date”: The earlier of (i) the date upon which Licensee commences use of the Fuel Tanks; or (ii) March 1, 2009.
- (l) “Term”: The period of time commencing on the Commencement Date and continuing until the last day of the calendar month sixty (60) months from the Commencement Date or the last month

of any properly exercised Term Extension (as described in Exhibit “D” attached hereto), whichever is later (i.e., if Commencement Date is March 10, 2006, the Term shall then expire no later than March 31, 2011 if no Term Extension is exercised).

- (m) “**Base Fee**”: Annual Consideration for this License equal to the Total Licensee Gallon Capacity, multiplied by **\$0.2651** per gallon, payable in equal monthly installments as provided for in Section 4.
- (n) “**Additional Fee**”: Annual Consideration for this License equal to the Total Licensee Gallon Capacity, multiplied by **\$.3290** per gallon, payable in equal monthly installments as provided for in Section 4.
- (o) “**Fuel Flowage Fee**”: Consideration for this License to receive and dispense aircraft fuel, equal to the Fuel Flowage Rate (as defined in Section 7.1 of this License) for each gallon of aviation fuel received by Licensee during the Term, payable in monthly installments as provided for in Section 7.
- (p) “**Security Deposit**”: **\$3,218.00** Such Security Deposit is due and payable upon execution of this License and held on account on behalf of Licensee by Licensors in accordance with Section 28.4.
- (q) “**Permitted Use of Fuel Tanks**”: Exclusively for the storage of fuel in support of aeronautical operations of type and grade approved in writing by Licensors in the capacity of a:

(Check only one)

Public Fixed Based Operator for retail delivery into aircraft at the Airport, for delivery into aircraft at the Airport owned, leased or otherwise operated by Licensee and for the purpose of fueling ground equipment at the Airport used in the support of Licensee’s aeronautical operations at the Airport and for no other purpose, except for any such delivery to aircraft of holders of valid off-airport access permits or as otherwise approved in writing by Licensors.

Non-public Operator with delivery to aircraft owned or leased by Licensee and for the purpose of fueling ground equipment at the Airport used in the support of Licensee’s aeronautical operations and for no other purpose. For the purpose herein, aircraft owned or leased by Licensee shall include, without limitation, aircraft owned or leased by the Members of Licensee as defined in the ExecHangar ADS LC Offering Memorandum (“Offering Memorandum”) dated June 1, 2007, as amended or modified, and attached hereto as Exhibit G and incorporated herein. **LICENSEE IS HEREBY EXPRESSLY PROHIBITED FROM DISPENSING AIRCRAFT FUEL TO ANY AIRCRAFT NOT OWNED OR LEASED BY LICENSEE OR ITS MEMBERS. LICENSEE IS HEREBY EXPRESSLY PROHIBITED FROM DISPENSING AIRCRAFT FUEL TO ANY LESSEE OR SUBLESSEE.**

- (r) “**Airport**”: The Addison Airport situated in the Town of Addison, Dallas County, Texas.
- (s) “**Minimum Semi-Annual Gallons Received**”: **180,000** gallons of aviation fuel (excluding diesel and mobile fuel), as described in Section 7.7.
- (t) “**Includes**” and “**including**”, for purposes of this Agreement, are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded.

1.2 The following chart is provided as an estimate of Licensee’s monthly and annual payment to Licensors as Consideration (as defined in Section 4.1). This chart, however, does not supersede the specific provisions contained elsewhere in this License.

PAYMENTS IN ADVANCE:	Annual	Monthly
Base Fee (Section 1.1(m) and 4.3)	\$ 17,231.50	\$1,435.96
Additional Fee (Section 1.1(n) and 4.4)	\$21,385.00	\$1,782.08
Subtotal of Payments in Advance	\$38,616.50	\$3,218.04
PAYMENT IN ARREARS:		
Fuel Flowage Fee \$0.12 x total gallons received during the preceding month (Section 7).	\$TBD	\$ TBD
TOTAL MONTHLY CONSIDERATION (Payment In Advance plus Payment In Arrears)	\$TBD	\$TBD

SECTION 2

GRANTING CLAUSE

2.1 Licensor licenses the Fuel Tanks to Licensee, subject to and only upon the terms and conditions set forth in this License and further subject to all laws, codes, ordinances, rules, standards, policies, permits, and regulations now in effect or hereafter adopted, modified, or amended by Licensor or any governmental or quasi-governmental authority having jurisdiction over the Airport or any part thereof, and all requirements, conditions, and standards of any Airport grant or funding or any grant agreements or grant assurances of the Airport now in effect or as hereafter agreed to, adopted, issued, modified, amended, or established. This License is not a lease and grants no interest or estate in the Fuel Farm, including, without limitation, any leasehold interest.

SECTION 3

DELIVERY OF PREMISES

3.1 BY ACCEPTANCE OF THIS LICENSE, LICENSEE HEREBY AGREES THE FUEL FARM IS BEING DELIVERED TO LICENSEE IN GOOD WORKING CONDITION AND UNDERSTANDS THAT THE FUEL TANKS ARE BEING LICENSED TO LICENSEE, ON AN “AS IS”, “WHERE IS” AND “WITH ALL FAULTS” BASIS, WITH LICENSEE ACCEPTING ALL DEFECTS, IF ANY AND LICENSOR MAKES NO REPRESENTATIONS (OTHER THAN AS TO LICENSOR'S OWNERSHIP OF THE FUEL FARM), WARRANTIES OR COVENANTS OF ANY KIND OR NATURE, WHETHER EXPRESS OR IMPLIED, AS TO THE HABITABILITY, FITNESS OR SUITABILITY OF THE FUEL FARM FOR A PARTICULAR PURPOSE, INCLUDING, BUT NOT LIMITED TO (AND LICENSOR HEREBY EXPRESSLY DISCLAIMS THE SAME), ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. LICENSEE ACKNOWLEDGES AND AGREES THAT LICENSEE HAS HAD THE OPPORTUNITY TO INSPECT THE FUEL FARM, AND THAT ANY SUCH INSPECTION HAS BEEN ADEQUATE TO ENABLE LICENSEE TO MAKE LICENSEE'S OWN DETERMINATION REGARDING THE SUITABILITY OR FITNESS OF THE FUEL TANKS AND FUEL FARM. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, LICENSEE HEREBY ASSUMES ALL RISK AND LIABILITY (AND AGREES THAT LICENSOR SHALL NOT BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL OR OTHER DAMAGE) RESULTING OR ARISING FROM OR RELATING TO THE USE, CONDITION, LOCATION, MAINTENANCE, REPAIR OR OPERATION OF THE FUEL FARM, EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY HEREIN AGREED AND CONSENTED TO BY LICENSOR.

3.2 Licensor shall have the right upon ninety (90) day's prior written notice, to relocate Licensee to another Fuel Tank or Fuel Tanks (the “**Replacement Fuel Tank(s)**”) in the Fuel Farm as Licensor deems, at its sole discretion, to be reasonably necessary. In the event of such relocation, the cost of relocating Licensee and the cost

of altering the Replacement Fuel Tanks to make them comparable to the current Fuel Tanks shall be borne by Licensor (except for those alterations or improvements made to the Fuel Tanks by Licensee with or without Licensor's prior consent). If Licensor exercises such right of relocation, this License shall continue in full force and effect without any change to the terms or other conditions, except that the Replacement Fuel Tanks shall be deemed substituted in Section 1.1(j) and an appropriate adjustment shall be made to the amount of the Consideration and any Security Deposit.

SECTION 4

PAYMENT OF BASE FEE AND ADDITIONAL FEE

4.1 The Base Fee and all other sums or charges payable by Licensee, including but not limited to Additional Fee and Fuel Flowage Fees and other fees required by this License, are sometimes herein referred to collectively as "**Consideration**". All payments of Consideration are to be paid by corporate, personal or cashier's check or money order. Payments of Consideration are not to be made in cash. The Licensor shall have the same remedies in the case of a default in the payment of Additional Fee and Fuel Flowage Fees and any other Consideration as are available to Licensor in the case of a default in the payment of the Base Fee.

4.2 The Consideration shall be payable to Licensor at Licensor's address set forth in Section 1.1(b) or, such other address designated by Licensor with prior written notice given to Licensee. Consideration shall not be considered paid until actually received by Licensor or Licensor's designee.

4.3 Beginning with the Commencement Date and continuing throughout the Term of this License, Licensee shall pay an annual Base Fee in the amount specified in Section 1.1(m), which Base Fee shall be paid by Licensee (separately or together with other Consideration due and payable) in equal monthly installments as required herein, without any interruption, offset or deduction of any nature. The first such monthly installment shall be due and payable on or before the Commencement Date, and subsequent installments shall be due and payable on or before the first day of each succeeding calendar month during the Term. If the Term of this License commences on a day other than the first day of a calendar month, or terminates on a day other than the last day of a calendar month, the Base Fee installment of such partial month as provided for under this Section 4.3 shall be prorated and such installment or installments so prorated shall be paid in advance (i.e., the quotient that results from dividing the number of calendar days of such partial month included in the Term by the total number of days in that month, then multiplying such quotient by one-twelfth of the Base Fee).

4.4 In addition to the Base Fee and any other Consideration required under this License, Licensee shall pay an Additional Fee which is to be assessed by Licensor annually for each fiscal year of Licensor, but said amount shall never be less than that specified in Section 1.1(n).

4.5 The Additional Fee payable by the Licensee under this License shall be equivalent to Licensee's Proportionate Share of Licensor's cost of operating and maintaining the Common Area and the Replacement Recovery Allowance provided for under Section 4.6. Such costs, hereinafter referred to as the "**Common Area Charge**", may include but not be limited to: all utilities which serve the Fuel Farm including water, sewer, electricity, gas and data/tele-communications; all systems and system components necessary and appurtenant to the operation of the Fuel Farm (i.e., motors, pumps, pipes, hoses, valves, regulators, vents, safety systems, separators, auxiliary power supply); structural systems including roof and canopy repair and maintenance; the costs of any third-party service agreement which may include the repair, maintenance and inspection of the Fuel Farm and any of its systems and system components; painting, cleaning, sweeping, landscaping, inspecting, repairing and replacing the Fuel Farm or any portion thereof; Licensor's reasonable overhead costs for administration and management; and the cost of any Real Estate Charges or Insurance Expenses for which Licensor is not reimbursed pursuant to Section 5, but specifically excluding all expenses paid or reimbursed by Licensee to Licensor pursuant to Section 6.

4.6 Licensor and Licensee agree that Licensor may include in the Additional Fee a reasonable reserve sufficient to pay the costs of the future replacement of the Fuel Tanks and Roofing System (the "**Replacement Recovery Allowance**"), which costs are to be amortized over a twenty-five (25) year and ten (10) year useful lifespan, respectively. Licensor, in its sole discretion, may adjust the monthly amount collected from Licensee for the Replacement Recovery Allowance from time to time to coincide with the industry's generally accepted replacement values for fuel tanks and roofing systems comparable to the Fuel Tanks and Roofing System.

4.7 If the Term of this License commences on a day other than the first day of a calendar month, or terminates on a day other than the last day of a calendar month, the Additional Fee for such partial month shall be pro-rated and paid in advance similarly as provided for the Base Fee under Section 4.3.

4.8 Prior to the commencement of Licensor's fiscal year beginning October 1, 2009 and prior to the commencement of each fiscal year of Licensor thereafter, Licensor shall provide Licensee an estimate of the Additional Fee for such fiscal year. The Additional Fee shall be due and payable by Licensee (separately or together with other Consideration due and payable) in equal monthly installments during such fiscal year, without any interruption, offset or deduction of any nature. The first such monthly installment shall be due and payable on the Commencement Date, and subsequent installments, as adjusted for each fiscal year during the Term, shall be due and payable on or before the first day of each succeeding calendar month during the Term. If the Term of this License commences on a day other than the first day of a calendar month, or terminates on a day other than the last day of a calendar month, the Additional Fee installment of such partial month as provided for under this Section 4.8 shall be prorated and such installment so prorated shall be paid in advance (i.e., the quotient that results from dividing the number of calendar days of such partial month included in the Term by the total number of days in that month, then multiplying such quotient by one-twelfth of the Additional Fee).

4.9 Within one hundred twenty (120) days following the conclusion of the Licensor's fiscal year ending September 30, 2009, and within one hundred twenty (120) days following the conclusion of each fiscal year of Licensor thereafter, or as soon thereafter as reasonably possible, Licensor shall furnish to Licensee an itemized statement reconciling the actual Common Area Charge and other costs for that fiscal year (or part thereof during the Term of this License) against the Additional Fee for such fiscal year or partial fiscal year. Within thirty (30) days of the delivery of such statement to Licensee, Licensee shall pay to Licensor the Licensee's Proportionate Share of the positive difference, if any, resulting from subtracting the Additional Fee paid by Licensee for such fiscal year from the Licensee's Proportionate Share of the actual Common Area Charge and other costs for such fiscal year. If such Additional Fee paid by Licensee exceeds Licensee's Proportionate Share of such Common Area Charge and other costs for such fiscal year or partial fiscal year, Licensor shall have the right, at its option, to credit such excess against the next accruing payment(s) of the Additional Fee due under this License or return such excess to Licensee.

4.10 The Licensee's Proportionate Share is that percentage, at the time when the applicable cost was incurred, determined by dividing the Total Licensee Gallon Capacity by the combined capacity of the fuel tanks in the Fuel Farm, as reasonably determined by Licensor. Licensee's Proportionate Share on the Commencement Date is stipulated by the parties in Section 1.1(j).

4.11 The amount of the actual Common Area Charge and other costs determined by Licensor under Section 4.9 shall be final, conclusive and binding upon the parties hereto on the date which is one hundred-eighty (180) calendar days following the date Licensor provides such itemized statement of reconciliation to Licensee.

4.12 In the event any Consideration due is not actually received by Licensor by the fifth (5th) day after such amount is due, or if any Consideration payment is made by check, which check is returned for insufficient funds, then in addition to the past due amount, immediately on Licensor's demand, Licensee shall pay to Licensor one of the following (the choice to be at the sole option of Licensor unless one of the choices is improper under applicable law, in which event the other alternative, if proper under applicable law, will automatically be deemed to have been selected): (a) a late charge in an amount equal to ten percent (10%) of such late Consideration, in order to compensate Licensor for its administrative and other overhead expenses; or (b) interest on such late Consideration then due at the maximum rate of interest which could legally be charged in the event of a loan of such late Consideration to Licensee (but in no event to exceed 1 ½% per month), such interest to accrue continuously on any unpaid balance of such Consideration due to Licensor by Licensee during the period commencing with the due date of such late Consideration and terminating with the date on which Licensee makes full payment of all such late Consideration. Any such late charge or interest payment shall be payable immediately on demand as additional Consideration. It is hereby agreed that in no event shall any charges permitted under this License, to the extent the same are considered to be interest under applicable law, ever exceed the maximum lawful rate of interest allowed under applicable law.

4.13 If Licensor fails to receive from Licensee any installment of Base Fee or Additional Fee within ten (10) days after the same is due for any two (2) consecutive calendar months, or if the payment of any Consideration is made by check, which check is returned for insufficient funds twice within any consecutive twelve (12) month period, Licensor may, by giving written notice to Licensee, and in addition to any late charge or interest accruing pursuant to Section 4.12 above, as well as any other rights and remedies accruing pursuant to Section 20 or Section

22 below, or any other provision of this License, at law or in equity, require subsequent Base Fee and Additional Fee installments to be paid quarterly in advance by cashier's check or money order and the delivery of Licensee's corporate or personal check will no longer constitute a payment of such Consideration. Any acceptance of a corporate or personal check for such Consideration shall not be construed as a subsequent waiver of said right to require payment by cashier's check or money order.

4.14 The obligation of Licensee to pay Consideration shall survive the expiration or earlier termination of this License.

SECTION 5

LICENSEE'S RESPONSIBILITY FOR PERSONAL PROPERTY TAXES AND REAL PROPERTY TAXES

5.1 Licensee shall be liable for all taxes, if any, levied against personal property owned by Licensee and placed within or used by Licensee within the Fuel Farm. If any personal property taxes are validly levied against Licensor or Licensor's property and Licensor pays the same, such taxes shall be included in the Common Area Charge.

5.2 If any Real Estate Charges (as defined below) are validly levied against Licensor or Licensor's property and Licensor pays the same, such Real Estate Charges shall be included in the Common Area Charge. All Insurance Expenses (as defined below) related to the Fuel Farm or Licensor's ownership of the Fuel Farm shall be included in the Common Area Charge. "**Real Estate Charges**" shall include, if any, ad valorem taxes, general and special assessments, any tax or excise on fees including Consideration, any tax or charge for governmental services (such as street maintenance or fire protection) and any tax or charge which replaces any of such above-described Real Estate Charges; provided, however, that Real Estate Charges shall not be deemed to include any franchise, estate, inheritance or general income tax. "**Insurance Expenses**" shall include all premiums and other expenses incurred by Licensor for liability insurance, and fire and extended coverage property insurance (plus whatever endorsements or special coverages which Licensor, in Licensor's sole discretion, may consider appropriate) and the amount of any deductible paid by Licensor in connection with any claim thereunder.

SECTION 6

COMMON AREA OF THE FUEL FARM

6.1 The term "**Common Area**" is defined for all purposes of this License as that part of the Fuel Farm which is maintained by Licensor, the expense of which may be incurred by Licensor and included as Common Area Expenses as provided for in Section 4.5, intended for the common use of all licensees of the Fuel Farm and other authorized persons. The Common Area includes all systems that comprise the Fuel Farm and are appurtenant thereto including but not limited to all utilities (water, sewer, electricity, gas and data/tele-communications); all systems and system components necessary to the operation and function of the Fuel Farm (i.e., motors, pumps, pipes, hoses, valves, regulators, vents, life and safety systems, separators, auxiliary power, lights, switches, meters, tanks), building infrastructures, parking areas, driveways, landscaping, curbs, loading area, lighting facilities, roofs and the like. Licensor reserves the right to change from time to time the rights and interests to, and the dimensions and location of, the Common Area, as well as the rights and interests to and the dimensions, identities, locations and types of any improvements in the Fuel Farm.

6.2 Licensee shall have the nonexclusive right to use the Common Area as constituted from time to time for the purpose or purposes described in Section 1.1(q), such use to be in common with Licensor, other licensees in the Fuel Farm and other authorized persons subject to such reasonable rules and regulations governing use as Licensor may from time to time prescribe.

SECTION 7

FUEL RECEIPT, REPORTING AND FUEL FLOWAGE FEES

7.1 As additional Consideration under this License, Licensee shall pay to Licensor the Fuel Flowage Fee at the Flowage Fee Rate. The "Flowage Fee Rate" (herein so called) is twelve cents (\$0.12) for each gallon of aviation fuel received by Licensee at the Airport during the Term, excluding any fuel not intended for aeronautical use (i.e.,

diesel and mobile fuel used in connection with ground support operations) during the Term; provided, however, the Town of Addison, Texas reserves the right to increase or decrease the Flowage Fee Rate as, in its sole discretion, may be necessary or reasonably appropriate. This License is conditioned upon the payment of the Fuel Flowage Fee at the Flowage Fee Rate, and such payment is required as set forth in and in accordance with Chapter 14, Article III, Division 2 of the Code of Ordinances of the Town of Addison, Texas (as the same may be amended or superseded). Licensor and Licensee herein agree and acknowledge that any payment made by Licensee of said Fuel Flowage Fee required hereunder is in satisfaction of the Fuel Flowage Fee at the Flowage Fee Rate established by the City Council of the Town of Addison, Texas. Licensor shall give Licensee at least thirty (30) days prior written notice before any change in the Flowage Fee Rate becomes effective.

7.2 The Fuel Flowage Fee shall be paid, with respect to each calendar month during the Term beginning with the month in which the Commencement Date occurs, on or before the fifth (5th) day of the calendar month following such month, without offset or deduction of any nature, at a sum equal to the product of the applicable Flowage Fee Rate multiplied by the total amount of fuel received at the Airport by Licensee during the preceding full or partial calendar month.

7.3 Licensee shall submit to Licensor with each monthly payment of the Fuel Flowage Fee, but in no event later than the fifth (5th) day of each month during the Term, a monthly fuel report (the “**Monthly Report**”), certified as being true and correct by a duly authorized representative of Licensee, showing for the preceding calendar month the amount of fuel received, sold or dispensed.

7.4 On or before the sixtieth (60th) day after the expiration of each calendar year, and the thirtieth (30th) day after the expiration or termination of this License, Licensee shall deliver to Licensor an annual fuel report (the “**Annual Report**”), certified as being true and correct by an authorized representative of Licensee, showing the amount of aviation fuel received, sold or dispensed during the calendar year preceding the date on which the Annual Report is due. In the event any provision of this License or the enforcement thereof by the Licensor, requires accounting of the Fuel Flowage Fee and the payment thereof for a period less than twelve (12) months, such shorter period shall be treated as one (1) year for the purpose of an Annual Report, and such Annual Report shall be delivered to Licensor within thirty (30) days after termination of such shorter period.

7.5 In addition to the information described in Section 7.4, each Monthly Report and each Annual Report shall include any and all additional information required by Licensor, and shall be in the form established by Licensor (which form may be modified, revised, or amended by Licensor in its sole discretion at any time). Each of the Monthly Reports and the Annual Reports are hereinafter referred to as a “**Fuel Report**.” In the event Licensor is not satisfied with any Fuel Report provided by Licensee, Licensor shall have the right to cause its auditors or designated representative to inspect Licensee’s books and records, wherever located, evidencing and accounting for all aviation fuel received, sold or dispensed in or from the Airport for the reporting period or periods in question. Licensee hereby agrees to make available all books and records, including but not limited to its bills of lading, general ledgers, bank accounts and fuel sales receipts available for inspection during Licensee’s normal business hours within five (5) days upon receipt of written demand by Licensor. If it is determined by the auditors that the amount of fuel received, sold or dispensed during such period(s) is understated by more than two percent (2%), the reasonable expense of such audit shall be borne by Licensee. Licensee shall promptly pay to Licensor any deficiency, or Licensor shall promptly refund to Licensee any overpayment, as the case may be, which is established by such audit.

7.6 If Licensee fails to prepare and deliver promptly any Fuel Report or other document required under this License, Licensor may, in addition to exercising any of the remedies provided to Licensor under this License or any law, rule, or regulation, engage a Certified Public Accountant to make an audit of all books and records of Licensee, including (without limitation) Licensee's bank accounts, which in any way pertain to or show the aviation fuel received, sold or dispensed and prepare the Fuel Report or other document that Licensee failed to prepare and deliver to Licensor. The Fuel Report or other document prepared by such Certified Public Accountant shall be conclusively binding on Licensee, and Licensee shall pay upon demand all expenses of the audit and other services in regard to preparing such Fuel Report or other document.

7.7 Licensee shall continuously during the Term of this License use its best efforts to maximize the quantity of fuel it receives at the Fuel Tanks at the Fuel Farm. Under no circumstance, however, shall Licensee fail to receive at least the following quantities of fuel at the Fuel Farm (“**Licensee’s Minimum Standard to Operate Fuel Tanks**”), except as expressly provided under this Section 7.7:

- (a) If the Permitted Use of the Fuel Tanks is for a Public Fixed Based Operator as described in Section 1.1(q), Licensee's Minimum Standard to Operate Fuel Tanks is 320,000 gallons of fuel received at the Fuel Farm over each three (3) consecutive calendar month period during the Term (the "**Quarterly Minimum Gallons**"); provided, however, that
- (i) during the first six (6) calendar months immediately following the Commencement Date, Licensee shall exercise its best efforts to receive no less than 320,000 gallons of fuel, and
 - (ii) during the first year of this License ("**Licensee's Start-up Period**"), Licensee shall exercise its best efforts to receive no less than 896,000 gallons of fuel (the "**Start-up Period Minimum Gallons**").

Licensee's

- (i) failure to receive the Start-up Period Minimum Gallons during the Licensee's Start-up Period (the difference between the Start-up Period Minimum Gallons and the amount of fuel actually received during Licensee's Start-up Period being the "**Start-up Deficiency**"), or
- (ii) failure after the Start-up Period to receive at least the Quarterly Minimum Gallons (the difference between the Quarterly Minimum Gallons and the amount of fuel actually received by Licensee during any three (3) month period (following the Start-up Period) that Licensee failed to receive at least the Quarterly Minimum Gallons being the "**Quarterly Deficiency**"),

shall not constitute an event of default under this License if, during the three (3) consecutive calendar months immediately after Licensee receives written notice from Licensor of such failure (the "**FBO Notice Period**", beginning on the first day of the first calendar month following Licensee's receipt of the written notice), Licensee receives in the Fuel Tanks at the Fuel Farm an amount of fuel equal to or greater than the Start-up Deficiency or the Quarterly Deficiency, as the case may be, in addition to the Quarterly Minimum Gallons for the FBO Notice Period.

- (b) If the Permitted Use of the Fuel Tanks is for a Non-public Operator as described in Section 1.1(q), Licensee's Minimum Standard to Operate Fuel Tanks is 180,000 gallons received at the Fuel Farm over each six (6) consecutive calendar month period during the Term (the "**Semi-annual Minimum Gallons**"); provided, however, Licensee's failure to receive at least the Semi-annual Minimum Gallons (the difference between the Semi-annual Minimum Gallons and the amount of fuel actually received by Licensee during any six (6) month period that Licensee failed to receive at least the Semi-annual Minimum Gallons being the "**Semi-annual Deficiency**") shall not constitute an event of default under this License if, during the six (6) consecutive calendar months immediately after Licensee receives written notice from Licensor of such failure (the "**Non-public Notice Period**", beginning on the first day of the first calendar month following Licensee's receipt of the written notice), Licensee receives in the Fuel Tanks at the Fuel Farm an amount of fuel equal to or greater than the Semi-annual Deficiency, in addition to the Semi-annual Minimum Gallons for the Non-public Notice Period.
- (c) Licensee's cure rights under Section 20.1 shall not apply to the occurrence of any failure to satisfy the Licensee's Minimum Standard to Operate Fuel Tanks under this Section 7.7. Except as provided for in this Section 7.7, any such failure to perform under this Section 7.7 shall constitute an immediate event of default entitling Licensor to exercise its remedies under this License, at law, in equity, or otherwise.
- (d) Licensor reserves the right, in its sole discretion, to decrease the Quarterly Minimum Gallons or the Semi-Annual Minimum Gallons, or temporarily suspend or waive, and then reinstate, the Licensee's Minimum Standard to Operate Fuel Tanks, as Licensor may deem to be necessary or appropriate, in its sole discretion, based upon but not limited to, a *force majeure* event that has prevented Licensee from receiving the minimum quantity of fuel required under this Section 7.7.
- (e) Licensor reserves the right, in its sole discretion, to uniformly increase for all Licensees the Quarterly Minimum Gallons or the Semi-Annual Minimum Gallons effective as of the 1st day of January of 2012

and on the 1st day of January every third (3rd) year thereafter during the Term, provided that Licensor has given Licensee three (3) years prior written notice of the increase.

SECTION 8

USES AND CARE OF THE FUEL FARM

8.1 Licensee shall commence all of its fueling operations at the Fuel Farm on or immediately after the Commencement Date and shall perform such operations in a commercially reasonable manner so as to produce the maximum amount of sales from the Fuel Tanks.

8.2 Licensee shall not use the Fuel Farm or the Fuel Tanks for any purpose other than the purpose authorized by Section 1.1(q). Licensee, without Licensor's prior written consent, shall not store anything in the Fuel Tanks, other than the designated fuel type and grade of fuel authorized in Section 1.1(j), or use the Fuel Farm for any purpose which creates a risk of release of toxic or otherwise Hazardous Substances or increases the insurance premium cost for the Fuel Farm or the Airport or invalidates any insurance policy carried on the Fuel Farm or the Airport, other than the ordinary risk associated with the prudent use of any substantially similar aircraft fuel farm. All fuel kept, stored or maintained in the Fuel Tanks by Licensee, and all other property of Licensee that is maintained or used at the Fuel Farm shall be delivered, kept, stored, maintained, transported, dispensed and otherwise used at Licensee's sole risk. Without limiting the generality of the foregoing, Licensee covenants and agrees that Licensee shall not, nor shall Licensee allow or permit any of Licensee's owners, officers, employees, agents, contractors or other representatives, or any other person for whom Licensee may be responsible or liable (Licensee, together with such other persons and entities being sometimes hereinafter collectively referred to as "**Licensee Parties**"), to cause, directly or indirectly, any release or discharge of any Hazardous Substances (as defined in Section 8.4) at the Fuel Farm or any other portion of the Airport or premises adjacent thereto. Without limiting the generality of the foregoing, Licensee further covenants and agrees that Licensee shall not, nor shall Licensee allow or permit any of the Licensee Parties to, bring into, maintain upon, generate, use, store, dispense or dispose of any Hazardous Substances in or about the Fuel Farm or any other portion of the Airport or premises adjacent thereto, unless such Hazardous Substances are maintained upon, generated, used, stored, dispensed or disposed of only (a) in such quantities as are reasonably necessary for Licensee's operations, (b) in accordance with the standards and instructions of the producer and distributor of such Hazardous Substances and, if fuel, the manufacturer of the Fuel Tanks and in compliance with all applicable laws, and (c) in such a manner as would prevent a release or discharge thereof in violation of applicable laws. Upon request of Licensor at any time, Licensee shall provide Licensor with a written list, certified to by Licensee in writing, identifying any Hazardous Substances then maintained upon, generated, used, stored, dispensed or disposed of at the Fuel Farm or elsewhere at the Airport or premises adjacent thereto by Licensee and the approximate quantity of same, together with a representation that neither Licensee nor any other Licensee Parties have released or discharged any Hazardous Substances in or about the Fuel Farm or any other portion of the Airport or adjacent premises in violation of these provisions, all certified as being true and correct by a duly authorized representative of Licensee. Upon any violation of the foregoing covenants, Licensee shall be obligated, at Licensee's sole cost, to immediately cease such violation and, if any Hazardous Substance has been released or discharged, remediate, clean-up and remove from the Fuel Farm or other portions of the Airport or premises adjacent thereto all such Hazardous Substances; provided, however, that any such remediation, clean-up and removal shall be undertaken only after written notice of the release or discharge has been given by Licensee to Licensor and Licensor has approved the method of remediation, clean-up and removal. Notwithstanding the proceeding or any other provision of this Agreement, the introduction, receipt, delivery, creation, use, storage, dispensing or disposal of any Hazardous Substances at the Fuel Farm or elsewhere at the Airport or premises adjacent thereto, and any remediation, clean-up or removal of released or discharged Hazardous Substances, by or on behalf of Licensee or any other Licensee Parties shall be conducted to the satisfaction of Licensor.

8.3 **INDEMNITY.** LICENSEE SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE LICENSOR, ITS OFFICIALS, OFFICERS, EMPLOYEES, AGENTS AND OTHER REPRESENTATIVES, AND THEIR RESPECTIVE HEIRS, SUCCESSORS AND ASSIGNS (TOGETHER, "LICENSOR INDEMNIFIED PERSONS"), FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, LOSSES, JUDGMENTS, DAMAGES (INCLUDING DIRECT, INDIRECT, SPECIAL, CONSEQUENTIAL, AND OTHER DAMAGES), ACTIONS, FINES, PENALTIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES AND COSTS OF DEFENSE) (TOGETHER, "INDEMNIFIED DAMAGES") INCURRED BY LICENSOR OR OTHER SUCH

LICENSOR INDEMNIFIED PERSONS, OR ANY OF THEM, AS A RESULT OF, ARISING OUT OF, OR IN CONNECTION WITH ANY BREACH OF ANY PROVISION OF SECTION 8.2 OR ANY ACT OR OMISSION OF LICENSEE OR OF ANY OF LICENSEE PARTIES UNDER, RELATED TO, OR IN CONNECTION WITH THE RECEIPT, DELIVERY, STORAGE, MAINTENANCE, TRANSPORTATION, DISPENSING, OR OTHER USE OF ANY HAZARDOUS SUBSTANCES, **INCLUDING ANY INDEMNIFIED DAMAGES CAUSED BY THE NEGLIGENCE OF THE LICENSOR OR ANY OF THE OTHER LICENSOR INDEMNIFIED PERSONS, BUT LICENSEE SHALL HAVE NO DUTY TO INDEMNIFY LICENSOR OR ANY LICENSOR INDEMNIFIED PERSON FOR INDEMNIFIED DAMAGES CAUSED BY THE SOLE NEGLIGENCE OF LICENSOR OR SUCH LICENSOR INDEMNIFIED PERSON, UNLESS THE INSURANCE OF LICENSEE COVERS THE INDEMNIFIED DAMAGES CAUSED BY SUCH SOLE NEGLIGENCE.**

8.4 As used in this Section 8, “**Hazardous Substances**” shall include, without limitation, any and all hazardous or toxic substances, materials, contaminants, pollutants, or wastes pertaining to health or the environment as are identified, defined or listed elsewhere in any applicable local, state and federal ordinances, rules, regulations, laws and statutes, as the same may hereafter be passed, issued, enacted and/or amended, such as asbestos, petroleum products, hazardous materials, hazardous wastes and hazardous and/or toxic substances as defined or used in the Comprehensive Environmental Response, Compensation And Liability Act Of 1980, as amended (42 U.S.C. §9601 Et Seq.) and The Resource Conservation And Recovery Act, as amended (42 U.S.C. §6901 Et Seq.).

8.5 Licensee shall not, nor shall Licensee permit or allow any other Licensee Parties to, (a) cause any damage or waste at or about the Fuel Farm; (b) overload the Fuel Tanks; (c) cause any objectionable or unpleasant odors to emanate from the Fuel Tanks, except odors ordinarily emanating from a substantially similar aircraft fuel farm; (d) take any other action which would constitute a nuisance or would disturb or endanger Licensor, its employees, agents and other representatives, other licensees of the Fuel Farm, other occupants or users of the Airport or any neighbors of the Airport; or (e) permit any unlawful practice to be carried on or committed on the Fuel Farm.

8.6 Licensee shall procure, at its sole expense, any permits and licenses required for the use of the Fuel Farm including, without limitation, any permit or license required by the fire department of Licensor. At Licensor's request, Licensee shall deliver to Licensor copies of all such permits and licenses.

8.7 Only authorized and properly trained personnel of Licensee shall use the Fuel Farm pursuant to Licensee's rights under this License. In addition, if Licensee's business makes it advisable for Licensee to take any extra precautions at the Fuel Farm, Licensee shall take all such extra precautions.

SECTION 9

MAINTENANCE AND REPAIR OF FUEL TANKS AND OTHER EQUIPMENT

9.1 During the Term, Licensee, at Licensee's sole expense, shall maintain, repair and replace, as reasonably and prudently required, all equipment at the Fuel Farm diagonally cross-hatched on Exhibit “F” attached hereto (collectively, the “**Licensee Equipment**”). Without limiting the generality of the forgoing, the Licensee Equipment shall include all fuel loading and unloading equipment, such as hoses, couplings, swivels and such devices used in connection with the Fuel Tanks, and all filters, separators or other filtering medium or such devices related to the Fuel Tanks. With regard to Exhibit “F”, the parties agree that no representation, warranty, or covenant is to be implied by Exhibit “F”. If any such maintenance, repairs or replacements required to be made by Licensee are not made within ten (10) days after written notice delivered to Licensee by Licensor (except in the event of an emergency, in which case such repairs, replacements, changes or upgrades shall be required to be made by Licensee, as quickly as reasonably possible under the circumstances), then Licensor may perform such maintenance, repairs and replacements, and Licensee shall pay to Licensor, on demand, the costs of such maintenance, repairs and replacements, plus 15% for Licensor's overhead, plus interest on such sums). If Licensor elects to perform such maintenance, repairs or replacements, Licensor shall have no liability to Licensee for any loss or damage that may result to Licensee's business by reason of the same.

9.2 Except for the obligations of Licensee to be responsible for the continued maintenance, repairs and replacements of the Licensee Equipment described in Section 9.1 and Licensee's obligations under Section 9.3, and subject to the other obligations of Licensee under this License, Licensor shall at all times keep the Fuel Farm in good condition and repair generally in keeping with the standards of Licensor for the Airport and prevailing industry standards. Licensor, however, shall not be required to make any repairs occasioned by the act, omission, damage or negligence of Licensee, its employees, agents or other representatives, or any other person entering or using the Fuel Farm allegedly through the rights granted to Licensee under this License; and the provisions of the previous sentence are expressly recognized to be subject to the provisions of Section 15 and Section 16 of this License. In the event that the Fuel Tanks or other parts of the Fuel Farm should become in need of repair required to be made by Licensor hereunder, Licensee shall give immediate written notice thereof to Licensor and Licensor shall have a commercially reasonable time after receipt of such written notice in which to make such repairs. The costs of Licensor incurred pursuant to this Section 9.2 shall be included in the Common Area Charge.

9.3 During the Term, Licensee shall keep the Fuel Tanks, and cooperate with Licensor and other licensees of the Fuel Farm in keeping the Fuel Farm sidewalks, service-ways and loading areas, neat, clean and free from debris.

SECTION 10

ALTERATIONS

10.1 Licensee shall not make any installations, alterations or replacements of improvements, fixtures or equipment at the Fuel Farm without the prior written consent of Licensor, which consent may be withheld in Licensor's sole discretion. Without limiting the generality of the immediately preceding sentence, any installation, alteration or replacement consented to by Licensor must be effected strictly in accordance with Licensor's instructions and shall not unreasonably interfere with or disrupt the activities of Licensor or any other licensees of fuel tanks at the Fuel Farm. Licensee shall, promptly following the completion of any installations, alterations or replacements consented to by Licensor, deliver to Licensor "as built" plans and specifications with respect to any such installations, alterations and replacements. Any permitted installation, alteration or replacement which may be made or installed by Licensee in connection with the Fuel Farm shall remain upon and become the property of Licensor on completion of such installation, alteration or replacement; provided, however, that Licensor may request their removal upon the expiration or earlier termination of this License, in which event Licensee shall remove the same and restore the Fuel Farm to its condition immediately preceding such installation, alteration or replacement, ordinary wear and tear excepted and subject to Sections 9.2, 15 and 16, at Licensee's sole cost and expense. In the event that Licensee fails to remove such installation, alteration and replacement from the Fuel Farm within ten (10) days after the date of expiration or earlier termination of this License, Licensor may, at its option, keep or dispose of the same as Licensor shall determine at its sole discretion, without any liability or obligation to Licensee whatsoever. Licensee shall be obligated to reimburse Licensor for any costs incurred by Licensor in removing and disposing of such installation, alteration and replacement, and restoring the Fuel Farm to its original condition immediately preceding such construction, ordinary wear and tear excepted and subject to Sections 9.2, 15 and 16.

10.2 **INDEMNITY.** All construction work done by Licensee on the Fuel Farm shall be performed in a good and workmanlike manner, lien-free and in compliance with all applicable laws, and in such manner as to cause a minimum of interference with other construction in progress at the Fuel Farm or the use of the Fuel Farm by Licensor or any other licensees of fuel tanks at the Fuel Farm. **LICENSEE AGREES TO DEFEND AND INDEMNIFY LICENSOR AND LICENSOR INDEMNIFIED PERSONS AND HOLD LICENSOR AND THE OTHER LICENSOR INDEMNIFIED PERSONS HARMLESS FROM AND AGAINST ANY INDEMNIFIED DAMAGES RESULTING FROM SUCH WORK, INCLUDING ANY INDEMNIFIED DAMAGES CAUSED BY THE NEGLIGENCE OF THE LICENSOR OR ANY OF THE OTHER LICENSOR INDEMNIFIED PERSONS, BUT LICENSEE SHALL HAVE NO DUTY TO INDEMNIFY LICENSOR OR ANY LICENSOR INDEMNIFIED PERSON FOR INDEMNIFIED DAMAGES CAUSED BY THE SOLE NEGLIGENCE OF LICENSOR OR SUCH LICENSOR INDEMNIFIED PERSON, UNLESS THE INSURANCE OF LICENSEE COVERS THE INDEMNIFIED DAMAGES CAUSED BY SUCH SOLE NEGLIGENCE.**

10.3 In the event Licensee uses a general contractor to perform any installations, alterations or replacements on the Fuel Farm, Licensee shall, prior to the commencement of such work, require said general contractor to execute and deliver to Licensor a waiver and release of lien (in form and content reasonably satisfactory to Licensor) of any and all claims against Licensor and liens against the Fuel Farm to which such contractor might at any time be entitled, and to execute and record a Bond to Pay Claims (the “**Bond**”) in accordance with Chapter 53, Subchapter I of the Texas Property Code, as such may be amended, superseded or replaced from time to time, and shall deliver a copy of the recorded Bond to Licensor. The delivery of the waiver and release of lien and the Bond within the time period set forth above shall be a condition precedent to Licensee's ability to enter on and begin its installation, alteration or replacement work on the Fuel Tanks and, if applicable, to any reimbursement from Licensor for Licensee's work.

10.4 In the event that Licensor elects to modify all or any portion of the Fuel Farm, Licensee will cooperate with Licensor during such modification, including Licensee's tolerating temporary inconveniences.

SECTION 11

ACCESS TO FUEL FARM, FUEL TANKS AND EQUIPMENT

11.1 Licensor shall have the right to enter upon the Fuel Farm at any time for any purpose consistent with this License.

11.2 Neither Licensee nor any Licensee Parties shall enter onto the roof of the Fuel Farm.

11.3 Neither Licensee nor any Licensee Parties shall use or manipulate in any manner any fuel tanks at the Fuel Farm (other than the Fuel Tanks), or any equipment used solely therewith.

11.4 Licensor shall have no liability to Licensee for any loss of access by Licensee to the Fuel Farm or the Fuel Tanks by reason of any security requirement, legal requirement, casualty, accident, condemnation, alteration, maintenance, repair, strike, act of God, force majeure, or cause beyond the reasonable control of Licensor.

SECTION 12

UTILITIES

12.1 Failure by Licensor to furnish, or the interruption or termination of utility services in whole or in part, resulting from any security requirement, legal requirement, casualty, accident, condemnation, alteration, maintenance, repair, strike, act of God, force majeure, or cause beyond the reasonable control of Licensor, shall not render Licensor liable in any respect nor be construed as a breach of this License, nor work as an abatement of the Consideration, nor relieve Licensee from the obligation to fulfill any covenant or agreement hereof. Should any of the equipment or machinery used in providing such services for any cause cease to function properly, Licensor shall use reasonable diligence to repair such equipment or machinery but, except as otherwise expressly provided herein, Licensee shall have no claim for offset, abatement of the Consideration, damages or termination of this License on account of an interruption in service thereby or resulting therefrom.

SECTION 13

INSURANCE COVERAGE

13.1 Licensor shall procure and maintain throughout the Term of this License a policy or policies of insurance, causing the Fuel Farm to be insured under standard fire and extended coverage insurance and liability insurance or that which is typically available to a municipality for such purposes in the State of Texas (plus whatever endorsements or special coverages Licensor, at its sole and reasonable discretion, may consider appropriate), to the extent necessary to comply with Licensor's obligations pursuant to the provisions set forth in this License.

13.2 Licensee shall procure and maintain throughout the Term a policy or policies of insurance, at its sole cost and expense to meet or exceed the requirements specified in the then prevailing "Addison Airport Minimum Standards and Requirements For Commercial Aeronautical Service Providers" (the "**Minimum Licensee Insurance Standards**") which may be amended or modified by Licensor from time to time.

13.3 In the event no Minimum Licensee Insurance Standards are known to be in effect, Licensee shall procure and maintain throughout the Term, at the minimum, at its sole cost and expense: (a) a policy or policies of insurance causing the Licensee Equipment and Licensee's personal property at the Fuel Farm to be insured under standard Special Form or similar property insurance; (b) business automobile liability insurance for all owned and non-owned automobiles with a combined single limit of \$5,000,000 for bodily injury and property damage; and (c) commercial general liability insurance insuring Licensee on an occurrence basis against all claims, demands or actions arising out of or in connection with Licensee's use or occupancy of the Fuel Farm, or by the condition of the Fuel Farm. Licensee's commercial general liability policy or policies must provide coverage with a combined single limit of not less than \$5,000,000 per occurrence (with no offset for occurrences on property other than the Fuel Tanks), and Licensee's insurance policy or policies must list Licensor as a loss payee (as to the Special Form or similar property insurance) as to Licensor's interest in any of Licensee's property and as an "Additional Insured" as to all other insurance including, without limitation, the commercial general liability insurance, which shall also name as Additional Insured's any management personnel or company retained by Licensor to operate or manage the Fuel Farm and/or the Airport.

13.4 All such insurance must be written by insurance companies and on forms and with deductibles satisfactory to Licensor, and Licensee's insurance shall be primary (with any policies of Licensor being excess, secondary and non-contributory). If it becomes customary or otherwise a prudent business practice within Licensee's industry to provide insurance policies with limits higher than the foregoing limits or with coverages other than the foregoing coverages, then Licensee will provide Licensor with such additional insurance as may be requested by Licensor. Licensee also agrees to provide and maintain adequate workers' compensation insurance insuring against and satisfying Licensee's obligations and liabilities under the workers' compensation laws of the State of Texas in no less than statutorily required amounts, covering Licensee's agents and employees in the Fuel Tanks, and containing a waiver of subrogation in favor of Licensor.

13.5 **INDEMNITY. LICENSEE** HEREBY INDEMNIFIES, AGREES TO HOLD HARMLESS AND DEFEND LICENSOR AND THE OTHER LICENSOR INDEMNIFIED PERSONS FROM AND AGAINST ANY AND ALL INDEMNIFIED DAMAGES SUFFERED BY LICENSEE OR ANY OF LICENSEE'S EMPLOYEES, AGENTS OR OTHER REPRESENTATIVES AT OR ABOUT THE FUEL FARM WHICH WOULD HAVE BEEN OR IS COVERED BY AN APPROPRIATE WORKERS' COMPENSATION INSURANCE POLICY (AS MAY BE REQUIRED BY LAW TO BE CARRIED BY LICENSEE) AND/OR EMPLOYER'S LIABILITY INSURANCE POLICY, **INCLUDING ANY INDEMNIFIED DAMAGES CAUSED BY THE NEGLIGENCE OF THE LICENSOR OR ANY OF THE OTHER LICENSOR INDEMNIFIED PERSONS, BUT LICENSEE SHALL HAVE NO DUTY TO INDEMNIFY LICENSOR OR ANY LICENSOR INDEMNIFIED PERSON FOR INDEMNIFIED DAMAGES CAUSED BY THE SOLE NEGLIGENCE OF LICENSOR OR SUCH LICENSOR INDEMNIFIED PERSON, UNLESS THE INSURANCE OF LICENSEE COVERS THE INDEMNIFIED DAMAGES CAUSED BY SUCH SOLE NEGLIGENCE.**

13.6 Licensee shall obtain a written obligation on the part of each insurance company to notify Licensor at least thirty (30) days prior to cancellation, non-renewal or modification of all such insurance described above. Such policies or duly executed certificates or other evidence of such insurance (in any event in form and content reasonably satisfactory to Licensor) shall be delivered to Licensor prior to the Commencement Date. Renewals of insurance shall be delivered to Licensor at least thirty (30) days prior to the expiration of the respective policy term(s). If Licensee should fail to comply with the foregoing requirement relating to insurance, Licensor may obtain such insurance on Licensee's behalf, and Licensee shall pay to Licensor on demand as additional Consideration the premium cost plus interest on such additional Consideration at the maximum contractual rate which could legally be charged in the event of a loan of such late Consideration to Licensee (but in no event to exceed 1 ½% per month).

SECTION 14

WAIVER OF LIABILITY; MUTUAL WAIVER OF SUBROGATION

14.1 Licensors and its agents, employees or authorized representatives shall not (a) be liable to Licensee, nor to Licensee's officers, owners, employees, representatives, contractors, agents or visitors, nor to any other person whomsoever, for any injury to person (including, without limitation, death) or damage to or destruction of property caused by the Fuel Tanks or other portion of the Fuel Farm becoming out of repair or by defect or failure of any structural element of the Fuel Tanks or of any equipment, pipes or wiring, or broken glass, or by the backing up of drains, or by fuel, gas, water, steam, electricity or oil leaking, escaping or flowing into the Fuel Tanks or the Fuel Farm, except where due to Licensor's willful acts or gross negligence in failing to maintain or make repairs required to be made hereunder, after the expiration of a reasonable time after written notice to Licensor of the need for such repairs and Licensor failed to remedy said condition; and (b) be liable to Licensee, nor to Licensee's officers, owners, employees, representatives, contractors, agents or visitors, nor to any other person whomsoever, for any loss or damage that may be occasioned by or through the acts or omissions of other licensees of fuel tanks at the Fuel Farm or of any other persons whomsoever, except for the willful misconduct or gross negligence of authorized employees, agents or authorized representatives of Licensor.

14.2 **INDEMNITY.** Licensor shall not be liable to Licensee, any Licensee Parties or any other person for (a) any injury to person (including, without limitation, death) or damage to or destruction of property on or about the Fuel Farm or any other portion of the Airport or premises adjacent thereto caused by the act or omission of Licensee, any Licensee Parties or any other person using the Fuel Farm or any equipment used in connection therewith under the express or implied invitation of Licensee; or (b) events, acts or occurrences arising out of any breach or default by Licensee in the performance of its obligations under this License. LICENSEE AGREES TO AND SHALL DEFEND AND INDEMNIFY LICENSOR AND THE OTHER LICENSOR INDEMNIFIED PERSONS AND HOLD LICENSOR AND THE OTHER LICENSOR INDEMNIFIED PERSONS HARMLESS FROM AND AGAINST ANY AND ALL INDEMNIFIED DAMAGES ARISING OUT OF SUCH INJURY, INDEMNIFIED DAMAGES OR DESTRUCTION, OR INDEMNIFIED DAMAGES CAUSED BY (I) LICENSEE'S PERFORMANCE OF THIS AGREEMENT, (II) THE USE OF THE FUEL FARM, FUEL TANKS, OR ANY OTHER PORTION OF THE AIRPORT OR PROPERTY ADJACENT THERETO BY LICENSEE OR BY ANY LICENSEE PARTIES; (III) THE CONDUCT OF LICENSEE'S BUSINESS OR ANYTHING ELSE DONE OR PERMITTED BY LICENSEE (OR ANY OF LICENSEE PARTIES) TO BE DONE IN OR ABOUT THE FUEL FARM, FUEL TANKS, OR ANY OTHER PORTION OF THE AIRPORT OR PROPERTY ADJACENT THERETO; (IV) ANY MISREPRESENTATION OR BREACH OF WARRANTY BY LICENSEE UNDER THIS AGREEMENT; OR (V) WITHOUT LIMITING ANY OF THE FOREGOING, ANY ACT OR OMISSION OF LICENSEE OR OF ANY OF LICENSEE PARTIES UNDER, RELATED TO, OR IN CONNECTION WITH THIS AGREEMENT, **INCLUDING ANY INDEMNIFIED DAMAGES CAUSED BY THE NEGLIGENCE OF THE LICENSOR OR ANY OF THE OTHER LICENSOR INDEMNIFIED PERSONS, BUT LICENSEE SHALL HAVE NO DUTY TO INDEMNIFY LICENSOR OR ANY LICENSOR INDEMNIFIED PERSON FOR INDEMNIFIED DAMAGES CAUSED BY THE SOLE NEGLIGENCE OF LICENSOR OR SUCH LICENSOR INDEMNIFIED PERSON, UNLESS THE INSURANCE OF LICENSEE COVERS THE INDEMNIFIED DAMAGES CAUSED BY SUCH SOLE NEGLIGENCE.**

14.3 Licensor and Licensee each hereby waives all right of recovery against the other, and releases the other from any and all liability or responsibility to the other, or to any other party claiming through or under them by way of subrogation or otherwise, for any loss or damage to property arising from any cause that is insurable under standard Special Form or similar property insurance or which is required herein to be insured thereby (and each party agrees to obtain an endorsement to that effect in their respective Special Form or similar property insurance policies), **EVEN IF SUCH LIABILITY OR LOSS IS CAUSED BY THE NEGLIGENCE OF THE OTHER PARTY**; provided, however, that this mutual waiver and release is applicable only with respect to any loss or damage occurring during the time when such Special Form or similar property insurance policies which are readily available in the marketplace contain a clause or permitted endorsement to the effect that any such waiver and release does not adversely affect or impair the policy or the right of the insured party to proceeds under such policy and further provided that this waiver and release shall be applicable only to the extent that insurance proceeds are actually paid and collected to cover for such loss or damage and shall not be applicable to the portion of any such

loss or damage which is not reimbursed by the damaged party's insurer because of the "deductible" in the damaged party's insurance coverage. The release specified in this Section 14.3 is cumulative with any releases or exculpations, which may be contained in any other provisions of this License.

SECTION 15

DAMAGES BY CASUALTY

15.1 Licensee shall give immediate written notice to the Licensor of any damage caused to the Fuel Farm or any Fuel Tank by fire or other casualty.

15.2 In the event that the Fuel Farm or any Fuel Tank is damaged or destroyed by fire or other casualty insurable under standard fire and extended coverage insurance, and Licensor does not elect to terminate this License as hereinafter provided, Licensor shall proceed with reasonable diligence and at its sole cost and expense (to the extent that insurance proceeds are available therefore, and provided that Licensee shall reimburse Licensor for any such costs and expenses for which Licensee may be liable under this License) to rebuild and repair the Fuel Farm or any Fuel Tank. In the event (a) the Fuel Farm or any Fuel Tank is destroyed or substantially damaged by a casualty not covered by Licensor's insurance or (b) the Fuel Farm or any Fuel Tank is destroyed or rendered unusable (as determined by Licensor), then Licensor may elect either to terminate this License as to all Fuel Tanks or just the damaged, destroyed or unusable Fuel Tank(s) or to proceed to rebuild and repair the Fuel Farm or any damaged, destroyed or unusable Fuel Tank. Licensor shall give written notice to Licensee of any such election within sixty (60) days' after the occurrence of such casualty and, if Licensor elects to rebuild and repair, shall proceed to do so with commercially reasonable diligence.

15.3 Licensor's obligation to rebuild and repair under this Section 15 shall, in any event, be limited to restoring the Fuel Farm or any Fuel Tank to substantially the condition in which the same existed prior to such fire or other casualty, exclusive of any Licensee Equipment, alterations, additions, improvements, fixtures and other equipment installed by Licensee. Licensee agrees that promptly after completion of such work by Licensor, Licensee will proceed with reasonable diligence and at Licensee's sole cost and expense to restore, repair and replace all Licensee Equipment and all alterations, additions, improvements, fixtures, signs and equipment installed by Licensee.

15.4 Licensee agrees that during any period of reconstruction or repair of the Fuel Farm or any Fuel Tank pursuant to this Section 15, it will continue the operation of its business within the Fuel Farm to the extent practical.

SECTION 16

EMINENT DOMAIN

16.1 If less than all of the Fuel Farm should be taken for any public or quasi-public use under any governmental law, ordinance or regulation or by right of eminent domain or by private purchase in lieu thereof, at Licensor's election, this License shall terminate and Licensor shall credit Licensee for unearned Consideration, if any, effective on the date physical possession is taken by the condemning authority.

16.2 If less than all of the Fuel Farm should be taken for any public or quasi-public use under any governmental law, ordinance or regulation or by right of eminent domain or by private purchase in lieu thereof, and Licensor elects not to terminate this License, Licensor shall make all necessary repairs or alterations to the remaining Fuel Farm and, promptly after completion of such work by Licensor, Licensee shall restore, repair and replace all Licensee Equipment and all alterations, additions, improvements, fixtures, signs and equipment installed by Licensee.

16.3 If all of the Fuel Farm should be taken for any public or quasi-public use under any governmental law, ordinance or regulation or by right of eminent domain or by private purchase in lieu thereof, this License shall terminate effective on the date physical possession is taken by the condemning authority.

16.4 All compensation awarded for any taking (or the proceeds of private sale in lieu thereof) of the Fuel Farm shall be the property of Licensor, and Licensee hereby assigns its interest in any award related to such taking to Licensor.

16.5 Licensee agrees that during any period of reconstruction or repair of the Fuel Farm or any Fuel Tank pursuant to this Section 16, it will continue the operation of its business within the Fuel Farm to the extent practical.

SECTION 17

ASSIGNMENT AND SUBLETTING

17.1 Licensee shall not and has no authority to assign or in any manner transfer this License or any interest herein, sublicense its interest under this License or any part thereof, or grant any license, concession or other right of use of any portion of the Fuel Farm without Licensor's prior written consent, which may be withheld in Licensor's sole discretion. Any attempted assignment or transfer, or any attempt to grant any sublicense, concession or other right of use, in violation of the preceding sentence shall be null and void, *ab initio*. In determining whether or not to grant its consent, Licensor shall be entitled to take into consideration all factors including, without limitation, Licensor's desired Licensee mix, the reputation and net worth of the proposed transferee, purported intent and use of the facilities by the proposed transferee (even beyond what is specified in Section 1.1(q)) and the then-current market conditions (including market consideration). In addition, Licensor shall also be entitled to charge an assignment fee for processing and considering, but not necessarily consenting to, Licensee's request. Consent by Licensor to one or more assignments, transfers, or sublicenses shall not constitute a novation or waiver of Licensor's rights as to any subsequent assignments, transfers, and sublicenses. If Licensor consents, any unexercised extension options of Licensee described on Exhibit "D" attached hereto shall be deemed null and void, *ab initio*, and of no force or effect.

17.2 If Licensee is a corporation, partnership or other entity (other than a publicly traded entity), and if at any time during the Term of this License the person or persons who own a majority of either the outstanding voting rights or controlling interests of Licensee at the time of the execution of this License cease for any reason to own a majority of such voting rights or controlling interests (except as a result of transfers by devise or descent) of Licensee, the loss of a majority of such voting rights or controlling interests shall be deemed an assignment of this License by Licensee and, therefore, subject in all respects to the provisions of Section 17.1 above. For purposes hereof, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities or partnership interests, by contract, or otherwise. Licensee shall give to Licensor, upon Licensor's request, a list of such person or persons.

17.3 Any assignee or other transferee of an interest in and to this License shall be deemed, by acceptance of such assignment or other transfer or by use of the Fuel Farm, to have assumed all of the obligations set forth in or arising under this License. Such assumption shall be effective as of the earlier of the date of such assignment or other transfer, or the date on which the assignee or other transferee commences use of the Fuel Farm.

17.4 Notwithstanding any assignment, other transfer or subletting, Licensee shall at all times remain fully responsible and liable for the payment of the Consideration herein specified and for compliance with all of its other obligations under this License (even if future assignments, transfers and sublicenses occur subsequent to the assignment, transfer or sublicensing by Licensee, and regardless of whether or not Licensee's approval has been obtained for such future assignments, transfers and sublicensing). In the event that for any reason any assignment or transfer, or sublicense, concession or other right of use of any portion of the Fuel Farm, prohibited by this Section 17 is consummated without the prior written consent of Licensor, or if an assignment, sublicense or other transfer by Licensee is permitted by Licensor, and the consideration paid and/or payable by an assignee, transferee, sublicensee or other user by reason of this License exceeds the Consideration paid payable under this License, then Licensee shall be bound and obligated to pay Licensor all such excess consideration within ten (10) days following receipt thereof by Licensee from such assignee, transferee, sublicensee or other user. Finally, in the event of any assignment or transfer, or sublicense, concession or other right of use of any portion of the Fuel Farm, whether permitted by Licensor or otherwise consummated without Licensor's consent, it is understood and agreed that all consideration paid to Licensee by the assignee, transferee, sublicensee or other user shall be received by Licensee in trust for Licensor to be forwarded immediately to Licensor without offset or reduction of any kind, and upon election by Licensor such consideration shall be paid directly to Licensor as specified in Section 4.2 of this License (to be applied as a credit and offset to Licensee's Consideration obligation).

17.5 Licensee shall not and has no authority to mortgage, pledge or otherwise encumber its interest in this License, without the prior written consent of Licensor, which consent may be withheld in Licensor's sole discretion.

Any such mortgage, pledge or other encumbrance in violation of the preceding sentence shall be null and void, *ab initio*.

17.6 In the event of the transfer and assignment by Licensor of its interest in this License to a person or persons expressly assuming Licensor's obligations under this License, Licensor shall thereupon be released from any further obligations hereunder, and Licensee agrees to look solely to such successor in interest of the Licensor for performance of such obligations. Any security given by Licensee to secure performance of Licensee's obligations hereunder may be assigned and transferred by Licensor to such successor in interest and Licensor shall thereby be discharged of any further obligation relating thereto.

SECTION 18

ESTOPPELS

18.1 Licensee agrees that it will, from time to time upon request by Licensor, execute and deliver to Licensor a written statement addressed to Licensor (or to a party designated by Licensor), which statement shall identify Licensee and this License, shall certify that this License is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), shall confirm that Licensor is not in default as to any obligations of Licensor under this License (or if Licensor is in default, specifying any default), shall confirm Licensee's agreements contained in this License, and shall contain such other information or confirmations as Licensor may reasonably request. Licensor is hereby irrevocably appointed and authorized as the agent and attorney in fact of Licensee to execute and deliver any such written statement on Licensee's behalf if Licensee fails to do so within fourteen (14) business days after the delivery of a written request from Licensor to Licensee.

SECTION 19

NON-COMPETE

19.1 Licensee covenants and agrees that during the Term of this License, neither Licensee nor any person, firm or corporation, directly or indirectly controlling, controlled by or under common control with Licensee (and also, in the event Licensee is a corporation, if any officer or director thereof or shareholder owning more than ten percent (10%) of the outstanding stock thereof, or parent, subsidiary or related or affiliated corporation) either directly or indirectly shall operate or commence operation of any facility selling or that otherwise offers for sale any aircraft fuel of the type to be used by Licensee in the Fuel Tanks or similar or related items, or in any manner competes with the business of the Fuel Farm, within a straight-line radius of seven (7) miles of the Fuel Farm, which Licensee acknowledges is a reasonable area for the purpose of this provision. It is acknowledged that Licensor will incur damages by reason of the diversion of business from the Fuel Tanks and Fuel Farm to such other facility within such radius, as a proximate result of the establishment of such other facility.

SECTION 20

DEFAULT AND REMEDIES

20.1 Default by Licensee. The following events shall be deemed to be events of default by Licensee under this License:

- (a) Licensee shall fail to pay when due any Base Fee or other sum of Consideration including, but not limited to, Licensee's Additional Fee or adjusted Additional Fee and Fuel Flowage Fees as required to be paid by Licensee to Licensor under this License (hereinafter sometimes referred to as a "**Monetary Default**").
- (b) Licensee shall fail to comply with any term, provision or covenant of this License (other than a Monetary Default) and shall not cure such failure within thirty (30) days after delivery to Licensee notice of the occurrence of such default.

- (c) Licensee shall become insolvent, or shall make a transfer in fraud of creditors, or shall seek relief under Title 11 of the Bankruptcy Code (defined in Section 20.3 below) or shall make an assignment for the benefit of creditors, or Licensee shall admit in writing its inability to pay its debts as they become due.
- (d) Licensee shall file a petition under any section or chapter of the Bankruptcy Code, as amended, pertaining to bankruptcy or under any similar insolvency or debtor-relief law or statute of the United States or any state thereof, or Licensee shall be adjudged bankrupt or insolvent in proceedings filed against Licensee thereunder; or an involuntary case is commenced under 11 U.S.C. § 303 as amended or an insolvency, receivership or any similar proceedings are commenced under Federal or State law and such proceedings are not fully and finally dismissed, or a petition or answer proposing the adjudication of Licensee as bankrupt or its reorganization under any present or future federal or state bankruptcy or similar insolvency or debtor-relief law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof.
- (e) A receiver or trustee shall be appointed for all or substantially all of the assets of Licensee, or for the Fuel Tanks or any of Licensee's property located therein, in any proceeding brought by Licensee; or any such receiver or trustee shall be appointed in any proceeding brought against Licensee and shall not be discharged within sixty (60) days after such appointment or Licensee shall consent to or acquiesce in such appointment.
- (f) The license hereunder shall be revoked upon execution or other process of law in any action against Licensee.
- (g) The liquidation, termination or default of a lease, license or other written agreement with the Town of Addison, dissolution, forfeiture of right to do business or death of Licensee.

20.2 Remedies of Licensor. Upon the occurrence of any event of default by Licensee under this License, Licensor may:

- (a) immediately terminate this License and at the expense and liability of the Licensee, alter or change any or all locks or other security or power devices controlling access to the Fuel Farm or Fuel Tanks without posting or giving notice of any kind to Licensee.
- (b) do whatever Licensee is obligated to do under the terms of this License; and Licensee agrees to reimburse Licensor on demand for any expense which Licensor may incur in thus effecting compliance with Licensee's obligations under this License together with interest at the lesser of (i) the maximum rate permitted under applicable law or (ii) eighteen percent (18%) per annum.

20.3 Event of Bankruptcy. In addition to, and in no way limiting the other remedies set forth in this Section 20, Licensor and Licensee agree that if Licensee ever becomes the subject of a voluntary or involuntary bankruptcy, reorganization or other similar type proceeding under the federal bankruptcy laws, as now enacted or hereinafter amended, then:

- (a) "adequate protection" and "adequate assurance" of Licensor's interest under this License pursuant to the provisions of Sections 361, 362, 363, 364 and 365 (or their successor sections) of the Bankruptcy Code, 11 U.S.C. Paragraph 101, et seq. (such Bankruptcy Code as amended from time to time being herein referred to as the "**Bankruptcy Code**"), prior to assumption and/or assignment of this License by Licensee shall include, but not be limited to, all or any part of the following:
 - (1) curing all monetary and non-monetary defaults, including, without limitation, payment of attorneys' fees incurred by Licensor related to enforcing the terms and conditions of this License and the continued payment by Licensee of the Base Fee and all other Considerations due and owing hereunder and the performance of all other covenants and obligations hereunder by Licensee;
 - (2) the furnishing of an additional and/or new security deposit by Licensee in the amount of three (3) times the then-current monthly Base Fee and other Considerations payable hereunder; and

(3) in addition, the Licensee shall provide financial statements evidencing the financial condition and operating performance of any proposed assignee and guarantors, if any, which is sufficient to show that the proposed assignee is capable of performing in Licensor's sole discretion, all of the Licensee's obligations under the terms and conditions of this License, including, without limitation, the "adequate assurance" and "adequate protection" requirements set forth herein.

(b) in the event Licensor consents, in its sole discretion, to the assignment of this License, any person or entity, to which this License is assigned pursuant to the provisions of the Bankruptcy Code, shall be deemed without further act or deed to have assumed all of the obligations of Licensee arising under this License on and after the effective date of such assignment, including, without limitation, adequate protection and adequate assurance requirements under Section 20.3(a). Any such assignee shall, upon demand by Licensor, execute and deliver to Licensor an instrument confirming such assumption of liability, along with applicable guaranties of any principals of the assignee.

(c) notwithstanding the prohibition against assignment contained in Section 17.1 herein, if this License is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, any and all monies or other considerations payable or otherwise to be delivered to Licensor including Base Fees and other Considerations hereunder, shall be and remain the exclusive property of Licensor and shall not constitute property of Licensee or of the bankruptcy estate of Licensee. Any and all monies or other considerations constituting Licensor's property under the preceding sentence not paid or delivered to Licensor shall be held in trust by Licensee or Licensee's bankruptcy estate for the benefit of Licensor and shall be promptly paid to or turned over to Licensor.

(d) to the extent permitted by law, Licensor and Licensee agree that this License is a contract under which applicable law excuses Licensor from accepting performance from, or rendering performance to, any person or entity other than Licensee within the meaning of the Bankruptcy Code, 11 U.S.C. Paragraph 101, et seq.

20.4 No Waiver. The following do not constitute a waiver of any rights Licensor may have under the License: (a) failure of Licensor to declare any default immediately upon its occurrence, or delay in taking any action in connection with an event of default, shall not constitute a waiver of such default, nor shall it constitute an estoppel against Licensor, but Licensor shall have the right to declare the default at any time and take such action as is lawful or authorized under this License; (b) failure by Licensor to enforce its rights with respect to any one default shall not constitute a waiver of its rights with respect to any subsequent default; (c) receipt by Licensor of Licensee's keys to the Fuel Tanks or the Fuel Farm shall not constitute a termination of this License; and (d) no payment by Licensee or receipt by Licensor of (i) a lesser amount than the Consideration due under this License shall be deemed to be other than on account of the earliest Consideration due hereunder; and (ii) any endorsement or statement on any check or any letter accompanying any check or payment as Consideration shall not be deemed an accord and satisfaction and Licensor may accept such check or payment without prejudice to Licensor's right to recover the balance of such Consideration or pursue any other remedy in this License provided.

20.5 Remedies Cumulative. No right or remedy herein conferred upon or reserved to Licensor is intended to be exclusive of any other right or remedy it may have, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing by agreement, applicable law, common law, in equity, or otherwise. In addition to other remedies provided in this License, Licensor shall be entitled, to the extent permitted by applicable law, but without the requirement of a bond or evidence of irreparable harm, to injunctive relief in case of the violation, or attempted or threatened violation, of any of the covenants, agreements, conditions or provisions of this License, or to a decree compelling performance of any of the other covenants, agreements, conditions or provisions of this License, or to any other remedy allowed to Licensor by law, common law, in equity, or otherwise.

20.6 Evidence of Termination. To the extent any provision of applicable law requires some action by Licensor to evidence or effect the termination of this License or to evidence the termination of Licensee's right of occupancy, Licensee and Licensor hereby agree that written notice by Licensor to Licensee or to any of Licensee's agents, servants or employees, which states, in substance, that Licensor has elected to and has terminated this License, shall be sufficient to evidence and effect the termination herein provided for.

20.7 Licensor Default. Licensee shall not exercise any remedy for any breach or default by Licensor under this License without first giving written notice of such breach or default to Licensor and a commercially reasonable opportunity to cure such breach or default of not less than thirty (30) days from the date Licensor receives such notice.

SECTION 21

HOLDING OVER

21.1 In the event Licensee continues use of the Fuel Farm after the termination or expiration of this License and without the execution of a new license, it will be deemed to be using the Fuel Farm as a licensee under a license terminable at will at a daily fee equal to the Consideration herein provided plus one hundred percent (100%) of such amount, pro-rated on a daily basis, otherwise subject to all the conditions, provisions and obligations of this License insofar as the same are applicable to a license terminable at will.

SECTION 22

EXPIRATION OR TERMINATION OF LICENSE

22.1 Immediately prior to the expiration or earlier termination of Licensee's right to use the Fuel Farm pursuant to this License, Licensee shall:

- a) deliver the Fuel Tanks back to Licensor in good repair, excepting reasonable wear and tear and losses required to be restored by Licensor provided for in Section 9.1, Section 15 and Section 16;
- b) completely remove all sludge, solids, and residual substances from inside of the Fuel Tanks, piping and filtration devices in accordance with state and federal guidelines;
- c) dispose of tank bottom sludge according to state and federal laws and regulations;
- d) remove and replace all filters, separators or other filtering medium or such devices typically required under Section 9.1;
- e) secure the Fuel Tanks by bolting and locking all manways, valves and cap or plug fill lines, gauge openings or pump lines; and
- f) take all other actions reasonably necessary to empty, secure and stabilize the Fuel Tanks as instructed by Licensor.

22.2 On the surrender of the Fuel Tanks at the expiration or earlier termination of this License, Licensee shall give Licensor at least seventy-two (72) hours advance notice that the Fuel Tanks are ready for Licensor's inspection and acceptance. Upon this notification, Licensor shall then inspect the Fuel Tanks and call for the inspection by the Town of Addison Fire Department and any other regulatory entity having jurisdiction over such matters. Licensee agrees to remedy, at first reasonable opportunity, any exception or exceptions reported as a result of said inspections. Once all exceptions have been resolved and accepted by Licensor, Licensor shall deliver written notice to Licensee that Licensor has accepted the surrender of the Fuel Tanks pursuant to this Section 22, and Licensee's right to access and use of the Fuel Tanks and Fuel Farm is terminated.

SECTION 23

NOTICES

23.1 Wherever any notice is required or permitted hereunder, such notice shall be in writing. Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered when actually received by the designated addressee or, if earlier and regardless of whether actually received or not, when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to the parties hereto at the respective addresses set out in Section 1.1 above, or at such other address as they might specify by written notice.

23.2 If and when included within the term "Licensor" as used in this License there are more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of such notice specifying some individual at some specific address for the receipt of notices and payments to the Licensor; if and when included within the term "Licensee" as used in this instrument there are more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of such a notice specifying some individual at some specific address for the receipt of notices and payments to Licensee. All parties included within the terms "Licensor" and "Licensee", respectively, shall be bound by notices and payments given in accordance with the provisions of this Section. 23.2 to the same effect as if each had received such notice or payment. In addition, Licensee agrees that Licensor's attorney, property manager or other agent may give notices to Licensee on Licensor's behalf.

SECTION 24

COMMISSIONS

24.1 EACH PARTY HERETO REPRESENTS TO THE OTHER THAT IT HAS NOT AUTHORIZED ANY BROKER OR FINDER TO ACT ON ITS BEHALF IN CONNECTION WITH THE NEGOTIATION AND EXECUTION OF THIS LICENSE, AND LICENSOR AND LICENSEE EACH AGREE TO INDEMNIFY, DEFEND AND HOLD HARMLESS THE OTHER FROM AND AGAINST ANY AND ALL INDEMNIFIED DAMAGES ARISING OUT OF OR RESULTING FROM ANY AGREEMENT, ARRANGEMENT OR UNDERSTANDING MADE OR ALLEGED TO HAVE BEEN MADE BY SUCH INDEMNIFYING PARTY WITH ANY SUCH OTHER BROKER OR FINDER IN CONNECTION WITH THIS LICENSE, INCLUDING ANY SUCH CLAIM, LOSS, DAMAGE, COST OR EXPENSE ARISING OUT OF THE NEGLIGENCE OF THE INDEMNIFIED PARTY, PROVIDED THAT INDEMNIFYING PARTY SHALL HAVE NO DUTY TO INDEMNIFY THE INDEMNIFIED PARTY FOR INDEMNIFIED DAMAGES CAUSED BY THE SOLE NEGLIGENCE OF THE INDEMNIFIED PARTY.

SECTION 25

CHANGES DUE TO LEGAL REQUIREMENTS

25.1 If for any reason the Fuel Farm was not constructed in compliance with any legal requirements in existence at the time of construction, Licensor shall have no liability to Licensee or any Licensee Parties as a result thereof, except that Licensor shall have a reasonable period of time after notification from Licensee of such noncompliance to cause the Fuel Farm to comply with such legal requirements. If there are any changes to such legal requirements after the date of completion of Licensor's construction of the Fuel Farm that require changes thereto, Licensor shall have a reasonable period of time after notification from Licensee to make such changes. All costs incurred by Licensor in causing the Fuel Farm to comply with applicable laws may be included in the Common Area Charge.

SECTION 26

APPLICABLE LAWS

26.1 Licensor and Licensee acknowledge that there are in effect federal, state, county and municipal laws, rules, regulations, standards, and policies (together, "laws") and that the same may hereafter be modified or amended and additional laws may hereafter be enacted or go into effect, relating to or affecting the Fuel Farm or the Fuel Tanks. Licensee shall not cause, or permit or allow the Licensee Parties to cause, any violation of any applicable laws. Moreover, Licensee shall have no claim against Licensor by reason of any changes Licensor may make in the Fuel Farm or the Fuel Tanks required by any applicable laws or any charges imposed upon Licensee, Licensee's customers or other invitees as a result of applicable laws.

26.2 If any provision in this License is held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this license shall not be affected thereby.

26.3 Licensee hereby acknowledges that Licensor is bound by the terms and conditions of any and all Federal Aviation Administration, Texas Department of Transportation, and other grant agreements, grant assurances and regulations regarding the Airport, and the terms of any grant, loan, regulation, or agreement under Section 22.055 of the Texas Transportation Code, as amended or superseded, whether now existing or made in the future. Without limiting the generality of Section 26.1, Licensee agrees not to take any action or omit to take any action in relation to the Fuel Farm that would cause Licensor to be in violation of such terms, conditions, agreements, assurances, regulations, grant or loan.

26.4 Licensor and Licensee hereby specifically acknowledge that U.S. Code of Federal Regulations Title 40 Part 112 – *Oil Pollution Prevention*, governs the conduct of the parties under the License. Licensor and Licensee hereby further specifically acknowledge that the National Fire Protection Association, Inc. (NFPA) 407, *Standard for Aircraft Fuel Servicing*, governs the conduct of the parties under the License. Without limiting the generality of Section 26.1, Licensee agrees not to take any action or omit to take any action in relation to the Fuel Farm that would cause Licensor to be in violation of such regulations or standards.

26.5 If, by reason of any applicable laws, the payment to, or collection by, Licensor of any Consideration or other charges payable by Licensee to Licensor pursuant to the provisions of this License is in excess of the amount (the "**Maximum Charge**") permitted by laws, then Licensee, during the period when such laws shall be in force and effect (the "**Freeze Period**"), shall not be required to pay, nor shall Licensor be permitted to collect, any sum in excess of the Maximum Charge. Upon the earlier of (i) the expiration of the Freeze Period, or (ii) the issuance of a final order or judgment of a court of competent jurisdiction declaring such laws to be invalid or not applicable to the provisions of this License, Licensee, to the extent not then proscribed by applicable law, and commencing with the first day of the month immediately following, shall pay to Licensor as additional Consideration, prorated in equal monthly installments over the balance of the Term of this License, a sum equal to the cumulative difference between the Maximum Charge and such Consideration or other charge during the Freeze Period. If any provision of this Section 26.5, or the application thereof, shall to any extent be declared to be invalid and unenforceable, the same shall not be deemed to effect the validity and enforceability of any of the other provisions of this Section 26.5 or of this License, all of which shall remain in effect to the fullest extent permitted by law.

SECTION 27

MANDATORY NON-BINDING MEDIATION

27.1 The parties have entered into this License in the belief that it is mutually advantageous to them. It is with that same spirit of cooperation that they pledge to attempt to resolve any dispute (unless the Dispute involves an event of default of a payment obligation under this License) amicably without the necessity of litigation. Accordingly, they agree if any dispute arises between them relating to this License (the "**Dispute**"), they will first utilize the following procedures specified in this Section 27 (the "**Procedure**") before resorting to any court proceedings, unless the lack of immediate court proceedings would cause irreparable harm without an adequate remedy at law:

(a) The party seeking to initiate the Procedure (the “**Initiating Party**”) will give Notification to the other party. The Notification must describe in general terms the nature of the Dispute and the Initiating Party’s requested relief. Additionally, the Notification must identify one or more individuals with authority to settle the Dispute on the Initiating Party’s behalf. The party receiving the Notification (the “**Responding Party**”) will have five (5) business days within which to designate by reply Notification to the Initiating Party one or more individuals with authority to settle the Dispute on the Responding Party’s behalf. The individuals so designated will be known as the “**Authorized Individuals**”. The Initiating Party and the Responding Party will collectively be referred to as the “**Disputing Parties**” or individually as a “**Disputing Party**”.

(b) The Authorized Individuals may investigate the Dispute as they deem appropriate, but they agree to promptly, and in no event not later than fourteen (14) days from the date of the Initiating Party’s Notification, meet to discuss the resolution of the Dispute. The Authorized Individuals will meet at the times and places and with the frequency as they may agree. If the Dispute has not been resolved within fourteen (14) days from their initial meeting date, the Disputing Parties will cease direct negotiations and will submit the Dispute to mediation in accordance with the following procedure:

(i) The Authorized Individuals will have five (5) business days from the date they cease direct negotiations to submit to each other by Notification a written list of acceptable qualified attorney-mediators not affiliated with any party. Within five (5) days from the date the list is received, the Authorized Individuals will rank the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest-ranking person will be designated as the mediator. If no mediator has been selected under this procedure, the Disputing Parties agree jointly to request a state district or federal district judge of their choosing, from the State of Texas, to supply a list of potential qualified attorney-mediators. Within five (5) days from the date the list is received, the Authorized Individuals will rank the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest-ranking person will be designated as the mediator. If no mediator has been selected under this procedure, either of the Disputing Parties may unilaterally request a local state district judge for Dallas County, Texas, to supply the list. Within five (5) business days from the date the list is received, the Authorized Individuals will again rank the proposed mediators in numerical order of preference and will simultaneously exchange the list and will select as the mediator the individual receiving the highest combined ranking. If the mediator is not available to serve, they will proceed to contact the mediator who was next highest in ranking until they are able to select a mediator.

(ii) In consultation with the mediator selected, each Disputing Party will cause its Authorized Individual to cooperate with the other Authorized Individual in promptly designating a mutually convenient time and place for the mediation. Unless circumstances require otherwise, the time for mediation shall not be later than thirty (30) days after selecting the mediator.

(iii) If any Disputing Party has substantial need for information in another Disputing Party’s possession or control in order to prepare for the mediation, all Disputing Parties will attempt to agree to procedures to expeditiously request and exchange the information and the scope of such request with the mediator’s help if required.

(iv) At least seven (7) days before the first scheduled mediation session, each Disputing Party will deliver to the mediator, and by Notification deliver to the other Disputing Party, a general and concise written summary of its views on the Dispute and any other matters required by the mediator. The mediator may also request that a confidential issue paper be submitted by each Disputing Party to the mediator.

(v) In the mediation, each Disputing Party will be represented by its Authorized Individual and may also be represented by counsel. In addition, each Disputing Party may, with the mediator’s permission and subject to the confidentiality provisions of this Section 27, bring additional persons as needed to respond to questions, contribute information and participate in the negotiations.

(vi) The mediator will determine the format for the meetings. The format must be designed to insure that (A) both the mediator and the Authorized Individuals have an opportunity to hear an

oral presentation of each Disputing Party's views on the Dispute, and (B) the Authorized Individuals attempt to negotiate to resolve the Dispute, with or without the assistance of counsel or others permitted to attend, but with the mediator's assistance. To this end, the mediator is authorized to conduct both joint meetings and separate private caucuses with the Disputing Parties. The mediation session will be private and the Disputing Parties agree to not disclose or release any information to third-parties (except as allowed under Subsection (x) below). The Parties will require the mediator to keep confidential all information learned in private caucus with any Disputing Party unless specifically authorized by the Disputing Party to disclose the information to the other Disputing Party. The Disputing Parties commit to participate in the proceedings with the intention of resolving the Dispute if at all possible.

(vii) The Disputing Parties agree to participate in the mediation procedure to its conclusion. The mediation will be terminated by (a) executing a settlement agreement between the Disputing Parties, (b) declaring to the mediator that the mediation is terminated, or (c) a Disputing Party declaring in writing that the mediation process is terminated when one (1) full day's mediation session is concluded.

(viii) Even if the mediation is terminated without the resolution of the Dispute, the Disputing Parties agree not to terminate negotiations and not to commence any court proceedings before five (5) days following the termination of the mediation. In any event, any Disputing Party may terminate the mediation procedure if the other Disputing Party fails to comply with this Procedure or if any claim in the Dispute, in the absence of such termination, could be barred by any applicable statute of limitations.

(ix) The mediator's fees and expenses will be shared equally among the Disputing Parties. The mediator will be disqualified as a witness, consultant, expert, or counsel for any Disputing Party with respect to the Dispute and any related matters.

(x) Mediation is a compromise and offer to compromise subject to Rule 408 of the Texas and Federal Rules of Evidence. The entire mediation process is confidential, and no stenographic, visual or audio record will be made. Subject to Rule 408 of the Texas and Federal Rules of Evidence, all conduct, statements, promises, offers, views and opinions, whether oral or written, made in the course of the mediation by any Disputing Party, their Authorized Individuals or any of their agents, employees, representatives or other invitees and by the mediator are confidential and, in addition and where appropriate, will be deemed privileged, and shall not be disclosed to anyone who is not (A) a party's agent, employee, expert, witness, or representative and (B) bound by the same confidentiality standards as the parties hereto. Evidence otherwise discoverable or admissible, however, is not excluded from discovery or admission as a result of its use in the mediation.

SECTION 28

MISCELLANEOUS

28.1. **INDEMNITY.** LICENSEE SHALL ALSO DEFEND AND INDEMNIFY LICENSOR AND THE LICENSOR INDEMNIFIED PERSONS AGAINST AND HOLD LICENSOR AND THE LICENSOR INDEMNIFIED PERSONS HARMLESS FROM ALL COSTS, EXPENSES, DEMANDS AND LIABILITY LICENSOR OR THE LICENSOR INDEMNIFIED PERSONS MAY INCUR IF LICENSOR OR ANY OF THE LICENSOR INDEMNIFIED PERSONS BECOME OR ARE MADE A PARTY TO ANY CLAIM OR ACTION (A) INSTITUTED BY LICENSEE AGAINST ANY THIRD PARTY, OR BY ANY THIRD PARTY AGAINST LICENSEE, OR AGAINST ANY PERSON HOLDING ANY INTEREST UNDER OR USING THE FUEL FARM BY LICENSE OR BY AGREEMENT WITH LICENSEE; (B) FOR FORECLOSURE OF ANY LIEN FOR LABOR OR MATERIAL FURNISHED TO OR FOR LICENSEE OR SUCH OTHER PERSON; (C) OTHERWISE ARISING OUT OF OR RESULTING FROM ANY ACT, OMISSION OR TRANSACTION OF LICENSEE, ANY OF LICENSEE PARTIES, OR SUCH OTHER PERSON; OR (D) NECESSARY TO PROTECT LICENSOR'S INTEREST UNDER THIS LICENSE IN A BANKRUPTCY

PROCEEDING, OR OTHER PROCEEDING UNDER THE BANKRUPTCY CODE, 11 U.S.C. PARAGRAPH 101, ET SEQ., INCLUDING SUCH COSTS, EXPENSES, DEMANDS, AND LIABILITIES AS ARE OR MAY BE CAUSED BY THE NEGLIGENCE OF THE LICENSOR OR ANY OF THE LICENSOR INDEMNIFIED PERSONS, BUT LICENSEE SHALL HAVE NO DUTY TO INDEMNIFY LICENSOR OR ANY LICENSOR INDEMNIFIED PERSON FOR INDEMNIFIED DAMAGES CAUSED BY THE SOLE NEGLIGENCE OF LICENSOR OR SUCH LICENSOR INDEMNIFIED PERSON, UNLESS THE INSURANCE OF LICENSEE COVERS THE INDEMNIFIED DAMAGES CAUSED BY SUCH SOLE NEGLIGENCE.

28.2 Nothing in this License shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture or joint enterprise between the parties hereto, it being understood and agreed that neither the method of computation of Consideration, nor any other provision contained herein, nor any acts of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of Licensor and Licensee.

28.3 Licensee shall not, for any reason, withhold or reduce Licensee's required payments of Consideration and other charges provided in this License, it being agreed that the obligations of Licensor under this License are independent of Licensee's obligations except as may be otherwise expressly provided herein.

28.4 Licensee shall deposit the Security Deposit with Licensor upon Licensee's execution of this Lease. Licensor shall hold the Security Deposit without interest as security for the performance by Licensee of Licensee's covenants and obligations under this License. Licensor shall not be required to keep the Security Deposit separate from its other accounts and no trust relationship is created with respect to the Security Deposit. The Security Deposit is not an advance payment of rental or a measure of liquidated damages in case of an event of default by Licensee. Upon the occurrence of an event of default by Licensee, Licensor, from time to time, in addition to and without prejudice to any other remedy provided herein or provided by law, may use the Security Deposit to the extent necessary to make good any arrearages of Consideration and any other damage, injury, expense or liability caused to Licensor by any events of default by Licensee. If at any time during this License the Security Deposit then being held by Licensor is less than one monthly installment of the Base Fee plus the then prevailing Additional Fee, Licensee will be required to make an additional payment to Licensor so that the Security Deposit being held by Licensor is always equal to one monthly installment of the Base Fee plus the then prevailing Additional Fee. If an event of default by Licensee does not exist, and no condition exists, which, with the passage of time or the giving of notice, or both, would constitute an event of default, when this License expires or terminates, any remaining balance of such Security Deposit not used by Licensor in accordance with this License and applicable law shall be returned by Licensor to Licensee at the last address of Licensee according to the records of Licensor within a commercially reasonable time following such expiration or termination. Licensee's actual or attempted assignment, transfer, or encumbrance of the Security Deposit will not bind Licensor.

28.5 One or more waivers of any covenant, term or condition of this License by either party shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval by either party to or of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.

28.6 If any provision of this License is held to be illegal, invalid, or unenforceable, under present or future governmental laws, rules, or regulations, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision is not a part hereof, and the remaining provisions shall remain in full force and effect. Licensee shall not record this License or any memorandum or short form hereof, nor shall Licensee permit or cause this License or any memorandum or short form hereof to be recorded. Any attempt at recordation of this License or of a memorandum or short form hereof by Licensee without having first obtained Licensor's written approval shall, at Licensor's option, constitute an automatic event of default by Licensee and, at Licensor's option, may void this License and Licensee's rights hereunder.

28.7 THE LAWS OF THE STATE OF TEXAS (WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS) SHALL GOVERN THE INTERPRETATION, VALIDITY, PERFORMANCE AND ENFORCEMENT OF THIS LICENSE. THIS LICENSE IS PERFORMABLE IN DALLAS COUNTY, TEXAS. VENUE FOR ANY ACTION UNDER THIS LICENSE SHALL BE IN DALLAS STATE DISTRICT COURT, DALLAS COUNTY, TEXAS, THE COUNTY IN WHICH CONSIDERATION SHALL BE PAID PURSUANT TO SECTION 1 AND SECTION 4.2 OF THIS LICENSE. BY EXECUTING THIS LICENSE, EACH PARTY HERETO (i) EXPRESSLY CONSENTS AND SUBMITS TO THE PERSONAL JURISDICTION OF THE

COURTS OF SUCH COUNTY AND THE STATE OF TEXAS; (II) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY CLAIM OR DEFENSE THAT THE COURTS OF SUCH COUNTY AND STATE ARE NOT A PROPER OR CONVENIENT VENUE OR FORUM; AND (III) CONSENTS TO THE SERVICE OF PROCESS IN ANY MANNER AUTHORIZED BY TEXAS LAW.

28.8 The captions used herein are for convenience only and do not limit or amplify the provisions hereof.

28.9 Whenever herein the singular number is used, the same shall include the plural, and words of any gender shall include each other gender.

28.10 The terms, provisions and covenants contained in this License shall apply to, inure to the benefit of and be binding upon the parties and their respective heirs, successors in interest, legal representatives and permitted assigns except as otherwise herein expressly provided. Neither party shall be bound by this License in any way until both parties have executed this License and each party has received a copy of this License duly executed by the other. No provision of this License is intended to inure to the benefit of any third party.

28.11 This License and the schedules, riders and exhibits attached, if any (all of which are hereby incorporated by reference herein and made a part hereof), together with the rules and regulations adopted and promulgated by Licensor pursuant to the provisions of this License, contain the entire agreement between the parties, and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties, and no rights are created in favor of either party other than as specified or expressly contemplated in this License, and this License supersedes and revokes all previous negotiations, arrangements, letters of intent, offers to lease or license, lease or license proposals, brochures, representations and information conveyed, whether oral or in writing, between the parties or their respective representatives or any other person purporting to represent Licensor or Licensee. Licensee acknowledges that it has not been induced to enter into this License by any representations or warranties not set forth in this License, that Licensee has not relied upon any representations or warranties not contained in this License and that any rules of interpretation which would otherwise guide the interpretation of this License by virtue of the identity of the party drafting the terms and provisions of this License shall not apply (it being acknowledged and agreed that each party has been represented or had the opportunity to be represented by able counsel in connection with the negotiation and interpretation of this License and all terms and provisions hereof). No brochure, rendering, information, correspondence, representation, warranty or discussion shall be deemed to be a part of this License unless specifically set forth herein or specifically incorporated herein by reference. In addition, no agreement, discussion, course of dealing or course of performance between the parties shall be effective to change, modify or terminate this License or to release Licensee or any other obligated party with respect to liability for this License, either in whole or in part unless the same shall be in writing and duly signed by the party against whom enforcement of such change, modification or termination is sought.

28.12 Licensee agrees to treat the financial terms of this License as confidential and shall not allow disclosure of such financial terms without the prior written consent of Licensor unless required to undertake such disclosure by applicable law. The parties acknowledge that the financial terms of this License are confidential to the maximum extent allowed under applicable law, and any disclosure of it by Licensee would cause Licensor irreparable harm, which could not be measured in actual damages.

28.13 This License consists of twenty-eight (28) Sections and Exhibits "A" through "F". In the event any provision of an exhibit or other attached page shall be inconsistent with a provision in the body of this License, the provision set forth in the License shall be deemed to control.

28.14 If Licensee executes this License as a corporation or partnership, each of the persons executing this License on behalf of Licensee does hereby personally represent and warrant that Licensee is a duly authorized and existing corporation or partnership, that Licensee is qualified to do business in the state in which the Fuel Farm is located, that such corporation or partnership has full right and authority to enter into this License, and that each person signing this License on behalf of such corporation or partnership is authorized to do so. 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 the event any representation or warranty set forth in this Section 28.14 is materially false, all persons who execute this License on behalf of, or as the act and deed of Licensee, shall be individually liable as Licensee.

28.15 In addition to provisions of this Agreement expressly providing for the survival of provisions of this Agreement following the expiration or earlier termination of this Agreement, any other provision of this Agreement, including, without limitation, remedies for a breach or default under this Agreement or the payment of Compensation, that could be reasonably construed to be intended by the parties to survive such expiration or termination shall so survive. 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.

28.16 Licensor and Licensee hereby acknowledge and agree that they are knowledgeable and experienced in commercial transactions and further hereby acknowledge and agree that the provisions of this License for determining Consideration and other charges payable by Licensee are commercially reasonable and valid even though such methods may not state precise mathematical formulae for determining such charges. ACCORDINGLY, LICENSEE HEREBY VOLUNTARILY AND KNOWINGLY WAIVES ALL RIGHTS AND BENEFITS TO WHICH LICENSEE MAY BE ENTITLED UNDER SECTION 93.004 OF THE TEXAS PROPERTY CODE, AS ENACTED BY HOUSE BILL 2186, 77TH LEGISLATURE, AS SUCH SECTION NOW EXISTS OR AS SAME MAY BE HEREAFTER AMENDED OR SUCCEEDED, TO THE EXTENT SUCH SECTION IS APPLICABLE.

NOTICE OF INDEMNIFICATION

THE PARTIES TO THIS LICENSE AGREEMENT HEREBY ACKNOWLEDGE AND AGREE THAT THIS LICENSE CONTAINS CERTAIN INDEMNIFICATION PROVISIONS FOR THE LICENSEE TO INDEMNIFY THE LICENSOR AND OTHER LICENSOR INDEMNIFIED PERSONS. IF A CLAIM IS MADE AGAINST LICENSOR OR ANY OTHER LICENSOR INDEMNIFIED PERSON THAT IS INDEMNIFIED BY LICENSEE UNDER THIS AGREEMENT, LICENSEE SHALL DEFEND LICENSOR OR SUCH LICENSOR INDEMNIFIED PERSON AT LICENSEE'S SOLE COST AND EXPENSE WITH COUNSEL REASONABLY ACCEPTABLE TO LICENSOR OR SUCH LICENSOR INDEMNIFIED PERSON, OR, AT LICENSEE'S ELECTION, LICENSEE SHALL REIMBURSE LICENSOR OR SUCH LICENSOR INDEMNIFIED PERSON FOR ANY FEES OR COSTS LICENSOR OR SUCH LICENSEE INDEMNIFIED PERSON INCURS IN DEFENDING ANY SUCH CLAIM. LICENSEE'S DEFENSE, INDEMNITY AND HOLD HARMLESS OBLIGATIONS UNDER THIS AGREEMENT SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

(THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK)

EXECUTED effective as of _____, 2007.

LICENSOR:

TOWN OF ADDISON, TEXAS

By: _____,
Ron Whitehead, City Manager

ATTEST:

By: _____,
Mario Canizares, City Secretary

LICENSEE:

EXECHANGAR ADS LC,
a Kansas limited liability company .

By: _____

Print Name: _____

Title: _____

Date of Signature: _____

Taxpayer Identification No. _____

ATTEST:

By: _____

Print Name: _____

Title: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF ADDISON AIRPORT FUEL FARM

DESCRIPTION:

BEING 106,831 Square Feet or 2.4525 Acres, Tract of land in the E. Cook Survey, Abstract 326, Dallas County, Texas, and located on Addison Municipal Airport, Addison, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at a 5/8 inch iron rod found in the West Right-of-Way line of Addison Road (60' Right-of-Way), said point also being the southeast corner of a 0.6983 acres Addison Airport lease Tract; THENCE South 00° 52' 49" East and along said West line of Addison Road, a distance of 129.60 feet to a 5/8 inch iron rod set for the POINT OF BEGINNING, said point also being the northeast corner of said 2.4525 subject tract;

THENCE South 00° 52' 49" East and continuing along the said West line of Addison Road, a distance of 598.6 feet to a 5/8 inch iron rod set for corner;

THENCE South 89° 07' 11" West and departing said West line of Addison Road, a distance of 104.06 feet to a 5/8 inch iron rod set for corner;

THENCE North 14° 20' 57" West a distance of 390.27 feet to a PK Nail set for corner;

THENCE North 21° 29' 45" West a distance of 130.61 feet to a PK Nail set for corner;

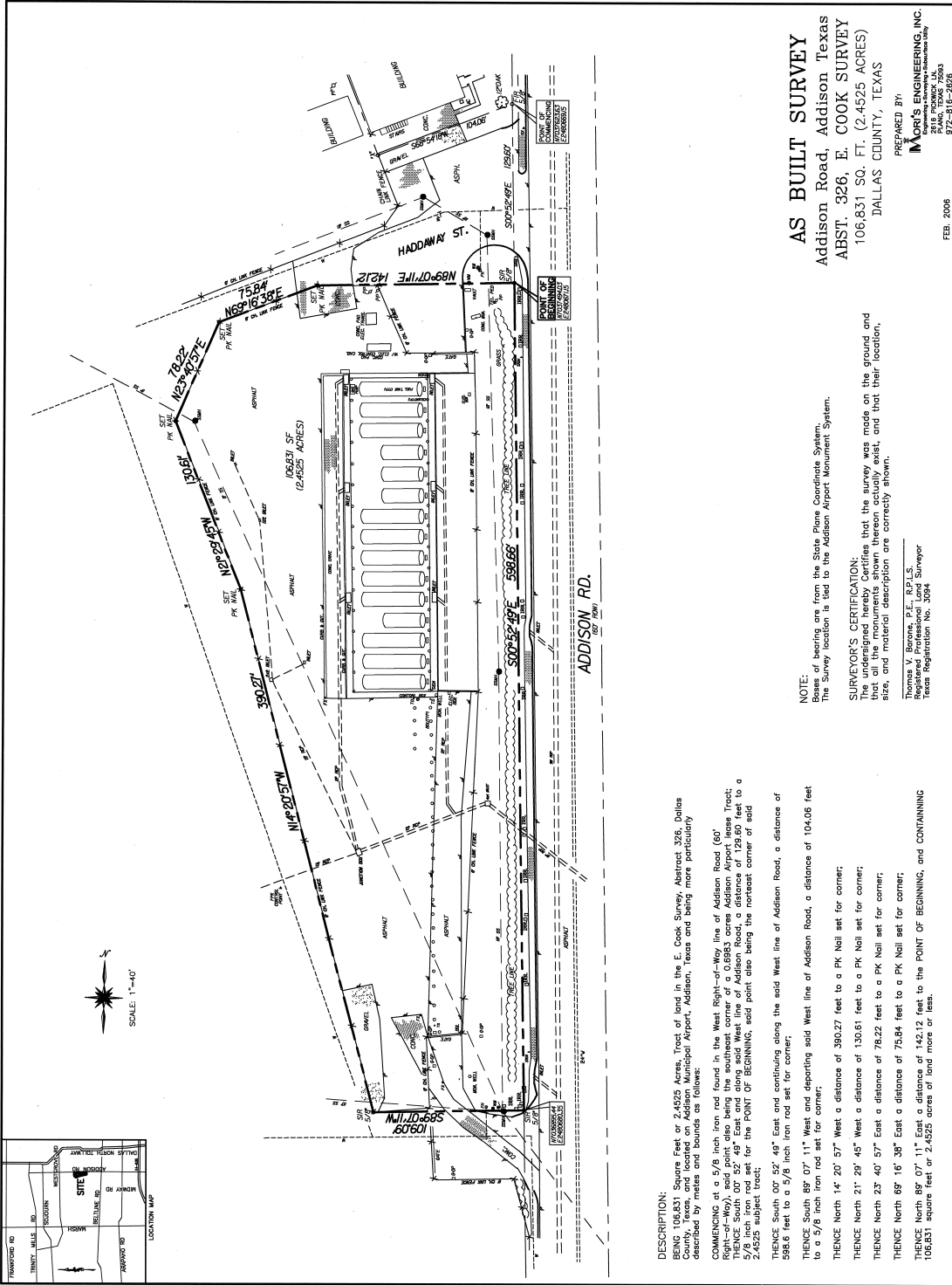
THENCE North 23° 40' 57" East a distance of 78.22 feet to a PK Nail set for corner;

THENCE North 69° 16' 38" East a distance of 75.84 feet to a PK Nail set for corner;

THENCE North 89° 07' 11" East a distance of 142.12 feet to the POINT OF BEGINNING, and CONTAINING 106,831 square feet or 2.4525 acres of land more or less.

EXHIBIT "B"

SURVEY OF ADDISON AIRPORT FUEL FARM



AS BUILT SURVEY

Addison Road, Addison Texas
 ABST. 326, E. COOK SURVEY
 106,831 SQ. FT. (2.4525 ACRES)
 DALLAS COUNTY, TEXAS

PREPARED BY:
MORRIS ENGINEERING, INC.
 2114 PARKWAY, SUITE 100
 FORT WORTH, TEXAS 76102
 972-816-2828

FEB. 2006

NOTE: All bearings are from the State Plane Coordinate System. The Survey location is tied to the Addison Airport Monument System.

SURVEYOR'S CERTIFICATION: The undersigned hereby certifies that the survey was made on the ground and that all the monuments shown thereon actually exist, and that their location, size, and material description are correctly shown.

Thomas V. Barone, P.E., R.P.L.S.
 Registered Professional Land Surveyor
 Texas Registration No. 5984

DESCRIPTION:
 BEING 106,831 Square Feet or 2.4525 Acres, Tract of land in the E. Cook Survey, Abstract 326, Dallas County, Texas, and located on Addison Municipal Airport, Addison, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at a 5/8 inch iron rod found in the West Right-of-Way line of Addison Road (60' Right-of-Way), said point also being the southeast corner of a 0.6893 acre Addison Airport lease Tract;

THENCE South 00° 52' 49" East and along said West line of Addison Road, a distance of 129.60 feet to a 5/8 inch iron rod set for the POINT OF BEGINNING, said point also being the northeast corner of said 2.4525 subject tract;

THENCE South 00° 59' 48" East and continuing along the said West line of Addison Road, a distance of 598.6 feet to a 5/8 inch iron rod set for corner;

THENCE South 89° 07' 11" West and departing said West line of Addison Road, a distance of 104.06 feet to a 5/8 inch iron rod set for corner;

THENCE North 14° 20' 57" West a distance of 380.27 feet to a PK Nail set for corner;

THENCE North 21° 29' 45" West a distance of 130.61 feet to a PK Nail set for corner;

THENCE North 23° 40' 57" East a distance of 78.22 feet to a PK Nail set for corner;

THENCE North 68° 16' 38" East a distance of 75.84 feet to a PK Nail set for corner;

THENCE North 89° 07' 11" East a distance of 142.12 feet to the POINT OF BEGINNING, and CONTAINING 106,831 square feet or 2.4525 acres of land more or less.

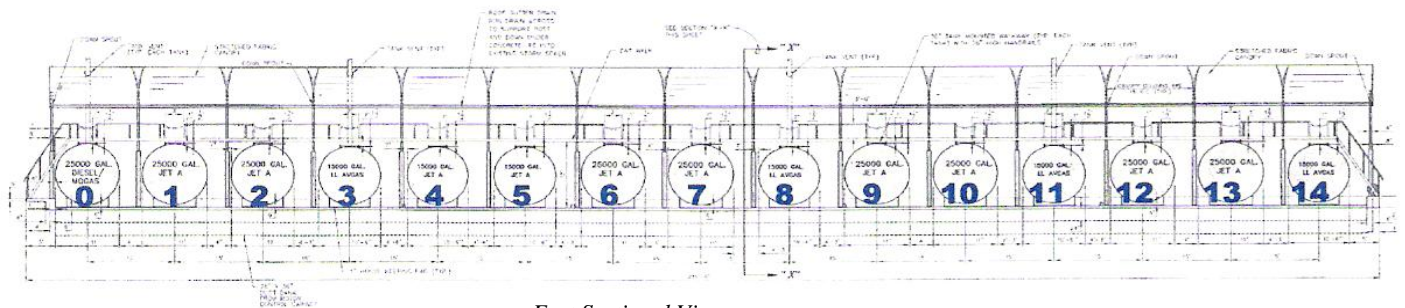
EXHIBIT “C”

SITE PLAN AND TANK CAPACITY OF ADDISON AIRPORT FUEL FARM

This Exhibit “C” is presented for the purpose of identifying the Fuel Tanks within the Fuel Farm, their capacity in gallons and percentage relative to the aggregate. This Exhibit “C” is subject to change at Licensor’s discretion except as otherwise expressly restricted in the Agreement.

License Holder	Tank ID#	Designated Fuel Type	Tank Gallon Capacity	Capacity as % of Total Gallons	TCEQ #
Mercury Air Center – Addison, Inc.	00 _a	Motor Vehicle Gasoline	10,000	0.03175	
Mercury Air Center – Addison, Inc.	00 _b	Diesel	15,000	0.04762	
Mercury Air Center – Addison, Inc.	01	Jet A	25,000	0.07937	
Mercury Air Center – Addison, Inc.	02	Jet A	25,000	0.07937	
Mercury Air Center – Addison, Inc.	03	100 LL	15,000	0.04762	
Cherry Air, Inc.	04	Jet A	15,000	0.04762	
Cherry Air, Inc.	05	Jet A	15,000	0.04762	
R. Stern FBO, Ltd.	06	Jet A	25,000	0.07937	
R. Stern FBO, Ltd.	07	Jet A	25,000	0.07937	
R. Stern FBO, Ltd.	08	100 LL	15,000	0.04762	
	09	Jet A	25,000	0.07937	
	10	Jet A	25,000	0.07937	
	11	100 LL	15,000	0.04762	
RR Investments, Inc.	12	Jet A	25,000	0.07937	
RR Investments, Inc.	13	Jet A	25,000	0.07937	
RR Investments, Inc.	14	100 LL	15,000	0.04762	
Totals			315,000	1.0000	

TCEQ=Texas Commission on Environmental Quality or its equivalence



East Sectional View

EXHIBIT “D”

TERM EXTENSIONS

Licensee (but not any assignee, sublicensee or other transferee of Licensee, even if Licensor's consent thereto is obtained in accordance with the terms and conditions of Section 17 of this License) is granted the option(s) to extend the Term of this License for four (4) consecutive term(s) of sixty (60) months each (each, a “**Term Extension**”), provided (a) Licensee is not in default under the License or any other agreement with the Town of Addison at Addison Airport at the time of its exercise of the Term Extension, nor at the commencement date of the applicable Term Extension, and (b) Licensee gives written notice to Licensor of its exercise of the option to extend the Term between that period of time being sixty (60) months prior to the end of Term and six (6) months prior to the end of Term or Term Extension (the “**Option Period**”). Each Term Extension shall commence on the day immediately following the date of expiration of the immediately preceding original Term or Term Extension and shall be upon the same terms, conditions and Consideration as were in effect hereunder during such immediately preceding original Term or Term Extension, except (i) Licensee shall have no further right of renewal after the last Term Extension described above; and (ii) the monthly Base Fee during such each Term Extension will be as follows:

(a) the first Term Extension, from _____ to _____, shall be at the monthly Base Fee rate of \$.2786 per gallon/yr.; and

(b) the second Term Extension, from _____ to _____, shall be at the monthly Base Fee rate of \$.2928 per gallon/yr.; and

(c) the third Term Extension, from _____ to _____, shall be at the monthly Base Fee rate of \$.3078 per gallon/yr.; and

(d) the fourth Term Extension, from _____ to _____, shall be at the monthly Base Fee rate of \$.3235 per gallon/yr.

Licensee's rights under this Exhibit “D” shall terminate if the License or Licensee's right to use of the Fuel Tanks is terminated, or if Licensee fails to timely exercise Licensee's option to extend the Term of this License in accordance with the terms and conditions of this Exhibit “D” with TIME BEING OF THE ESSENCE WITH RESPECT TO LICENSEE’S EXERCISE THEREOF.

EXHIBIT "E"

STATEMENT OF LICENSOR'S INITIAL CONSTRUCTION RESPONSIBILITY

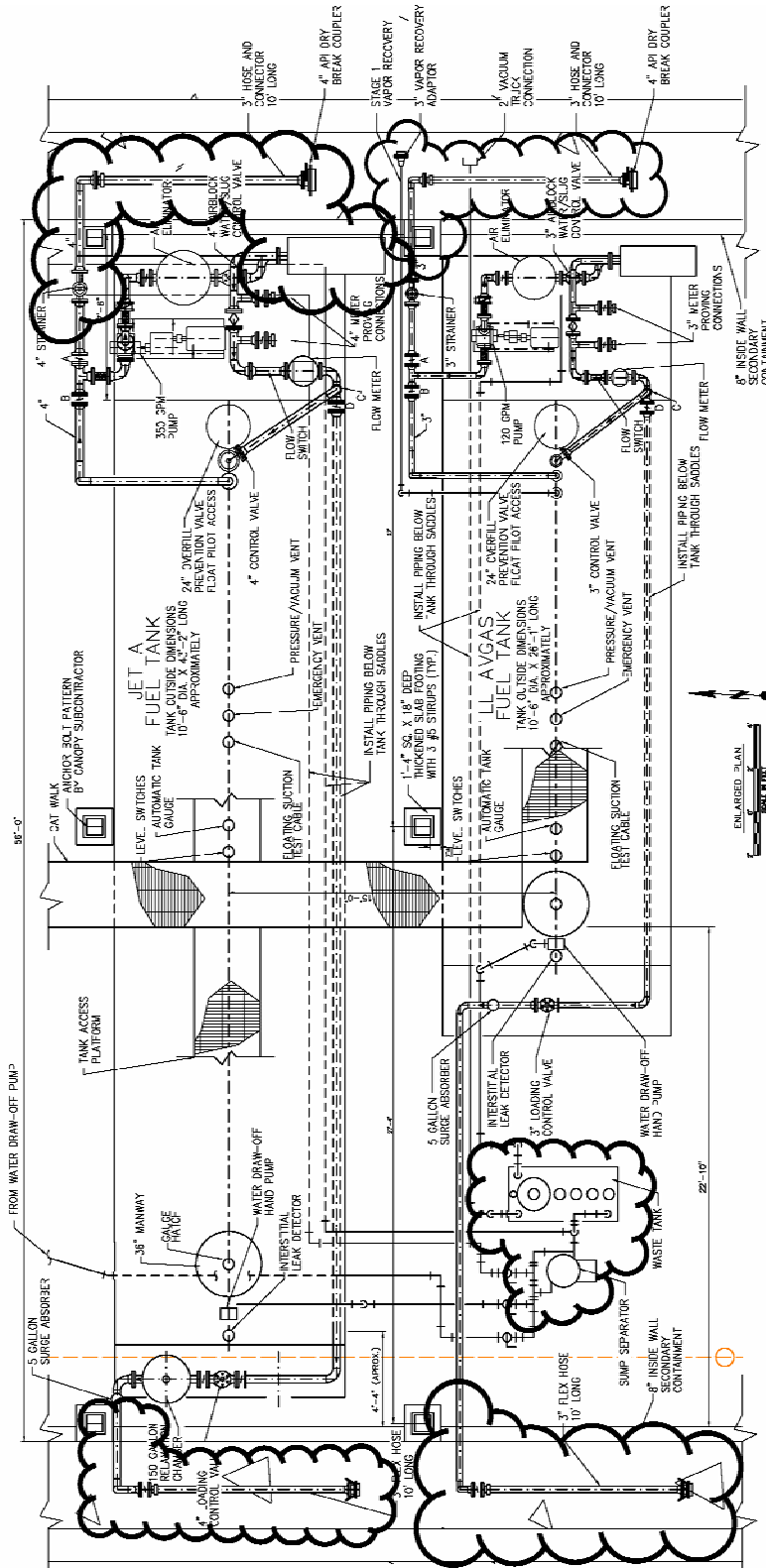
Description of Bulk Fuel and Dispensing System For Addison Airport

The proposed Bulk Fuel Storage and Dispensing System is to be centrally located with fifteen (15) individual bulk fuel storage tanks, with off-load and five (5) Fixed Base Operator (FBO) metered dispensing systems, in a consolidated, environmentally protected site, including tanks and operating equipment, with suitable architectural considerations to blend into the site. The horizontal mounted cylindrical tanks will have an approximate dimension of ten and one-half feet (10.5' W) diameter by forty-three feet (43' L) in length (25,000 gal), or alternatively, ten and one-half feet (10.5') diameter by twenty-six feet (26') in length (15,000 gal). Fuel storage tanks will be double wall, 2-hour fire rated, protected tanks. Primary products to be dispensed are Low Lead AVGAS and Jet A Fuel, with one two-compartment tank of 10,000 and 15,000 gallon, with dispensing equipment for LL MoGas and Diesel. The Jet A off-load systems will be capable of off-loading 8,000 gallons to an over-the-road fuel tanker truck within 20 minutes at approximately 350 gallons/minute and the dispensing systems into the Airport refueling vehicles will be rated at approximately 300 gallons/minute. Industry standard filtration systems with automatic shutdown and alarms will be installed on the off-load side of the storage tanks, to protect product in the fuel storage tanks. Overflow protection devices will be installed on all fuel storage tanks and connected to the pump control panel. Pump/dispensing control panel or panels, will be logically sequenced, gauged to fuel storage tanks for fuel level indication, and clearly marked for ease of operations. An oil/water separator will be installed and connected to the secondary containment dike area, using a valve connection and the off-load/dispensing pad to allow for immediate wash-down of any spilled product. The off-load/dispensing pad will be large enough to provide a designated parking spot for any aircraft-refueling vehicle that develops a leak. Fuel storage area will have explosion proof electrical fixtures and control panel. A fresh water line will be required for emergency eye wash unit and a 1" hose and reel unit installed for wash down. The hose must reach all areas of the facility, including the oil/water separator. An emergency telephone/intercom/transmitter device will be installed with direct link to the Main Fire Station alarm room located at 4798 Airport Parkway, Addison, Texas 75001-3364. Fuel storage tanks will be mounted in an 18" high concrete low wall secondary containment area, connected to the oil/water separator so that any major spill in the containment area can be washed down and pumped out through the oil/water separator. Design will include area lighting, site storm drainage and connection, any required utilities relocation, and site appearance considerations. Access from the outside (airport land side) will be controlled with electrically operated gates and/or a code or key access pad. Paved access will be required from the street and from the airfield areas. Street connection will include driveways, curb and gutter.

Source: *Addison Airport Project Specification Book for Bulk Fuel Storage and Dispensing System, Section 01000A, Paragraph 9, Page 5*

EXHIBIT "F"

LICENSEE'S GENERAL AREAS OF RESPONSIBILITY FOR MAINTENANCE AND REPAIR



LL AVGAS AND JET A FUEL TANK LAYOUT PLAN

This drawing is intended for the purpose of depicting Licensee's general area of responsibility for the maintenance and repair within the Fuel Farm and with the Fuel Farm. Licensee is to be held responsible for the installation, location, identification, and maintenance of all piping and equipment shown on this drawing. Should a dispute arise between this Exhibit and the meaning of the License Agreement, the License Agreement shall prevail.

EXHIBIT “G”

EXCHANGAR ADS, LC OFFERING MEMORANDUM (“OFFERING MEMORANDUM”)

Council Agenda Item:#R9

There are no attachments for this item.

DATE SUBMITTED: September 18, 2007
FOR COUNCIL MEETING: September 25, 2007

Council Agenda Item: #R10

SUMMARY:

Presentation and discussion of the FY 2007-08 City Council's Proposed budget.

FINANCIAL IMPACT:

There is no financial impact associated with holding a public hearing.

BACKGROUND:

Exhibits A-G provides a summary of the FY 2007-08 City Council's Proposed budget. Below is a table which summarizes the change in revenues and total appropriations between the City Council's Draft Budget and the City Council's Proposed Budget.

	City Council's Draft Budget	City Council's Proposed Budget	Variance
Revenues	\$57,791,310	\$57,791,310	
Appropriations	\$62,665,130	\$63,288,470	\$623,340

Major Changes to the City Council's Draft budget include:

Expenditures:

General Fund:

- Additional funds for Farmers Branch library cards (\$15,350)
- Additional funds for Inwood Road/culinary district consulting (\$75,000)
- Moving Oaks North Lighting Plan expenses from FY07 to FY08 (\$140,000)

General, Hotel, Utility Funds:

- Reduction in budgets resulting from changing merit pay from 6% to 5% of wages (\$102,270)

Utility Fund:

- Engineering for a new water storage facility (\$500,000)

RECOMMENDATION:

It is recommended that the City Council hold a public hearing regarding the City Council's Proposed Annual Budget for the fiscal year beginning October 1, 2007 and ending September 30, 2007.

TOWN OF ADDISON

CITY COUNCIL PROPOSED
FISCAL YEAR 2007 – 2008 ANNUAL BUDGET

Considered for Adoption
September 25, 2007

Addison!®

This budget will raise more total property taxes than last year's budget by \$1,043,380, and of that amount \$84,259 is tax revenue to be raised from new property added to the tax roll this year.

The above statement is required by Section 102.005(b), Loc. Gov. Code as amended by HB 3195 of the 80th Texas Legislature.

TOWN OF ADDISON
CITY COUNCIL PROPOSED BUDGET
FOR THE FISCAL YEAR
ENDING SEPTEMBER 30, 2008

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Utility Fund Long-Term Financial Plan	Exhibit E-4
Budget Adjustment Requests	Exhibit F-1 – F-3
Airport Operator Operation and Maintenance Budget	Exhibit G

TOWN OF ADDISON

CITY COUNCIL PROPOSED 2007-08 BUDGET SUMMARY *Including Major Items of Interest and Comparison with 2006-07 Budget*

The following is a summary of the city council proposed 2007-2008 fiscal year (FY) annual budget of the Town of Addison that will be considered by council at its September 25, 2007 meeting.

1. **Budget appropriates \$63,288,470, an increase of \$5.6 million or 9.8%** greater than the previous year's budget. The increase is attributed to maintenance projects affecting all city facilities as well as a greater scope of capital projects than was contemplated for the 2007 fiscal year.
2. **Revenues total \$57,791,310, an increase of \$4.0 million or 7.5%** compared to the 2006-07 budget. The increase is primarily a result of increased collections of property tax, sales taxes, and hotel occupancy taxes. Significant changes to selected revenues are shown below:
 - Property taxes, up \$862,000 or 6.1%
 - Non-property taxes (sales, alcoholic beverage, and hotel occupancy) up \$1,277,980 or 8.1%
 - Revenues from utility services (sale of water and sewer charges) up \$574,300 due to projection of greater volume of water sales.
 - Special events are expected to generate an additional \$334,000.
 - The budget anticipates an average 17% increase in airport hangar rental rates.
3. **The property tax rate is proposed to be reduced to 43.37¢, a 3.03¢ reduction from the previous year.**
4. **Appraised values for 2007 (used for fiscal year 2008 levy) total \$3,481,842,180, a 14.9% increase** over certified 2006 values. With the proposed tax rate, the city property taxes paid by the average homeowner in Addison will total \$1,019, or \$13 *less* than last year's average.
5. **Total staffing (all funds) is at 262.9 FTE** (full-time equivalent), a net increase of 2 FTE in workforce. Additions to staffing included:
 - A fleet services technician in the General Services department
 - A lieutenant in the Police department that will be the department's training officer.
7. The budget proposes a **pay increase for employees of 5%** of salaries effective October 1, 2007. In addition, the pay ranges for all positions will be adjusted 3%.

8. The budget envisions over **\$7.9 million being spent on capital projects** that include:

• Completion of Addison Road widening	\$820,000
• Participation in constructing streets serving Ashton-Woods development	\$1,000,000
• City-Wide signalization	\$717,000
• Design & engineering of Belt Line Rd. streetscape	\$225,000
• Design & engineering related to Brookhaven Club development	\$300,000
• Participation in construction of parking garage	\$2,000,000
• 2008 Airport paving project	\$770,000
• Fuel farm removal project	\$350,000
• Greenhaven Village water main	\$525,000
• 2008 water service line replacement program	\$248,000
• Marsh Lane sewer rehabilitation	\$138,000
• Engineering for a new elevated water storage facility	\$500,000

(Note: project amounts reflect anticipated expenditures for the year; total project budgets are greater than the amounts shown)

TOWN OF ADDISON
COMBINED SUMMARY OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
ALL FUNDS SUBJECT TO APPROPRIATION
City Council Proposed 2007-08 Annual Budget With Comparisons to 2006-07 Budget

	General Fund	Special Revenue Funds		Debt Service Funds		Capital Project Funds			Proprietary Funds			TOTAL	
		Hotel	Combined Other	General	Occupancy Tax Revenue	Streets	Parks	Combined Bonds	Airport	Utility	Combined Replacement	2007-08	2006-07
BEGINNING BALANCES	\$ 10,394,270	\$ 5,278,010	\$ 356,310	\$ 1,575,170	\$ 862,940	\$ 2,758,290	\$ 862,540	\$ 2,785,320	\$ 1,346,060	\$ 3,749,610	\$ 5,080,606	\$ 35,049,126	\$ 30,647,790
REVENUES:													
Ad valorem tax	10,271,690	-	-	4,627,410	-	-	-	-	-	-	-	14,899,100	14,037,100
Non-property taxes	11,699,300	5,400,000	-	-	-	-	-	-	-	-	-	17,099,300	15,821,320
Franchise fees	2,590,000	-	-	-	-	-	-	-	-	-	-	2,590,000	2,691,660
Licenses and permits	557,900	-	-	-	-	-	-	-	-	-	-	557,900	524,900
Intergovernmental	-	-	-	-	-	972,000	-	-	50,000	-	-	1,022,000	881,000
Service fees	1,266,850	1,456,000	-	-	-	-	-	1,010,000	9,831,800	1,155,860	-	14,720,510	13,753,110
Fines and penalties	1,143,000	-	45,000	-	-	-	-	-	-	55,000	-	1,243,000	993,000
Rental income	146,500	604,000	-	-	-	-	-	-	3,012,000	-	-	3,762,500	3,853,000
Interest & other income	610,000	250,000	52,000	75,000	45,000	100,000	-	95,000	175,000	200,000	295,000	1,897,000	1,199,200
TOTAL REVENUES	28,285,240	7,710,000	97,000	4,702,410	45,000	1,072,000	-	95,000	4,247,000	10,086,800	1,450,860	57,791,310	53,754,290
Transfers from other funds	-	-	-	-	700,000	-	-	-	-	-	-	700,000	706,710
TOTAL AVAILABLE RESOURCES	38,679,510	12,988,010	453,310	6,277,580	1,607,940	3,830,290	862,540	2,880,320	5,593,060	13,836,410	6,531,466	93,540,436	85,108,790
EXPENDITURES:													
General Government	7,022,170	-	22,990	-	-	-	-	-	-	-	45,000	7,090,160	6,175,380
Public Safety	14,631,050	-	70,000	-	-	-	-	-	-	-	382,000	15,083,050	14,383,430
Urban Development	937,680	-	-	-	-	-	-	-	-	-	56,000	993,680	783,720
Streets	2,089,910	-	-	-	-	-	-	-	-	-	25,000	2,114,910	1,689,200
Parks & Recreation	4,306,460	-	30,000	-	-	-	-	-	-	-	175,000	4,511,460	3,939,240
Tourism	-	6,763,490	-	-	-	-	-	-	-	-	-	6,763,490	6,050,050
Aviation	-	-	-	-	-	-	-	-	3,394,320	-	-	3,394,320	3,677,260
Utilities	-	-	-	-	-	-	-	-	-	7,040,540	-	7,040,540	6,981,680
Debt service	-	-	-	4,721,880	712,010	-	-	-	388,670	2,622,800	-	8,445,360	8,396,030
Capital projects	1,500,000	500,000	-	-	-	2,537,000	51,000	525,000	987,500	1,751,000	-	7,851,500	5,579,900
TOTAL EXPENDITURES	30,487,270	7,263,490	122,990	4,721,880	712,010	2,537,000	51,000	525,000	4,770,490	11,414,340	683,000	63,288,470	57,655,890
Transfers to other funds	-	700,000	-	-	-	-	-	-	-	-	-	700,000	706,710
ENDING FUND BALANCES	\$ 8,192,240	\$ 5,024,520	\$ 330,320	\$ 1,555,700	\$ 895,930	\$ 1,293,290	\$ 811,540	\$ 2,355,320	\$ 822,570	\$ 2,422,070	\$ 5,848,466	\$ 29,551,966	\$ 26,746,190

Total Revenues \$ 57,791,310
Decrease in fund balance 5,497,160
Total Appropriable funds \$ 63,288,470

Total Appropriations \$ 63,288,470

TOWN OF ADDISON
PROPERTY TAX DISTRIBUTION
CALCULATIONS
City Council Proposed 2007-08 Budget

2007 CERTIFIED TAX ROLL & LEVY:			
Appraised Valuation (100%)			\$ 3,481,842,180
Rate Per \$100			<u>\$ 0.4337</u>
TOTAL TAX LEVY			\$ 15,100,750
Percent of Current Collection			<u>98.40%</u>
Estimated Current Tax Collections			<u>\$ 14,859,100</u>
SUMMARY OF TAX COLLECTIONS:			
Current Tax			\$ 14,859,100
Delinquent Tax			5,000
Penalty and Interest			<u>35,000</u>
TOTAL 2007-08 TAX COLLECTIONS			<u><u>\$ 14,899,100</u></u>
PROPOSED DISTRIBUTION:			
	<u>TAX</u> <u>RATE</u>	<u>% OF</u> <u>TOTAL</u>	<u>AMOUNT</u>
General Fund:			
Current Tax			\$ 10,244,110
Delinquent Tax			3,450
Penalty and Interest			<u>24,130</u>
Total General Fund	\$0.2990	68.94%	<u>10,271,690</u>
Debt Service Fund:			
Current Tax			4,614,990
Delinquent Tax			1,550
Penalty and Interest			<u>10,870</u>
Total Debt Service Fund	<u>\$0.1347</u>	<u>31.06%</u>	<u>4,627,410</u>
TOTAL DISTRIBUTION	<u>\$0.4337</u>	<u>100.00%</u>	<u>\$ 14,899,100</u>

TOWN OF ADDISON
BUDGETED DEPARTMENTAL STAFFING SUMMARY

City Council Proposed 2007-08 Annual Budget

	Fiscal Years Ending September 30					Difference 07-08
	2004	2005	2006	2007	2008	
General fund:						
City Manager	10.0	10.0	10.0	8.5	8.5	-
Financial & Strategic Services	12.0	12.0	11.0	10.0	10.0	-
General Services	9.0	9.0	9.0	9.0	10.0	1.0
Municipal Court	4.7	4.7	4.7	4.7	4.7	-
Human Resources	4.3	4.7	4.7	4.7	4.7	-
Information Technology	6.0	6.0	6.0	6.0	6.0	-
Police	84.8	83.8	81.8	68.3	69.3	1.0
Emergency Communications	-	-	-	12.5	12.5	-
Fire	55.0	55.0	55.0	55.0	55.0	-
Development Services	6.0	6.0	6.0	7.0	7.0	-
Streets	6.0	6.0	6.0	7.0	7.0	-
Parks	20.0	20.0	20.0	20.0	20.0	-
Recreation	17.9	17.9	17.2	15.2	15.2	-
Total General fund	235.7	235.1	231.4	227.9	229.9	2.0
Hotel Fund	14.5	13.5	14.5	14.0	14.0	-
Airport Fund	2.0	2.0	2.0	2.0	2.0	-
Utilities	18.0	18.0	18.0	17.0	17.0	-
TOTAL ALL FUNDS	270.2	268.6	265.9	260.9	262.9	2.0

All positions are shown as full-time equivalent (FTE).

TOWN OF ADDISON
GENERAL FUND
SCHEDULE OF REVENUES BY SOURCE
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
Ad valorem taxes:				
Current taxes	\$ 8,484,631	\$ 9,374,970	\$ 9,281,200	\$ 10,244,110
Delinquent taxes	15,128	10,050	(62,400)	3,450
Penalty & interest	46,763	23,460	51,800	24,130
Non-property taxes:				
Sales tax	9,941,386	10,221,820	10,420,300	10,732,900
Alcoholic beverage tax	966,366	927,000	966,400	966,400
Franchise / right-of-way use fees:				
Electric franchise	1,563,239	1,668,010	1,642,300	1,600,000
Gas franchise	241,378	225,000	231,300	225,000
Telecommunication access fees	720,807	665,000	665,000	631,800
Cable franchise	130,128	110,650	110,700	110,700
Sanitation	7,236	8,000	-	-
Wireless network fees	-	-	15,000	15,000
Street rental fees	18,475	15,000	7,600	7,500
Licenses and permits:				
Business licenses and permits	159,589	149,570	150,600	146,800
Building and construction permits	491,819	375,330	615,600	411,100
Intergovernmental revenue				
Homeland Security Grant	-	-	-	-
Service fees:				
General government	76,952	900	600	600
Public safety	767,114	690,460	751,900	724,700
Urban development	8,840	4,690	5,600	4,600
Streets and sanitation	206,134	271,250	301,600	296,900
Recreation	71,253	68,960	50,900	58,400
Interfund	166,400	165,010	165,000	181,650
Court fines	1,071,624	893,000	1,166,400	1,143,000
Interest earnings	378,492	340,000	575,000	561,000
Rental income	122,622	144,000	143,700	146,500
Other	178,968	37,500	130,200	49,000
TOTAL REVENUES	\$ 25,835,344	\$ 26,389,630	\$ 27,386,300	\$ 28,285,240

TOWN OF ADDISON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 7,050,505	\$ 7,715,900	\$ 8,175,180	\$ 10,394,270
REVENUES:				
Ad valorem taxes	8,546,522	9,408,480	9,270,600	10,271,690
Non-property taxes	10,907,752	11,148,820	11,386,700	11,699,300
Franchise fees	2,681,263	2,691,660	2,671,900	2,590,000
Licenses and permits	651,408	524,900	766,200	557,900
Intergovernmental	-	-	-	-
Service fees	1,296,693	1,201,270	1,275,600	1,266,850
Fines and penalties	1,071,624	893,000	1,166,400	1,143,000
Interest earnings	378,492	340,000	575,000	561,000
Rental income	122,622	144,000	143,700	146,500
Other	178,968	37,500	130,200	49,000
TOTAL REVENUES	25,835,344	26,389,630	27,386,300	28,285,240
TOTAL RESOURCES AVAILABLE	32,885,849	34,105,530	35,561,480	38,679,510
EXPENDITURES:				
General Government:				
City Manager	1,282,061	1,118,180	1,184,820	1,379,920
Financial and Strategic Services	1,006,195	961,610	918,200	1,032,450
General Services	800,035	753,070	770,230	931,620
Municipal Court	407,657	425,620	424,460	457,320
Human Resources	360,248	387,470	401,430	450,730
Information Technology	1,038,049	1,104,710	1,087,710	1,573,200
Combined Services	819,621	645,550	644,530	912,550
Council Projects	425,124	274,180	289,010	284,380
Public Safety:				
Police	7,204,431	6,864,820	6,611,610	7,435,230
Emergency Communications	-	942,490	967,280	1,057,820
Fire	5,493,330	5,674,120	5,722,960	6,138,000
Development Services	563,271	783,720	749,250	937,680
Streets	1,421,464	1,689,200	1,703,560	2,089,910
Parks and Recreation:				
Parks	2,372,595	2,571,550	2,411,650	2,637,690
Recreation	1,253,588	1,282,890	1,280,510	1,668,770
TOTAL EXPENDITURES	24,447,669	25,479,180	25,167,210	28,987,270
OTHER FINANCING SOURCES (USES):				
Transfer to parks capital project fund	(263,000)	-	-	-
Parking lot long-term lease	-	-	-	(1,500,000)
ENDING FUND BALANCE	\$ 8,175,180	\$ 8,626,350	\$ 10,394,270	\$ 8,192,240

TOWN OF ADDISON
HOTEL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 4,617,539	\$ 4,206,050	\$ 4,639,050	\$ 5,278,010
REVENUES:				
Hotel/Motel occupancy taxes	4,679,099	4,672,500	5,150,000	5,400,000
Intergovernmental	-	99,000	99,000	-
Proceeds from special events	1,117,761	1,122,000	1,400,000	1,456,000
Conference centre rental	454,948	500,000	506,000	516,000
Theatre centre rental	79,418	81,000	85,000	88,000
Interest earnings and other	208,408	168,700	225,000	250,000
TOTAL REVENUES	<u>6,539,634</u>	<u>6,643,200</u>	<u>7,465,000</u>	<u>7,710,000</u>
TOTAL AVAILABLE RESOURCES	<u>11,157,173</u>	<u>10,849,250</u>	<u>12,104,050</u>	<u>12,988,010</u>
EXPENDITURES:				
Visitor services administration	718,449	829,920	867,810	1,103,260
Marketing	994,054	1,077,440	1,019,700	1,216,480
Special events	2,469,938	2,561,760	2,661,720	2,655,940
Conference centre	1,118,079	955,150	952,920	1,097,370
Performing arts	500,884	625,780	617,180	690,440
Capital projects	10,829	-	-	500,000
TOTAL EXPENDITURES	<u>5,812,233</u>	<u>6,050,050</u>	<u>6,119,330</u>	<u>7,263,490</u>
OTHER FINANCING SOURCES (USES):				
Transfer to debt service fund	<u>(705,890)</u>	<u>(706,710)</u>	<u>(706,710)</u>	<u>(700,000)</u>
ENDING FUND BALANCE	<u>\$ 4,639,050</u>	<u>\$ 4,092,490</u>	<u>\$ 5,278,010</u>	<u>\$ 5,024,520</u>

TOWN OF ADDISON
PUBLIC SAFETY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 38,154	\$ 85,150	\$ 101,920	\$ 89,420
REVENUES:				
Court awards	62,767	5,000	2,500	3,000
Interest earnings and other	3,622	1,000	5,000	4,500
TOTAL REVENUES	<u>66,389</u>	<u>6,000</u>	<u>7,500</u>	<u>7,500</u>
TOTAL AVAILABLE RESOURCES	<u>104,543</u>	<u>91,150</u>	<u>109,420</u>	<u>96,920</u>
EXPENDITURES:				
Supplies	-	5,000	5,000	5,000
Contractual services	2,620	15,000	15,000	15,000
Capital Equipment	-	50,000	-	50,000
TOTAL EXPENDITURES	<u>2,620</u>	<u>70,000</u>	<u>20,000</u>	<u>70,000</u>
ENDING BALANCE	<u>\$ 101,923</u>	<u>\$ 21,150</u>	<u>\$ 89,420</u>	<u>\$ 26,920</u>

TOWN OF ADDISON
MUNICIPAL COURT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 86,517	\$ 100,500	\$ 106,550	\$ 145,560
REVENUES:				
Court security fees	22,183	20,000	22,000	20,000
Court technology fees	28,519	25,000	27,000	25,000
Interest earnings and other	14,147	7,000	13,500	10,000
TOTAL REVENUES	<u>64,849</u>	<u>52,000</u>	<u>62,500</u>	<u>55,000</u>
TOTAL AVAILABLE RESOURCES	<u>151,366</u>	<u>152,500</u>	<u>169,050</u>	<u>200,560</u>
EXPENDITURES:				
Personal services	15,458	8,990	8,990	8,990
Supplies	4,603	4,000	4,000	4,000
Contractual Services	-	2,000	2,000	2,000
Capital outlay	24,753	-	8,500	8,000
TOTAL EXPENDITURES	<u>44,814</u>	<u>14,990</u>	<u>23,490</u>	<u>22,990</u>
ENDING BALANCE	<u>\$ 106,552</u>	<u>\$ 137,510</u>	<u>\$ 145,560</u>	<u>\$ 177,570</u>

TOWN OF ADDISON
ARBOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 87,337	\$ 83,900	\$ 84,840	\$ 121,330
REVENUES:				
Recycling proceeds	29,311	20,000	27,000	25,000
Contributions	10,115	5,000	12,400	6,000
Interest earnings and other	3,808	2,000	3,500	3,500
TOTAL REVENUES	<u>43,234</u>	<u>27,000</u>	<u>42,900</u>	<u>34,500</u>
TOTAL AVAILABLE RESOURCES	<u>130,571</u>	<u>110,900</u>	<u>127,740</u>	<u>155,830</u>
EXPENDITURES:				
Maintenance and materials	37,540	6,000	6,410	30,000
Contractual services	8,196	-	-	-
TOTAL EXPENDITURES	<u>45,736</u>	<u>6,000</u>	<u>6,410</u>	<u>30,000</u>
ENDING BALANCE	<u>\$ 84,835</u>	<u>\$ 104,900</u>	<u>\$ 121,330</u>	<u>\$ 125,830</u>

GENERAL OBLIGATION DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 1,401,992	\$ 1,577,300	\$ 1,649,430	\$ 1,575,170
REVENUES:				
Ad valorem taxes	4,747,185	4,628,620	4,500,000	4,627,410
Interest earnings and other	99,503	70,000	119,000	75,000
TOTAL REVENUES	<u>4,846,688</u>	<u>4,698,620</u>	<u>4,619,000</u>	<u>4,702,410</u>
TOTAL AVAILABLE RESOURCES	<u>6,248,680</u>	<u>6,275,920</u>	<u>6,268,430</u>	<u>6,277,580</u>
EXPENDITURES:				
Debt Service - Principal	3,105,000	3,255,000	3,255,000	3,419,770
Debt Service - Interest	1,505,998	1,428,260	1,428,260	1,292,110
Fiscal fees	114,666	10,000	10,000	10,000
TOTAL EXPENDITURES	<u>4,725,664</u>	<u>4,693,260</u>	<u>4,693,260</u>	<u>4,721,880</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from refunding bonds issued	6,355,000	-	-	-
Payment to refunded bond escrow agent	(6,228,588)	-	-	-
TOTAL OTHER FINANCING (USES)	<u>126,412</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING BALANCE	<u>\$ 1,649,428</u>	<u>\$ 1,582,660</u>	<u>\$ 1,575,170</u>	<u>\$ 1,555,700</u>

TOWN OF ADDISON
OCCUPANCY TAX DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 778,627	\$ 799,130	\$ 810,940	\$ 862,940
REVENUES:				
Interest earnings	32,607	20,000	52,000	45,000
TOTAL REVENUES	<u>32,607</u>	<u>20,000</u>	<u>52,000</u>	<u>45,000</u>
TOTAL AVAILABLE RESOURCES	<u>811,234</u>	<u>819,130</u>	<u>862,940</u>	<u>907,940</u>
EXPENDITURES:				
Debt Service - Principal	465,000	480,000	480,000	500,000
Debt Service - Interest	241,188	226,710	226,710	212,010
Fiscal fees	-	500	-	-
TOTAL EXPENDITURES	<u>706,188</u>	<u>707,210</u>	<u>706,710</u>	<u>712,010</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Hotel fund	705,890	706,710	706,710	700,000
TOTAL OTHER FINANCING (USES)	<u>705,890</u>	<u>706,710</u>	<u>706,710</u>	<u>700,000</u>
ENDING BALANCE	<u>\$ 810,936</u>	<u>\$ 818,630</u>	<u>\$ 862,940</u>	<u>\$ 895,930</u>

TOWN OF ADDISON
STREET CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 3,844,051	\$ 3,965,050	\$ 3,989,290	\$ 2,758,290
REVENUES:				
Intergovernmental grants	-	752,000	416,000	972,000
Interest earnings and other	183,846	10,000	190,000	100,000
TOTAL REVENUES	<u>183,846</u>	<u>852,000</u>	<u>606,000</u>	<u>1,072,000</u>
TOTAL AVAILABLE RESOURCES	<u>4,027,897</u>	<u>4,817,050</u>	<u>4,595,290</u>	<u>3,830,290</u>
EXPENDITURES:				
Personal services	21,145	8,000	28,000	8,000
Engineering and contractual services	17,463	45,000	38,000	15,000
Construction and equipment	-	2,910,000	1,771,000	2,514,000
TOTAL EXPENDITURES	<u>38,608</u>	<u>2,963,000</u>	<u>1,837,000</u>	<u>2,537,000</u>
ENDING BALANCE	<u>\$ 3,989,289</u>	<u>\$ 1,854,050</u>	<u>\$ 2,758,290</u>	<u>\$ 1,293,290</u>

TOWN OF ADDISON
PARKS CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 411,016	\$ 629,290	\$ 640,290	\$ 862,540
REVENUES:				
Interest earnings and other	28,167	20,000	38,000	-
Developer contributions	-	-	184,250	-
TOTAL REVENUES	<u>28,167</u>	<u>20,000</u>	<u>222,250</u>	<u>-</u>
TOTAL AVAILABLE RESOURCES	<u>439,183</u>	<u>649,290</u>	<u>862,540</u>	<u>862,540</u>
EXPENDITURES:				
Administration:				
Personal services	1,252	-	-	1,000
Engineering, and contractual services	25,408	-	-	50,000
Construction and equipment	<u>35,230</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>61,890</u>	<u>-</u>	<u>-</u>	<u>51,000</u>
OTHER FINANCING SOURCES (USES):				
Transfer from General fund	-	-	-	-
Transfer from street capital project fund	<u>263,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING (USES)	<u>263,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING BALANCE	<u>\$ 640,293</u>	<u>\$ 649,290</u>	<u>\$ 862,540</u>	<u>\$ 811,540</u>

TOWN OF ADDISON
2000 CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 70,114	\$ -	\$ -	\$ -
REVENUES:				
Interest earnings and other	765	-	-	-
TOTAL REVENUES	<u>765</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL AVAILABLE RESOURCES	<u>70,879</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Personal services	353	-	-	-
Engineering and contractual services	70,526	-	-	-
Construction and equipment	-	-	-	-
TOTAL EXPENDITURES	<u>70,879</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF ADDISON
2002 CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 2,316,150	\$ 1,986,930	\$ 2,148,180	\$ 2,052,130
REVENUES:				
Intergovernmental grants	-	-	-	-
Interest earnings and other	100,547	60,000	100,000	60,000
TOTAL REVENUES	<u>100,547</u>	<u>60,000</u>	<u>100,000</u>	<u>60,000</u>
TOTAL AVAILABLE RESOURCES	<u>2,416,697</u>	<u>2,046,930</u>	<u>2,248,180</u>	<u>2,112,130</u>
EXPENDITURES:				
Personal services	27,309	25,000	25,000	25,000
Engineering and contractual services	241,207	200,000	74,150	430,000
Construction and equipment	-	-	96,900	-
TOTAL EXPENDITURES	<u>268,516</u>	<u>225,000</u>	<u>196,050</u>	<u>455,000</u>
ENDING FUND BALANCE	<u>\$ 2,148,181</u>	<u>\$ 1,821,930</u>	<u>\$ 2,052,130</u>	<u>\$ 1,657,130</u>

TOWN OF ADDISON
2004 CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ 2,582,984	\$ 299,980	\$ 396,770	\$ 408,290
REVENUES:				
Intergovernmental grants	1,440,734	-	72,850	-
Interest earnings and other	59,971	10,000	25,000	20,000
TOTAL REVENUES	<u>1,500,705</u>	<u>10,000</u>	<u>97,850</u>	<u>20,000</u>
TOTAL AVAILABLE RESOURCES	<u>4,083,689</u>	<u>309,980</u>	<u>494,620</u>	<u>428,290</u>
EXPENDITURES:				
Personal services	325	-	-	-
Engineering and contractual services	89,311	-	-	70,000
Construction and equipment	3,597,286	-	86,330	-
TOTAL EXPENDITURES	<u>3,686,922</u>	<u>-</u>	<u>86,330</u>	<u>70,000</u>
ENDING FUND BALANCE	<u>\$ 396,767</u>	<u>\$ 309,980</u>	<u>\$ 408,290</u>	<u>\$ 358,290</u>

TOWN OF ADDISON
2006 CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$ -	\$ -	\$ 378,900	\$ 324,900
REVENUES:				
Interest earnings and other	40,064	-	15,000	15,000
TOTAL REVENUES	<u>40,064</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
TOTAL AVAILABLE RESOURCES	<u>40,064</u>	<u>-</u>	<u>393,900</u>	<u>339,900</u>
EXPENDITURES:				
Personal services	77	-	-	-
Engineering and contractual services	8,355	-	7,000	-
Construction and equipment	1,152,735	-	62,000	-
TOTAL EXPENDITURES	<u>1,161,167</u>	<u>-</u>	<u>69,000</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	1,500,000	-	-	-
TOTAL OTHER FINANCING (USES)	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 378,897</u>	<u>\$ -</u>	<u>\$ 324,900</u>	<u>\$ 339,900</u>

TOWN OF ADDISON
AIRPORT ENTERPRISE FUND
STATEMENT OF INCOME AND CHANGES IN WORKING CAPITAL
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
INCOME STATEMENT				
Operating revenues:				
Operating grants	30,000	\$ 30,000	\$ 30,000	\$ 50,000
Fuel flowage fees	1,025,291	1,050,000	935,300	975,000
Rental	3,002,820	3,128,000	3,082,500	3,012,000
User fees	30,416	35,000	35,000	35,000
Total operating revenues	<u>4,088,527</u>	<u>4,243,000</u>	<u>4,082,800</u>	<u>4,072,000</u>
Operating expenses:				
Town - Personal services	255,466	284,830	256,430	283,610
Town - Supplies	10,833	22,300	17,300	23,800
Town - Maintenance	24,320	26,250	24,950	26,970
Town - Contractual services	524,395	431,850	567,920	526,620
Grant - Maintenance	-	60,000	60,000	100,000
Operator - Operations & Maintenance	1,682,481	1,867,330	1,635,750	1,488,720
Operator - Service Contract	942,648	984,700	922,100	944,600
Total operating expenses	<u>3,440,143</u>	<u>3,677,260</u>	<u>3,484,450</u>	<u>3,394,320</u>
Net operating income	<u>648,384</u>	<u>565,740</u>	<u>598,350</u>	<u>677,680</u>
Non-Operating revenues (expenses):				
Interest earnings and other	182,187	78,000	170,000	175,000
Refund of prior year fees	(76,200)	-	-	-
Interest on debt, fiscal fees, & other	(168,943)	(161,270)	(161,500)	(153,670)
Net non-operating revenues (expenses)	<u>(62,956)</u>	<u>(83,270)</u>	<u>8,500</u>	<u>21,330</u>
Net income (excluding depreciation)	<u>\$ 585,428</u>	<u>\$ 482,470</u>	<u>\$ 606,850</u>	<u>\$ 699,010</u>
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	<u>\$ 585,428</u>	<u>\$ 482,470</u>	<u>\$ 606,850</u>	<u>\$ 699,010</u>
Sources (uses) of working capital:				
Retirement of long-term debt	(215,000)	(225,000)	(215,000)	(235,000)
Net additions to fixed assets with grants	(1,561,856)	-	(36,000)	(200,000)
Other net additions to fixed assets	(7,509)	(1,411,500)	(991,300)	(787,500)
Net sources (uses) of working capital	<u>(1,784,365)</u>	<u>(1,636,500)</u>	<u>(1,242,300)</u>	<u>(1,222,500)</u>
Net increase (decrease) in working capital	(1,198,937)	(1,154,030)	(635,450)	(523,490)
Beginning fund balance	<u>3,180,444</u>	<u>1,842,290</u>	<u>1,981,510</u>	<u>1,346,060</u>
Ending fund balance	<u>\$ 1,981,507</u>	<u>\$ 688,260</u>	<u>\$ 1,346,060</u>	<u>\$ 822,570</u>

TOWN OF ADDISON
UTILITY ENTERPRISE FUND
STATEMENT OF INCOME AND CHANGES IN WORKING CAPITAL
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
INCOME STATEMENT				
Operating revenues:				
Water sales	\$ 5,697,631	\$ 4,696,700	\$ 4,329,000	\$ 4,726,800
Sewer charges	5,022,160	4,555,800	4,915,000	5,100,000
Tap fees	6,300	5,000	7,500	5,000
Penalties	51,752	55,000	56,000	55,000
Total operating revenues	<u>10,777,843</u>	<u>9,312,500</u>	<u>9,307,500</u>	<u>9,886,800</u>
Operating expenses:				
Water purchases	2,562,592	2,594,200	2,507,200	2,500,300
Wastewater treatment	1,807,619	2,148,300	2,103,900	1,951,200
Utility operations	2,067,129	2,239,180	2,166,030	2,589,040
Total operating expenses	<u>6,437,340</u>	<u>6,981,680</u>	<u>6,777,130</u>	<u>7,040,540</u>
Net operating income	<u>4,340,503</u>	<u>2,330,820</u>	<u>2,530,370</u>	<u>2,846,260</u>
Non-Operating revenues (expenses):				
Interest earnings and other	233,547	100,000	225,100	200,000
Interest on debt, fiscal fees, & other	<u>(707,505)</u>	<u>(579,060)</u>	<u>(579,060)</u>	<u>(512,800)</u>
Net non-operating revenues (expenses)	<u>(473,958)</u>	<u>(479,060)</u>	<u>(353,960)</u>	<u>(312,800)</u>
Net income (excluding depreciation)	<u>\$ 3,866,545</u>	<u>\$ 1,851,760</u>	<u>\$ 2,176,410</u>	<u>\$ 2,533,460</u>
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	<u>\$ 3,866,545</u>	<u>\$ 1,851,760</u>	<u>\$ 2,176,410</u>	<u>\$ 2,533,460</u>
Sources (uses) of working capital:				
Retirement of long-term debt	(1,682,142)	(2,030,230)	(2,030,230)	(2,110,000)
Net additions to fixed assets	(225,635)	(980,400)	(185,600)	(1,751,000)
Net increase in other	<u>(39,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net sources (uses) of working capital	<u>(1,946,984)</u>	<u>(3,010,630)</u>	<u>(2,215,830)</u>	<u>(3,861,000)</u>
Net increase (decrease) in working capital	1,919,561	(1,158,870)	(39,420)	(1,327,540)
Beginning fund balance	<u>1,869,466</u>	<u>2,411,440</u>	<u>3,789,030</u>	<u>3,749,610</u>
Ending fund balance	<u>\$ 3,789,027</u>	<u>\$ 1,252,570</u>	<u>\$ 3,749,610</u>	<u>\$ 2,422,070</u>

TOWN OF ADDISON
INFORMATION TECHNOLOGY INTERNAL SERVICE FUND
STATEMENT OF INCOME AND CHANGES IN WORKING CAPITAL
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
INCOME STATEMENT				
Operating revenues:				
Department contributions:	\$ 413,730	\$ 419,520	\$ 419,520	\$ 435,070
Total operating revenues	<u>413,730</u>	<u>419,520</u>	<u>419,520</u>	<u>435,070</u>
Operating expenses:				
Contractual services	1,247	2,500	2,500	2,500
Total operating expenses	<u>1,247</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
Net operating income	<u>412,483</u>	<u>417,020</u>	<u>417,020</u>	<u>432,570</u>
Non-operating Revenues:				
Interest earnings and other	89,420	40,000	100,000	100,000
Net non-operating revenues	<u>89,420</u>	<u>40,000</u>	<u>100,000</u>	<u>100,000</u>
Net income (exlcuding depreciation)	<u>\$ 501,903</u>	<u>\$ 457,020</u>	<u>\$ 517,020</u>	<u>\$ 532,570</u>
CHANGES IN WORKING CAPITAL				
Net income (exlcuding depreciation)	\$ 501,903	\$ 457,020	\$ 517,020	\$ 532,570
Sources (uses) of working capital:				
Capital hardware/software:				
General government	(2,950)	(235,000)	(235,000)	-
Public safety	(53,497)	(230,000)	(130,000)	(100,000)
Net sources (uses) of working capital	<u>(56,447)</u>	<u>(465,000)</u>	<u>(365,000)</u>	<u>(100,000)</u>
Net increase (decrease) in working capital	445,456	(7,980)	152,020	432,570
Beginning fund balance	1,686,008	2,060,240	2,131,464	2,283,480
Ending fund Balance	<u>\$ 2,131,464</u>	<u>\$ 2,052,260</u>	<u>\$ 2,283,484</u>	<u>\$ 2,716,050</u>

TOWN OF ADDISON
CAPITAL REPLACEMENT INTERNAL SERVICE FUND
STATEMENT OF INCOME AND CHANGES IN WORKING CAPITAL
City Council Proposed 2007-08 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
INCOME STATEMENT				
Operating revenues:				
Department contributions	\$ 692,622	\$ 667,820	\$ 667,820	\$ 720,790
Total operating revenues	<u>692,622</u>	<u>667,820</u>	<u>667,820</u>	<u>720,790</u>
Operating expenses:				
Other	1,248	2,500	2,500	2,500
Total operating expenses	<u>1,248</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
Net operating income	<u>691,374</u>	<u>665,320</u>	<u>665,320</u>	<u>718,290</u>
Non-Operating revenues:				
Interest earnings and other	117,142	90,000	120,000	120,000
Proceeds from sale of assets	103,079	25,000	-	75,000
Net non-operating revenues	<u>220,221</u>	<u>115,000</u>	<u>120,000</u>	<u>195,000</u>
Net Income (Excluding depreciation)	<u>\$ 911,595</u>	<u>\$ 780,320</u>	<u>\$ 785,320</u>	<u>\$ 913,290</u>
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	<u>\$ 911,595</u>	<u>\$ 780,320</u>	<u>\$ 785,320</u>	<u>\$ 913,290</u>
Sources (uses) of working capital:				
Acquisition of capital equipment:				
General government	(26,805)	(250,000)	(210,000)	(40,000)
Development Services	-	-	-	(56,000)
Public safety	(53,010)	(602,000)	(602,000)	(282,000)
Streets	(23,153)	-	-	(25,000)
Parks and recreation	<u>(19,501)</u>	<u>(78,800)</u>	<u>(78,800)</u>	<u>(175,000)</u>
Net source (use) of working capital	<u>(122,469)</u>	<u>(930,800)</u>	<u>(890,800)</u>	<u>(578,000)</u>
Net increase (decrease) in working capital	789,126	(150,480)	(105,480)	335,290
Beginning fund balance	2,113,480	2,884,640	2,902,606	2,797,126
Ending fund balance	<u>\$ 2,902,606</u>	<u>\$ 2,734,160</u>	<u>\$ 2,797,126</u>	<u>\$ 3,132,416</u>

TOWN OF ADDISON
GENERAL FUND LONG-TERM FINANCIAL PLAN
City Council Proposed 2007-08 Annual Budget

	Actual 2005-2006	Estimate 2006-2007	Budget 2007-2008	Year 1 Projected 2008-2009	Year 2 Projected 2009-2010	Year 3 Projected 2010-2011	Year 4 Projected 2011-2012
BEGINNING BALANCE	\$7,050,505	\$8,175,180	\$10,394,270	\$8,192,240	\$9,019,660	\$9,950,870	\$10,873,570
REVENUES:							
Ad valorem taxes	\$8,546,522	\$9,270,600	\$10,271,690	\$11,037,360	\$11,876,430	\$12,784,020	\$13,765,690
Non-property taxes	10,907,752	11,386,700	11,699,300	12,050,300	12,411,800	12,784,200	13,167,700
Franchise fees	2,681,263	2,671,900	2,590,000	2,667,700	2,747,700	2,830,100	2,915,000
Licenses and permits	651,408	766,200	557,900	574,600	591,800	609,600	627,900
Intergovernmental	-	-	-	-	-	-	-
Service fees	1,296,693	1,275,600	1,266,850	1,304,900	1,344,000	1,384,300	1,425,800
Fines and penalties	1,071,624	1,166,400	1,143,000	1,177,300	1,212,600	1,249,000	1,286,500
Interest income	378,492	575,000	561,000	577,800	595,100	613,000	631,400
Rental income	122,622	143,700	146,500	150,900	155,400	160,100	164,900
Miscellaneous	178,968	130,200	49,000	50,500	52,000	53,600	55,200
TOTAL REVENUES	25,835,344	27,386,300	28,285,240	29,591,360	30,986,830	32,467,920	34,040,090
EXPENDITURES:							
Operating:							
Personal services	16,636,812	17,353,470	18,777,830	19,904,500	21,098,800	22,364,700	23,706,600
Supplies	1,036,749	1,059,570	1,181,210	1,204,800	1,228,900	1,253,500	1,278,600
Maintenance	1,667,366	1,773,900	3,606,460	1,983,020	2,042,500	2,103,800	2,166,900
Contractual services	3,951,052	3,743,820	4,328,650	4,458,500	4,592,300	4,730,100	4,872,000
Capital replacement/lease	1,070,804	1,047,250	1,078,120	1,078,120	1,078,120	1,078,120	1,078,120
Capital outlay	84,886	189,200	15,000	15,000	15,000	15,000	15,000
Other uses	263,000	-	1,500,000	120,000	-	-	-
TOTAL EXPENDITURES	24,710,669	25,167,210	30,487,270	28,763,940	30,055,620	31,545,220	33,117,220
ENDING FUND BALANCE	\$8,175,180	\$10,394,270	\$8,192,240	\$9,019,660	\$9,950,870	\$10,873,570	\$11,796,440
Excess (Deficiency) of Revenues over Expenditures	1,124,675	2,219,090	(2,202,030)	827,420	931,210	922,700	922,870
Ending balance greater (less) than 25% minimum	1,997,513	4,102,468	570,423	1,828,675	2,436,965	2,987,265	3,517,135
Debt issuance variable:							
Beginning debt outstanding	\$38,004,768	\$39,979,769	\$36,724,769	\$37,304,999	\$33,557,544	\$29,636,428	\$26,086,805
Principal retired	3,105,000	3,255,000	3,419,770	3,747,455	3,921,116	3,549,623	3,149,834
Principal issued	5,080,001	-	4,000,000	-	-	-	-
Ending debt outstanding	\$39,979,769	\$36,724,769	\$37,304,999	\$33,557,544	\$29,636,428	\$26,086,805	\$22,936,970
Tax rate variables:							
Taxable values (thousands)	\$2,799,172	\$2,972,554	\$3,481,842	\$3,586,298	\$3,693,886	\$ 3,804,703	\$ 3,918,844
General fund rate	\$0.3060	\$0.3110	\$0.2990	\$0.3128	\$0.3267	\$0.3415	\$0.3570
Debt service fund rate	\$0.1700	\$0.1530	\$0.1347	\$0.1332	\$0.1293	\$0.1255	\$0.1219
Total	\$0.4760	\$0.4640	\$0.4337	\$0.4460	\$0.4560	\$0.4670	\$0.4789
Staffing variable:							
Full-time equivalent positions	231.4	227.9	229.9	229.9	229.9	229.9	229.9
Average cost per FTE	\$71,896	\$76,145	\$81,678	\$86,579	\$91,774	\$97,280	\$103,117

TOWN OF ADDISON
HOTEL SPECIAL REVENUE FUND LONG-TERM FINANCIAL PLAN
City Council Proposed 2007-08 Budget

	Actual 2005-06	Estimated 2006-07	Budget 2007-08	Year 1 Projected 2008-09	Year 2 Projected 2009-10	Year 3 Projected 2010-11	Year 4 Projected 2011-12
BEGINNING FUND BALANCE	\$ 4,617,539	\$ 4,639,050	\$ 5,278,010	\$ 5,024,520	\$ 4,932,280	\$ 5,370,410	\$ 5,806,200
REVENUES:							
Hotel/Motel occupancy taxes (HOT)	4,679,099	5,150,000	5,400,000	5,562,000	5,728,860	5,900,730	6,077,750
Intergovernmental revenues	-	99,000	-	-	-	-	-
Proceeds from special events	1,117,761	1,400,000	1,456,000	1,514,240	1,574,810	1,637,800	1,703,310
Conference centre rental	454,948	506,000	516,000	526,320	536,850	547,590	558,540
Theatre rental	79,418	85,000	88,000	91,520	95,180	98,990	102,950
Interest and other	208,408	225,000	250,000	255,000	262,650	270,530	278,650
TOTAL REVENUES	6,539,634	7,465,000	7,710,000	7,949,080	8,198,350	8,455,640	8,721,200
EXPENDITURES:							
Visitor services	718,449	867,810	1,103,260	1,142,660	1,183,820	1,226,800	1,271,720
Marketing	994,054	1,019,700	1,216,480	1,240,880	1,265,760	1,291,140	1,317,030
Special events	2,469,938	2,661,720	2,655,940	2,774,380	2,898,340	3,028,110	3,163,950
Conference centre	1,118,079	952,920	1,097,370	1,061,130	1,115,480	1,172,750	1,233,100
Performing arts	500,884	617,180	690,440	592,470	596,820	601,350	606,070
Capital projects / expanded levels of service	10,829	-	500,000	530,000	-	-	-
Transfers to other funds/debt service	705,890	706,710	700,000	699,800	700,000	699,700	700,000
TOTAL EXPENDITURES	6,518,123	6,826,040	7,963,490	8,041,320	7,760,220	8,019,850	8,291,870
ENDING FUND BALANCE	\$ 4,639,050	\$ 5,278,010	\$ 5,024,520	\$ 4,932,280	\$ 5,370,410	\$ 5,806,200	\$ 6,235,530

Ending balance greater (less) than 25% minimum	\$ 3,188,699	\$ 3,748,178	\$ 3,333,648	\$ 3,229,400	\$ 3,605,355	\$ 3,976,163	\$ 4,337,563
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Hotel Occupancy Tax Variables:							
Number of rooms	3,953	3,953	3,953	3,953	3,953	3,953	3,953
Average revenue per room	\$1,184	\$1,303	\$1,366	\$1,407	\$1,449	\$1,493	\$1,538

Future capital items:							
Unreimbursed repairs to park fountain	10,829						
Parking garage contribution			500,000				
HVAC Replacement				480,000			
Carpet replacement				50,000			
Total	\$ 10,829	\$ -	\$ 500,000	\$ 530,000	\$ -	\$ -	\$ -

TOWN OF ADDISON
AIRPORT FUND LONG-TERM FINANCIAL PLAN
City Council Proposed 2007-08 Annual Budget

	Actual 2005-2006	Estimated 2006-2007	Budget 2007-2008	Year 1 Projected 2008-2009	Year 2 Projected 2009-2010	Year 3 Projected 2010-2011	Year 4 Projected 2011-2012
BEGINNING WORKING CAPITAL	\$ 3,180,444	\$ 1,981,510	\$ 1,346,060	\$ 822,570	\$ 939,690	\$ 804,630	\$ 665,800
NET INCOME							
Operating revenues:							
Operating grants	30,000	30,000	50,000	50,000	50,000	50,000	50,000
Fuel flowage fees	1,025,291	935,300	975,000	1,004,300	1,034,400	1,065,400	1,097,400
Rental	3,002,820	3,082,500	3,012,000	3,299,360	3,398,340	3,500,290	3,605,300
User fees	30,416	35,000	35,000	36,050	37,130	38,240	39,390
Total operating revenues	4,088,527	4,082,800	4,072,000	4,389,710	4,519,870	4,653,930	4,792,090
Operating expenses:							
Town - Personal services	255,466	256,430	283,610	300,630	318,670	337,790	358,060
Town - Supplies	10,833	17,300	23,800	24,510	25,250	26,010	26,790
Town - Maintenance	22,051	24,950	26,970	28,320	29,740	31,230	32,790
Town - Contractual services	650,707	567,920	526,620	537,150	547,890	558,850	570,030
Grant - Operations & Maintenance	-	60,000	100,000	100,000	100,000	100,000	100,000
Operator - Operations & Maintenance	1,558,438	1,635,750	1,488,720	1,563,160	1,641,320	1,723,390	1,809,560
Operator - Service Contract	942,648	922,100	944,600	1,011,300	1,038,700	1,066,800	1,095,800
Total operating expenses	3,440,143	3,484,450	3,394,320	3,565,070	3,701,570	3,844,070	3,993,030
Net operating income	648,384	598,350	677,680	824,640	818,300	809,860	799,060
Non-Operating revenues (expenses):							
Interest earnings and other	182,187	170,000	175,000	180,250	185,660	191,230	196,970
Interest on debt, fiscal fees, & other	(245,143)	(161,500)	(153,670)	(142,770)	(134,020)	(124,920)	(114,790)
Net Non-Operating revenues (expenses)	(62,956)	8,500	21,330	37,480	51,640	66,310	82,180
Net income (excluding depreciation)	585,428	606,850	699,010	862,120	869,940	876,170	881,240
Sources (uses) of working capital:							
Retirement of long-term debt	(222,509)	(215,000)	(235,000)	(245,000)	(255,000)	(265,000)	(275,000)
Net additions to fixed assets with grants	(21,285)	(36,000)	(200,000)	(500,000)	(750,000)	(750,000)	-
Other net additions to fixed assets	(1,540,571)	(991,300)	(787,500)	-	-	-	-
Net sources (uses) of working capital	(1,784,365)	(1,242,300)	(1,222,500)	(745,000)	(1,005,000)	(1,015,000)	(275,000)
ENDING WORKING CAPITAL	\$ 1,981,507	\$ 1,346,060	\$ 822,570	\$ 939,690	\$ 804,630	\$ 665,800	\$ 1,272,040
Ending WC greater (less) than 25% minimum	\$ 1,121,471	\$ 474,948	\$ (26,010)	\$ 48,423	\$ (120,763)	\$ (295,218)	\$ 273,783
PROJECTS							
Grant Projects:							
Capital (Town's Share):							
Fuel farm road		36,000					
Automatic Weather Observation Sys.	21,285						
Runway 15/33 Overlay and Enhancement			200,000	500,000	750,000	750,000	
Taxiway rehabilitation							
Total	\$ 21,285	\$ 36,000	\$ 200,000	\$ 500,000	\$ 750,000	\$ 750,000	\$ -
Other Projects:							
Capital:							
Operating & Maintenance Equipment	53,094	12,600	87,500				
Fencing	128,750						
2006 Paving Rehabilitation Project	828,761						
Fuel Farm	529,966	500,000	350,000				
2007 Paving Rehabilitation Project		65,000	770,000				
Hangar Redevelopment		413,700	(420,000)				
Total	\$ 1,540,571	\$ 991,300	\$ 787,500	\$ -	\$ -	\$ -	\$ -

TOWN OF ADDISON
UTILITY FUND LONG-TERM FINANCIAL PLAN
City Council Proposed 2007-08 Annual Budget

	Actual 2005-2006	Estimated 2006-2007	Budget 2007-2008	Year 1 Projected 2008-2009	Year 2 Projected 2009-2010	Year 3 Projected 2010-2011	Year 4 Projected 2011-2012
BEGINNING WORKING CAPITAL	\$ 1,869,466	\$ 3,789,030	\$ 3,749,610	\$ 2,422,070	\$ 2,282,740	\$ 2,391,130	\$ 2,532,290
NET INCOME							
Operating revenues:							
Water sales	5,697,631	4,329,000	4,726,800	5,355,460	5,516,100	5,681,600	5,852,000
Sewer charges	5,022,160	4,915,000	5,100,000	5,778,300	5,951,600	6,130,100	6,314,000
Tap fees	6,300	7,500	5,000	2,000	2,000	2,000	2,000
Penalties	51,752	56,000	55,000	55,000	55,000	55,000	55,000
Total operating revenues	10,777,843	9,307,500	9,886,800	11,190,760	11,524,700	11,868,700	12,223,000
Operating expenses:							
Water purchases	2,562,592	2,507,200	2,500,300	2,675,300	2,862,600	3,063,000	3,277,400
Wastewater treatment	1,807,619	2,103,900	1,951,200	2,048,800	2,151,200	2,258,800	2,371,700
Utility operations	2,067,129	2,166,030	2,589,040	2,692,600	2,800,300	2,912,300	3,028,800
Total operating expenses	6,437,340	6,777,130	7,040,540	7,416,700	7,814,100	8,234,100	8,677,900
Net operating income	4,340,503	2,530,370	2,846,260	3,774,060	3,710,600	3,634,600	3,545,100
Non-Operating revenues (expenses):							
Interest earnings and other	233,547	225,100	200,000	96,900	91,300	95,600	101,300
Interest on bonded debt and fiscal fees	(707,505)	(579,060)	(512,800)	(435,490)	(353,110)	(248,640)	(142,660)
Net Non-Operating revenues (expenses)	(473,958)	(353,960)	(312,800)	(338,590)	(261,810)	(153,040)	(41,360)
Net income (excluding depreciation)	3,866,545	2,176,410	2,533,460	3,435,470	3,448,790	3,481,560	3,503,740
Sources (uses) of working capital:							
Net retirement of long-term debt	(1,721,349)	(2,030,230)	(2,110,000)	(2,190,000)	(2,485,000)	(2,590,000)	(2,685,000)
Net additions to fixed assets	(225,635)	(185,600)	(1,751,000)	(1,384,800)	(855,400)	(750,400)	(1,011,400)
Net sources (uses) of working capital	(1,946,984)	(2,215,830)	(3,861,000)	(3,574,800)	(3,340,400)	(3,340,400)	(3,696,400)
ENDING WORKING CAPITAL	\$ 3,789,027	\$ 3,749,610	\$ 2,422,070	\$ 2,282,740	\$ 2,391,130	\$ 2,532,290	\$ 2,339,630

Ending WC greater (less) than 25% minimum	\$ 2,179,692	\$ 2,055,328	\$ 661,935	\$ 428,565	\$ 437,605	\$ 473,765	\$ 170,155
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USES OF WORKING CAPITAL

Equipment							
Meters	19,650	30,000	30,000	25,800	35,400	35,400	35,400
Motor vehicles	21,169	26,600	-	30,000	30,000	30,000	30,000
Computer hardware							
Heavy equipment							
Capital projects							
Water service line replacement program	108,355		248,000	103,000	87,000	100,000	
Dallas Parkway sewer rehabilitation	74,221						
Brookhaven Club area utilities rehabilitation	2,240		310,000	1,130,000			
Tallisker utilities replacement		129,000					
Greenhaven Village Water Main			525,000				
Belt Line Water Main Replacement					595,000	460,000	
Marsh Lane sewer rehabilitation			138,000				
Surveyor elevated storage tank			500,000				
Wright Bros./Wiley Post sewer rehabilitation				96,000			
Midway Road water line rehabilitation							770,000
W. Lindbergh/Richard Byrd sewer rehabilitation					108,000		
Addison Road sewer rehabilitation						125,000	176,000
	\$ 225,635	\$ 185,600	\$ 1,751,000	\$ 1,384,800	\$ 855,400	\$ 750,400	\$ 1,011,400

**TOWN OF ADDISON
FY 2007-08 BUDGET SUMMARY
Budget Adjustments - FY08 Budget**

Department	Request	FY08 Requested	Included in Council Proposed FY08 Budget	FY09 Proposed	FY10 Proposed	FY11 Proposed	FY12 Proposed
City Manager's Office	1 Municipal Elections	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -
	Farmers Branch Library Cards	15,350	15,350	-	-	-	-
		\$ 25,350	\$ 25,350	\$ -	\$ -	\$ -	\$ -
Financial & Strategic Services	1 Internal Audit Program	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -
General Services	1 Fleet Services Technician	\$ 45,860	\$ 45,860	\$ 48,610	\$ 51,530	\$ 54,620	\$ 57,900
Facility Maintenance Requests	<u>Facility Requests - Town Hall</u>						
	1 Replace Carpeting	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -
	2 Repairs to Town Hall Front and Arch Doors	15,000	15,000	-	-	-	-
	3 Interior/Exterior Painting	50,000	50,000	-	-	-	-
	4 Town Hall Backyard Patio Repairs	-	-	30,000	-	-	-
	<u>Facility Requests - Finance Bldg.</u>						
	1 Replace Carpeting	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -
	<u>Facility Requests - Service Center and Lease Property</u>						
	1 Replace Carpeting at Service Center	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -
	2 Interior Painting at Service Center	30,000	30,000	-	-	-	-
	3 Upgrade Fleet Shop Floor	15,000	15,000	-	-	-	-
	4 Pavement Repairs at Service Center	50,000	50,000	-	-	-	-
	5 Repairs to Service Center Locker Rooms	10,000	10,000	-	-	-	-
	6 Service Center Tile Replacement	-	-	30,000	-	-	-
	7 Exterior Painting at Service Center	-	-	20,000	-	-	-
	Fence for Clay Pit	5,000	5,000	-	-	-	-
	<u>General Services Requests - IT</u>						
	1 HVAC Upgrade to EOC and Server Rooms	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ -	\$ -
	<u>General Services Facility Requests - Police Station</u>						
	1 Replace Carpeting	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	\$ -
	2 Interior Painting	60,000	60,000	-	-	-	-
	3 Refurbish Locker Rooms	50,000	50,000	-	-	-	-
	4 Monument Sign	10,000	10,000	-	-	-	-
	<u>Facility Requests - Fire Stations</u>						
	1 Replace Ceiling Tiles - Fire Station #2	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -
	2 Replace Apparatus Bay-Overhead Doors - Fire Station #1	50,000	50,000	-	-	-	-
	3 Replace Apparatus Bay-Overhead Doors - Fire Station #2	20,000	20,000	-	-	-	-
	4 Replace Carpet	-	-	40,000	-	-	-
	<u>Facility Requests - Athletic Club</u>						
	1 Convert Half Length Lockers to Full Length	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -
	2 Retrofit Lockers with Automatic Locks	13,000	13,000	-	-	-	-
	3 Carpet Replacement	55,000	55,000	-	-	-	-
	4 Interior Painting	75,000	75,000	-	-	-	-
	5 Replace Indoor Pool and Spa Controllers	10,000	10,000	-	-	-	-
	6 Refinish Wood Floors	35,000	35,000	-	-	-	-
	7 Racquetball Court Repairs	25,000	25,000	-	-	-	-
	8 Replace Roof	60,000	60,000	-	-	-	-
	9 Retrofit Front Parking Lot Light Poles	4,250	-	-	-	-	-
	10 Fire Protection Upgrade to Main Building	50,000	50,000	-	-	-	-
	<u>Facility Requests - Conference Centre</u>						
	1 HVAC Replacement*	\$ 480,000	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Maintenance Requests	<u>Facility Requests - Theatre</u>						
	1 Roof Repairs*	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -
	2 Carpet Replacement*	-	-	50,000	-	-	-
	<i>Facility Requests - Subtotal</i>	\$ 1,537,250	\$ 1,053,000	\$ 170,000	\$ -	\$ -	\$ -

**TOWN OF ADDISON
FY 2007-08 BUDGET SUMMARY
Budget Adjustments - FY08 Budget**

Department	Request	FY08 Requested	Included in Council Proposed FY08 Budget	FY09 Proposed	FY10 Proposed	FY11 Proposed	FY12 Proposed
Municipal Court	1 Compliance and Collections Court Clerk	\$ 48,750	\$ -	\$ 50,210	\$ 51,720	\$ 53,270	\$ 54,870
Human Resources	1 Health Care Consultant Compensation Study	\$ 25,000 18,000	\$ 25,000 18,000	\$ - -	\$ - -	\$ - -	\$ - -
		\$ 43,000	\$ 43,000	\$ -	\$ -	\$ -	\$ -
Information Technology	1 Upgrade 9-1-1 System	\$ 209,280	\$ 209,280	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
	2 Document Management System Mapping Services	110,000 9,000	110,000 9,000	5,000 -	5,000 -	5,000 -	5,000 -
		\$ 328,280	\$ 328,280	\$ 7,400	\$ 7,400	\$ 7,400	\$ 7,400
Combined Services	1 Town Wide Training Program	\$ 80,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
	2 Town Wide Celebrations	10,000	10,000	10,000	10,000	10,000	10,000
	3 Staff Development Meeting	7,000	7,000	7,000	7,000	7,000	7,000
	4 Special Studies and Projects	40,000	40,000	40,000	40,000	40,000	40,000
	CAC Priority - Education Consulting Services	75,000	75,000	-	-	-	-
	CAC Priority - Inwood Road/Culinary District Consulting Services	75,000	75,000	-	-	-	-
		\$ 287,000	\$ 267,000	\$ 117,000	\$ 117,000	\$ 117,000	\$ 117,000
Council Projects	1 Bi-Annual Citizen Survey	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000
	Citizen Advisory Committee Support	20,000	20,000	-	-	-	-
		\$ 35,000	\$ 35,000	\$ -	\$ 15,000	\$ -	\$ 15,000
Police	1 Training Lieutenant	\$ 92,740	\$ 92,740	\$ 94,880	\$ 97,710	\$ 100,620	\$ 103,620
Emergency Communications	1 Dispatch Console Replacement	\$ 83,000	\$ -	\$ -	\$ -	\$ -	\$ -
Fire	1 Replacement of Fire Station Alerting Systems - Station 1 and Station 2	\$ 56,000	\$ 56,000	\$ -	\$ -	\$ -	\$ -
	2 Assignment Pay Adjustment	31,420	3,840	3,840	3,840	3,840	3,840
	3 Fire Department Dress Uniforms	19,320	19,320	-	-	-	-
	4 Special Events EMS Cart	20,000	-	-	-	-	-
	5 Industrial Washing Machine for Firefighting Gear	11,000	11,000	-	-	-	-
		\$ 137,740	\$ 90,160	\$ 3,840	\$ 3,840	\$ 3,840	\$ 3,840
Development Services	1 Brookhaven Development Special Studies	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -
	Public-Private Partnership Consulting Services	50,000	50,000	-	-	-	-
	Sustainability Consulting Services	25,000	25,000	-	-	-	-
		\$ 105,000	\$ 105,000	\$ -	\$ -	\$ -	\$ -
Streets	1 Midway Road Pavement Repairs	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ -
	2 Pavement Repairs - Concrete Streets	139,000	139,000	-	-	-	-
	3 Pavement Repairs - Asphalt Streets	127,500	30,000	-	-	-	-
	4 Joint and Crack Sealing	110,400	60,400	-	-	-	-
	5 Pavement Markings	25,000	25,000	-	-	-	-
	6 Pavement Management System	20,000	20,000	-	-	-	-
	7 Residential Curb Repair	25,000	25,000	-	-	-	-
	8 Service Center Yard Enhancements	20,000	20,000	-	-	-	-
	Post Property Improvements	38,000	38,000	-	-	-	-
	Sidewalk Repair Program	50,000	50,000	-	-	-	-
	Oaks Northing Lighting	140,000	140,000	-	-	-	-
		\$ 909,900	\$ 547,400	\$ -	\$ -	\$ -	\$ -
Parks	1 Easement Park Playground Structure and Surface Replacement	\$ 100,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -
	2 Herbicide Power Sprayer Replacement	15,000	15,000	200	200	300	400
	3 Parks Infrastructure and Landscape Repairs and Maintenance	78,500	78,500	64,400	64,900	69,000	-
	4 Contracted Landscape and Irrigation Maintenance - Cityhomes Streetscape	5,000	5,000	5,000	5,500	5,500	5,500
	5 Town Hall - Beltway/Proton Median Lighting	14,800	14,800	400	400	500	500
	6 Addison Parks Map/Brochure	27,460	-	-	-	-	-

**TOWN OF ADDISON
FY 2007-08 BUDGET SUMMARY
Budget Adjustments - FY08 Budget**

Department	Request	FY08 Requested	Included in Council Proposed FY08 Budget	FY09 Proposed	FY10 Proposed	FY11 Proposed	FY12 Proposed
	7 Addison Place Landscape Maintenance	5,000	-	-	-	-	-
	8 Proton Neighborhood Wall Replacement	80,000	-	-	-	-	-
	Post Property Improvements	76,000	76,000	-	-	-	-
		\$ 401,760	\$ 264,300	\$ 70,000	\$ 71,000	\$ 75,300	\$ 6,400
Recreation	1 Children's Summer Camp: Run Completely In-House	\$ 10,774	\$ 10,770	\$ 10,774	\$ 10,774	\$ 10,774	\$ 10,774
General Fund Total		\$ 4,111,404	\$ 2,907,860	\$ 572,714	\$ 425,974	\$ 422,824	\$ 376,804
Visitor Services	1 Car Allowance for Sales Manager	\$ 1,920	\$ -	\$ -	\$ -	\$ -	\$ -
	2 Lead Generation and Telephone Campaign to Meeting Planner Database	48,880	-	-	-	-	-
	3 E-Mail Campaign to Meeting Planners in Addison Database	7,500	-	-	-	-	-
	4 Pro-Rata Share in Hosting Superbowl 2011	15,000	15,000	15,000	15,000	15,000	-
	Train Depot Parking Lot	150,000	150,000	-	-	-	-
	Promotional Video	50,000	50,000	-	-	-	-
	Possible Visitor Services Relocation	50,000	50,000	-	-	-	-
		\$ 323,300	\$ 265,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Conference Centre	1 Restroom Panels	\$ 23,000	\$ 23,000	\$ -	\$ -	\$ -	\$ -
	2 Stone Cottage Floor Replacement	15,000	15,000	-	-	-	-
	3 Video Camera System	65,500	65,500	500	500	500	500
	4 Tables and Chairs for the Pavilion	12,900	12,900	-	-	-	-
	5 LCD Directional Signs	6,000	6,000	-	-	-	-
	6 Set of Three Flag Poles at Conference and Theatre Centre	9,800	9,800	800	800	800	800
		\$ 132,200	\$ 132,200	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300
Marketing	Branding Study	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Special Events	1 Special Events Reorganization	\$ 46,450	\$ 46,450	\$ 49,240	\$ 52,190	\$ 55,320	\$ 58,640
Performing Arts	1 Lighting Console	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -
	CAC Priority - Theatre Consulting Services	50,000	50,000	-	-	-	-
		\$ 80,000	\$ 80,000	\$ -	\$ -	\$ -	\$ -
Hotel Fund Total		\$ 631,950	\$ 573,650	\$ 65,540	\$ 68,490	\$ 71,620	\$ 59,940
Utilities	1 Design Technician Position	\$ 64,250	\$ -	\$ -	\$ -	\$ -	\$ -
	2 Upgrade Operator II to Operator III - Customer Service	3,453	-	-	-	-	-
	3 Painting and Sealing of Celestial and Surveyor Ground Storage Tanks	65,000	65,000	-	-	-	-
	4 Surveyor Pump Station Roof Repair	18,000	-	-	-	-	-
	5 Work Order/Asset Management System	25,000	-	-	-	-	-
	6 Automatic Water Meter Reading (Fixed Base)	400,000	-	800,000	-	-	-
	7 Car Allowance Increase for Utilities Superintendent	2,400	-	-	-	-	-
	8 Pump Station Motor Replacement	60,000	60,000	-	-	-	-
	Mapping Services	16,000	16,000	-	-	-	-
		\$ 654,103	\$ 141,000	\$ 800,000	\$ -	\$ -	\$ -
Utilities Fund Total		\$ 654,103	\$ 141,000	\$ 800,000	\$ -	\$ -	\$ -
* Facility requests to be funded out of the Hotel Fund							
Total All Funds		\$ 5,397,457	\$ 3,622,510	\$ 1,438,254	\$ 494,464	\$ 494,444	\$ 436,744

TOWN OF ADDISON

AIRPORT OPERATOR OPERATION AND MAINTENANCE BUDGET

City Council Adopted 2007-2008 Annual Budget

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
Capital maintenance				
Grounds	\$ 6,099	\$ 42,000	\$ 22,000	\$ 19,500
Gates & fencing	148,842	160,000	160,000	85,000
Buildings	10,464	23,000	18,000	15,600
Runways & taxiways	-	-	-	-
Lights & markings	63,936	67,000	81,000	104,000
Pavements	83,153	44,000	20,000	40,000
Hangars	344,393	380,000	250,000	144,000
Fuel farm	38,271	47,070	32,070	28,050
Insurance	48,951	55,000	70,130	70,000
	744,109	818,070	653,200	506,150
Equipment maintenance & materials				
Equipment & tool	36,032	42,000	42,000	34,000
Vehicle	-	-	-	-
Communications	2,045	7,000	7,000	3,900
Lubricants	-	-	-	-
Shop supplies	-	-	-	-
Small tools	3,760	3,750	3,750	4,000
Uniforms	2,487	3,000	3,000	3,000
Fuels	-	-	-	-
	44,324	55,750	55,750	44,900
General & administration				
Customs expense	32,276	42,000	34,000	33,000
Office supplies	10,407	14,400	11,400	17,300
Rentals & leases	9,035	8,800	9,500	6,790
Telephone	27,042	26,400	26,400	30,000
Professional fees	29,139	34,500	36,000	30,000
Dues & subscriptions	3,273	5,220	12,000	5,640
Entertainment	1,691	1,580	2,500	1,950
Travel	24,748	24,300	24,300	18,300
Auto/mileage	-	-	-	-
Banking and credit card fees	14,747	15,000	15,000	16,500
Postage & shipping	1,575	2,640	3,400	3,100
Printing	1,727	7,950	8,300	5,850
Information technology	5,904	11,520	10,000	14,440
Meetings & presentations	11,458	13,500	8,500	11,050
Marketing & promotional	57,057	38,800	70,000	6,400
Miscellaneous	-	600	-	600
	230,079	247,210	271,300	200,920
Personnel services				
Salaries	460,944	509,000	455,000	490,000
Taxes & benefits	173,330	162,000	165,000	205,800
	634,274	671,000	620,000	695,800
Contractual services				
Capital equipment rentals & lease	-	-	-	-
Professional services	23,112	29,040	19,040	24,550
Electrical	-	-	-	-
Electric utility	-	-	-	-
Gas utility	7,723	10,460	10,460	12,000
Water & sewer utility	3,567	4,600	6,000	4,400
	34,402	44,100	35,500	40,950
Total Operation & Maintenance Budget	\$ 1,687,188	\$ 1,836,130	\$ 1,635,750	\$ 1,488,720

Council Agenda Item: #R11

SUMMARY:

Council approval is requested of an ordinance adopting the Town of Addison annual budget for the fiscal year 2007-2008.

FINANCIAL IMPACT:

The budget appropriates \$63,288,470 using \$57,791,310 in revenues and \$5,497,160 in reduction in combined fund balances. The reduction in fund balances is primarily due to capital projects.

BACKGROUND:

Exhibit A provides a summary of the FY 2007-08 City Council's Proposed Budget. Changes to the City Council Draft Budget are summarized as follows:

	City Council's Draft Budget	City Council's Proposed Budget	Variance
Revenues	\$57,791,310	\$57,791,310	
Appropriations	\$62,665,130	\$63,288,470	\$623,340

Major Changes to the City Council's Draft budget include:

Expenditures:

General Fund:

- Additional funds for Farmers Branch library cards (\$15,350)
- Additional funds for Inwood Road/culinary district consulting (\$75,000)
- Moving Oaks North Lighting Plan expenses from FY07 to FY08 (\$140,000)

General, Hotel, Utility Funds:

- Reduction in budgets resulting from changing merit pay from 6% to 5% of wages (\$102,270)

Utility Fund

- Engineering for a new water storage facility (\$500,000)

RECOMMENDATION:

It is recommended that the Council approve the budget ordinance for the 2007-08 fiscal year.

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS APPROVING AND ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2007 AND ENDING SEPTEMBER 30, 2008; PROVIDING THAT SAID EXPENDITURES FOR SAID FISCAL YEAR SHALL BE MADE IN ACCORDANCE WITH SAID BUDGET; PROVIDING FOR A REPEAL CLAUSE.

WHEREAS, the City Manager of the Town of Addison, Texas (the “City”) heretofore filed with the City Secretary a proposed budget for the City covering the fiscal year beginning October 1, 2007 and ending September 30, 2008; and

WHEREAS, notice of the proposed budget and public hearings thereon were published and posted in accordance with the law, and during public hearings on the budget all interested persons were given the opportunity to be heard for or against any item contained in the said budget, and all said persons were heard, after which said budget public hearings were closed; and

WHEREAS, the City Council upon full consideration of the matter, is of the opinion that the budget for the fiscal year 2007 and 2008 (and beginning October 1, 2007 and ending September 30, 2008) which is attached hereto is proper and should be approved and adopted.

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

Section 1. The Annual Budget for the Town of Addison, Texas for the Fiscal Year beginning October 1, 2007 and ending September 30, 2008 attached hereto is approved and adopted. As set forth in the said Budget, the sum of \$63,288,470 is hereby appropriated for budget expenditures, and expenditures during the said fiscal year shall be made in accordance with the budget approved by this Ordinance unless otherwise authorized by a duly enacted ordinance of the City.

Section 2. The budget as adopted shall be deemed as the official budget for the Town of Addison, Texas for the said fiscal year and a copy of the same marked as “Exhibits A through G” shall be kept on file with the City Secretary and shall be open to inspection by any interested persons.

Section 3. This Ordinance shall take effect upon its adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas on this 25th day of September 2007.

Joe Chow, Mayor

ATTEST:

APPROVED AS TO FORM:

Mario Canizares, City Secretary

John Hill, City Attorney

Council Agenda Item: #R12

SUMMARY:

Council is requested to pass a resolution ratifying the increase in property tax revenue reflected in the Fiscal Year 2007-2008 Proposed Budget.

FINANCIAL IMPACT:

\$14,859,100 is budgeted the Fiscal Year 2007-2008 budget for property tax revenues.

BACKGROUND:

Section 102.007 of the Local Government Code requires a governing body that adopts a budget which raises more revenue from property taxes than in the previous year to ratify, by a separate vote, the property tax increase reflected in the budget. A vote under this subsection is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate required by Chapter 26, Tax Code, or other law.

The proposed fiscal year 2007-08 tax rate of \$0.4337 exceeds the calculated effective tax rate of \$0.414286 and will generate property tax revenue in excess of that generated the previous year.

RECOMMENDATION:

It is recommended council pass a resolution ratifying the property tax increase.

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

**A RESOLUTION OF THE TOWN OF ADDISON, TEXAS
RATIFYING THE PROPERTY TAX INCREASE REFLECTED
IN THE FISCAL YEAR 2007-2008 BUDGET; PROVIDING
AN EFFECTIVE DATE.**

WHEREAS, Section 102.007 of the Texas Local Government Code provides in part that the adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget; and

WHEREAS, Section 102.007 of the Texas Local Government Code requires that this ratification be in addition to and separate from the vote to adopt the budget or a vote to set the tax rate required by Chapter 26, Tex. Tax Code, or other law; and

WHEREAS, the Fiscal Year 2007-2008 City Council Proposed Budget, as adopted, requires raising more revenue from property taxes than in the previous year, and the City Council desires by adoption of this Resolution to ratify the property tax increase reflected in the City's Fiscal Year 2007-2008 Annual Budget.

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

Section 1. The Addison City Council, as the governing body of the Town of Addison, Texas, having adopted the Fiscal Year 2007-2008 Annual Budget that will require raising more revenue from property taxes than in the previous year, hereby ratifies the property tax increase reflected in the Fiscal Year 2007-2008 Annual Budget.

Section 2. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof.

Section 3. This Resolution shall be in full force effective from and after its passage and approval.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 25th day of September, 2007.

Joe Chow, Mayor

ATTEST:

APPROVED AS TO FORM:

Mario Canizares, City Secretary

John Hill, City Attorney

Council Agenda Item: #R13

SUMMARY:

Council approval is requested of an ordinance adopting the property tax rate for the fiscal year 2007-2008. The proposed FY08 property tax rate is \$0.4337 which compares to a FY07 property tax rate of \$0.4640.

FINANCIAL IMPACT:

The budget appropriates \$63,288,470 using \$57,791,310 in revenues and \$5,497,160 in reduction in combined fund balances. The reduction in fund balances is primarily due to capital projects.

BACKGROUND:

Exhibit A provides a summary of the FY 2007-08 City Council's Proposed Budget. Changes to the City Council Draft Budget are summarized as follows:

	City Council's Draft Budget	City Council's Proposed Budget	Variance
Revenues	\$57,791,310	\$57,791,310	
Appropriations	\$62,665,130	\$63,288,470	\$623,340

Major Changes to the City Council's Draft budget include:

Expenditures:

General Fund:

- Additional funds for Farmers Branch library cards (\$15,350)
- Additional funds for Inwood Road/culinary district consulting (\$75,000)
- Moving Oaks North Lighting Plan expenses from FY07 to FY08 (\$140,000)

General, Hotel, Utility Funds:

- Reduction in budgets resulting from changing merit pay from 6% to 5% of wages (\$102,270)

Utility Fund:

- Engineering for a new water storage facility (\$500,000)

Note that the proposed ordinance includes, as it does each year, a provision that the necessity for setting the tax rates creates an urgency and emergency, so that the ordinance takes effect immediately upon its adoption and publication. This language is included at least in part in order to satisfy the provisions of Section 2.12 of the Town Charter. That section provides that when an ordinance includes a penalty provision, it must be published in the Town's official newspaper, and it does not take effect until 10 days after its publication. However, if a penal ordinance is passed as an emergency measure, it takes effect immediately upon its publication.

RECOMMENDATION:

It is recommended that the Council approve the property tax rate ordinance for the 2007-08 fiscal year. The City Attorney has suggested the following wording for the motion: "I move that property taxes be increased by the adoption of a tax rate of \$0.4337"

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE LEVYING TAXES FOR OF THE TOWN OF ADDISON, TEXAS AND FIXING AND ADOPTING THE TAX RATE ON ALL TAXABLE PROPERTY FOR THE YEAR 2007 AT A RATE OF \$0.4337 PER ONE HUNDRED DOLLARS (\$100.00) VALUATION ON ALL TAXABLE PROPERTY WITHIN THE CORPORATE LIMITS OF THE TOWN OF ADDISON AS OF JANUARY 1, 2007; PROVIDING FOR A PENALTY AND INTEREST FOR DELINQUENT TAXES; DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to V.T.C.A. Tax Code Sections 26.04 through 26.06, the Tax Assessor-Collector for the Town of Addison, Texas (the "City") has calculated the tax rate for the fiscal year 2007-08 which cannot be exceeded without requisite publications and public hearings; and

WHEREAS, the tax rate for the fiscal year 2007-08 as contemplated by the City Council and adopted herein did exceed the rate calculated by the Tax Assessor-Collector; and

WHEREAS, THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE; AND

WHEREAS, THE TAX RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$19.41; AND

WHEREAS, the Town of Addison complied with the State of Texas Truth-in-Taxation laws and advertised the proposed tax rate and conducted two public hearings on the tax rate, and all notices and hearings and other applicable steps required by law as a prerequisite to the passage, approval, and adoption of this Ordinance have been timely and properly given and held; and

WHEREAS, upon full review and consideration of the matter, the City Council is of the opinion that the tax rate for the year 2007 set, fixed and adopted herein below is proper.

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

Section 1. That there is hereby levied and ordered to be assessed and collected an ad valorem tax rate of \$0.4337 on each One Hundred Dollars (\$100.00) of assessed valuation for all

taxable property located in the Town of Addison the 1st day of January 2007, and not exempted from taxation by the constitution and laws of the State of Texas to provide for the expenses of the Town of Addison for the Fiscal Year beginning October 1, 2007 and ending September 30, 2008. The said tax is made up of two components, as set forth in Section 2 and Section 3 of this Ordinance.

Section 2. That \$0.2990 of said taxes shall be for the purposes of General Fund maintenance and operations of the Town of Addison.

Section 3. That \$0.1347 of said taxes shall be for the purpose of paying interest and principal on the General Obligation and Certificate of Obligation debt for the Town of Addison.

Section 4. THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATION THAN LAST YEAR'S TAX RATE. THIS TAX RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$19.41.

Section 5. That the Tax Assessor-Collector, or his/her designee is hereby authorized to assess and collect the tax rates and amounts herein levied.

Section 6. Taxes that are and remain delinquent on July 1, 2008 incur an additional penalty not to exceed twenty percent (20%) of the amount of delinquent taxes, penalty and interest collected; such additional penalty is to defray the costs of collection due to pursuant to the contract with the Town's attorney authorized by Section 6.30 of the Texas Tax Code, as amended.

Section 7. That the necessity for setting taxes as required by the laws of the State of Texas creates an urgency and an emergency and requires that this Ordinance shall take effect and be in force from and after its adoption and immediately upon its publication as may be required by applicable law, including the Town Charter.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas on this 25th day of September 2007.

Joe Chow, Mayor

ATTEST:

APPROVED AS TO FORM:

Mario Canizares, City Secretary

John Hill, City Attorney

Council Agenda Item: #R14

SUMMARY:

Consideration and adoption of a new 2007-2008 Schedule of Rates and Charges for Addison Airport's t-hangar, patio hangars and tie-downs.

BACKGROUND:

Airport Management is recommending the Town increase the current Rates and Charges for t-hangar, patio hangars and tie-downs by nearly 16%. These rates and charges have been established giving full regard to, among other factors, the cost of operations at the Airport and prevailing market considerations.

There are certain regulatory requirements that must be considered by the Town when setting its rates and charges for leaseable assets. These requirements are found in Chapter 22 of the Texas Transportation Code, FAA Order 5190.6A, Airport's Compliance Handbook and the FAA's Policy Regarding Rates and Charges (Federal Register/Vol.61. No. 121 June 21, 1996).

In June of this year, Airport Management engaged the services of Airport Management Consultants (AMC) of Centennial, Colorado to perform an independent market rent assessment and demand analysis for the Town owned hangars and jet hangars (a copy of this report has been delivered to the Town staff for its use and benefit). In general, AMC concluded that Addison Airport's T-hangar rates were approximately 9% below market while patio hangars were as much as 24% below their suggested market rates. The report also revealed that the local market lags significantly behind comparable airports in other regions of the country by as much as 20%. The last rental increase for Town owned hangars occurred in October 2005, which averaged 10%. Prior to that, the last rental increase was in January 2002.

RECOMMENDATION:

Airport Management recommends the Town to adopt the attached Addison Airport Schedule of Rates and Charges effective beginning October 1, 2007. Subject to the Town's approval, Airport Management recommends that all new lease agreements created and entered into on October 1, 2007 or thereafter shall reflect the new recommended rates. For all existing tenants, sufficient notice will be given that their rental will be adjusted to the recommended levels beginning January 1, 2008.

Staff recommends approval.

Attachments: Bill Dyer- Memorandum
2007-08 Schedule of Rates & Charges



Addison Airport
Schedule of Approved Rates & Charges
Effective October 1, 2007

MONTHLY RENTAL RATES

<u>Tie-downs</u> (per space utilized)	\$125
<u>Patio Hangars</u>	\$250
<u>40' T-Hangars</u>	
Pad only, no electricity	\$335
Fully paved, no electricity	\$345
Pad only with electricity	\$360
Fully paved with electricity	\$370
<u>43' T-Hangars</u>	
Fully paved with electricity	\$380
<u>60' T-Hangars</u> (fully paved with electricity)	
West Side	\$600 / \$650
East Side	\$650
<u>Storage Units</u>	
40' End Caps	\$55
40' End Caps w/electricity	\$60
Garage Door Entry	\$125
60' End Caps	\$150 / \$200
<u>DAILY RATES (Tie-down Spaces)</u>	
Single/Light Twin	\$15
Cabin Class Twin	\$20
Large Twin/Small Jet	\$30
Medium Corporate Jet	\$60
Commercial Jet	\$200
Jet Hangar	\$250

The above rates and charges have been established in accordance with and in consideration of certain regulatory requirements found in Chapter 22 of the Texas Transportation Code, FAA Order 5190.6A, Airport's Compliance Handbook and the FAA's Policy Regarding Rates and Charges (Federal Register/Vol.61, No. 121 June 21, 1996). Furthermore, all charges, rental, and fees hereby assessed by the Town of Addison are deemed to be reasonable and uniform for the same class of privilege or service and have been established after giving regard to the cost of operating the airport for the use and benefit of the general public.

Addison Airport is managed by Washington/Staubach Addison Airport Venture, a joint venture by and between Washington Infrastructure Services, Inc. (WIS) and Staubach Airport Management, Inc. (SAMI). SAMI is licensed by the Texas Real Estate Commission. The above real property rates are published at the direction of the Real Estate Manager, as approved by the Town of Addison, Landlord. All leasing inquires should be directed to the Real Estate Manager, 972-392-4856 or the Leasing Administrator, 972-392-4858.



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

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

TO: Mark Acevedo

CC: Lisa Pyles

FROM: Bill Dyer

DATE: September 15, 2007

SUBJECT: Addison Airport 2007-2008 Recommended Rates and Charges

Please find attached Airport Management's recommended 2007-2008 recommended schedule of Addison Airport's Rates and Charges for the 2007-2008 fiscal year. Of particular note, Airport Management is recommending the Town to increase t-hangar, patio hangars and tie-downs by nearly 16%. These rates and charges have been established giving full regard to, among other factors, the cost of operations at the Airport and prevailing market considerations.

Background Information:

There are certain regulatory requirements that must be considered by the Town when setting its rates and charges for leaseable assets. These requirements are found in Chapter 22 of the Texas Transportation Code, FAA Order 5190.6A, Airport's Compliance Handbook and the FAA's Policy Regarding Rates and Charges (Federal Register/Vol.61. No. 121 June 21, 1996).

The Texas Transportation Code requires that rate and charges assessed by the local municipality must be reasonable and uniform for the same class of privilege or service and, shall be established with due regard to the property and improvements used and the expense of operating the airport. The FAA grant assurances not only require the Airport's rates and charges to be uniform, reasonable, and non-discriminatory but also they shall make the airport as self-sustaining as possible given the prevailing circumstances at the airport.

Furthermore, FAA policy makes a distinction where rates and charges for the airfield and public-use roadways (generally regarded as the Airport's "common area") are to be based upon the Airport's cost of service, while fees for facilities available for lease on an exclusive-use basis (including aircraft storage facilities) may be based on some other reasonable method. The FAA recognizes that aeronautical facilities made available for exclusive use are perceived by users to have different values based on a variety of factors including, but not limited to, their proximity to runways and taxiways, age, condition, size, availability, permitted use, source of construction financing, ownership of the improvements, etc. Therefore, rates and charges for assets not included among the Airport's common-area facilities may be set using any reasonable method¹.

Current Market Conditions:

In June of this year, Airport Management engaged the services of Airport Management Consultants (AMC) of Centennial, Colorado to perform an independent market rent assessment and demand analysis for the Town owned hangars and jet hangars (a copy of this report has been delivered to the Town staff for its use and benefit). In general, AMC concluded that Addison Airport's T-hangar rates were approximately 9% below market while patio hangars were as much as 24% below their suggested market rates. The report also revealed that the local market lags significantly behind comparable airports in other regions of the country by as much as 20%.

Our proposed aircraft storage rates, when compared to the suggested market rates by AMC, result in being slightly higher (2%) than the suggested market rates. Over the past year, Addison Airport has enjoyed occupancy levels averaging in excess of 95%. Given these considerations, we believe our recommend rates are appropriate.

The last rental increase for Town owned hangars occurred in October 2005, which averaged 10%. Prior to that, the last rental increase was in January 2002.

Recommendation:

Airport Management recommends the Town to adopted the attached Addison Airport Schedule of Rates and Charges effective beginning October 1, 2007. The recommended rates have been determined in accordance with federal and state regulatory requirements.

Subject to the Town's approval, Airport Management recommends that all new lease agreements created and entered into on October 1, 2007 or thereafter shall reflect the recommended rates. For all rental agreements in effect prior to this date, unless specific lease terms provide to the contrary, the Town is to give each tenant at least thirty (30) days advance written notice of the approved rate increase. Airport Management therefore recommends, to be abundantly cautious, that all existing tenants be given sufficient notice that their rental will be adjusted to the recommended levels beginning January 1, 2008.

¹ See FAA's Policy Regarding Rates and Charges (Federal Register/Vol.61, No. 121 June 21, 1996) pg. 32005-32007.



Addison Airport
Schedule of Approved Rates & Charges
Effective October 1, 2007

MONTHLY RENTAL RATES

<u>Tie-downs</u> (per space utilized)	\$125
<u>Patio Hangars</u>	\$250
<u>40' T-Hangars</u>	
Pad only, no electricity	\$335
Fully paved, no electricity	\$345
Pad only with electricity	\$360
Fully paved with electricity	\$370
<u>43' T-Hangars</u>	
Fully paved with electricity	\$380
<u>60' T-Hangars</u> (fully paved with electricity)	
West Side	\$600 / \$650
East Side	\$650
<u>Storage Units</u>	
40' End Caps	\$55
40' End Caps w/electricity	\$60
Garage Door Entry	\$125
60' End Caps	\$150 / \$200
<u>DAILY RATES (Tie-down Spaces)</u>	
Single/Light Twin	\$15
Cabin Class Twin	\$20
Large Twin/Small Jet	\$30
Medium Corporate Jet	\$60
Commercial Jet	\$200
Jet Hangar	\$250

The above rates and charges have been established in accordance with and in consideration of certain regulatory requirements found in Chapter 22 of the Texas Transportation Code, FAA Order 5190.6A, Airport's Compliance Handbook and the FAA's Policy Regarding Rates and Charges (Federal Register/Vol.61, No. 121 June 21, 1996). Furthermore, all charges, rental, and fees hereby assessed by the Town of Addison are deemed to be reasonable and uniform for the same class of privilege or service and have been established after giving regard to cost of operating the airport for the use and benefit of the general public.

Addison Airport is managed by Washington/Staubach Addison Airport Venture, a joint venture by and between Washington Infrastructure Services, Inc. (WIS) and Staubach Airport Management, Inc. (SAMI). SAMI is licensed by the Texas Real Estate Commission. The above real property rates are published at the direction of the Real Estate Manager, as approved by the Town of Addison, Landlord. All leasing inquiries should be directed to the Real Estate Manager, 972-392-4856 or the Leasing Administrator, 972-392-4858.



Addison Airport
Schedule of Approved Rates & Charges
Effective October 1, 2007

OTHER FEES AND CHARGES

Airport Landing Fees	None
Airport Sign Rental	\$500 per year per panel
Fuel Farm (Jet A, MoGas)	By permit only
Fuel Flowage Fee	\$0.12 per gallon on all fuel received. (Pertains to Fuel Licensees only)
Ground Lease Rent	Negotiated rates and terms
Late Fees on Past Due Rent	\$25 per month or per lease terms
Lease Assignment Fee	\$450
Returned Check Fee	\$25 per transaction
Through-the-Fence Operations	Per Town of Addison Ordinance #001-043
U.S. Customs	Service outside normal business hours (8 a.m. to 5 p.m. Monday through Friday) are charged to the aircraft owner at rates determined by U.S. Homeland Security.
U.S.D.A. Garbage Disposal	\$78 per flight with international garbage

The above rates and charges have been established in accordance with and in consideration of certain regulatory requirements found in Chapter 22 of the Texas Transportation Code, FAA Order 5190.6A, Airport's Compliance Handbook and the FAA's Policy Regarding Rates and Charges (Federal Register/Vol.61, No. 121 June 21, 1996). Furthermore, all charges, rental, and fees hereby assessed by the Town of Addison are deemed to be reasonable and uniform for the same class of privilege or service and have been established after giving regard to cost of operating the airport for the use and benefit of the general public.

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ADDISON AIRPORT
 PROPOSED HANGAR RENTAL RATES
 (CURRENT VS. PROPOSED)

<u>DAILY RATES</u>	<u>CURRENT</u>	<u>% INC.</u>	<u>\$ INC.</u>	<u>NEW</u>
Single/Light Twin	\$11	36%	\$4	\$15
Cabin Class Twin	\$17	21%	\$4	\$20
Large Twin/Small Jet	\$28	9%	\$3	\$30
Medium Corporate Jet	\$55	9%	\$5	\$60
Large Jet	\$165	21%	\$35	\$200
Jet Hangar	\$215	16%	\$35	\$250

<u>HANGAR TYPE</u>	<u>CURRENT</u>	<u>% INC.</u>	<u>\$ INC.</u>	<u>NEW</u>
Tie-down	\$105	19%	\$20	\$125
Patio	\$215	16%	\$35	\$250
40' w/pad	\$290	16%	\$45	\$335
40' fully paved	\$290	19%	\$55	\$345
40' w/elec	\$310	16%	\$50	\$360
40' fully paved w/elec	\$370	15%	\$55	\$425
40' fully paved w/elec G.L.*	\$335	16%	\$55	\$390
43' fully paved w/elec	\$380	16%	\$60	\$440
60' westside	\$515	17%	\$85	\$600
new westside tenants	\$515	26%	\$135	\$650
60' eastside	\$550	18%	\$100	\$650
40' End Caps	\$50	0%	\$0	\$50
40' End Caps w/elec.	\$50	9%	\$5	\$55
40' End Caps fully paved 2/elec.	\$50	30%	\$15	\$65
Garage Door R-3	\$95	32%	\$30	\$125
End Cap S5 & S7	\$50	100%	\$50	\$100
End Cap T14	\$190	5%	\$10	\$200
End Cap T18	\$150	33%	\$50	\$200

* These hangars are subject to long-term agreements. As provided in these agreements, the quoted rent for these hangars are to be \$35/month below the prevailing market rent.

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING THE CODE OF ORDINANCES OF THE TOWN BY AMENDING CHAPTER 14 (AVIATION) BY ADDING A NEW DIVISION 4 TO ARTICLE III (MUNICIPAL AIRPORT) REGARDING CERTAIN AIRPORT RENTAL RATES; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. Amendment. Chapter 14 (Aviation) of the Code of Ordinances of the Town of Addison, Texas (the "City") is hereby amended by adding a new Division 4 to Article III (Municipal Airport) of Chapter 14 to read as follows:

DIVISION 4. CERTAIN RENTAL RATES

Section 14-110. Certain Rental Rates. Effective October 1, 2007 rental rates for certain Airport facilities, including tie-down spaces, patio hangars, t-hangars, and storage units, shall be as set forth in the Monthly Rental Rates section (page 1) of the Schedule of Approved Rates & Charges on file in the office of the Airport Director (i.e., the director or manager of the Airport) (the said Monthly Rental Rates section of the Schedule of Approved Rates & Charges is attached to Ordinance No. _____). Such rates may be amended or modified from time to time without amendment to this Section in any manner as may be approved by the City Council, including, without limitation, as a part of the Town's budget process, including any amendments to or modifications of the budget.

Section 2. Attachment. Attached hereto as Exhibit 1 is the Monthly Rental Rates section (page 1) of the Schedule of Approved Rates & Charges which is referenced in Section 1 of this Ordinance.

Section 3 Finding. The rates adopted and provided for herein satisfy and comply with applicable laws, rules and regulations, are reasonable and uniform for the same class of privilege or service, and are established with due regard to the property and improvements used and the expenses of operation to the Town.

Section 4. Savings. This Ordinance shall be cumulative of all other ordinances of the City and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those Ordinances are in direct conflict with the provisions of this Ordinance.

Section 5 Severability. The sections, paragraphs, sentences, phrases, clauses and words of this Ordinance are severable, and if any section, paragraph, sentence, phrase, clause or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares that it would have passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

Section 6. Effective Date. This Ordinance shall become effective from and after its date of passage and publication as may be required by law.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the ____ day of _____, 2007.

Joe Chow, Mayor

ATTEST:

By: _____
Mario Canizares, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney

EXHIBIT 1

[Attach Monthly Rental Rates (page 1)
of the Schedule of Approved Rates & Charges]



Addison Airport
Schedule of Approved Rates & Charges
Effective October 1, 2007

MONTHLY RENTAL RATES

<u>Tie-downs</u> (per space utilized)	\$125
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<u>40' T-Hangars</u>	
Pad only, no electricity	\$335
Fully paved, no electricity	\$345
Pad only with electricity	\$360
Fully paved with electricity	\$370
<u>43' T-Hangars</u>	
Fully paved with electricity	\$380
<u>60' T-Hangars</u> (fully paved with electricity)	
West Side	\$600 / \$650
East Side	\$650
<u>Storage Units</u>	
40' End Caps	\$55
40' End Caps w/electricity	\$60
Garage Door Entry	\$125
60' End Caps	\$150 / \$200
<u>DAILY RATES (Tie-down Spaces)</u>	
Single/Light Twin	\$15
Cabin Class Twin	\$20
Large Twin/Small Jet	\$30
Medium Corporate Jet	\$60
Commercial Jet	\$200
Jet Hangar	\$250

The above rates and charges have been established in accordance with and in consideration of certain regulatory requirements found in Chapter 22 of the Texas Transportation Code, FAA Order 5190.6A, Airport's Compliance Handbook and the FAA's Policy Regarding Rates and Charges (Federal Register/Vol.61, No. 121 June 21, 1996). Furthermore, all charges, rental, and fees hereby assessed by the Town of Addison are deemed to be reasonable and uniform for the same class of privilege or service and have been established after giving regard to the cost of operating the airport for the use and benefit of the general public.

Addison Airport is managed by Washington/Staubach Addison Airport Venture, a joint venture by and between Washington Infrastructure Services, Inc. (WIS) and Staubach Airport Management, Inc. (SAMI). SAMI is licensed by the Texas Real Estate Commission. The above real property rates are published at the direction of the Real Estate Manager, as approved by the Town of Addison, Landlord. All leasing inquires should be directed to the Real Estate Manager, 972-392-4856 or the Leasing Administrator, 972-392-4858.

Council Agenda Item: #R15

SUMMARY:

Council approval is requested of the Town's FY 2007-08 investment policy.

FINANCIAL IMPACT:

There is no financial impact associated with the approval of the investment policy. We have budgeted \$1,777,600 in interest earnings for the upcoming fiscal year.

BACKGROUND:

The Public Funds Investment Act (PFIA) requires the Council to annually review and approve an investment policy for the Town. The Town's investment advisor, First Southwest Asset Management (FSAM), has assisted staff with the development and review of the proposed investment policy for FY 2008.

Due to a variety of changes being approved over the past several years, staff is not recommending any amendments to the policy for FY 2008.

RECOMMENDATION:

Staff recommends approval of the Town's FY 2007-08 investment policy.

August 30, 2007

Mr. Brian Hogan
Financial Services Manager
Town of Addison
5350 Belt Line Rd
Addison, TX 75001-9010

Dear Brian:

As requested, First Southwest Asset Management, Inc. has performed a review of the Investment Policy of the Town of Addison (the "Town") to determine compliance with the Texas Public Funds Investment Act (the "Act"), Texas Government Code, Chapter 2256. Our review was limited in scope, with the primary purpose being to evaluate conformity with the Act. We did not seek to ensure that all funds and procedures are addressed in the policy, nor have we reviewed compliance with the policy or internal controls of the Town. Based upon our review, we have reached the following conclusion:

We believe that all necessary language as required by the Texas Public Funds Investment Act (the "Act") as amended in the 80th Texas Legislative Session is present in the written Investment Policy of the Town of Addison.

Summary of Legislative Changes in 2007

The following summary represents the relevant change(s) to the Texas Public Funds Investment Act (PFIA) as they apply to local governments:

Hedging contracts for coal and nuclear fuel were approved for municipal electric utilities in order to protect against loss due to price fluctuations. This amendment also expands the definition of hedging to include the buying and selling of fuel oil, natural gas, coal, nuclear fuel and electric energy futures or options.

There were no amendments to the Act that require changes be made to investment policy.

If you have any questions, please feel free to call me or Greg Warner at 800-575-3792.

Sincerely,

Scott McIntyre, CFA
Senior Portfolio Manager

TOWN OF ADDISON

INVESTMENT POLICY

For

FY 2007-08

Revised and Adopted:
September 25, 2007

**TOWN OF ADDISON, TEXAS
INVESTMENT POLICY**

I.

SCOPE

The Public Funds Investment Act, Chapter 2256, Texas Government Code, prescribes that each Town is to adopt rules governing its investment practices and to define the authority of the investment officer. The following Investment Policy addresses the methods, procedures, and practices which must be exercised to ensure effective and judicious fiscal management of the Town's funds. This Policy shall not apply to the selection, retention or other issues concerning the depositories of the Town's funds in demand and time deposits as provided under Chapter 105 of the Local Government Code.

This Policy shall apply to the investment and management of all funds of the Town under its control, other than those expressly excluded herein or by applicable law or valid agreement. This Policy shall not supersede the restrictions on investment and use applicable to any specific fund and, in the event of any conflict between this Policy and the requirements of any fund subject hereto, the specific requirement applicable to such fund shall be followed as well as all other provisions of this Policy other than those in conflict. The Employees Deferred Compensation Agency Fund is excluded from coverage under this Policy.

This Policy also requires the formal adoption of an "Investment Strategy Statement" that specifically addresses each of the Town's fund groups. Each Investment Strategy Statement will describe its objectives concerning:

- a) suitability of investment type,
- b) preservation and safety of principal,
- c) liquidity,
- d) marketability of each investment,
- e) diversification of the portfolio, and
- f) yield.

In order to make effective use of the Town's resources, all monies shall be pooled into one investment bank account, except for those monies required to be accounted for in other bank accounts as stipulated by applicable laws, bond covenants or contracts. The income derived from this pooled investment account shall be distributed in accordance with the Town's internal procedures.

II.

OBJECTIVES

The Town's principal investment objectives in order of priority are:

1. Conformance with all Federal regulations, State of Texas statutes and other legal requirements including the Town Charter and Town Ordinances, including this Policy.
2. Preservation of capital and the protection of investment principal.
3. Maintenance of sufficient liquidity to meet anticipated disbursement and cash flows.
4. Diversification to avoid incurring unreasonable risks regarding securities owned.
5. Attainment of a market rate of return equal to or higher than the performance measure established from time to time by the Director of Financial and Strategic Services of the Town which is commensurate with the acceptable risk and liquidity objectives of this Policy.

III.

DELEGATION OF AUTHORITY

The City Council appoints the Director of Financial and Strategic Services and the Financial Services Manager as the "Investment Officers" of the Town. Direct management responsibility for the investment program is delegated by the City Council to the Director of Financial and Strategic Services (hereinafter referred to as the "Director"). The Investment Officers' authority will at all times be limited by all applicable laws and regulations in effect from time to time and this Policy. The Investment Officers shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

With written approval from the City Manager, the Director may delegate any phase of the investment management program to any of the Investment Officers. Such approval shall state specifically the functions such person is authorized to perform or that the person is authorized to perform all activities of the Director under this Policy. The Director shall obtain and maintain, at the Town's expense, fidelity bonds for himself and each of his designees in amounts determined adequate by the Director (which shall not be less than five percent of the amounts subject to this Policy) for each fiscal year as shown by the approved budget. No person may engage in an investment transaction except as provided under the terms of this Policy and the internal procedures established by the Director. A current list of persons authorized to transact investment business and wire funds on behalf of the Town shall be maintained by the Director.

The Director shall develop and maintain written administrative procedures for the operation of the investment program consistent with this Policy. The controls shall be designed to prevent, identify and control losses of public funds arising from deviation from this Policy, fraud, employee error, misrepresentation by third parties, or imprudent actions by employees and officers of the Town.

In the discretion of the City Council and in any event upon the termination or reassignment of any Investment Officer authorized to conduct transactions for the Town pursuant to this Policy, the authority of such person shall be revoked and such revocation of authority shall be immediately communicated by the Director orally and in writing to each and every depository, broker/dealer, investment advisor, custodian and other agency or entity with whom the Town has any existing or continuing relationship in the management of its investments.

The Director and all Investment Officers shall attend at least one training session relating to the treasurer's or officer's responsibilities within twelve (12) months after taking office or assuming duties; and attend a training session not less than once every two years and receive not less than ten (10) hours of training. Such training from an independent source shall be approved or endorsed by the Government Finance Officers Association, Government Finance Officers Association of Texas, Government Treasurers Organization of Texas, Texas Municipal League, or the North Central Texas Council of Governments to include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

IV.

INVESTMENT ADVISORS

The Town may, in the discretion of the Director, appoint one or more Investment Advisors to assist the Town's financial staff in the management of the Town's funds. The Investment Advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an Investment Advisor. To be eligible for consideration, an Investment Advisor shall demonstrate to the Director knowledge of, and experience in, the management of public funds. The Director will satisfy himself as to the Advisor's qualifications by all appropriate means, including reference checks with the Advisor's other clients, the State Securities Board and the Securities and Exchange Commission. An appointed Investment Advisor shall act solely in an advisor and administrative capacity, within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of the Town.

Each Investment Advisor, appointed by the Town, shall agree that its investment advice shall at all times be given with the judgment and care, under circumstances then prevailing, which persons paid for their special prudence,

discretion and intelligence, in such matters exercise in the management of their client's affairs, not for speculation by the client or production of fee income by the advisor or broker but for investment by the client with emphasis on the probable safety of the capital while considering the probable income to be derived.

Appointment of an Investment Advisor shall otherwise be according to the Town's normal purchasing procedures for selecting professional services. Any approved investment advisor may be terminated with the approval of the City Manager, if in the opinion of the Director, the advisor has not performed adequately. The term of any Investment Advisor contract may not exceed two years. Any renewal or extension of the Investment Advisor contract must be made by the City Council by resolution.

V.

STANDARD OF CARE

As provided for in the Public Funds Investment Act, the standard of care for the Town's investments shall be that such "investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The Director and the Investment Officers shall recognize that the investment activities of the Town are a matter of public record.

The Director and the Investment Officers, acting in accordance with written procedures and exercising the proper standard of care, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that this Policy and the Director's procedures were followed. In determining whether the Director or an Investment Officer has exercised the proper standard of care, all investments over which the individual had responsibility will be considered rather than a single investment.

VI.

AUTHORIZED SECURITIES INVESTMENTS

Subject to any limitations otherwise imposed by applicable law, regulations, bond indentures or other agreements, (including but not limited to Chapter 2256 Texas Government Code, the Public Funds Investment Act), the following securities and deposits are the only ones permitted as investments for the Town's funds:

- a. Direct obligations of the United States government with a maturity not to exceed five (5) years from the date of purchase; U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury Strips (book entry U.S. Treasury securities whose coupon has been removed).
- b. Debentures or discount notes with a maturity not to exceed five (5) years from the date of purchase issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). Principal-only and interest-only mortgage backed securities and collateralized mortgage obligations and real estate mortgage investment conduits are expressly prohibited.
- c. Bonds or other interest bearing obligations of which the principal and interest are guaranteed by the full faith and credit of the United States government with a stated maturity not to exceed five (5) years from the date of purchase. A security's "average life" does not constitute a stated maturity. Principal-only and interest-only mortgage backed securities and collateralized mortgage obligations and real estate mortgage investment conduits are expressly prohibited.

d. Time Certificates of Deposit with a maturity not to exceed three (3) years from the date of purchase, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, in depository institutions that have a main office or a branch office in the state of Texas which have been approved by the Town in accordance with Section XI of this Investment Policy.

In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principle and interest of each CD federally insured may be purchased through a selected depository institution with its main office or branch office in Texas. This depository shall act as the custodian for the various certificates on behalf of the Town.

e. Prime commercial paper with an original maturity of one hundred eighty (180) days or less which at the time of purchase, is rated at least:

A-1 by Standard & Poors,
P-1 by Moodys or
D-1 by Duff & Phelps.

(1) At the time of purchase, the commercial paper must be rated by at least two (2) of the above stated ratings agencies at the above stated minimum credit rating.

(2) If more than two (2) of the above stated agencies rates an issuer, all the rating agencies must rate the issuer in accordance with the above stated minimum credit criteria.

(3) If the commercial paper issuer has senior debt* outstanding, the senior debt must be rated by each service that publishes a rating of the issue at least:

A-1 by Moodys,
A+ by Standard and Poors and
A+ by Duff & Phelps.

*Senior Debt is defined as the most senior secured or unsecured debt of an issuer with an original maturity exceeding one year.

If the commercial paper issuer is given a “plus (+) rating”, the maximum maturity of two hundred seventy (270) days or less will be allowed.

f. Eligible Bankers Acceptances with original maturities not exceeding one hundred eighty (180) days, issued on domestic banks operating under the banking laws of the United States, whose senior long term debt is rated, at the time of purchase, A-1 or higher by Moodys, A+ by Standard and Poors, or A+ by Duff & Phelps.

g. Repurchase agreements with a defined termination date of ninety (90) days or less on U.S. Treasury and Federal Agency securities listed in items “a” and “c” above, collateralized initially at a minimum market value of one hundred two (102) percent of the dollar value of the transaction, with the accrued interest accumulated on the collateral included in the calculation.

If the market value of the collateral falls below one hundred one (101) percent of the dollar value of the transaction, the collateral will be required to be brought up to the one hundred two (102) percent initial maintenance level. A Repurchase Agreement is defined as a simultaneous agreement to buy, hold for ninety (90) days or less, and then sell back an obligation described in item (g) above, the principal and interest of which are guaranteed by the United States.

Repurchase Agreements shall be entered into only with dealers who: 1) are recognized as primary reporting dealers with the Market Reports Division of the Federal Reserve Board of New York; and 2) have an executed, Town approved Master Repurchase Agreement. Collateral (purchased securities) shall be held by the Town’s custodian bank as safekeeping agent and the market value of the collateral securities shall be marked-to-the market daily based on the bid price for the previous day as reported in the Wall Street Journal.

For the purpose of item “g” of this section, the term “collateral” shall mean “purchased securities” under the terms of the Town approved Master Repurchase Agreement. Collateral bearing no coupon will have a maturity not to exceed five (5) years. All other eligible collateral shall have a maturity limit of ten (10) years.

The term repurchase agreements include reverse repurchase agreements. The term of a reverse repurchase agreement shall not exceed ninety (90) days and any investments acquired with the proceeds from the reverse repurchase agreement shall not exceed the term of that agreement.

h. Money Market Funds meeting each of the following criteria:

- (1) Registered with and regulated by the Securities and Exchange Commission;
- (2) Has provided the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940.
- (3) No commission fee shall be charged on purchases or sales of shares;
- (4) Have an objective of maintaining a constant daily net asset value of \$1.00 per share;
- (5) Limit assets of the fund to those securities listed in paragraphs “a”, “b”, “c” and “g” above; and
- (6) Have a maximum stated maturity of thirteen (13) months and dollar weighted average portfolio maturity of not more than ninety (90) days. A list of Town approved Money Market Funds shall be kept by the Director.

i. State investment pools organized under the Interlocal Cooperation Act that meet the requirements of Chapter 2256 Texas Government Code and have been specifically approved by the Director and authorized by the City Council.

j. Local investment pools organized under the Interlocal Cooperation Act that meet the requirements of Chapter 2256 Texas Government Code and have been specifically approved by the Director and authorized by the City Council.

k. Direct obligations of the State of Texas or its agencies rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent with a maturity not to exceed two (2) years from the date of purchase.

l. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States with a maturity not to exceed two (2) years from the date of purchase.

VII.

OTHER INVESTMENT GUIDELINES

The Town seeks active management of its portfolio assets. In the effort of meeting the objectives of this Policy, the Town may from time to time sell securities that it owns in order to better position its portfolio assets. Sales of securities prior to maturity, shall be documented and approved by the Director before such a transaction is consummated. Sales of securities, yielding net proceeds less than ninety-eight (98) percent of the book value of the securities, must be approved in advance and in writing by both the City Manager and the Director.

Each investment transaction must be based upon competitive quotations received from at least three (3) broker/dealers who have been approved by the Town in accordance with Texas law.

The purchase and sale of all securities shall be on a delivery versus payment or payment versus delivery basis (i.e. for securities purchases, monies will not be released by the Town’s safekeeping bank until securities are received at the Federal Reserve Bank for further credit to the Town’s safekeeping bank. In the case of securities sales, monies will

be received by the Town's safekeeping bank via the Federal Reserve Bank, as the securities are simultaneously released to the purchaser). In this manner, the Town will always have possession of either its securities or its monies.

An investment that requires a minimum credit rating does not qualify as an AUTHORIZED SECURITIES INVESTMENT during the period the investment does not have the minimum credit rating even if the investment had the appropriate rating at the time of purchase. The Investment Officers shall take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating.

VIII.

PORTFOLIO MATURITIES

Maturities shall be selected which provide for both stability of income and reasonable liquidity.

At all times, the Town shall maintain ten (10) percent of its total investment portfolio in instruments maturing in ninety (90) days or less. The weighted average maturity of all securities and certificates of deposit in the Town's total investment portfolio at any given time (not including cash or demand deposits) shall not exceed one and one-half (1 ½) years.

In the case of callable securities, the first "call" date may be used as the "maturity" date for investment purposes in this section if in the opinion of the Director there is little doubt that the security will be called prior to maturity. At all times the stated final maturity shall be used in portfolio average life calculations and reported as outlined in this Policy.

Investment of bond proceeds shall be invested in the investment types listed in Section VI. "a", "b", "c", "h", "i", and "j" for a period of time not to exceed five (5) years. Additionally, bond proceeds may be invested in a repurchase agreement that exceeds ninety (90) days if reductions are allowed from the agreement without penalty for legitimate bond proceed expenditures and the final maturity is within the "temporary period" as defined by the Internal Revenue Service (this arrangement is commonly referred to as a "flexible repurchase agreement").

IX.

INVESTMENT LIMITS

It is the policy of the Town to avoid concentration of assets in a specific maturity, a specific issue, or a specific class of securities, with the exception of U.S. Treasury issues listed in Section VI "a." The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy and the securities markets.

The Town will not exceed the following maximum limits as a percentage of the total portfolio for each of the categories listed below:

- 20 percent in Money Market Funds as outlined in Section VI "h"
- 30 percent in Certificates of Deposit
- 30 percent in Commercial Paper
- 30 percent in Bankers Acceptances
- 40 percent in Local Government Investment Pools as authorized in Section VI "h" and "j"
- 70 percent in State Government Investment Pools as authorized in Section VI "i"
- 70 percent in Instrumentality securities described in Section VI "b"

In addition to the limitations set forth above the Town's investment in any single money market fund shall never exceed ten (10) percent of the total assets of the money market fund.

The Director shall evaluate how each security purchased fits into the Town's overall investment strategy.

The amount of investments in U.S. Treasury and Agency Securities and Repurchase Agreements backed by those securities as defined in section VI(a), VI(c) and VI(g), shall at no time be less than thirty (30) percent of the total portfolio. There shall be no maximum limits on these investments.

Bond proceeds shall be exempt from the maximum limitation stated above for State Government Pools, but only for the period of time required to develop a comprehensive draw-down schedule for the project for which the proceeds are intended, the maximum being sixty (60) days, at which time the funds representing bond proceeds must be prudently diversified.

X.

SELECTION OF BROKER/DEALERS

The Town shall maintain a list of approved security broker/dealers maintaining minimum capital of \$10,000,000 and being in business for at least five years. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). Securities may only be purchased from those authorized institutions and firms identified in the above list.

Broker/dealers and other financial institutions will be selected by the Director on the basis of their financial stability, expertise in cash management and their ability to service the Town's account. Each broker/dealer, bank, or savings bank that has been authorized by the Town, shall be required to submit to the Town and annually update a Broker/Dealer Information Request form which includes the firm's most recent financial statements. The Director shall maintain a file which includes the most recent Broker/Dealer Information Request forms submitted by each firm approved for investment purposes. A copy of the submitted Broker/Dealer Information Request forms as well as a list of those broker/dealers approved by the Town shall be maintained by the Director.

The Director shall review the quality of service and financial stability of each broker/dealer and financial institution approved under this Section at least annually. Any approved broker/dealer or financial institution may be removed from the list of approved broker/dealers with the approval of the Director, if in the opinion of the Director, the firm has not performed adequately or its financial condition is considered inadequate. The City Council shall, at least annually, review, revise, and adopt the list of qualified broker/dealers and financial institutions which are authorized to engage in investment transactions with the Town.

All business organizations eligible to transact investment business with the Town shall be presented a written copy of this Policy. The qualified representative of the business organization seeking to transact investment business with the Town shall execute a written instrument substantially to the effect that the qualified representative has:

- 1) received and thoroughly reviewed this Policy, and
- 2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Town.

The Town shall not enter into an investment transaction with a business organization prior to receiving the written instrument described above. In addition, each Investment Advisor appointed by the Town shall execute the written instrument described above.

If the Council has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of the Town. The advisor shall determine selection criteria. The advisor shall annually present a list of its authorized broker/dealers to the Town for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the Town's investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Town. The advisor shall obtain and document competitive bids and offers on all transactions and present these to the Town as part of its standard trade documentation.

XI.

SELECTION OF DEPOSITORIES

The Town shall maintain a list of authorized banks and savings banks which are approved to provide Certificates of Deposit to the Town. To be eligible for authorization, a bank or savings bank must be a member of the FDIC and meet the minimum credit criteria (described below) of a credit analysis provided by a commercially available bank rating service such as Prudent Man Analysis, Inc., or Sheshunoff Public Finance Bank Rating Service. Banks or savings banks failing to meet the minimum criteria or, in the judgment of the Director, no longer offering adequate safety for the Town will be removed from the list.

Bank rating guidelines will be calculated using publicly available information obtained from the Federal Reserve, the Comptroller of the Currency, or the banking institution itself. Data obtained from bank rating services will include factors covering the following: overall rating, liquidity policy, credit risk policy, interest rate policy, profitability and capital policy. Financial institutions selected to issue certificates of deposit to the Town in excess of One Hundred Thousand Dollars (\$100,000.00) or that are selected as Safekeeping or Custodial agents for the Town shall meet the following criteria: 1) have a Sheshunoff Public Finance Peer Group Rating of thirty (30) or better on a scale of zero (0) to one hundred (100) with one hundred (100) being the highest rating at the time of selection; or 2) have a Prudent Man Express Analysis overall rating of three or better on a scale of one (1) to five (5) with one (1) being the highest quality for the most recent reporting quarter before the time of selection; and 3) qualify as a depository of public funds in the State of Texas.

The Director shall maintain a file of the credit rating analysis reports performed for each approved firm. Institutions that meet the above criteria and who wish to provide Certificates of Deposit to the Town are required to provide to the Director a copy of the institution's quarterly Consolidated Report of Conditions and Income (CALL Report). This report will be submitted to the Director within sixty (60) days following the end of each calendar quarter.

In addition to the foregoing requirements, with respect to bond proceeds and reserves or other funds maintained for debt service purposes, a depository of such funds must be selected by competitive bidding by three (3) banks located within the boundaries of the Town or if there are not three banks available within the Town's boundaries that are willing and able to accept such deposits, then at least three (3) bids must be obtained from banks situated in Dallas County that are willing and able to accept such deposits.

XII.

SAFEKEEPING AND CUSTODY

Investment securities purchased for the Town will be delivered by either book entry or physical delivery and shall be held in third-party safekeeping by a Federal Reserve Member financial institution designated as the Town's safekeeping and custodian bank. The Town may designate more than one (1) custodian bank. In no event will the Town's custodial or safekeeping institution also be a counterparty (broker or dealer) to the purchase or sale of those securities. The Town shall execute a written Safekeeping Agreement with each bank prior to utilizing the custodian's safekeeping services. Only a state or national bank located within the State of Texas, may be utilized as a custodian of securities pledged to secure certificates of deposit. The safekeeping agreement must provide that the safekeeping bank will immediately record the receipt of purchased or pledged securities in its books and promptly issue and deliver a signed safekeeping receipt showing the receipt and the identification of the security, as well as the Town's perfected interest.

The Director shall maintain a list of designated custodian banks and a copy of the Safekeeping Agreement executed with each custodian bank.

The Town must approve release of securities, in writing, prior to their removal from the custodial account. A telephonic facsimile of a written authorization shall be sufficient if the custodian orally confirms receipt of the transmission and an exact copy of the document is retained in the Town's files.

All securities shall be confirmed in the name of the Town and delivered to an approved custodial bank or carried at a Federal Reserve Bank in the name of the Town. The Custodian shall not otherwise deposit purchased or pledged securities. All book entry securities, owned by the Town, shall be evidenced by a safekeeping receipt issued to the Town and signed by the appropriate officer at the custodian bank stating that the securities are held in the Federal Reserve system in a CUSTOMER ACCOUNT naming the Town as the "customer". In addition, the custodian bank will, when requested, furnish a copy of the delivery advice received by the custodian bank from the Federal Reserve Bank.

All certificated securities (those transferred by physical delivery) shall: 1) be held by an approved custodian bank or any correspondent bank in New York City approved by the Director; and 2) the correspondent bank or the Town's safekeeping bank shall issue a safekeeping receipt to the Town evidencing that the securities are held by the correspondent bank for the Town.

The original safekeeping receipt for each transaction including purchased securities under a repurchase agreement and collateral securing deposits will be forwarded to the Director or his designee and held in a secured file by the Town.

XIII.

RECORDKEEPING AND REPORTING

A record shall be maintained of all bids and offerings for securities transactions in order to ensure that the Town receives competitive pricing. All transactions shall be documented by the person authorizing the transaction in a form that shows that person's name, the party instructed to execute the transaction, the date, a description of the transaction and a brief statement of the reason(s) for the transaction.

Each depository institution of the Town's funds and purchased securities shall maintain separate, accurate and complete records relating to all deposits of the Town's funds, the securities pledged to secure such deposits and all transactions relating to the pledged securities. Each approved custodian shall maintain separate, accurate and complete records relating to all securities received on behalf of the Town, whether pledged, purchased or subject to repurchase agreement, as well as all transactions related to such securities. In addition, each depository shall file all reports required by the Texas State Depository Board. Each depository and custodian shall agree to make all the records described in this paragraph available to the Director's designee and the Town's auditors at any reasonable time.

At least once each quarter, the Director shall verify that all securities owned by the Town or pledged to the Town are held in safekeeping in the Town's custodial bank with proper documentation. At least annually the Town's investment program, including the records of custodians and depositories, shall be audited by independent certified public accountants selected by the City Council. This annual audit shall include a compliance audit of the management controls on investments and adherence to the Town's Investment Policy and strategies.

All broker/dealers, custodians, depositories, and investment advisors shall maintain complete records of all transactions that they conducted on behalf of the Town and shall make those records available for inspection by the Director or other representatives designated by the City Council or City Manager.

All sales of securities for less than the book value of the security shall be approved by the Director and reported to the City Council at the next regular meeting. Sales of securities for less than ninety-eight (98) percent of the book value of the securities must be approved by both the City Manager and the Director.

All contracted Investment Advisors shall report at least monthly on the straight-line book value, the market value of investment holdings, and total investment return and such other information required by the Director. Unrealized profits or losses in the Town's investment portfolio will be disclosed but will not be used in the calculation of income earned for the month. Contracted Investment Advisors shall postmark their monthly reports to the Director no later than fifteen (15) business days following the close of the reporting month.

An investment report shall be prepared by the Director within forty five (45) days of the quarter end that:

- a) describes in detail the investment position of the Town,
- b) states the reporting period beginning book and market values, additions or changes to the book and market values during the period and ending book and market values for the period of each pooled fund group,
- c) states the reporting period beginning book and market value and ending book and market value for each investment security by asset type and fund type,
- d) states the maturity date of each investment security,
- e) states the fund for which each investment security was purchased,
- f) states fully accrued interest for the reporting period,
- g) states the compliance of the investment portfolio with the Town's Investment Policy, Investment Strategy Statement and the Public Funds Investment Act,
- h) summarizes quarterly transactions, including a detailed list of the gains and losses recognized, and
- i) explains the total investment return during the previous quarter and compares the portfolio's performance to other benchmarks of performance.

This report will be presented to the City Council and signed by all of the Town's Investment Officers. .

Market valuations of investments shall be provided by the Investment Advisor on a monthly basis. The Investment Advisor shall use independent market pricing sources including, but not limited to, Interactive Data Corporation (IDC) and Bloomberg, to monitor the market price of investments acquired with the Town's funds.

Within forty five (45) days after the end of the Town's fiscal year the Director shall prepare, sign and deliver to the City Manager and the City Council an annual report on the Town's investment program and investment activity which has also been signed by each officer and employee of the Town authorized to conduct any of the Town's investment activity. The annual report shall include full year and separate monthly comparisons of investment return. Such annual report shall include an analysis of the compliance with this Policy as well as changes in applicable laws and regulations during the previous year and may include any other items of significance related to the investment program.

If the Town places funds in any investment other than registered investment pools or accounts offered by its depository bank, the above reports shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council.

XIV.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees of the Town involved in the investment process shall refrain from personal business activity that involves any of the Town’s approved custodians, depositories, broker/dealers, or investment advisors and shall refrain from investing in any security issue held by the Town. Employees and officers shall not utilize investment advice concerning specific securities or classes of securities obtained in the transaction of the Town’s business for personal investment decisions, shall in all respects subordinate their personal investment transactions to those of the Town particularly with regard to the timing of purchases and sales and shall keep confidential all investment advice obtained on behalf of the Town, and all transactions contemplated and completed by the Town, except when disclosure is required by law.

All Investment Officers of the Town shall file with the Texas Ethics Commission and the City Council a statement disclosing any personal business relationship with business organization seeking to sell investments to the Town or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the Town.

XV.

COLLATERAL REQUIREMENTS

Any deposits exceeding FDIC insurance limits shall be fully collateralized by securities listed in items “a” and “b” below, and the collateral shall be held by the Town’s third party custodian bank.

- a. Direct obligations of the United States government; U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury Strips (book entry U.S. Treasury securities whose coupon has been removed).
- b. Debentures or discount notes issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). Principal-only and interest-only mortgage backed securities and collateralized mortgage obligations and real estate mortgage investment conduits are expressly prohibited.

Consistent with the requirements of State law, the Town requires all bank and savings bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as Town depositories will be required to sign a Security Agreement with the Town and the Town’s custodian. The agreement shall define the Town’s rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- a. the Agreement must be in writing;
- b. the Agreement has to be executed by the Depository and the Town contemporaneously with the acquisition of the asset;
- c. the Agreement must be approved by the Board of Directors or the loan committee of the Depository and a copy of the meeting minutes must be delivered to the Town;
- d. the Agreement must be part of the Depository’s “official record” continuously since its execution.

XVI.
POLICY REVISIONS

The Investment Policy and Investment Strategy Statements will be reviewed at least annually by the Director and the City Council and may be amended as conditions warrant by the City Council.

Council Agenda Item: #R16

SUMMARY:

Council approval is requested of a resolution that adopts the Town of Addison Investment Strategy for FY 2007-08.

FINANCIAL IMPACT:

There is no financial impact associated with the approval of the investment strategy.

BACKGROUND:

The Public Funds Investment Act (PFIA) requires the Council to annually review the Town's investment strategy. The Town's investment advisor, First Southwest Asset Management, has assisted staff with the development of the attached strategy. The investment strategy has been drafted to comply with all aspects of the PFIA.

For FY 2007-08, staff is not recommending any change to our investment strategy. The investment strategy has the following priorities (in order of importance):

- Understanding the suitability of the investment to the financial requirements of the Town
- Preservation and safety of principal
- Liquidity
- Marketability of the investment if the need arises to liquidate the investment prior to maturity
- Diversification of the investment portfolio
- Yield

RECOMMENDATION:

Staff recommends that Council adopt the resolution approving the Town's FY 2007-08 investment strategy.

EXHIBIT A

TOWN OF ADDISON

INVESTMENT STRATEGY STATEMENT

For

FY 2007-08

Adopted:
September 25, 2007

PREFACE

It is the policy of the Town of Addison that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and adopted Investment Policy.

In accordance with the Texas Public Funds Investment Act (Chapter 2256, Tex. Gov. Code), the City Council shall adopt Investment Strategy Statements that address the following priorities (in order of importance):

- Understanding the suitability of the investment to the financial requirements of the Town;
- Preservation and safety of principal;
- Liquidity;
- Marketability of the investment if the need arises to liquidate the investment prior to maturity;
- Diversification of the investment portfolio; and
- Yield

Effective investment strategy development coordinates the primary objectives of the Town's Investment Policy and cash management procedures with investment security risk/return analysis to enhance interest earnings and reduce investment risk. Aggressive cash management shall be utilized to increase the available "investment period" for all Town funds. Investment security maturity selections shall be based on cash flow requirements and market conditions to take advantage of interest earnings as viable and material revenue to all Town funds. The Town's portfolios shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

INVESTMENT STRATEGY

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines by fund-type are as follows:

Suitability – any investment eligible in the Investment Policy is suitable.

Safety of principal – all investments shall be of high quality securities with no perceived default risk. Market price fluctuations will, however, occur. By managing the weighted average days to maturity for the Operating fund portfolio to less than 270 days and restricting the maximum allowable maturity to five years, the price volatility of the overall portfolio will be minimized.

Liquidity – operating funds require the greatest short-term liquidity of any of the fund types. Short-term investment pools and money market mutual funds should provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability – securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market “spreads” between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification – investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the Town. When conditions are favorable, market cycle risk will be reduced by diversifying the appropriate maturity structure out to three years. Adhering to the Investment Policy’s maximum investment-type limits (Section IX. INVESTMENT LIMITS) should restrict the exposure of the fund to any one-market sector.

Yield – attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury bill portfolio should be the minimum yield objective. The Town's Director of Financial and Strategic Services ("Director") may also compare the operating fund’s performance to other appropriate benchmarks.

The Investment Policy permits the Town to sell securities from time to time that it owns in order to better position its portfolio assets. Sales of securities prior to maturity shall be documented and approved by the Director before such a transaction is consummated. Sales of securities, yielding net proceeds less than ninety-eight (98) percent of the book value of the securities, must be approved in advance and in writing by both the City Manager and the Director.

Council Agenda Item: #R17

SUMMARY:

Council approval is requested of a contract with First Southwest Asset Management (FSAM) for investment advisory services.

FINANCIAL IMPACT:

Budgeted Amount: \$38,000

Anticipated Cost: \$38,000

The below fee structure will be based on the average month ending balance of the portfolio:

Amount from \$0 - \$10,000,000	0.15%
Amount from \$10,000,001 to \$50,000,000	0.08%
Amount from \$50,000,001 to \$100,000,000	0.05%
Amount from \$100,000,000 and over	0.03%

The minimum annual fee for this contract will be \$15,000. The proposed fee structure is identical to the current contract.

BACKGROUND:

The Town's investment policy requires the Council to review the investment advisory services contract every two years. Our existing contract is with First Southwest Asset Management (FSAM) and has been in effect since September 2005. Due to staff transition and other department structural changes, we elected to continue our existing contract with First Southwest Asset Management (FSAM) for one additional year. The firm has considerable experience with Texas clients, and has successfully served as the Town's investment advisor since 1994.

RECOMMENDATION:

Staff recommends that Council approve a contract with First Southwest Asset Management (FSAM) for investment advisory services.

**+RENEWAL AGREEMENT FOR
INVESTMENT ADVISORY SERVICES BY AND BETWEEN
THE TOWN OF ADDISON
AND
FIRST SOUTHWEST ASSET MANAGEMENT, INC.**

This Renewal Investment Advisory Agreement (the “**Agreement**”) is made by and between the Town of Addison, Texas (the “**Investor**”) and First Southwest Asset Management, Inc. (“**FSAM**”). This agreement shall be effective as of the date of its acceptance by the Investor, as indicated below.

1. This Agreement renews and extends the Investment Advisory Agreement, dated as of September 9, 2003 (“IA Agreement”), executed by Investor and FSAM.
2. The term of the IA Agreement is hereby extended for a period of one (1) year from the date hereof. As consideration for the services provided by FSAM under this Agreement, FSAM will be entitled to a fee, which Investor agrees to pay, determined in accordance with Schedule A of the IA Agreement.
3. All written communication to the Investor shall be sent to the Investor’s address set forth below or as directed in writing to FSAM by the Investor. Any written communication from the Investor to FSAM under this Agreement must be in written form and mailed or delivered to:

First Southwest Asset Management, Inc.
300 West Sixth Street, Suite 1940
Austin, Texas 78701
Attention: Mr. Scott McIntyre
Fax Number: (512) 481-2020

Any notice, statement, or other communication mailed to the other party to this Agreement in accordance with this section will be deemed to be given upon that party’s actual receipt of such notice, statement, or other communication.

2. All other terms, provisions, conditions and obligations of the IA Agreement between Investor and FSAM shall remain in full force and effect. The IA Agreement, including any amendments and this Agreement shall be construed together as a single contractual agreement.

Executed this ___ day of _____, 2007

TOWN OF ADDISON, TEXAS

FIRST SOUTHWEST ASSET MANAGEMENT, INC

Signature of Investor

Signature of Officer

Print Name

Scott McIntyre

Capacity of Signatory

Senior Vice President

Address

Fax Number

**AGREEMENT
FOR
INVESTMENT ADVISORY SERVICES
BY AND BETWEEN**

**THE TOWN OF ADDISON, TEXAS
AND
FIRST SOUTHWEST ASSET MANAGEMENT, INC.**

This Investment Advisory Agreement (the "Agreement") is made by and between the Town of Addison, Texas (the "Investor") and First Southwest Asset Management, Inc. ("FSAM"). This Agreement shall be effective as of the date of its acceptance by the Investor as indicated on the signature page hereof.

I. Terms and Conditions

This Agreement sets forth the terms and conditions governing the relationship of the Investor to FSAM with respect to securities and money which the Investor holds, from time to time, and which are available for investment or reinvestment (the "Portfolio"). This Agreement shall apply to any and all investable funds and securities in the Investor's Portfolio during the period in which this Agreement shall be in effect.

II. Investment Advisory Services

- A. **Services.** With respect to the Portfolio, FSAM will endeavor to provide investment advisory services and cause to be executed such trades as determined in accordance with Section II.B below. FSAM agrees to provide professional services and its facilities and to direct and coordinate all programs of investing as may be considered and authorized by the Investor and to assume and pay those expenses incurred by FSAM in connection with the execution of investment decisions. Specifically, FSAM agrees to perform the following duties:
1. Assist the Investor in the development of a cash flow model;
 2. Recommend appropriate strategies based upon cash flow requirements;
 3. Advise the Investor on current market conditions and other general information;
 4. Analyze risk/return relationships between various investment alternatives;
 5. Attend meetings of the governing body of the Investor, its staff, representatives, or committees as requested by the Investor, when the subject of investments is to be discussed;
 6. Assist in the selection of investment securities and, as directed by the Investor, cause the transactions to be executed;
 7. Advise on the investment of the Portfolio in a manner consistent with the Investment Policy, any applicable bond covenants, the proceedings of the Investor authorizing the investment of the bond funds and applicable state and federal rules and regulations;
 8. Promptly send (or cause to be sent) trade confirmations to the Investor;
 9. Assist the Investor in creating quarterly investment reports as required by the Public Funds Investment Act (Sec. 2256.023 of the Texas Government Code); and
 10. Provide, as part of this Investment Advisory contract, required IRS arbitrage calculations for existing bond issues of the Investor.

- B. **Scope of Investment Decisions.** In performing the services listed in Section II.A above, FSAM shall not have discretionary authority and, accordingly, shall obtain approval from the Investor for the purchase or sale of securities prior to execution. The Investor hereby represents and acknowledges that its written investment policy and investment strategy includes its investment objectives and all portfolio limitations and restrictions, including, without limitation, acceptable levels of investment risk. The Investor also agrees to notify FSAM in writing at least ten business days in advance of the implementation of any material changes in the Investor's investment objectives, investment limitations, and/or financial condition. Furthermore, the Investor will give FSAM immediate oral notice and written notice within five days of receipt of any trade confirmations should the Investor believe that any investment in the Portfolio violates the Investor's investment objectives or limitations.
- C. **Standard of Care.** In the administration of its duties, FSAM shall exercise the judgment and care, under prevailing circumstances, that persons of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering, with regard to the entire Portfolio rather than any particular investment or security, the probable safety of capital and the probable income to be derived.
- D. **Settlement of Securities.** The purchase of individual securities shall be executed "delivery versus payment" (DVP) through the Investor's safekeeping agent. By so doing, Investor's funds will be released when and if the Investor has received, through the safekeeping agent, the designated securities purchased.
- E. **Payment.** The Investor hereby agrees to pay FSAM, as well as any of its officers, directors, shareholders, affiliates, general partners, employees, agents and trustees, for charges and expenses incurred by FSAM on the Investor's behalf which Investor would otherwise be required to pay.
- F. **Return on the Portfolio.** The Investor expressly affirms and acknowledges that FSAM has not promised or guaranteed any stated or specified return on, or performance of, the Investor's investment portfolio and that Investor agrees that FSAM shall not be liable for Portfolio losses resulting from market conditions or changes.

III. Representations

- A. FSAM represents that it is registered as an investment advisor under the Investment Advisers Act of 1940 (the "Advisers Act") and is authorized and empowered to enter into this Agreement.
- B. The Investor represents and confirms that (1) the Investor has full power and authority to enter into this Agreement; (2) the terms hereof do not violate any obligation by which the Investor is bound, whether arising by contract, operation of law, or otherwise; and (3) this Agreement has been duly authorized and will be binding on Investor according to its terms.
- C. The Investor agrees to:
 - 1. Provide FSAM with the schedule of estimated cash flow requirements related to the Portfolio, and promptly notify FSAM as to any material changes in such estimated cash flow schedule;
 - 2. Provide FSAM, not less than monthly, with all relevant custodian, safekeeping and bank statements relating to all of the Portfolio; and
 - 3. Allow FSAM to rely upon all information regarding schedules or other information pertaining to the Portfolio as provided to it by the Investor as being true and accurate. FSAM shall have no responsibility to verify, through audit or investigation, the accuracy or completeness of such information and FSAM will not undertake to authenticate any such information.

- D. The Investor recognizes that there may be loss or depreciation of the current liquidation, immediate and ongoing value of any investment due to the fluctuation of market values. The Investor represents that no party to this Agreement has made any guarantee, either oral or written, that the Investor's investment objectives will be achieved. FSAM shall not be liable for any error in judgment and/or for any investment losses in the Portfolio in the absence of willful or reckless malfeasance, gross negligence, failure to exercise the standard of care described in this Agreement, or violation of any applicable law, rule, regulation, standard, or policy of a governmental entity. Nothing in this Agreement shall constitute a waiver or limitation of any rights that the Investor may have under applicable state or federal law including without limitation, the state and federal securities laws. FSAM shall be liable and shall reimburse Investor for any losses sustained by Investor which result or arise from FSAM's willful or reckless malfeasance, gross negligence, failure to exercise the standard of care described in this Agreement, or violation of any applicable law, rule or regulation, standard, or policy of a governmental entity.
- E. Investor represents and acknowledges that Investor has reviewed and understands the risk factors and fees associated with investment or reinvestment of the Portfolio.

IV. Fees and Costs of FSAM

As consideration for the services provided by FSAM under this Agreement, FSAM will be entitled to a fee (the "Advisor Fee") determined in accordance with the schedule set forth in the fee schedule ("Schedule A"), a copy of which is attached hereto, is incorporated herein for all purposes and is being delivered to the Investor simultaneously with the execution, and as an integral part, of this Agreement. The obligation of FSAM to pay or incur expenses shall not include any costs incident to litigation, mandamus action, regulatory investigation, test case or other similar legal actions. The Advisor Fee will be payable quarterly in arrears and shall be computed based upon the book value of the Portfolio under management. In the event this Agreement is terminated prior to the end of a quarter, the Advisor Fee shall be prorated (using the number of days that have elapsed in the applicable quarter divided by the number of days in the quarter) and paid within 30 days of termination.

V. Reporting and Account Statements

FSAM will deliver or cause to be delivered to the Investor confirmation of transactions and/or periodic statements for the Portfolio as set forth in this Agreement. FSAM will also provide the Investor with an annual valuation of the Investor's Portfolio and any additional statements that may be required by applicable law, rule, regulation, standard, or policy of a governmental entity, including without limitation the report provisions of the Public Funds Investment Act, or other applicable state law, or any applicable ordinance, policy, or standard of the Town of Addison, Texas, with respect to transactions effected under this Agreement.

VI. Other Services

The investment advisory services provided hereunder by FSAM to the Investor are exclusive of any other services that FSAM may provide to the Investor.

VII. Execution of Investment Transactions

- A. **Affiliated Broker.** FSAM is affiliated through common ownership and control with First Southwest Company ("FSC"), a registered broker/dealer with the National Association of Securities Dealers, Inc. ("NASD"), the U.S. Securities and Exchange Commission ("SEC"), and various state and territorial regulatory authorities. Investor hereby authorizes FSAM to effect transactions for the Portfolio by execution through FSC, subject to the provisions of section VIII. Where transactions are effected through FSC, FSC may act on an agency or principal basis to the extent permitted by applicable law, rule, regulation, standard, or policy of a governmental entity. Pursuant to Rule 206(3) of the Advisers Act, FSAM will obtain the Investor's consent on each investment transaction to allow

FSC to act as a principal in acquiring a security to facilitate a trade. Fees for advisory services will be billed separately in accordance with the terms of this Agreement.

- B. **Bundling of Investment Transactions.** Transactions for each Investor account generally will be effected independently unless FSAM decides to purchase or sell the same securities for several Investors at approximately the same time. FSAM may (but is not obligated to) combine or "batch" such orders to obtain best execution. Under this procedure, transactions will be averaged as to price and will be allocated among FSAM's investors included in the "batch" group in proportion to the purchase and sale orders placed for each Investor in batch transactions.

VIII. Selection of Brokers

The Investor agrees that when FSAM effects or places orders for the execution of transactions for the Portfolio (other than situations where the Investor specifically instructs otherwise in writing), FSAM may allocate such transactions to such brokers and dealers (approved by Investor) for execution on such markets, at such prices as in the judgment of FSAM will be in the best interests of the Investor, taking into consideration, in the selection of such brokers and dealers, the available prices and rates of brokerage commissions and other relevant factors, without having to demonstrate that such factors are of a direct benefit to the Investor. Subject to the foregoing, FSAM will arrange for the execution of securities transactions for the Portfolio through brokers or dealers that FSAM reasonably believes will provide best execution and which are approved by Investor.

IX. Non-Exclusive Relationship

The Investor hereby acknowledges that FSAM's services under this Agreement are nonexclusive, and that FSAM shall be free to render the same or similar services to other Investors. The Investor further acknowledges that FSAM's advice is specific to each individual investor's investment objectives, limitations and financial condition. Therefore FSAM, in the performance of its investment advisory duties, may give advice to, and take action on behalf of, other investors that may differ from the advice given, or the timing and nature of the action taken, with respect to the Investor's Portfolio. Subject to the standard of care set forth herein, nothing in this Agreement shall be deemed to impose upon FSAM any obligation to purchase or sell, or to recommend for purchase or sale for the Investor's Portfolio, any security that FSAM or its affiliates may purchase or sell, for their own account or for the accounts of any other investor if, at the sole discretion of FSAM, it is for any reason undesirable or impractical to take such action or make such recommendation for the Investor's Portfolio. The Investor also acknowledges that FSAM has varying fee structures and arrangements with other investors and may charge other investors different fees, which may be higher or lower than the fees charged with respect to the Investor's Portfolio for similar services.

FSAM hereby acknowledges and agrees that its services hereunder are non-exclusive, and that Investor has and retains the right in its sole discretion to retain or use the services of investment advisers other than FSAM during the term of this Agreement.

X. Instructions from the Investor

FSAM may rely on all instructions (whether oral or written) given by the Investor or its agents that FSAM believes to be genuine. Instructions may be given to FSAM by any officer or agent authorized by (1) the Investor's investment policy; (2) a duly executed (by an Investor representative with authority to execute) "Authorization to Trade Public Funds" form provided by FSAM; or (3) a resolution of the governing body of Investor. FSAM may rely on such authorization until written notice to the contrary is delivered to FSAM by the Investor.

XI. Transactions Subject to Industry Regulations and Standards

All transactions shall be subject to the regulations of all applicable government authorities and self-regulatory agencies including, but not limited to, the constitutions and rules of the clearing agent, exchange, or market where executed. The Investor understands that FSAM is registered as an investment advisor under

the Advisers Act, and as such is obligated to comply with all applicable laws and regulations, including those of the SEC and other regulatory and self-regulatory agencies, and agrees that FSAM shall not be liable to the Investor as a result of any action taken by FSAM to comply with any ruling, interpretation, or directive of such organizations. Further, Investor understands and agrees that FSAM will not accept any instructions from Investor which would require a violation of any such rules or regulations.

XII. Assignment

Neither FSAM nor the Investor may, and shall not have authority to, assign, transfer or otherwise convey any of its rights, authorizations, or obligations under this Agreement without the prior written consent of the other party.

XIII. Term and Investor's Right of Cancellation

This Agreement shall become effective as of the date first set forth above and continue until terminated by either party. Either party may terminate this Agreement upon delivering to the other party thirty (30) calendar days' prior written notice. In addition, the Investor may terminate this Agreement without penalty for a period of five (5) business days after the date it is executed by the Investor. The Investor may exercise this right by giving written notice to FSAM within the required time period. In the event of termination, it is understood and agreed that only the amounts due to FSAM for services provided and expenses incurred to and including the date of termination, will be due and payable. No penalty will be assessed for termination of this Agreement. In addition, the parties hereto agree that upon termination of this Agreement FSAM shall have no continuing obligation to the Investor regarding the investment of funds or performing any other services contemplated herein. Upon such termination, all documents, materials, and information (in whatever form or format) of Investor, and all investments and/or monies of Investor held by FSAM or under its authority, shall be promptly returned by FSAM to Investor.

XIV. Custodial Arrangements

Custody of Portfolio assets will be maintained with a custodian selected by Investor and identified to FSAM (the "Custodian"). FSAM will not have custody of any assets in the Portfolio. Investor will be solely responsible for paying all fees or charges of the Custodian. Investor authorizes FSAM to give Custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the Portfolio in accordance with the terms, standards, and conditions of this Agreement.

XV. Miscellaneous

- A. **Notices to the Investor.** All written communication to the Investor shall be sent to the Investor's address set forth on the signature page hereof or as directed in writing to FSAM by the Investor. Any notice, statement, or other communication mailed to the Investor by FSAM in accordance with this section will be deemed to be given to the Investor personally upon Investor's actual receipt of such notice, statement, or other communication.
- B. **Notices to FSAM.** Any notice, statement, or other communication from the Investor to FSAM under this Agreement must be in written form and will be deemed to be given to FSAM upon actual receipt thereof by FSAM, whether such notice was mailed, personally delivered, or telecopied to:

First Southwest Asset Management, Inc.
98 San Jacinto Blvd. Suite 370
Austin, Texas 78701
Attention: Scott McIntyre
Fax Number: (512) 481-2020

- C. **Confidential Relationship.** All of the information and advice furnished by either party to the other under this Agreement, including their respective agents and employees, will be treated as strictly

confidential by each party and will not be disclosed to third parties under any circumstances except as required by law. The parties agree that the terms of this provision and this Agreement are subject to the Texas Public Information Act, Chapter 552, Tex. Gov. Code, as the same may be amended or superseded.

- D. **Limitations of Liability.** Federal and state securities laws impose liabilities under certain circumstances on persons who do not act in good faith and, therefore, nothing in this Agreement shall in any way constitute a waiver or limitation of any rights that the Investor may have under federal and state securities laws.
- E. **Indemnity.** FSAM agrees to and shall defend, indemnify and hold harmless Investor for any losses Investor may incur as a result of any failure of FSAM to comply or act in accordance with this Agreement, including without limitation, the standard of care set forth herein.
- F. **Inconsistent Provisions; Agreements.** If any provisions of this Agreement should become or be found to be inconsistent with laws, rules, or regulations of any government or regulatory body having jurisdiction over the subject matter herein, such provisions shall be deemed modified or rescinded in accordance with any such laws, rules, or regulations. To the extent that the provisions of this Agreement are inconsistent with the provisions of any account agreement or clearing agreement with FSAM or its clearing agent, as the case may be, then the terms of such account agreement or clearing agreement shall govern and such terms shall supersede the inconsistent terms herein.
- G. **Invalid Provisions.** If any provision or condition of this Agreement shall be held to be invalid or unenforceable by any Court, or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected, and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein.
- H. **Waiver of Terms.** FSAM's or Investor's failure to insist at any time upon strict compliance with any terms of this Agreement shall not constitute a waiver of any of FSAM's or Investor's rights as described herein.
- I. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Texas, without regard to its principles of conflicts of laws. Venue for any action under this Agreement shall lie in Dallas County, Texas.
- J. **Extraordinary Events.** Neither FSAM nor any of its officers, directors, shareholders, affiliates, general partners, employees, agents, or trustees shall be liable for losses caused directly or indirectly by government restrictions, exchange or market actions, suspensions of trading, wars, strikes, delays in the transmission of orders due to breakdown or failure of transmission or communication facilities (each being beyond FSAM's reasonable control or anticipation), or any other causes beyond FSAM's reasonable control or anticipation.
- K. **Written Disclosure Statement.** Simultaneously with the execution of this Agreement, FSAM has delivered to the Investor Part II of its Form ADV as filed with the SEC, or a similar disclosure document, as its brochure pursuant to Rule 204.3 of the Advisers Act. The Investor's execution of this Agreement shall be deemed acknowledgment of receipt thereof.
- L. **Verification of Information.** The Investor represents and warrants to FSAM that all information furnished to FSAM in connection with the opening of the Portfolio (and all documents supplied by the Investor in this regard, including financial statements) are true, complete, and correct. FSAM is entitled to rely on this information until FSAM receives written notice of any change, which the Investor agrees to furnish promptly should any material changes occur.

SCHEDULE - A

FEE SCHEDULE AND EXPENSE ITEMS

In consideration for the services rendered by First Southwest Asset Management, Inc. ("FSAM") in connection with the investment of the Portfolio for the Investor, it is understood and agreed that its fee will be based upon an annual fee calculated using the scale below applied against the book value of the investment portfolio. The value of the investment portfolio shall be the average month end book value of the Portfolio.

<u>Average Annual Portfolio Balance</u>	<u>Fee</u>
\$0.00 to \$10,000,000	.15%
\$10,000,001 to \$50,000,000	.08%
\$50,000,001 to \$100,000,000	.05%
\$100,000,001 and over	.03%

The fees due FSAM shall be due and payable 30 days following the conclusion of each calendar quarter.

On an annual basis, the minimum fee shall be \$15,000. If the fourth quarterly fee calculation, when accumulated with the fees previously paid for that year, does not exceed \$15,000, then the fourth quarterly fee shall be adjusted to result in an accumulated annual fee equal to \$15,000. For purposes of these fee calculations, the annual billing period will be a regular calendar year, running from January 1st through December 31st.

Said fee includes all costs of services related to the investment services provided under this Agreement, and all reasonable travel and business expenses related to the performance of these services. Any other fees earned by FSAM, relating to Investor transactions, shall be disclosed to the Investor.

To avoid any appearance of a conflict of interest, for any balances the Investor holds in the TexSTAR Investment Pool ("TexSTAR"), managed by FSAM and JP Morgan, the fees calculated under this investment advisory agreement will be reduced by the amount of fee compensation received by FSAM for its role in the management of TexSTAR which is attributable to the Investor's balances in TexSTAR. As of July 1, 2003, FSAM received 1.5 basis points as its portion of the TexSTAR management fee.

Fee Calculation for Investment of Bond Proceeds into Flexible Repurchase Agreements ("Flex Repos") and Guaranteed Investment Contracts ("GIC's"):

In the event that specific bond proceeds are invested by FSAM on behalf of the Investor into either a Flex Repo or GIC, FSAM shall be entitled to a one-time fee equal to: 5 basis points (0.05%) of the average expected annual outstanding balance of funds so invested, including interest earnings thereon, discounted to present value at the stated contract rate. This fee will be paid to FSAM by the winning bidder. All funds invested in a Flex Repo or GIC shall be excluded from the quarterly fee calculation, as described above.