

**AGENDA PART #2 - AIRPORT**

**11/27/2007 REGULAR CITY COUNCIL MEETING**

**ITEM #R7**

## **Council Agenda Item: #R7**

### **SUMMARY:**

Consideration and approval of an Assignment of Ground Lease between the Town of Addison as Landlord and Schoellkopf Hangar Corporation, Ground Lease #03090-0501 to Seaking Investment Partners, Ltd.

### **BACKGROUND:**

Airport Management is hereby requesting the Town's consideration and consent to:

1. a proposed Assignment of Ground Lease (Exhibit 4) from Schoellkopf Hangar Corporation to Seaking Investment Partners, Ltd (the "Assignee");
2. for the benefit of the Assignee, the delivery of the proposed Landlord's Estoppel Certificate (Exhibit 5) certifying the factual status of the subject ground lease; and
3. the proposed First Amendment to Ground Lease (Exhibit 6), which (a) supersedes and replaces the description of the Demised Premises (original Exhibit A to the Ground Lease) with an updated boundary survey prepared by Sparr Survey, (b) affirms the current monthly rental amount, and (c) affirms the next rental Adjustment Date as November 1, 2008.

### **RECOMMENDATION:**

Airport Management recommends the Town grant its consent to the requested actions. The City Attorney has reviewed the proposed Assignment of Ground Lease Agreement, Landlord's Estoppel Certificate and First Amendment to Ground Lease who finds each of these documents acceptable for the Town's purpose.

Staff recommends approval.

Attachments: Bill Dyer: Memorandum  
Exhibit 1: Location Map & Aerial View of Subject Property  
Exhibit 2: Information Sheet, Description of Assignee and Organization Chart  
Exhibit 3: Ground Lease  
Exhibit 4: Proposed Assignment of Ground Lease  
Exhibit 5: Proposed Landlord's Estoppel Certification  
Exhibit 6: Proposed First Amendment to Ground Lease



## *M e m o r a n d u m*

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

From: Bill Dyer, Real Estate Manager

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

Date: November 16, 2007

Re: Requested Action by the Town of Addison Regarding  
Ground Lease #03090-0501 (Schoellkopf Hangar Corporation)  
Assignment of Ground Lease to Seaking Investment Partners, Ltd.

In regard to the Ground Lease between Town of Addison (Landlord) and Schoellkopf Hangar Corporation (as "Tenant" or "Assignor"), Airport Management is hereby requesting the Town's consideration and consent to:

1. a proposed Assignment of Ground Lease (Exhibit 4) from Schoellkopf Hangar Corporation to Seaking Investment Partners, Ltd (the "Assignee");
2. for the benefit of the Assignee, the delivery of the proposed Landlord's Estoppel Certificate (Exhibit 5) certifying the factual status of the subject ground lease; and
3. the proposed First Amendment to Ground Lease (Exhibit 6), which (a) supercedes and replaces the description of the Demised Premises (original Exhibit A to the Ground Lease) with an updated boundary survey prepared by Sparr Survey, (b) affirms the current monthly rental amount, and (c) affirms the next rental Adjustment Date as November 1, 2008.

Airport Management has reviewed this request and recommends the Town grant its consent to the requested actions. The City Attorney has reviewed the proposed Assignment of Ground Lease Agreement, Landlord's Estoppel Certificate and First Amendment to Ground Lease who finds each of these documents acceptable for the Town's purpose.

## **Background Information**

The subject Ground Lease is for certain real property located at 4650 Airport Parkway consisting of 117,734 square feet (Tract #1 = 77,711 SF, Tract #2 = 40,023 SF, or 2.7 acres of land). Over the term of the lease, the demised premises has been improved with approximately 20,000 square feet of hangar space, 5,532 square feet of office space and 59,790 square feet of paved aircraft ramp (See Exhibit 1 - Location Map & Aerial). The Ground Lease was originally made and entered into by and between Landlord and Richard W. Cree, Sr. as Tenant on February 11, 1980, with a commencement date of October 30, 1980. Through subsequent assignments of the Ground Lease (each being included with the Ground Lease attached hereto as Exhibit 3), Schoellkopf Hangar Corporation is now the current Tenant.

<b>Assignor</b>	<b>Assignee</b>	<b>Date of Assignment</b>
Richard W. Cree, Sr.	Cree Ventures, Inc.	February 11, 1980
Cree Ventures, Inc.	Hugo W. Schoellkopf and Caroline Hunt Schoellkopf	October 28, 1981
Hugo W. Schoellkopf and Caroline Hunt Schoellkopf	Pumpkin Air, Inc.	March 24, 1982
Pumpkin Air, Inc.	Caroline Hunt Schoellkopf	December 23, 1986
Caroline Hunt Schoellkopf	Hugo W. Schoellkopf, Jr.	May 26, 1987
Hugo W. Schoellkopf, Jr.	Schoellkopf Hangar Corporation	July 27, 1987

Tenant's leasehold interests include the remaining term of the ground lease and existing improvements made to the premises. The site has excellent landside access from Airport Parkway with 300' of flight line frontage along Taxiway Alpha and 362' of frontage along Taxilane Romeo. Given the existing building improvements, the leased premises has potential for further facility expansion.

The Ground Lease has an original term of 480 months (40 years) with 13 years remaining. It is due to expire October 29, 2020. Current rent is \$56,058.24 per year, which equates to approximately 48¢ per square foot. This is considered to be in-line with other leases of comparable remaining term for this sector of the airport. New ground lease rates would likely range \$.60-\$.80 per square foot depending upon size, potential use, land and airside ingress/egress and other infrastructure considerations.

The leased premises are currently sub-leased to Omniflight Helicopters, Inc. whose sub-lease expires December 14, 2008. The property is being used by Omniflight to provide hangar space for its fleet of helicopters utilized in its care-flight operations, and to perform related maintenance and service operations on its helicopters. Omniflight and the Assignee are in current negotiations to extend or renew this sublease arrangement.

A Phase I Environmental Site Assessment and Limited Subsurface Investigation was performed on October 22, 2007 by Rone Engineering Services, Ltd. who reported that non-friable asbestos-containing materials were discovered in limited areas of the building. The floor tile containing asbestos is currently covered over and contained by another layer of tile that does not contain asbestos. As a result, there was no

recommendation of remediation. No other hazardous environmental conditions were reported on the premises.

**Summary of Ground Lease Terms**

<i>Name of Tenant</i>	<i>Description</i>
<b>Name of Tenant</b>	Schoellkopf Hangar Corporation
<b>Doing Business As</b>	SAME
<b>Lease #</b>	0090-0501
<b>Lease Type</b>	Ground Lease
<b>Other Lease Ref. Or ID</b>	GL90
<b>AA Survey Lot Reference</b>	Lease Tract #9
<b>Property Name</b>	4650 Airport Parkway
<b>Legal Address (1)</b>	4650 Airport Parkway, Addison TX
<b>Primary Contact</b>	Linda Gower
<b>Contact Phone #</b>	Office: 214-752-7118
<b>On-Property Address</b>	A2
<b>Lease Commencement Date</b>	10/30/1980
<b>Lease Expiration Date</b>	10/29/2020
<b>Years Remaining</b>	12.98
<b>Current Monthly Ground Rent</b>	\$4,671.52
<b>Current Annual Ground Rent</b>	\$56,058.24 (\$0.48/SFL)
<b>Next Rental Adjustment</b>	11/1/2008
<b>DCAD Est. Value of Improvements</b>	\$786,570
<b>Brief Description of Premises</b>	Conventional hangar and office facility improved with nearly 60,000 SF of paved aircraft ramp. Has excellent landside and airside frontage. Located with the designated portion of the Airport reserved for Corporate Flight Departments.
<b>Year Built</b>	1981
<b>Land Area</b>	117,734
<b>Building Area</b>	25,532 SF
<b>Rentable Office Area</b>	5,532 RSF
<b>Hangar/Air Serv.</b>	20,000 SF
<b>Ramp Area</b>	59,790 SF

**Current Status:**

The Assignee is *Seaking Investment Partners, Ltd.* The primary principals are *Scott A. Larson* and *The Irrevocable Larson Family Investment Trust* who will own, directly or indirectly, 90% of Assignee’s partnership interest. *Larsoni Management Corporation*, owned by Scott A. Larson, will be responsible for managing the interests of the Assignee. The Assignee’s partners will fund 100% of the purchase with cash contributions made to Assignee; therefore, Assignee will not be seeking to secure the Ground Lease with a mortgage. (See Exhibit “2” Information Sheet, Description of Assignee and Organization Chart.)

Although the Town mainly looks to the real property improvements as its underlying security to any ground lease, it also looks for the Assignee to be creditworthy and of good standing. The principals of Assignee are currently the principal owners of ventures that own commercial properties including office, retail and warehouse in the local area, with

values totaling in excess of \$50 million. Based upon information submitted by the Assignee and limited due diligence performed by Airport Management, Airport Management finds the Assignee to be an excellent candidate to assume the tenant's obligations under the Ground Lease.

In connection with the proposed assignment, Airport Management is requesting the Town to consent to the proposed First Amendment to Ground Lease for the purpose of: (1) superceding and replacing Exhibit A to the Ground Lease with the updated boundary survey prepared by Sparr Survey, (2) affirmation of the current monthly ground rent amount of \$4,671.52 and, (3) affirming the next rental Adjustment Date is November 1, 2008.

### **Conclusion and Recommendation of Airport Operator**

In the airport's *Strategic Plan for Real Estate Management and Landside Operations*, 4560 Airport Parkway has been identified as being well suited for eventual corporate use due to its convenient landside location off Airport Parkway and having direct access to Taxiway Alpha. The current and proposed use of the leased premises by the Assignee is consistent with this strategy. Airport Management is of the opinion the subject property is underutilized, so it intends to continue to correspond with the Assignee in the near future to explore the potential for expansion, upgraded facilities and other leasehold improvements consistent with the Airport's long-term strategies in exchange for an extended lease term

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 it to be acceptable for the Town's purpose.

### **Exhibits**

- Exhibit 1: Location Map & Aerial View of Subject Property
- Exhibit 2: Information Sheet, Description of Assignee and Organization Chart
- Exhibit 3: Ground Lease
- Exhibit 4: Proposed Assignment of Ground Lease
- Exhibit 5: Proposed Landlord's Estoppel Certification
- Exhibit 6: Proposed First Amendment to Ground Lease

Note: In the interest of avoiding unnecessary duplication, please refer to Exhibit 2 for a copy of the Ground Lease and Prior Assignments

# Exhibit 1

## Location Map of Subject Property



**Aerial View of Subject Site  
4560 Airport Parkway**

**Exhibit 2**

**Ground Lease with  
Subsequent Assignments**

*As of October 31, 2007*



This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of February 11, 1980, 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 Richard W. Cree, Sr. (hereinafter referred to as "Tenant").

WITNESSETH:

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

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

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

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

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

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

3. **Term:** The term hereof shall commence on the earlier of October 30, 1980, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of Tract #1, \$1,393.62; Tract #2, \$717.74; \$2,111.36 per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

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

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

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

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

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

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

Tract #1 - 1 Metal Hangar 160' X 125' including shops, offices and aircraft ramps.

Tract #2 - Aircraft ramp

Construction prints shall be approved by Addison Municipal Airport before start of construction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**14. Casualty Damage or Destruction:**

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

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

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

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

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

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

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

#### 15. Condemnation:

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

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

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

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

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

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

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

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

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

#### 21. Indemnity and Exculpation:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**30. Rent on Net Return Basis.** Except for the rental due under the Base Lease during the time that AAT1 is the Landlord hereunder, it is intended that the rent provided for in this Lease shall be an absolutely net return to Landlord for the term of this Lease, free of any loss, expenses or charges with respect to the demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TENANT:  
  
Richard W. Cree, Sr.  
5042 Lakehill  
Dallas, Texas

City of Addison, Texas

P. O. Box 144  
  
Addison, Texas 75001

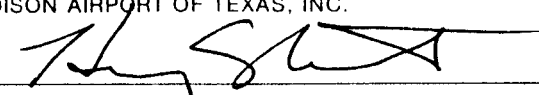
**46. Fees or Commissions.** Each party hereto hereby covenants and agrees with the other that such party shall be solely responsible for the payment of any brokers', agents' or finders' fees or commissions agreed to by such party arising from the execution of this Lease or the performance of the terms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

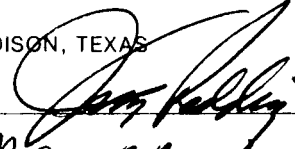
**47. Counterparts.** This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

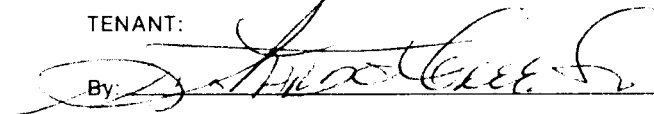
**48. Governing Law and Venue.** This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions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

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

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

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

CITY OF ADDISON, TEXAS  
By:   
Its: Mayor

TENANT:  
By:   
Its: \_\_\_\_\_

STATE OF TEXAS }  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 30<sup>th</sup> day of February, 19 80.

Mary Lou Long  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS }  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 14 day of March, 19 80.

Jacque Sharp  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS }  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20<sup>th</sup> day of February, 19 80.

Mary Lou Long  
Notary Public  
Dallas  
County, Texas

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

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

**WITNESSETH:**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Section 1. Definitions**

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

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

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

**Section 2. Representations by City**

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

**Section 3. Representations by Company**

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

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

**Section 4. Term of Agreement**

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

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

**Section 5. Rent**

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

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

**Section 6. Taxes and Assessments**

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



hereto, together with any interest and penalties thereon, which imposed or levied upon or assessed against or in respect to this Agreement, or which may be a lien upon the Leased Premises. The Company shall pay all of the personal property taxes assessed by the City for the year 1978.

#### Section 7. Uses of Leased Premises

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

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

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

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

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

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

- (i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.
- (ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.
- (iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.
- (iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

#### Section 8. Orderly Conduct of Operations

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

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

#### Section 9. Standards of Operation

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

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

#### Section 10. Insurance

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

- (a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.
- (b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.
- (c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.
- (d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.
- (e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements
- (f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

#### Section 11. Carriers, Insureds, etc.

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

#### Section 12. Delivery of Evidence of Insurance

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

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

### Section 13. Casualty

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

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

### Section 14. Maintenance and Repair

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

### Section 15. Failure to Commence and Complete Repairs

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

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

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

### Section 16. Alterations, Construction by Company for Airport Purposes

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

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

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

### Section 17. Alteration, Construction by City

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

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

### Section 18. Liens

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

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

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

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

### Section 19. Prices and Rates

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

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

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

### Section 20. Subleases

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

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

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

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

#### **Section 21. Applicable Governmental Requirements**

The Company agrees,

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

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

#### **Section 22. Indemnification**

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

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

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

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

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

#### **Section 23. Federal Airport Aid**

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

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

#### **Section 24. Notice to Indemnified Parties**

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

#### **Section 25. Liability of Officials**

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

#### **Section 26. Non-Discrimination**

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

#### **Section 27. OMBE: Advertisements, Bids, Concessions:**

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

#### **Section 28. Assignment**

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

#### **Section 29. Events of Default and Remedies**

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

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

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

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

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

#### **Section 30. Remedies on Default**

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

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

(b) The City may terminate this Agreement.

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

#### **Section 31. No Remedy Exclusive**

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

#### **Section 32. No Additional Waiver Implied**

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

#### **Section 33. Termination by Company**

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

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

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

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

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

#### **Section 34. Access and Egress**

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

#### **Section 35. Company's Right to Remove Property**

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

#### **Section 36. Termination, Settlement**

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

#### **Section 37. Settlement**

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

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

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

#### **Section 38. Quiet Enjoyment**

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

#### **Section 39. No Third Party Beneficiary**

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

#### **Section 40. Severability**

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

#### **Section 41. Binding Effect**

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

#### **Section 42. Governing Law**

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

#### **Section 43. Venue**

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

#### **Section 44. Force Majeure**

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

#### **Section 45. Issuance of Revenue Bonds for Future Improvements**

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

#### **Section 46. Airport Boundaries**

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

#### **Section 47. Covenant by Company**

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

Section 48. Record Keeping

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

Section 49. Notices

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

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

ATTEST:  
Joyce H. Devers  
SECRETARY

CITY OF ADDISON, TEXAS  
BY: Jimmy Redding

APPROVED AS TO FORM:  
Robert L. McCall  
CITY ATTORNEY

ATTEST:  
Margaret E. Bunch  
SECRETARY

ADDISON AIRPORT, INC.  
BY: [Signature]

FIELD NOTES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THENCE S. 75° 48' 25" W. a distance of 448.95 feet to a point;  
 THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;  
 THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;  
 THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;  
 THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;  
 THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;  
 THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;  
 THENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;  
 THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;  
 THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;  
 THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;  
 THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;  
 THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 365.340 acres of land, more or less, save and except the following 1 acre tract;

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

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

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

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

5 JAN 1977

Date

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

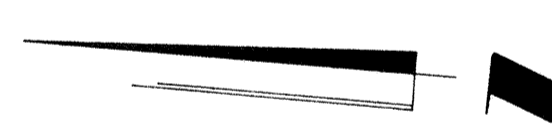


EXHIBIT "A"  
 PROPERTY MAP  
 ADDISON MUNICIPAL AIRPORT  
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.

CONSULTING ENGINEERS  
 DALLAS TEXAS

DECEMBER 1976



ADDITION ROAD  
 1133.00' To S. R.O.M. KELLER SPRINGS RD.  
 500' 22' 50" E  
 0100 Exist. Base Line  
 589' 53' 30" E  
 422' 07' 1"

AIRPORT PARKWAY  
 105' 51' 00"  
 N 68° 42' E  
 145' 88' 7"  
 307' 27' 00" E 203.62'  
 296.47'  
 296.47'  
 135.00'  
 296.47'  
 135.00'

Exist. Base Line  
 Sta 4+38.55  
 Δ 21' 18' 30"

Set Large PK Nail  
 105' 51' 00"  
 307' 27' 00" E 203.62'  
 296.47'  
 296.47'  
 135.00'  
 296.47'  
 135.00'

Exist. Hangar  
 25'  
 25'  
 115'  
 25'  
 25'

Exist. Tonnway  
 25'  
 25'  
 115'  
 25'  
 25'

Exist. Tonnway  
 25'  
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Exist. Tonnway  
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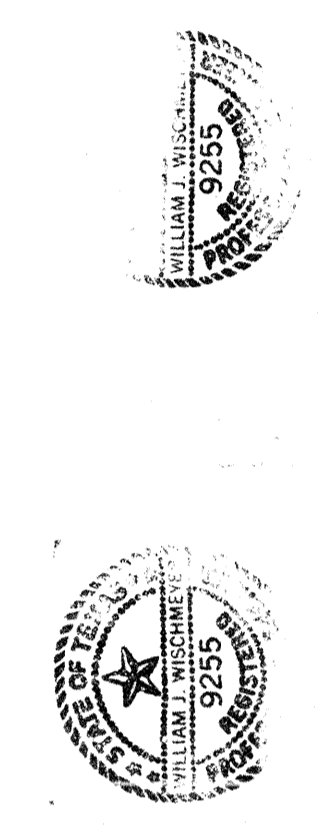
**FIELD NOTES**

**TRACT 1**  
 Being a tract of land situated in the E. Cook Survey, Abstract 326 Dallas County, Texas, and located on Addison Municipal Airport, Addison, Texas, and being more fully described as follows:  
 Begin at a point in the West right-of-way line of Addison Road and the centerline of Airport Parkway, said point being 1136 feet, more or less, south of the intersection of the South right-of-way line of Keller Springs Road and the West right-of-way line of Addison Road projected; THENCE N 89° 59' 30" W 428.07 feet; THENCE S 60° 42' 00" W 195.82 feet; THENCE N 89° 59' 30" W 203.62 feet to an iron pin for the BEGINNING POINT of this DESCRIPTION;  
 THENCE S 07° 27' 00" E 304.46 feet to an iron pin;  
 THENCE S 69° 23' 30" W 227.38 feet to an iron pin;  
 THENCE N 20° 38' 30" W 296.47 feet to an iron pin;  
 THENCE N 69° 23' 30" E 296.86 feet to the place of beginning and containing 1.784 acres of land more or less.

**TRACT 2**  
 Being a tract of land situated in the E. Cook Survey, Abstract 326 Dallas County, Texas, and located on Addison Municipal Airport, Addison, Texas, and being more fully described as follows:  
 Begin at a point in the West right-of-way line of Addison Road and the centerline of Airport Parkway, said point being 1136 feet, more or less, south of the intersection of the South right-of-way line of Keller Springs Road and the West right-of-way line of Addison Road projected; THENCE N 89° 59' 30" W 428.07 feet; THENCE S 60° 42' 00" W 195.82 feet; THENCE N 89° 59' 30" W 203.62 feet to an iron pin for the BEGINNING POINT of this DESCRIPTION;  
 THENCE S 20° 38' 30" E 296.47 feet to an iron pin;  
 THENCE S 69° 23' 30" W 135.00 feet to a 60d nail;  
 THENCE N 20° 38' 30" W 296.47 feet to a 60d nail;  
 THENCE N 69° 23' 30" E 135.00 feet to the place of beginning and containing 0.9188 acres of land more or less.

0090-0520  
 ADDISON MUNICIPAL AIRPORT  
**R.W. CREE LEASE**  
 E. COOK SURVEY  
 ABSTRACT 326  
 DESIGNED: R.W.C.  
 APPROVED: N.B.A.  
 Rieue & Wischmeyer, Inc.  
 CONSULTING ENGINEERS  
 DALLAS, TEXAS  
 DATE: JAN. 80  
 SCALE: 1" = 50'  
 JOB NO: 7004  
 SHEET NO: 1 of 1

1 FEB 1980 DATE  
 W. J. WISCHMEYER  
 W. J. WISCHMEYER  
 1 FEB 1980 DATE





**EXHIBIT "B"**  
**TO**  
**ASSIGNMENT OF GROUND LEASE**

(Assignment of Ground Lease follow this cover page.)

2

ASSIGNMENT OF GROUND LEASE

This Assignment, executed as of the 11th day of February, 1980, by and between Richard W. Cree, Sr., (herein called "Assignor") of 5042 Lake Hill, Dallas, Texas, and Cree Ventures, Inc., a Texas corporation, (herein called "Assignee").

WHEREAS, Assignor entered into that certain Ground Lease dated February 11, 1980, (herein called "Ground Lease") with the City of Addison, Texas, a municipal corporation, (herein referred to as the "City") and Addison Airport of Texas, a Texas corporation, (herein called "AATI"); and

WHEREAS, Assignor desires to assign the Ground Lease to Assignee with Assignee assuming all of Assignor's liabilities and responsibilities under the Ground Lease, provided, however, that the Lessor shall not be relieved or released of his continuing obligations to City or to AATI under the Ground Lease;

NOW, THEREFORE, Assignor and Assignee agree as follows:

- (1) Assignor does hereby assign, transfer and set over to Assignee all of Assignor's right, title and interest in and to the Ground Lease effective nunc pro tunc as of February 11, 1980.
- (2) Assignee does hereby assume all of Assignor's obligations and liabilities under the Ground Lease and agrees to indemnify and hold harmless the Assignor from any and all liability arising out of or in connection with the Ground Lease.
- (3) Assignor covenants and agrees that this assignment of the Ground Lease to Assignee does not relieve Assignor of any of its liability or obligations under the Ground Lease as between Assignor, City and AATI.
- (4) Assignee hereby covenants and agrees to perform and carry out all of the terms and conditions of said Ground Lease as though said Assignee were the Tenant, as such term is defined in the Ground Lease.
- (5) By execution at the place indicated below, City and AATI hereby agree and consent to the assignment of the Ground Lease by Assignor to Assignee upon the aforesaid terms and conditions.

Executed as of date first appearing above.

Attest:

*Mary Ann Cree*  
Secretary

*Richard W. Cree, Sr.*  
Richard W. Cree, Sr.

CREE VENTURES, INC.

By: *James Cree*  
President

Approved and accepted by:

ADDISON AIRPORT OF TEXAS, INC.

By: *W. J. Stutz*  
its *Pres*

CITY OF ADDISON, TEXAS

By: *James Redding*  
its \_\_\_\_\_

00437

**Addison  
Airport**

**M E M O**

0-0-30

BOB GORE

Jacque,

This assignment goes into your Richard W.  
Cree file. He has changed it over to a  
Company.

G.

7

*H. Schoellkopf*

ASSIGNMENT AND ASSUMPTION OF LEASES

*27* THIS ASSIGNMENT AND ASSUMPTION OF LEASES dated this day of October, 1981 between CREE VENTURES, INC., a Texas corporation ("Assignor"), and HUGO W. SCHOELLKOPF, JR. and CAROLINE HUNT SCHOELLKOPF (collectively, "Assignee");

W I T N E S S E T H:

WHEREAS, pursuant to that certain Contract for Assignment of Leasehold Estate (the "Contract") dated September 16, 1981 by and between Assignor and Assignee, Assignor has agreed to assign to Assignee all of Assignor's rights, titles and interests in and to the Landlord's or Lessor's interest under the Leases (the "Leases") demising space in the Demised Premises (as defined in the Contract), copies of which are attached hereto as Exhibit A and incorporated herein by reference, and Assignee has agreed to assume Assignor's obligations thereunder, all effective as of the date hereof;

NOW, THEREFORE, it is hereby mutually agreed by and between Assignor and Assignee, in consideration of the mutual covenants, undertakings and agreements herein contained and other good and valuable considerations, the adequacy, receipt and sufficiency of which are hereby acknowledged and confessed, as follows:

1. Assignor covenants, represents and warrants that the Leases are valid and effective according to their terms and that any improvements required by the terms of the Leases have been completed in accordance therewith. Assignor further covenants, represents and warrants that all rentals and other payments which have become due and payable under the terms of the Leases have been paid, that the Leases are presently valid and in full force and effect, and that no default exists thereunder.

2. Assignor hereby grants, bargains, transfers, conveys and assigns all of the right, title and interest of the original Landlord or Lessor under the Leases unto Assignee, together with all and singular all of said Landlord's or Lessor's right, title and interest in and to the premises therein mentioned and described, and to all rents and other sums payable thereunder.

3. Assignee hereby assumes and agrees to perform all of the obligations of the Landlord or Lessor under the Leases first becoming performable on or after the date hereof, and shall be entitled to retain as its property all of the payments made or to be made thereunder on or after the date hereof.

4. Assignor covenants, represents and warrants that it is now the owner of all of the rights of the Landlord or Lessor under the Leases, and that there has been no previous assignment of any of such rights.

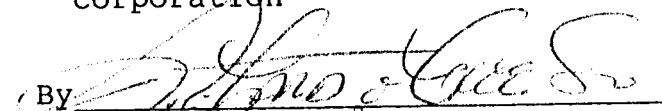
5. The parties hereto mutually agree to execute and deliver such further instruments or documents as one party may reasonably request of the other to accomplish this Assignment.

6. This Assignment shall be effective as of the date hereof and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this instrument on the day and year first above written.

ASSIGNOR:

CREE VENTURES, INC., a Texas corporation

By   
Its President

ASSIGNEE:

  
Hugo W. Schoellkopf, Jr.

  
Caroline Hunt Schoellkopf

STATE OF TEXAS )  
COUNTY OF DALLAS )

BEFORE ME, the undersigned authority, on this day personally appeared Richard W. Cree, the President of CREE VENTURES, 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 as the act and deed of the said CREE VENTURES, INC., for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29 day of Oct, 1981.

Janal Townsend  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:  
4-30-85

STATE OF TEXAS )  
COUNTY OF DALLAS )

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 28 day of October, 1981.

Barbara J. Millward  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:  
\_\_\_\_\_

BARBARA J. MILLWARD, Notary Public  
In and for Dallas County, Texas  
My Commission Expires 6-6-84

STATE OF TEXAS )  
COUNTY OF DALLAS )

BEFORE ME, the undersigned authority, on this day personally appeared CAROLINE HUNT SCHOELLKOPF, 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 expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 28 day of October, 1981.

Barbara J. Millward  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:  
\_\_\_\_\_

~~BARBARA J. MILLWARD, Notary Public~~  
~~In and for Dallas County, Texas~~  
~~My Commission Expires 6-6-84~~

11777

ASSIGNMENT OF GROUND LEASE

THIS ASSIGNMENT, executed as of the <sup>24<sup>th</sup></sup> day of March, 1982, by and between HUGO W. SCHOELLKOPF, JR. and wife, CAROLINE HUNT SCHOELLKOPF (collectively, "Assignor") and PUMPKIN AIR, INC., a Texas corporation ("Assignee").

W I T N E S S E T H:

WHEREAS, Richard W. Cree, Sr. ("Cree") entered into that certain Ground Lease dated February 11, 1980 (the "Ground Lease") with the City of Addison, Texas, a municipal corporation ("City") and Addison Airport of Texas, Inc., a Texas corporation ("AATI"), a copy of which is attached as Exhibit A to the Assignment of Ground Lease (the "Ventures' Assignment") dated as of October 28, 1981, recorded in Volume 81219, page 2302, Deed Records of Dallas County, Texas;

WHEREAS, Cree assigned the Ground Lease to Cree Ventures, Inc., a Texas corporation ("Ventures"); and

WHEREAS, Ventures assigned the Ground Lease to Assignor under the Ventures' Assignment;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid to each of Assignor and Assignee, receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

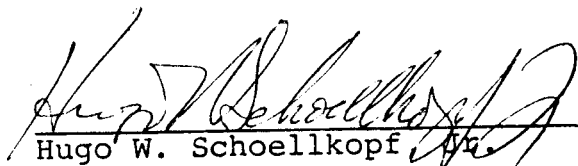
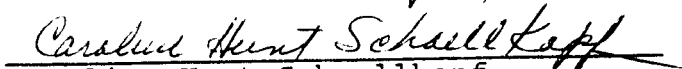
- (1) Assignor does hereby grant, bargain, sell, convey, assign and warrant unto Assignee all of the right, title and interest of the original Tenant under the Ground Lease and the present owner of the rights, titles and interests of the Tenant under the Ground Lease, effective as of the date hereof, TO HAVE AND TO HOLD the same, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, for the entire term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee and Assignee's heirs, assigns and personal representatives against all and every person or persons whomsoever lawfully claiming, or to claim the same, or any part thereof.
- (2) Assignee does hereby assume all of Assignor's obligations and liabilities under the Ground Lease first arising under the Ground Lease on or after the date hereof and agrees to indemnify and hold harmless the Assignor from any and all such obligations and liabilities.
- (3) Assignee hereby covenants and agrees to perform and carry out all of the terms and conditions of said Ground Lease expressly assumed hereunder as though said Assignee were the Tenant, as such term is defined in the Ground Lease.

By execution of this Assignment below, City and AATI hereby agree and consent to the assignment of the Ground Lease by Assignor to Assignee upon the aforesaid terms and conditions;

provided that, notwithstanding the assignment and assumption of the Ground Lease contained herein, Assignor shall remain fully liable for the performance of all of the obligations of the Tenant thereunder, including without limitation the payment of rental and other sums of money payable thereunder.

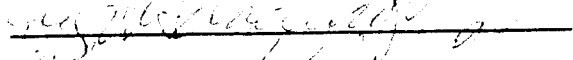
IN WITNESS WHEREOF, the parties hereto have executed and delivered this instrument on the day and year first above written.

ASSIGNOR:

  
\_\_\_\_\_  
Hugo W. Schoellkopf  
  
\_\_\_\_\_  
Caroline Hunt Schoellkopf


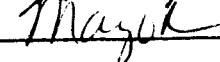
ASSIGNEE:

PUMPKIN AIR, INC.,  
a Texas corporation

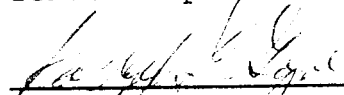
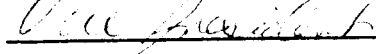
By:   
\_\_\_\_\_  
President

APPROVED AND ACCEPTED:

CITY OF ADDISON, TEXAS

By:   
\_\_\_\_\_  
Its   
\_\_\_\_\_

ADDISON AIRPORT OF TEXAS, INC.,  
a Texas Corporation

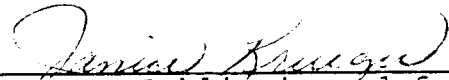
By:   
\_\_\_\_\_  
Its   
\_\_\_\_\_



THE STATE OF TEXAS )  
 )  
COUNTY OF DALLAS )

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

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

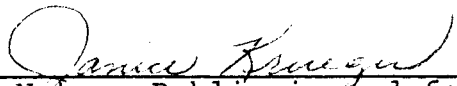
  
Notary Public in and for  
the State of Texas

My commission expires:  
Oct 31, 1982

THE STATE OF TEXAS )  
 )  
COUNTY OF DALLAS )

BEFORE ME, the undersigned authority, on this day personally appeared CAROLINE HUNT SCHOELLKOPF, 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 expressed.

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


  
Notary Public in and for  
the State of Texas

My commission expires:  
Oct 31, 1982

THE STATE OF TEXAS )  
 )  
COUNTY OF DALLAS )

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, the \_\_\_\_\_ of PUMPKIN AIR, 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 as the act and deed of the said PUMPKIN AIR, INC., for the purposes and consideration therein expressed, and in the capacity therein stated.

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

  
Notary Public in and for  
the State of Texas

My commission expires:  
Oct 31, 1982

THE STATE OF TEXAS )  
 )  
COUNTY OF DALLAS )

BEFORE ME, the undersigned authority, on this day personally appeared Jeddy Redden, the Mayor of the CITY OF ADDISON, TEXAS, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said City.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 26 day of March, 1982.

Jacque Sharp  
Notary Public in and for  
the State of Texas

My commission expires:  
8/24/85

THE STATE OF TEXAS )  
 )  
COUNTY OF DALLAS )

BEFORE ME, the undersigned authority, on this day personally appeared Robert S. Jones, the Vice President of ADDISON AIRPORT OF TEXAS, INC., a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 25 day of March, 1982.

Donald S. Jones  
Notary Public in and for  
the State of Texas

My commission expires:  
6.12.84

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of February 11, 1980, 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 Richard W. Cree, Sr. (hereinafter referred to as "Tenant").

## WITNESSETH:

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

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

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

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

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

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

3. **Term:** The term hereof shall commence on the earlier of October 30, 1980, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of Tract #1, \$1,393.62; Tract #2, \$717.74; \$2,111.36 Total per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

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

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

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

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

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

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

Tract #1 - 1 Metal hangar 160' X 125' including shops, offices and aircraft ramps.

Tract #2 - Aircraft ramp

Construction prints shall be approved by Addison Municipal Airport before start of construction.

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

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

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

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

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

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

101228

(15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 14. Casualty Damage or Destruction:

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

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

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

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

(i) Net insurance proceeds as above defined shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses to pay (or reimburse Tenant for) the cost of Restoration, upon written request of Tenant to Landlord accompanied by (a) certificate of a supervising architect or engineer approved by Landlord, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has theretofore been reimbursed, and specifying the additional amount, if any, necessary to complete the Restoration, and (b) an opinion of counsel satisfactory to Landlord that there exist no mechanics', materialmen's or similar liens for labor or materials except such, if any, as are discharged by the payment of the amount requested. 01224

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clause (i), 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, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

293 prior to which time the period does not so commence or proceed to diligently complete Restoration. In such event, Landlord Tenant during such thirty (30) day period shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

#### 15. Condemnation:

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

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

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

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

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

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

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

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

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

#### 21. Indemnity and Exculpation:

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

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

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

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

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

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

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

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

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

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

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

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

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or 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

2. 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 effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. The amount of rent paid by Landlord. Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be an open ended lease and will be terminated upon the expiration of the term of this Lease and that the same will not be terminated with the same notice required by the Lease.

01226

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:

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

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

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

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

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

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

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

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

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

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

LANDLORD:

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

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Richard W. Cree, Sr.  
5042 Lakehill  
Dallas, Texas

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

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

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

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

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: Prem

CITY OF ADDISON, TEXAS

By: 

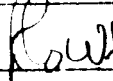
Its: Mayor

TENANT:

By: 

Its: Richard W. Cree, Sr.

01227



STATE OF TEXAS  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20<sup>th</sup> day of February, 19 80.

Mar. Lee Gung  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 14 day of March, 19 80.

Jacque Sharp  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20<sup>th</sup> day of February, 19 80.

Mar. Lee Gung  
Notary Public  
Dallas  
County, Texas



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

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

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way; THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THENCE S. 0° 22' 50" E. a distance of 262.11 feet to a point;

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

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

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

THENCE N. 07° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

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

01229

THENCE S. 75° 48' 25" W. a distance of 448.95 feet to a point;

THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;

THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;

THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;

THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;

THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;

THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;

THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;

THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;

THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;

THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 365.340 acres of land, more or less, save and except the following 1 acre tract;

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

THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;

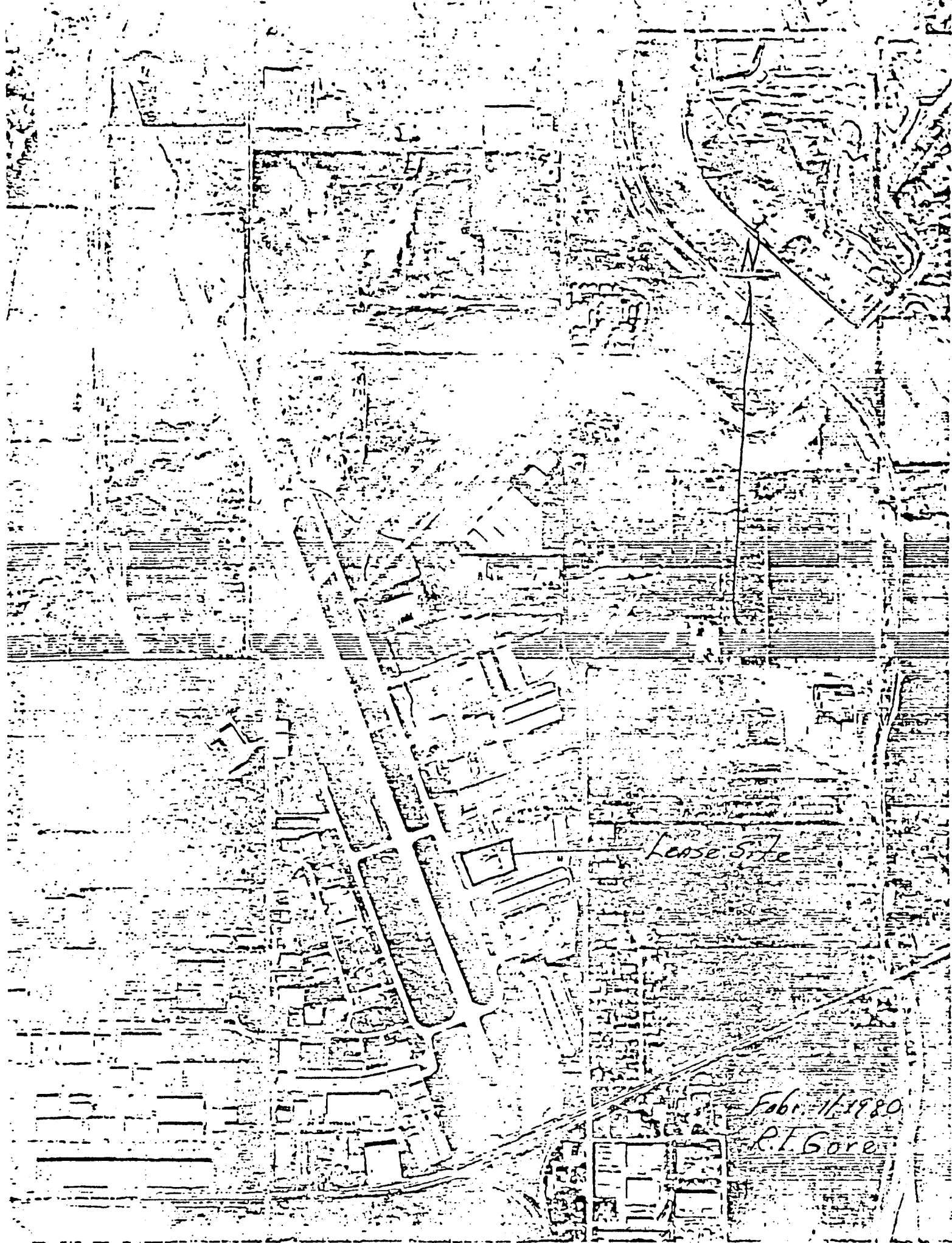
THENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;

THENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;

THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

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

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



Lease Site

Feb 16 1980  
R. I. Gore

ASSIGNMENT OF GROUND LEASE

THIS ASSIGNMENT, executed as of the 23 day of December, 1986, effective as of 11:59 p.m. C.S.T., December 31, 1986, by and between PUMPKIN AIR, INC., a Texas corporation ("Assignor") and CAROLINE HUNT SCHOELLKOPF ("Assignee").

W I T N E S S E T H:

WHEREAS, Richard W. Cree, Sr. ("Cree") entered into that certain Ground Lease dated February 11, 1980 (the "Ground Lease") with the City of Addison, Texas, a municipal corporation ("City") and Addison Airport of Texas, Inc., a Texas corporation ("AATI"), a copy of which is attached as Exhibit A to the Assignment of Ground Lease (the "Ventures' Assignment") dated as of October 28, 1981, recorded in Volume 81219, page 2302, Deed Records of Dallas County, Texas;

WHEREAS, Cree assigned the Ground Lease to Cree Ventures, Inc., a Texas corporation ("Ventures");

WHEREAS, Ventures assigned the Ground Lease to Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf; and

WHEREAS, under Assignment of Ground Lease executed as of March 24, 1982, Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf assigned the Ground Lease to Assignor;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid to each of Assignor and Assignee, receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

- (1) Assignor does hereby grant, bargain, sell, convey, assign and warrant unto Assignee all of the right, title and interest of the original Tenant under the Ground Lease and the present owner of the rights, titles and interests of the Tenant under the Ground Lease, effective as of the effective date hereof, TO HAVE AND TO HOLD the same, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, for the entire term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee and Assignee's heirs, assigns and personal representatives against all and every person or persons whomsoever lawfully claiming, or to claim the same, or any part thereof.
- (2) Assignee does hereby assume all of Assignor's obligations and liabilities under the Ground Lease first arising under the Ground Lease on or after the date hereof and agrees to indemnify and hold harmless the Assignor from any and all such obligations and liabilities. Assignor hereby agrees to indemnify and hold harmless Assignee from any and all such obligations and liabilities arising prior to effective date.

In the event this Assignment of Ground Lease covers any rights, privileges and/or interests which require filing, qualification, permit and/or consent or consents of or by third parties (governmental or otherwise) prior to the execution and delivery of an agreement such as this Agreement, then the grant,

bargain, sale, conveyance, assignment and warrant contained herein shall be deemed to have been made to Assignee as of the effective date hereof subject to the satisfaction or waiving of such filing, qualification, permit and/or consent requirement(s).

The parties expressly agree that they will promptly and duly execute and deliver or otherwise furnish each to the other such further documents and assurances and take such further action as either of the parties may from time to time request in order to effectuate the intents and purposes hereof, including without limitation the execution and delivery of such recordable assignments, transfers and conveyances as may be required or desirable for filing in the real estate records of Dallas County, Texas, in order that such records will bear evidence of the change of ownership of the property herein granted, bargained, sold, conveyed, assigned and/or warranted.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this instrument on the day and year first above written.

ASSIGNOR:

PUMPKIN AIR, INC.,  
a Texas corporation

By: James L. Gray  
Vice President, Finance

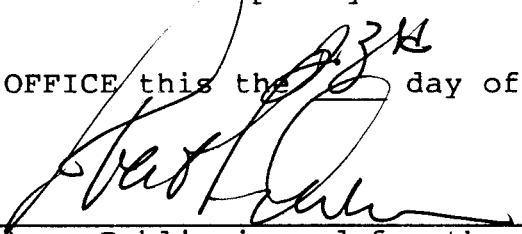
ASSIGNEE:

Caroline Hunt Schoellkopf  
Caroline Hunt Schoellkopf

THE STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS           §

BEFORE ME, the undersigned authority, on this day personally appeared James C. Gray, the VICE PRESIDENT - FINANCE of PUMPKIN AIR, 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 as the act and deed of the said PUMPKIN AIR, INC., for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 23<sup>rd</sup> day of December, 1986.

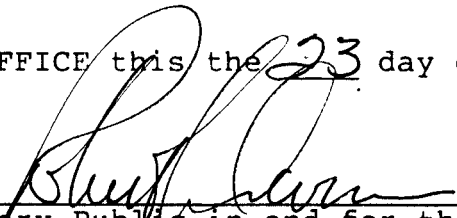
  
\_\_\_\_\_  
Notary Public in and for the State of Texas.

My commission expires:  
2.20.89

THE STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS           §

BEFORE ME, the undersigned authority, on this day personally appeared CAROLINE HUNT SCHOELLKOPF, 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 expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 23 day of December, 1986.

  
\_\_\_\_\_  
Notary Public in and for the State of Texas.

My commission expires:  
2.20.89

29935.007/D3

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of February 11, 1980, 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 Richard W. Cree, Sr. (hereinafter referred to as "Tenant").

WITNESSETH:

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

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

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

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

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

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

3. **Term:** The term hereof shall commence on the earlier of October 30, 1980, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of Tract #1, \$1,393.62; Tract #2, \$717.74; \$2,111.36 Total per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

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

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

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

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

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

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

Tract #1 - 1 Metal hangar 160' X 125' including shops, offices and aircraft ramps.

Tract #2 - Aircraft ramp

Construction prints shall be approved by Addison Municipal Airport before start of construction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 14. Casualty Damage or Destruction:

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

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

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

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

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

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



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

#### 15. Condemnation:

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

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

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

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

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

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

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

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

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

#### 21. Indemnity and Exculpation:

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

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

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

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

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

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

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

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

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

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

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

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

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

demand from time to time any deficiency that may arise by reason of any such reletting, in determining the amount of rent received under such reletting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LANDLORD:

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

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Richard W. Cree, Sr.  
5042 Lakehill  
Dallas, Texas

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

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

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

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

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: 

CITY OF ADDISON, TEXAS

By: 

Its: \_\_\_\_\_

TENANT:

By: 

Its: \_\_\_\_\_

STATE OF TEXAS }  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20<sup>th</sup> day of February, 19 80.

Mary Lou Gump  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS }  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 14 day of March, 19 80.

Jacque Sharp  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS }  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20<sup>th</sup> day of February, 19 80.

Mary Lou Gump  
Notary Public  
Dallas  
County, Texas

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

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

## WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

## Section 1. Definitions

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

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

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

## Section 2. Representations by City

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

## Section 3. Representations by Company

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

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

## Section 4. Term of Agreement

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

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

## Section 5. Rent

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

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

## Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment: all levies, fees, water

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

#### Section 7. Uses of Leased Premises

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

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

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

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

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

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

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

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

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

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

#### Section 8. Orderly Conduct of Operations

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

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

#### Section 9. Standards of Operation

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

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

#### Section 10. Insurance

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

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

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

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

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

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

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

#### Section 11. Carriers, Insureds, etc.

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

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

### Section 13. Casualty

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

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

### Section 14. Maintenance and Repair

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

### Section 15. Failure to Commence and Complete Repairs

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

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

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

### Section 16. Alterations, Construction by Company for Airport Purposes

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

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

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

### Section 17. Alteration, Construction by City

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

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

### Section 18. Liens

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

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

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

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

### Section 19. Prices and Rates

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

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

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

### Section 20. Subleases

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

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



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

#### Section 21. Applicable Governmental Requirements

The Company agrees,

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

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

#### Section 22. Indemnification

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

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

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

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

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

#### Section 23. Federal Airport Aid

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

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

#### Section 24. Notice to Indemnified Parties

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

#### Section 25. Liability of Officials

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

#### Section 26. Non-Discrimination

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

#### Section 27. OMBE: Advertisements, Bids, Concessions:

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

#### Section 28. Assignment

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

#### Section 29. Events of Default and Remedies

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

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

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

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

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

#### Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 29 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

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

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

#### Section 31. No Remedy Exclusive

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

#### Section 32. No Additional Waiver Implied

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

#### Section 33. Termination by Company

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

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

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

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

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

#### Section 34. Access and Egress

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

#### Section 35. Company's Right to Remove Property

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

#### Section 36. Termination, Settlement

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

#### Section 37. Settlement

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

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

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

#### Section 38. Outlet Enjoyment

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

#### Section 39. No Third Party Beneficiary

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

#### Section 40. Severability

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

#### Section 41. Binding Effect

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

#### Section 42. Governing Law

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

#### Section 43. Venue

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

#### Section 44. Force Majeure

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

#### Section 45. Issuance of Revenue Bonds for Future Improvements

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

#### Section 46. Airport Boundaries

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

#### Section 47. Control by Company

Section 48. Record Keeping

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

Section 49. Notices

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

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

CITY OF ADDISON, TEXAS

ATTEST:

Joyce N. Devers  
SECRETARY

BY: Jerry Redding

APPROVED AS TO FORM:

Robert L. McCall  
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:

Margaret E. Bunch  
SECRETARY

BY: [Signature]

THENCE S. 75° 48' 25" W. a distance of 415 feet to a point;  
 THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;  
 THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;  
 THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;  
 THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;  
 THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;  
 THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;  
 THENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;  
 THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;  
 THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;  
 THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;  
 THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;  
 THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 365.340 acres of land, more or less, save and except the following 1 acre tract;

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

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

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

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

5 JAN 1977

Date

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

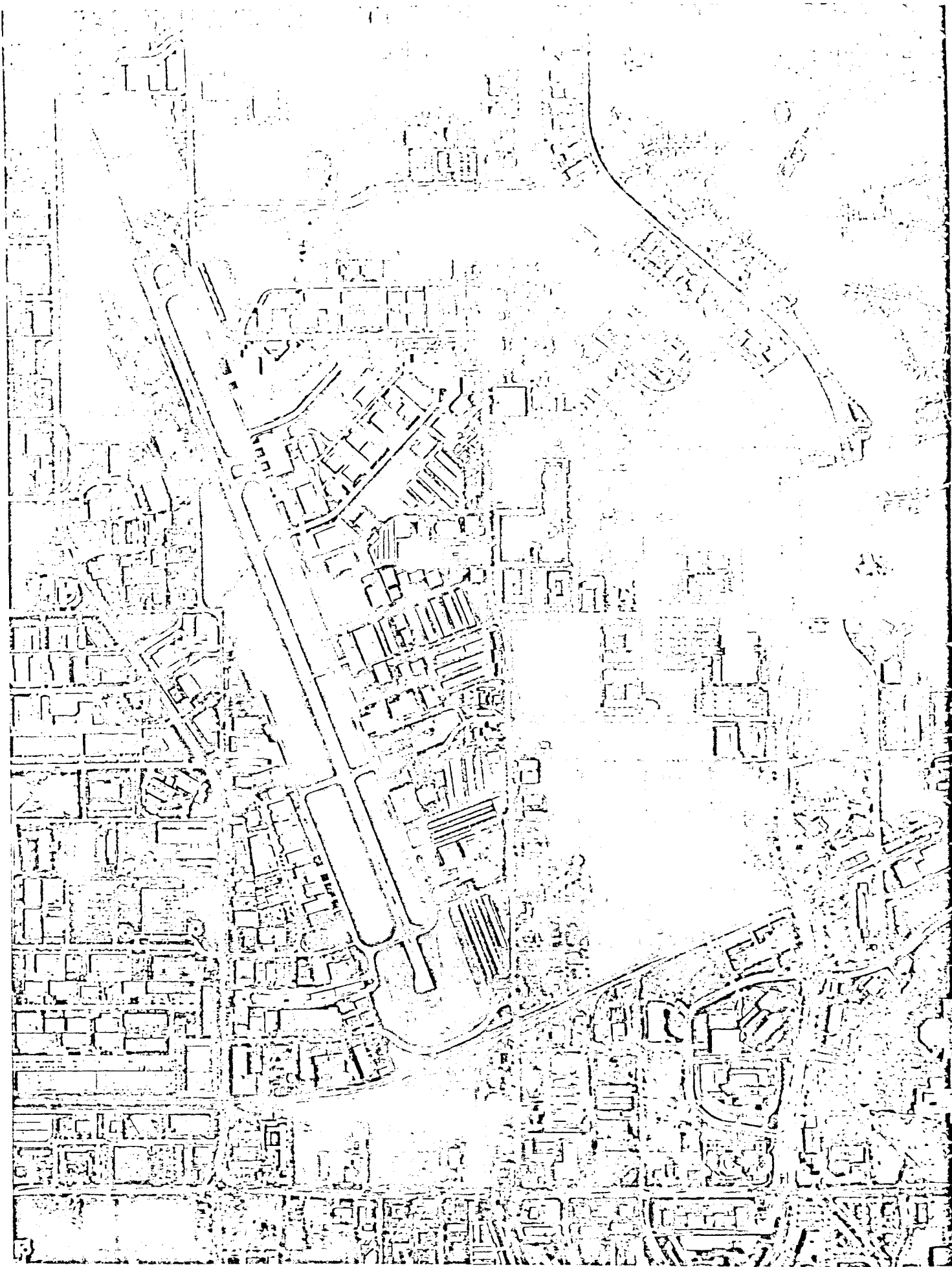


EXHIBIT "A"  
 PROPERTY MAP  
 ADDISON MUNICIPAL AIRPORT  
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.

CONSULTING ENGINEERS  
 DALLAS TEXAS

DECEMBER 1976



## FIELD NOTES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THENCE N. 20° 39' 35" W. a distance of 572.26 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

CONSENT TO ASSIGNMENT OF GROUND LEASE

This Consent to Assignment of Ground Lease is executed this 10<sup>th</sup> day of September, 1987, but is effective as of 11:59 p.m. C.S.T., December 31, 1986 by the City of Addison, Texas, a municipal corporation ("City") and Addison Airport of Texas, Inc., a Texas corporation, ("AATI").

W I T N E S S E T H

WHEREAS, Richard W. Cree, Sr. ("Cree") entered into that certain Ground Lease dated February 11, 1980 (the "Ground Lease") with the City and AATI, a copy of which is attached as Exhibit A to the Assignment of Ground Lease as of October 28, 1981, recorded in volume 81219, Page 2302 of Deed Records of Dallas County, Texas;

WHEREAS, Cree assigned the Ground Lease to Cree Ventures, Inc., a Texas Corporation ("Ventures");

WHEREAS, Ventures assigned the Ground Lease to Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf;

WHEREAS, under that certain Assignment of Ground Lease executed as of March 24, 1982, Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf assigned the Ground Lease to Pumpkin Air, Inc. ("Assignor"); and

WHEREAS, under that certain Assignment of Ground Lease (the "CHS Assignment") executed as of the 23rd day of December, 1986, but effective as of 11:59 p.m. C.S.T., December 31, 1986, Assignor has assigned the Ground Lease to Caroline Hunt Schoellkopf ("Assignee") subject to any consents which may be required by any third party (governmental or otherwise).

NOW, THEREFORE, for good and valuable consideration to City and AATI, the receipt and sufficiency of which are hereby acknowledged, City and AATI hereby consent to the CHS Assignment of the Ground Lease to Assignee, waiving none of their rights under the Ground Lease or against any prior party who previously was the tenant under the Ground Lease.

Executed the day and year first above written.

Assignor:

Thomas M. Ramirez  
Pumpkin Air, Inc.  
President

Lessor:

[Signature]  
City of Addison

Assignee:

[Signature]  
Addison Airport of Texas, Inc.

Caroline Hunt Schoellkopf  
Caroline Hunt Schoellkopf

THE STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

This instrument was acknowledged before me on May 26, 1987, by  
CAROLINE HUNT SCHOELLKOPF.

Barbara Millward  
Notary Public - State of Texas

My commission expires:

Notary Public  
May 26, 1991



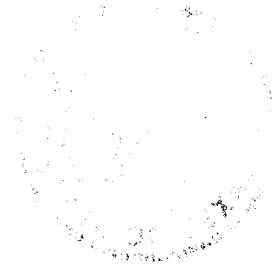
THE STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

This instrument was acknowledged before me on May 26, 1987, by  
THOMAS M. RAMIREZ, President of Pumpkin Air, Inc.

Barbara Millward  
Notary Public - State of Texas

My commission expires:

Notary Public  
May 26, 1991





STATE OF TEXAS       )  
                                  )  
COUNTY OF DALLAS    )

This instrument was acknowledged before me on the 9<sup>th</sup> day  
of September, 1987, by Jerry Redding  
Mayor of the City of Addison, a municipal  
corporation, on behalf of said municipal corporation.

Rofann Anderson

My Commission Expires:  
**COMMISSION EXPIRES: 4-30-90**

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STATE OF TEXAS       )  
                                  )  
COUNTY OF DALLAS    )

This instrument was acknowledged before me on the 10<sup>th</sup> day  
of September, 1987, by Sam Stuart,  
of Addison Airport of Texas, Inc.,  
a Texas corporation, on behalf of said corporation.

Thillene Harris

My Commission Expires:

8/16/89

29935.008/D1  
010587

CONSENT TO ASSIGNMENT OF GROUND LEASE

This Consent to Assignment of Ground Lease is executed this 26th day of May, 1987, but is effective as of 12:01 a.m. C.D.T., May 26, 1987, by the City of Addison, Texas, a municipal corporation ("City") and Addison Airport of Texas, Inc., a Texas corporation ("AATI").

W I T N E S S E T H

WHEREAS, Richard W. Cree, Sr. ("Cree") enter into that certain Ground Lease dated February 11, 1980 (the "Ground Lease") with the City and AATI, a copy of which is attached as Exhibit A to the Assignment of Ground Lease as of October 28, 1981, recorded in volume 81219, page 2302 of Deed Records of Dallas County, Texas;

WHEREAS, Cree assigned the Ground Lease to Cree Ventures, Inc., a Texas corporation ("Ventures");

WHEREAS, Ventures assigned the Ground Lease to Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf;

WHEREAS, under that certain Assignment of Ground Lease executed as of March 24, 1982, Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf assigned the Ground Lease to Pumpkin Air, Inc. ("Pumpkin"); and

WHEREAS, under that certain Assignment of Ground Lease executed as of December 23, 1986, but effective as of 11:59 p.m. C.S.T., December 31, 1986, Pumpkin assigned the Ground Lease to Caroline Hunt Schoellkopf ("Assignor"); and

WHEREAS, under that certain Assignment of Ground Lease (the "HWS Assignment") executed as of the 26th day of May, 1987, but effective as of 12:01 a.m. C.D.T. May 26, 1987, Assignor has assigned the Ground Lease to Hugo W. Schoellkopf, Jr. ("Assignee") subject to any consents which may be required by any third party (governmental or otherwise).

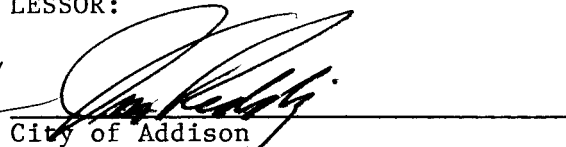
NOW, THEREFORE, for good and valuable consideration to City and AATI, the receipt and sufficiency of which are hereby acknowledged, City and AATI hereby consent to the HWS Assignment of the Ground Lease to Assignee, waiving none of their rights under the Ground Lease or against any prior party who previously was the tenant under the Ground Lease.

EXECUTED the day and year first above written.

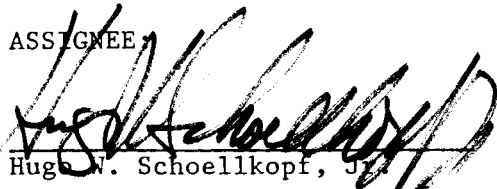
ASSIGNOR:

  
Caroline Hunt Schoellkopf

LESSOR:

  
City of Addison

ASSIGNEE:

  
Hugo W. Schoellkopf, Jr.

  
Addison Airport of Texas, Inc.

THE STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

This instrument was acknowledged before me on 5-26, 1987,  
by CAROLINE HUNT SCHOELLKOPF.

Barbara O. Millward  
Notary Public - State of Texas

My commission expires:

Notary Public  
May 29, 1988



THE STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

This instrument was acknowledged before me on 5-26, 1987,  
by HUGO W. SCHOELLKOPF, JR.

Barbara O. Millward  
Notary Public - State of Texas

My commission expires:

Notary Public  
May 29, 1988



THE STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

This instrument was acknowledged before me on September 9, 1987,  
by Jerry Redding, Mayor of  
the City of Addison, a municipal corporation, on behalf of said municipal  
corporation.

Royann Anderson  
Notary Public - State of Texas

My commission expires:

COMMISSION EXPIRES: 4-30-90

THE STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

This instrument was acknowledged before me on September 10, 1987,  
by Sam Stewart, President of  
Addison Airport of Texas, Inc., a Texas corporation, on behalf of said  
corporation.

Hillone Harris  
Notary Public - State of Texas

My commission expires:

8/16/89

ASSIGNMENT OF GROUND LEASE

THIS ASSIGNMENT, executed as of the 26th day of May, 1987, effective as of 12:01 a.m. C.D.T., May 26, 1987, by and between CAROLINE HUNT SCHOELLKOPF ("Assignor") and HUGO W. SCHOELLKOPF, JR. ("Assignee").

W I T N E S S E T H:

WHEREAS, Richard W. Cree, Sr. ("Cree") entered into that certain Ground Lease dated February 11, 1980 (the "Ground Lease") with the City of Addison, Texas, a municipal corporation ("City") and Addison Airport of Texas, Inc., a Texas corporation ("AATI"), a copy of which is attached as Exhibit A to the Assignment of Ground Lease (the "Ventures' Assignment") dated as of October 28, 1981, recorded in Volume 81219, page 2302, Deed Records of Dallas County, Texas;

WHEREAS, Cree assigned the Ground Lease to Cree Ventures, Inc., a Texas corporation ("Ventures");

WHEREAS, Ventures assigned the Ground Lease to Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf; and

WHEREAS, under Assignment of Ground Lease executed as of March 24, 1982, Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf assigned the Ground Lease to Pumpkin Air, Inc., a Texas corporation ("Pumpkin"); and

WHEREAS, under Assignment of Ground Lease executed as of December 23, 1986, effective as of 11:59 p.m., C.S.T., December 31, 1986, Pumpkin assigned the Ground Lease to Assignor;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid to each of Assignor and Assignee, receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

- (1) Assignor does hereby grant, bargain, sell, convey, assign and warrant unto Assignee all of the right, title and interest of the original Tenant under the Ground Lease and the present owner of the rights, titles and interests of the Tenant under the Ground Lease, effective as of the effective date hereof, TO HAVE AND TO HOLD the same, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, for the entire term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee and Assignee's heirs, assigns and personal representatives against any and every person or persons whomsoever lawfully claiming, or to claim the same, or any part thereof.
- (2) Assignee does hereby assume all of Assignor's obligations and liabilities under the Ground Lease first arising under the Ground Lease on or after the date hereof and agrees to indemnify and hold harmless the Assignor from any and all such obligations and liabilities. Assignor hereby agrees to indemnify and hold harmless Assignee from any and all such obligations and liabilities arising prior to effective date.

In the event this Assignment of Ground Lease covers any rights, privileges and/or interests which require filing, qualification, permit and/or consent or consents of or by third parties (governmental or otherwise) prior to the execution and delivery of an agreement such as this Agreement, then the grant, bargain, sale, conveyance, assignment and warrant contained herein shall be deemed to have been made to Assignee as of the effective date hereof subject to the satisfaction or waiving of such filing, qualification, permit and/or consent requirement(s).

The parties expressly agree that they will promptly and duly execute and deliver or otherwise furnish each to the other such further documents and assurances and take such further action as either of the parties may from time to time request in order to effectuate the intents and purposes hereof, including without limitation the execution and delivery of such recordable assignments, transfers and conveyances as may be required or desirable for filing in the real estate records of Dallas County, Texas, in order that such records will bear evidence of the change of ownership of the property herein granted, bargained, sold, conveyed, assigned and/or warranted.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this instrument on the day and year first above written.

ASSIGNOR:

*Caroline Hunt Schoellkopf*  
 CAROLINE HUNT SCHOELLKOPF

ASSIGNEE:

*Hugo W. Schoellkopf, Jr.*  
 HUGO W. SCHOELLKOPF, JR.

THE STATE OF TEXAS §  
 §  
 COUNTY OF DALLAS §

This instrument was acknowledged before me on May 26, 1987, by CAROLINE HUNT SCHOELLKOPF.

*Barbara D. Millward*  
 Notary Public - State of Texas

My commission expires:

\_\_\_\_\_



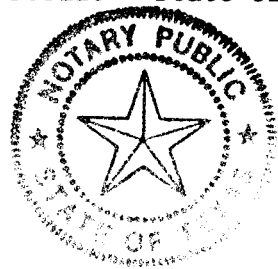
THE STATE OF TEXAS §  
 §  
 COUNTY OF DALLAS §

This instrument was acknowledged before me on May 26, 1987, by HUGO W. SCHOELLKOPF, JR.

*Barbara D. Millward*  
 Notary Public - State of Texas

My commission expires:

\_\_\_\_\_



THE STATE OF TEXAS  
COUNTY OF DALLAS

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of February 11, 1980, 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 Richard W. Cree, Sr. (hereinafter referred to as "Tenant").

## WITNESSETH:

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

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

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

## NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

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

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

3. **Term:** The term hereof shall commence on the earlier of October 30, 1980, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of Tract #1, \$1,393.62; Tract #2, \$717.74; \$2,111.36 Total per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

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

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

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

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

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

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

Tract #1 - 1 Metal hangar 160' X 125' including shops, offices and aircraft ramps.

Tract #2 - Aircraft ramp

Construction prints shall be approved by Addison Municipal Airport before start of construction.

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

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

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

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

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

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgage the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee become the owner of the leasehold estate pursuant to foreclosure transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 14. Casualty Damage or Destruction:

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

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

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

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

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

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has



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

#### 15. Condemnation:

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

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

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

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

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

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

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

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

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

#### 21. Indemnity and Exculpation:

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

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

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

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

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

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

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

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

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

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

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

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

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution

demand from time to time any deficiency that may arise by reason of any accounting shall be subtracted from the amount of rent received under such reletting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. This Lease is unmodified and in full force and effect (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 a

curative period allowed Landlord under this Lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

LANDLORD:

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

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Richard W. Cree, Sr.  
5042 Lakehill  
Dallas, Texas

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

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

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

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

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: 

CITY OF ADDISON, TEXAS

By: 

Its: 

TENANT:

By: 

STATE OF TEXAS }  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20<sup>th</sup> day of February, 19 80.

Mary Lou George  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS }  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 14 day of March, 19 80.

Jacque Sharp  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS }  
COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20<sup>th</sup> day of February, 19 80.

Mary Lou George  
Notary Public  
Dallas  
County, Texas

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

COUNTY OF DALLAS

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

## WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

## Section 1. Definitions

(a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;

(b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereto on the Leased Premises.

(c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely affect the Gross Receipts shall first require the approval of the City.

## Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

## Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

## Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

## Section 5. Rent

(a) Company shall pay the City, on demand, the sum of \$100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise be liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City \$6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

## Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment: all levies, fees, water

herein, together with any interest and penalties thereon, which imposed or levied upon or assessed against or in respect to this Agreement, or which may be a lien upon the Leased Premises. The Company shall pay all of the personal property taxes assessed by the City for the year 1976.

#### Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

- (i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;
- (ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;
- (iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;
- (iv) For the storage of fuel and for the fuelling of aircraft;
- (v) For the charter and leasing of aircraft;
- (vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;
- (vii) For the storage, parking, maintenance, servicing and fuelling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;
- (viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;
- (ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and
- (x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

#### Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

#### Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

#### Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements.

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

#### Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (1) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

evidence of Insurance or Insurance certificates for Insurance required in Section 10 hereof. The Company shall within ten days prior to the expiration of any such Insurance, deliver in the place of expired policies other original or duplicate policies or other certificates of the Insurers endorsed as in above provided Section 10 hereof evidencing renewal of such Insurance.

### Section 13. Casualty

If any Improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the Improvements, at its expense in conformity with the requirements of Section 14. In such manner as to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the Improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

### Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the Improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and Improvements or any part thereof, in order to keep and maintain the Leased Premises and Improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

### Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event be liable for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

### Section 16. Alterations, Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any Improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

### Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such Improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvements, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

### Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

- (a) The Leased Premises or any part thereof,
- (b) City's ownership interest, or
- (c) the Rent or other sums payable by Company under this Agreement.

The existence of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lien, or any right in respect thereof shall not constitute a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lien(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

### Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

### Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to sublease such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be



(d) Upon request by the Company, from time to time, that a sublease is entered into by the Company, the City shall deliver to any such subtenant its estoppel certificate, certifying unto the subtenant that this Agreement is in full force and effect.

#### Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy or any part thereof.

#### Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgments of any nature whatsoever, arising from:

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the Improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

#### Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leased Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

#### Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

#### Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

#### Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

#### Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

#### Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

#### Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

#### Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 29 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublessee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other

(c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce the performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

#### Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

#### Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

#### Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require activity over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

#### Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

#### Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, at its then fair market value, any personal property which the City deems essential.

#### Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

#### Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company,

(i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,

(ii) until Company has paid all other sums due under this Agreement.

#### Section 38. Outlet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

#### Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

#### Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

#### Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

#### Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

#### Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

#### Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

#### Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

#### Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

#### Section 47. Assignment by Company

Section 48. Record Keeping

The Company shall maintain in accordance with accepted accounting practice and make available to an authorized representative of the City for consideration records, books and annual audit prepared by an Independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably convenient to the Company.

Section 49. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed if to the City -- The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company -- Addison Airport, Inc., P. O. Box 34057, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

CITY OF ADDISON, TEXAS

ATTEST:  
*Joyce H. Severs*  
SECRETARY

BY: *Jerry Redding*

APPROVED AS TO FORM:

*Robert L. Wall*  
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:  
*Margaret E. Bunch*  
SECRETARY

BY: *[Signature]*

## FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an Iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 69° 19' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.29 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 69° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 746.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50', a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2061.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 69° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 263.11 feet to a point;

THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.26 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

THENCE S. 75° 48' 25" W. a distance of 408.36 feet to a point;  
 THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;  
 THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;  
 THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;  
 THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;  
 THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;  
 THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;  
 THENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;  
 THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;  
 THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;  
 THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;  
 THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;  
 THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 365.340 acres of land, more or less, save and except the following 1 acre tract;

Beginning at a fence post found for the apparent Intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 56° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;

THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;  
 THENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;  
 THENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;  
 THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.

Easements of record that could be located are shown. This plat is subject to any easements of record not shown.

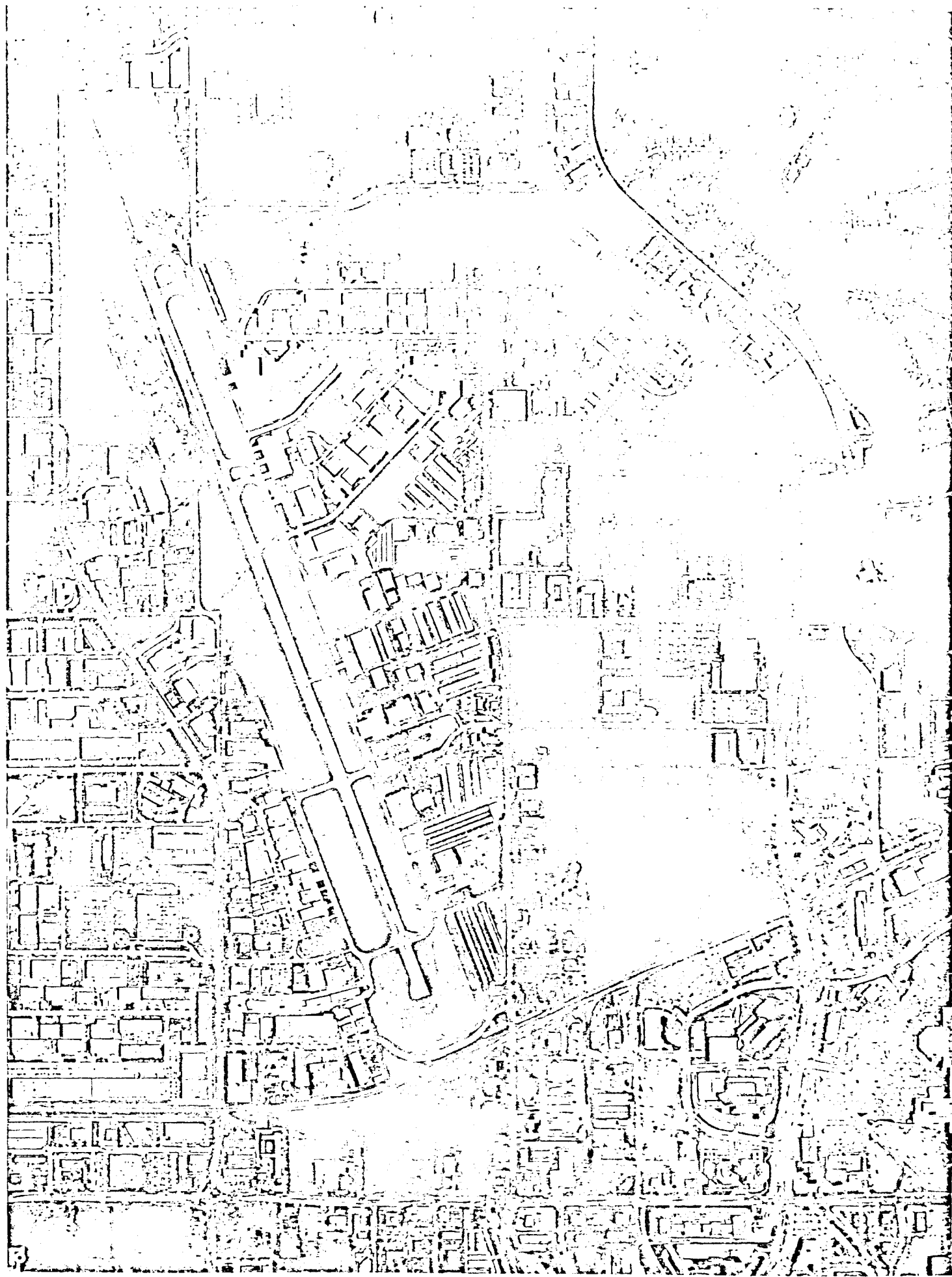
5 JAN 1977  
 \_\_\_\_\_  
 Date

*W. J. Wischmeyer*  
 \_\_\_\_\_  
 W. J. Wischmeyer  
 Registered Professional Engineer



EXHIBIT "A"  
 PROPERTY MAP  
 ADDISON MUNICIPAL AIRPORT  
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.  
 CONSULTING ENGINEERS  
 DALLAS TEXAS  
 DECEMBER 1976



CONSENT TO ASSIGNMENT OF GROUND LEASE

This Consent to Assignment of Ground Lease is executed this 10<sup>th</sup> day of September, 1987, by the City of Addison, Texas, a municipal corporation ("City") and Addison Airport of Texas, Inc., a Texas corporation ("AATI").

W I T N E S S E T H:

WHEREAS, Richard W. Cree, Sr. ("Cree") entered into that certain Ground Lease dated February 11, 1980 (the "Ground Lease") with the City and AATI, a copy of which is attached as Exhibit "A" to the Assignment of Ground Lease dated as of October 28, 1981, recorded in Volume 81219, Page 2302 of the Deed Records of Dallas County, Texas;

WHEREAS, Cree assigned the Ground Lease to Cree Ventures, Inc., a Texas corporation ("Ventures");

WHEREAS, Ventures assigned the Ground Lease to Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf;

WHEREAS, under that certain Assignment of Ground Lease executed as of March 24, 1982, Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf assigned the Ground Lease to Pumpkin Air, Inc. ("Pumpkin");

WHEREAS, under that certain Assignment of Ground Lease executed as of December 23, 1986, but effective as of 11:59 p.m. C.S.T., December 31, 1986, Pumpkin assigned the Ground Lease to Caroline Hunt Schoellkopf;

WHEREAS, under that certain Assignment of Ground Lease executed as of the 26th day of May, 1987, but effective as of 12:01 a.m. C.D.T. May 26, 1987, Caroline Hunt Schoellkopf assigned the Ground Lease to Hugo W. Schoellkopf, Jr. ("Assignor") subject to any consents which may be required by any third party (governmental or otherwise); and

WHEREAS, under that certain Assignment of Ground Lease and Lease (the "SHC Assignment") executed as of the \_\_\_ day of \_\_\_\_\_, 1987, Assignor has assigned the Ground Lease to Scheollkopf Hangar Corporation, a Texas corporation, subject to any consents which may be required by any third party (governmental or otherwise);

NOW, THEREFORE, for good and valuable consideration to City and AATI, the receipt and sufficiency of which are hereby acknowledged, City and AATI hereby consent to the SHC Assignment of the Ground Lease to Assignee, waiving none of their rights under the Ground Lease or against any prior party who previously was the tenant under the Ground Lease.

EXECUTED the day and year first above written.

CITY OF ADDISON

By: 

Name: Jerry Redding

Title: Mayor

ADDISON AIRPORT OF TEXAS, INC.

*Sam Stewart*

SAM STUART  
President

By: *[Signature]*

Name: Jerry Redding

Title: Mayor

THE STATE OF TEXAS §  
  §  
COUNTY OF DALLAS §

This instrument was acknowledged before me on September 9, 1987,  
by Jerry Redding, Mayor of  
the City of Addison, a municipal corporation, on behalf of said municipal  
corporation.

*Royann Anderson*  
Notary Public - State of Texas

My commission expires:  
**COMMISSION EXPIRES: 4-30-90**

THE STATE OF TEXAS §  
  §  
COUNTY OF DALLAS §

This instrument was acknowledged before me on Sept. 10, 1987,  
by Sam Stewart, President of  
Addison Airport of Texas, Inc., a Texas corporation, on behalf of said  
corporation.

*William James*  
Notary Public - State of Texas

My commission expires:  
8/16/89



ASSIGNMENT OF GROUND LEASE AND LEASE

THIS ASSIGNMENT, executed as of the 7<sup>th</sup> day of August, 1987, effective as of 12:01 a.m. C.D.T., July 23, 1987, by and between HUGO W. SCHOELLKOPF, JR. ("Assignor") and SCHOELLKOPF HANGAR CORPORATION, a Texas corporation ("Assignee").

W I T N E S S E T H:

WHEREAS, Richard W. Cree, Sr. ("Cree") entered into that certain Ground Lease dated February 11, 1980 (the "Ground Lease") with the City of Addison, Texas, a municipal corporation ("City") and Addison Airport of Texas, Inc., a Texas corporation ("AATI"), a copy of which is attached as Exhibit "A" to the Assignment of Ground Lease (the "Ventures' Assignment") dated as of October 28, 1981, recorded in Volume 81219, Page 2302, Deed Records of Dallas County, Texas;

WHEREAS, Cree assigned the Ground Lease to Cree Ventures, Inc., a Texas corporation ("Ventures");

WHEREAS, Ventures assigned the Ground Lease to Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf; and

WHEREAS, under Assignment of Ground Lease executed as of March 24, 1982, Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf assigned the Ground Lease to Pumpkin Air, Inc., a Texas corporation ("Pumpkin");

WHEREAS, under Assignment of Ground Lease executed as of December 23, 1986, effective as of 11:59 p.m., C.S.T., December 31, 1986, Pumpkin assigned the Ground Lease to Caroline Hunt Schoellkopf;

WHEREAS, under Assignment of Ground Lease executed as of May 26, 1987, effective 12:01 a.m. C.D.T., May 26, 1987, Caroline Hunt Schoellkopf assigned the Ground Lease to Assignor; and

WHEREAS, Assignor entered into that certain Lease Agreement executed as of May 26, 1987 (the "Pumpkin Lease") with Pumpkin;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid to each of Assignor and Assignee, receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

- (1) Assignor does hereby grant, bargain, sell, convey, assign and warrant unto Assignee all of the right, title and interest of Assignor under the Ground Lease and all of the right, title and interest of Assignor under the Pumpkin Lease, effective as of the effective date hereof, TO HAVE AND TO HOLD the same, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, for the entire term thereof, and Assignor does hereby bind himself and his successors and assigns to warrant and forever defend the same unto Assignee and Assignee's successors and assigns against any and every person or persons whomsoever lawfully claiming, or to claim the same, or any part thereof.
- (2) Assignee does hereby assume all of Assignor's obligations and liabilities under the Ground Lease first arising under the Ground Lease on or after the date hereof and under the Pumpkin Lease, and agrees to indemnify and hold harmless the Assignor from any and

all such obligations and liabilities. Assignor hereby agrees to indemnify and hold harmless Assignee from any and all such obligations and liabilities arising prior to the effective date hereof.

In the event this Assignment of Ground Lease covers any rights, privileges and/or interests which require filing, qualification, permit and/or consent or consents of or by third parties (governmental or otherwise) prior to the execution and delivery of an agreement such as this Agreement, then the grant, bargain, sale, conveyance, assignment and warrant contained herein shall be deemed to have been made to Assignee as of the effective date hereof subject to the satisfaction or waiving of such requirement(s).

The parties expressly agree that they will promptly and duly execute and deliver or otherwise furnish each to the other such further documents and assurances and take such further action as either of the parties may from time to time request in order to effectuate the intents and purposes hereof, including without limitation the execution and delivery of such recordable assignments, transfers and conveyances as may be required or desirable for filing in the real estate records of Dallas county, Texas, in order that such records will bear evidence of the change of ownership of the property herein granted, bargained, sold, conveyed, assigned and/or warranted.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this instrument on the day and year first above written.

ASSIGNOR:

  
HUGO W. SCHOELLKOPF, JR.

ASSIGNEE:

SCHOELLKOPF HANGAR CORPORATION

By   
Hugo W. Schoellkopf, Jr. President

THE STATE OF TEXAS                   §  
  §  
COUNTY OF DALLAS                   §

This instrument was acknowledged before me on August 7, 1987, by HUGO W. SCHOELLKOPF, JR.



Vanessa G. McDaniel  
Notary Public, State of Texas

(Printed/Typed Name of Notary)

VANESSA G. McDANIEL  
NOTARY PUBLIC STATE OF TEXAS  
COMMISSION EXPIRES 1-24-88

My Commission Expires:

\_\_\_\_\_

THE STATE OF TEXAS

§

COUNTY OF DALLAS

§

§

This instrument was acknowledged before me on August 7, 1987, by Hugo W. Schoellkopf, Jr., President of SCHOELLKOPF HANGAR CORPORATION, a Texas corporation, on behalf of said corporation.



Vanessa G. McDaniel  
Notary Public State of Texas

(Printed/Typed Name of Notary)

My Commission Expires:

VANESSA G. McDANIEL  
NOTARY PUBLIC STATE OF TEXAS  
COMMISSION EXPIRES 1-24-88

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of February 11, 1980, 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 Richard W. Cree, Sr. (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor at AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of October 30, 1980, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of Tract #1, \$1,393.62; Tract #2, \$717.74; \$2,111.36 Total per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price Index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefor.

6. **Use of Demised Premises and Construction of Improvements.** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

Tract #1 - 1 Metal hangar 160' X 125' including shops, offices and aircraft ramps.

Tract #2 - Aircraft ramp

Construction prints shall be approved by Addison Municipal Airport before start of construction.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises.** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law.** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. **Assignment, Subletting and Mortgaging of Leasehold Estate:**

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgage the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee become the owner of the leasehold estate pursuant to foreclosure. The leasehold mortgagee shall remain liable for such obligations only so long as the leasehold estate remains in the hands of the mortgagee.

(i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

D. Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a leasehold mortgage and written notice to such effect has been given to Landlord, to give the holder of such leasehold mortgagee at such address or addresses as may be specified in such written notice to Landlord for the giving of notices to the leasehold mortgagee, or as otherwise may be specified by the leasehold mortgagee to Landlord in writing, written notice of any default hereunder by Tenant, simultaneously with the giving of such notice to Tenant, and the holder of any such leasehold mortgage shall have the right, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make payment as may be necessary or appropriate to cure any such default so specified, it being the intention of the parties hereto that Landlord shall not exercise Landlord's right to terminate this Lease without first giving any such leasehold mortgagee the notice provided for herein and affording any such leasehold mortgagee the right to cure such default as provided for herein.

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgagee.

10. **Property Taxes and Assessments:** Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

#### 11. **Maintenance and Repair of Demised Premises:**

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. **Alterations, Additions and Improvement.** After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed in a first class, workmanlike manner, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection therewith.

13. **Insurance.** Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one accident and not less than \$200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

#### 14. **Casualty Damage or Destruction:**

A. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant will promptly give written notice thereof to Landlord, generally describing the nature and extent of such damage and/or destruction.

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

C. All insurance proceeds, if any, payable on account of such damage to or destruction of the buildings, structures and equipment on the demised premises shall be held by Landlord. Landlord shall be protected in acting upon any certificate believed by Landlord to be genuine and to have been executed by the proper party and shall receive such certificate as conclusive evidence of any fact or as to any matter therein set forth. Such certificate shall be full warranty, authority and protection to Landlord in acting thereon, and Landlord shall be under no duty to take any action other than as set forth in this paragraph 14.

D. Insurance proceeds received by Landlord on account of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof (less the costs, fees and expenses incurred by Landlord and Tenant in the collection thereof, including, without limitation, adjuster's and attorney's fees and expenses) shall be applied as follows:

(i) Net insurance proceeds as above defined shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses to pay (or reimburse Tenant for) the cost of Restoration, upon written request of Tenant to Landlord accompanied by (a) certificate of a supervising architect or engineer approved by Landlord, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has theretofore been reimbursed, and specifying the additional amount, if any, necessary to complete the Restoration, and (b) an opinion of counsel satisfactory to Landlord that there exist no mechanics', materialmen's or similar liens for labor or materials except such, if any, as are discharged by the payment of the amount requested.

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 promptly proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

#### 15. Condemnation:

A. If during the term hereof, any part of the demised premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the demised premises is not susceptible to efficient and economic occupation and operation by Tenant, this Lease shall automatically terminate as of the date that said condemning authority takes possession of the demised premises, and Landlord shall refund to Tenant any prepaid but unaccrued rental less any sum then owing by Tenant to Landlord.

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

C. If this Lease is not terminated pursuant to Section A, Tenant shall promptly restore the improvements on the demised premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the demised premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant, as their interest may appear. If this Lease is terminated pursuant to Section A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

16. **Utilities.** Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

17. **Common Facilities.** Tenant and Tenant's employees, agents, servants, customers and other invitees shall have the non-exclusive right to use all common facilities, improvements, equipment and services which may now exist or which may hereafter be provided by Landlord for the accommodation and convenience of Landlord's customers and tenants, including landing and takeoff facilities, means of ingress and egress to the demised premises, other airport installations, and all other reasonable services which may be provided without charge from time to time by Landlord in operating the Airport. All such common facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

18. **Rules and Regulations.** Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. **Signs and Equipment.** After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

20. **Landlord's Right of Entry.** Landlord and Landlord's authorized representatives shall have the right, during the normal business hours, to enter the demised premises (i) to inspect the general condition and state of repair thereof, (ii) to make repairs permitted under this Lease, (iii) to show the demised premises to any prospective tenant or purchaser or (iv) for any other reasonable and lawful purpose.

During the final one hundred eighty (180) days of the term hereof, Landlord and Landlord's authorized representatives shall have the right to erect and maintain on or about the demised premises customary signs advertising the demised premises for lease or for sale.

#### 21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

22. **Default by Tenant.** The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. **Remedies of Landlord.** Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

A. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on demand the amount of all loss and damages which Landlord may suffer by reason of such termination, whether through inability to relet the demised premises on satisfactory terms or otherwise.

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. If Tenant fails to surrender the demised premises, without termination of this Lease, Tenant shall be liable for prosecution

demand from time to time any deficiency that may arise by reason of any reasonable deduction of brokerage commissions, attorneys' fees, remodeling expenses and other costs of reletting shall be subtracted from the amount of rent received under such reletting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, conditions and covenants herein contained.

24. **Default by Landlord.** No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay rent) or grant Tenant any right of deduction, abatement, set-off or recoupment or entitle Tenant to take any action whatsoever with regard to the demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

(i) Proceed to cure such default and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding rental installment(s) due by Tenant to Landlord hereunder; or

(ii) Proceed to cure such default and bring suit against Landlord for the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum.

If any mortgagee of Landlord has given Tenant its address for notices and specifically requests such notice, Tenant agrees to give the notice required hereinabove to such mortgagee at the time Tenant gives same to Landlord, and to accept curative action, if any, undertaken by such mortgagee as if such curative action had been taken by Landlord.

25. **Waiver of Subrogation.** Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during the term of this Lease for any and all loss of, or damage to, any of such party's property located within or upon, or constituting a part of, the demised premises, which loss or damage is covered by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. Such mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the parties hereto. Inasmuch as such mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation or otherwise to an insurance company (or any other person), each party hereby agrees immediately to give to each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of such mutual waivers, and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation of such insurance coverages by reason of such waivers.

26. **Title to Improvements.** Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) If Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. **Mechanics' and Materialmen's Liens.** Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. **Title.** Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

29. **Quiet Enjoyment and Subordination.** Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall peaceably and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon the demised premises. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises; provided, however, any such subordination shall be upon the express conditions that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns; and perform all of the covenants and conditions required by the terms of this lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed or trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

30. **Rent on Net Return Basis.** Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, it is intended that the rent provided for in this Lease shall be an absolutely net return to Landlord for the term of this Lease, free of any loss, expenses or charges with respect to the demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. **Holding Over.** Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. **Waiver of Default.** No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Lease shall be deemed to be a waiver of any subsequent default or breach of the same or any other term, condition or covenant contained herein.

33. **Release of Landlord Upon Transfer.** All of Landlord's personal liability for the performance of the terms and provisions of this Lease (except for any liability accruing prior to such transfer) shall terminate upon a transfer of the demised premises by Landlord provided that the obligations of Landlord under this Lease are covenants running with the land and shall be binding upon the transferee and Landlord's interest in this Lease and the demised premises.

34. **Attorneys' Fees.** If, on account of any breach or default by Landlord or Tenant of their respective obligations under this Lease, it shall become necessary for the other to employ an attorney to enforce or defend any of such party's rights or remedies hereunder, and should such party prevail, such party shall be entitled to collect reasonable attorneys' fees incurred in such connection from the other party.

35. **Financial Information.** Tenant agrees that Tenant will from time to time upon the written request of Landlord during the term of this Lease furnish to Landlord such credit and banking references as Landlord may reasonably request.

36. **Estoppel Certificates.** Tenant agrees that from time to time, upon not less than ten (10) days' prior written request by Landlord Tenant will deliver to Landlord a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (of if there have been modifications, that this Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Landlord is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with a

Landlord agrees that from time to time upon not less than ten (10) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Tenant is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

37. Interest on Tenant's Obligations and Manner of Payment. All monetary obligations of Tenant to Landlord under this Lease remaining unpaid ten (10) days after the due date of the same (if no due date has been established under other provisions hereof, the "due date" shall be the date upon which Landlord demands payment from Tenant in writing) shall bear interest at the rate of ten percent (10%) per annum from and after said tenth (10th) day until paid. If more than twice during the term of the Lease Tenant's personal or corporate check is not paid by the bank on which it is drawn for whatever reason, Landlord may require by giving written notice to Tenant that the payment of all future monetary obligations of Tenant under this Lease are to be made on or before the due date by cash, cashier's check, certified check or money order, and the delivery of Tenant's personal or corporate check will no longer constitute payment of such monetary obligations. Any acceptance by Landlord of a personal or corporate check after such notice shall not be deemed or construed as a waiver or estoppel of Landlord to require other payments as required by said notice.

38. Independent Contractor. It is understood and agreed that in leasing and operating the demised premises, Tenant is acting as an independent contractor and is not acting as agent, partner, joint venturer or employee of Landlord.

39. Force Majeure. In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord is so delayed or hindered.

40. Exhibits. All exhibits, attachments, annexed instruments and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

41. Use of Language. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

42. Captions. The captions or headings or paragraphs in this Lease are inserted for convenience only, and shall not be considered in construing the provisions hereof if any question of intent should arise.

43. Successors. The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. All rights, powers, privileges, immunities and duties of Landlord under this Lease, including, but not limited to, any notices required or permitted to be delivered by Landlord to Tenant hereunder, may, at Landlord's option, be exercised or performed by Landlord's agent or attorney.

44. Severability. If any provision in this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

45. Notices. Any notice or document required or permitted to be delivered hereunder may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the parties at the addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

LANDLORD:  
  
Addison Airport of Texas, Inc.  
P. O. Box 34067  
Dallas, Texas 75234  
  
City of Addison, Texas  
  
P. O. Box 144  
  
Addison, Texas 75001

TENANT:  
  
Richard W. Cree, Sr.  
5042 Lakehill  
Dallas, Texas

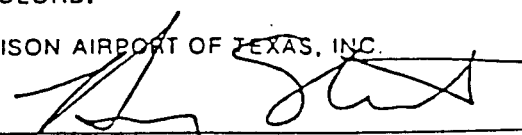

46. Fees or Commissions. Each party hereto hereby covenants and agrees with the other that such party shall be solely responsible for the payment of any brokers', agents' or finders' fees or commissions agreed to by such party arising from the execution of this Lease or the performance of the terms and provisions contained herein, and such party agrees to indemnify and hold the other party harmless from the payment of any such fees or commissions.

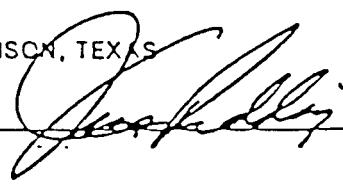
47. Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

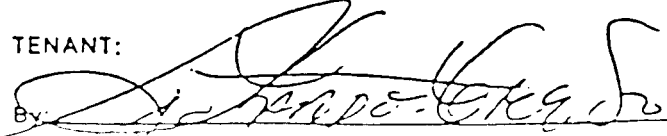
48. Governing Law and Venue. This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas.

49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supercedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

EXECUTED as of the day month and year first above written.

LANDLORD:  
ADDISON AIRPORT OF TEXAS, INC.  
By:   
Its: 

CITY OF ADDISON, TEXAS  
By:   
Its: \_\_\_\_\_

TENANT:  
By: 



STATE OF TEXAS }  
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Henry Stuart  
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same  
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20<sup>th</sup> day of February, 19 80.

Mary Lou Gung  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS }  
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jeey Redding  
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same  
for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 14 day of March, 19 80.

Jacque Sharp  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS }  
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Richard W. Cree, Sr  
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same  
for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20<sup>th</sup> day of February, 19 80.

Mary Lou Gung  
Notary Public  
Dallas  
County, Texas

The estate or interest in the land insured by this policy is: Leasehold  
(fee simple, leasehold, easement, etc. — identify or describe)

The land referred to in this policy is described as follows:

Situated in the County of Dallas, State of Texas, to-wit:

Tract I

Being a tract of land situated in the E. Cook Survey, Abstract 326, Dallas County, Texas, and located on Addison Municipal Airport, Addison, Texas; and being more fully described as follows:

Beginning at a point in the west right-of-way line of Addison Road and the centerline of Airport Parkway, said point being 1136 feet, more or less, south of the intersection of the south right-of-way line of Keller Springs Road projected and the west right-of-way line of Addison Road projected; Thence North  $89^{\circ} 59' 30''$  West, 428.07 feet; Thence South  $68^{\circ} 42' 00''$  West, 195.82 feet; Thence South  $7^{\circ} 27' 00''$  East, 203.62 feet to an iron pin for the Beginning Point of this description.

Thence South  $07^{\circ} 27' 00''$  East, 304.46 feet to an iron pin;

Thence South  $69^{\circ} 23' 30''$  West, 227.38 feet to an iron pin;

Thence North  $20^{\circ} 38' 30''$  West, 296.47 feet to an iron pin;

Thence North  $69^{\circ} 23' 30''$  East, 296.86 feet to the Place of Beginning and containing 1.784 acres of land, or 77,711 square feet.

Tract II

Being a tract of land situated in the E. Cook Survey, Abstract 326, Dallas County, Texas, and located on Addison Municipal Airport, Addison, Texas; and being more fully described as follows:

(Continued on following page)

Continuation of Schedule A

Beginning at a point in the west right-of-way line of Addison Road and the centerline of Airport Parkway, said point being 1136 feet, more or less, south of the intersection of the south right-of-way line of Keller Springs Road projected and the west right-of-way line of Addison Road projected; Thence North  $89^{\circ} 59' 30''$  West, 428.07 feet, Thence South  $68^{\circ} 42' 00''$  West, 195.82 feet; Thence South  $7^{\circ} 27' 00''$  East, 203.62 feet; Thence South  $69^{\circ} 23' 30''$  West, 296.86 feet to an iron pin and the Beginning Point of this description;

Thence South  $20^{\circ} 38' 30''$  East, 296.47 feet to an iron pin;

Thence South  $69^{\circ} 23' 30''$  West, 135.00 feet to a 60d nail;

Thence North  $20^{\circ} 38' 30''$  West, 296.47 feet to a 60d nail;

Thence North  $69^{\circ} 23' 30''$  East, 135.00 feet to the Place of Beginning and containing 0.9188 acres of land, or 40,023 square feet.

AGREEMENT FOR  
OPERATION OF THE ADDISON AIRPORT  
BETWEEN  
THE CITY OF ADDISON, TEXAS  
AND  
ADDISON AIRPORT, INC.

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

## WITNESSETH:

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas, it being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto,

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof, and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

- (i) the land described in Exhibit "1" as the Property and the Improvements thereon owned by the City;
- (ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and
- (iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand (\$800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

## Section 1. Definitions

(a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;

(b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereto on the Leased Premises.

(c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely affect the Gross Receipts shall first require the approval of the City.

## Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

## Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

## Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

## Section 5. Rent

(a) Company shall pay the City, on demand, the sum of \$100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise be liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City \$6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the Improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

## Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment, all taxes, fees, water

herein, together with any interest and penalties thereon, which are imposed or levied upon or assessed against or in respect to this Agreement, or which may be a lien upon the Leased Premises. The Company shall pay all of the personal property taxes assessed by the City for the year 1976.

#### Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

- (i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;
- (ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;
- (iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;
- (iv) For the storage of fuel and for the fuelling of aircraft;
- (v) For the charter and leasing of aircraft;
- (vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;
- (vii) For the storage, parking, maintenance, servicing and fuelling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;
- (viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;
- (ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and
- (x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

#### Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

#### Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

#### Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements.

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

#### Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (1) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

evidence of insurance or insurance certificates for insurance required in Section 10 hereof. The Company shall within ten days prior to the expiration of any such insurance, deliver to the place of expired policies other original or duplicate policies or other certificates of the insurers endorsed as in above provided in Section 10 hereof evidencing renewal of such insurance.

### Section 13. Casualty

If any Improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the Improvements, at its expense in conformity with the requirements of Section 14, in such manner as to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the Improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

### Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the Improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and Improvements or any part thereof, in order to keep and maintain the Leased Premises and Improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

### Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event be liable for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

### Section 16. Alterations, Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any Improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

### Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such Improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvements, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

### Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

- (a) The Leased Premises or any part thereof,
- (b) City's ownership interest, or
- (c) the Rent or other sums payable by Company under this Agreement.

The existence of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lien, or any right in respect thereof shall not constitute a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lien(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

### Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

### Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to sublease such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be

(d) Upon request by the Company, from time to time, that a sublease is entered into by the Company, the City shall deliver to any such subtenant its estoppel certificate, certifying unto the subtenant that this Agreement is in full force and effect.

#### Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy or any part thereof.

#### Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgments of any nature whatsoever, arising from:

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the Improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably required so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

#### Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leased Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

#### Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

#### Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

#### Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

#### Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

#### Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

#### Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

#### Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 29 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublessee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other



(f) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

#### Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

#### Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

#### Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require actively over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

#### Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

#### Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, at its then fair market value, any personal property which the City deems essential.

#### Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

#### Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company,

(i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,

(ii) until Company has paid all other sums due under this Agreement.

#### Section 38. Quiet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

#### Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

#### Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

#### Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

#### Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

#### Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

#### Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

#### Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

#### Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

#### Section 47. Assignment

THENCE S. 75° 48' 25" W. a distance of 441.5 feet to a point;  
 THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;  
 THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;  
 THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;  
 THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;  
 THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;  
 THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an Iron pin in the easterly line of said Addison Airport Industrial District;  
 THENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;  
 THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;  
 THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;  
 THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;  
 THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;  
 THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 365.340 acres of land, more or less, save and except the following 1 acre tract;

Beginning at a fence post found for the apparent Intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 56° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;

THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;  
 THENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;  
 THENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;  
 THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.

Easements of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977  
 Date

*W. J. Wischmeyer*  
 W. J. Wischmeyer  
 Registered Professional Engineer



EXHIBIT "A"  
 PROPERTY MAP  
 ADDISON MUNICIPAL AIRPORT  
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.  
 CONSULTING ENGINEERS  
 DALLAS TEXAS  
 DECEMBER 1976

FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 69° 19' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.29 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 69° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 746.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50', a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2061.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 69° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 263.11 feet to a point;

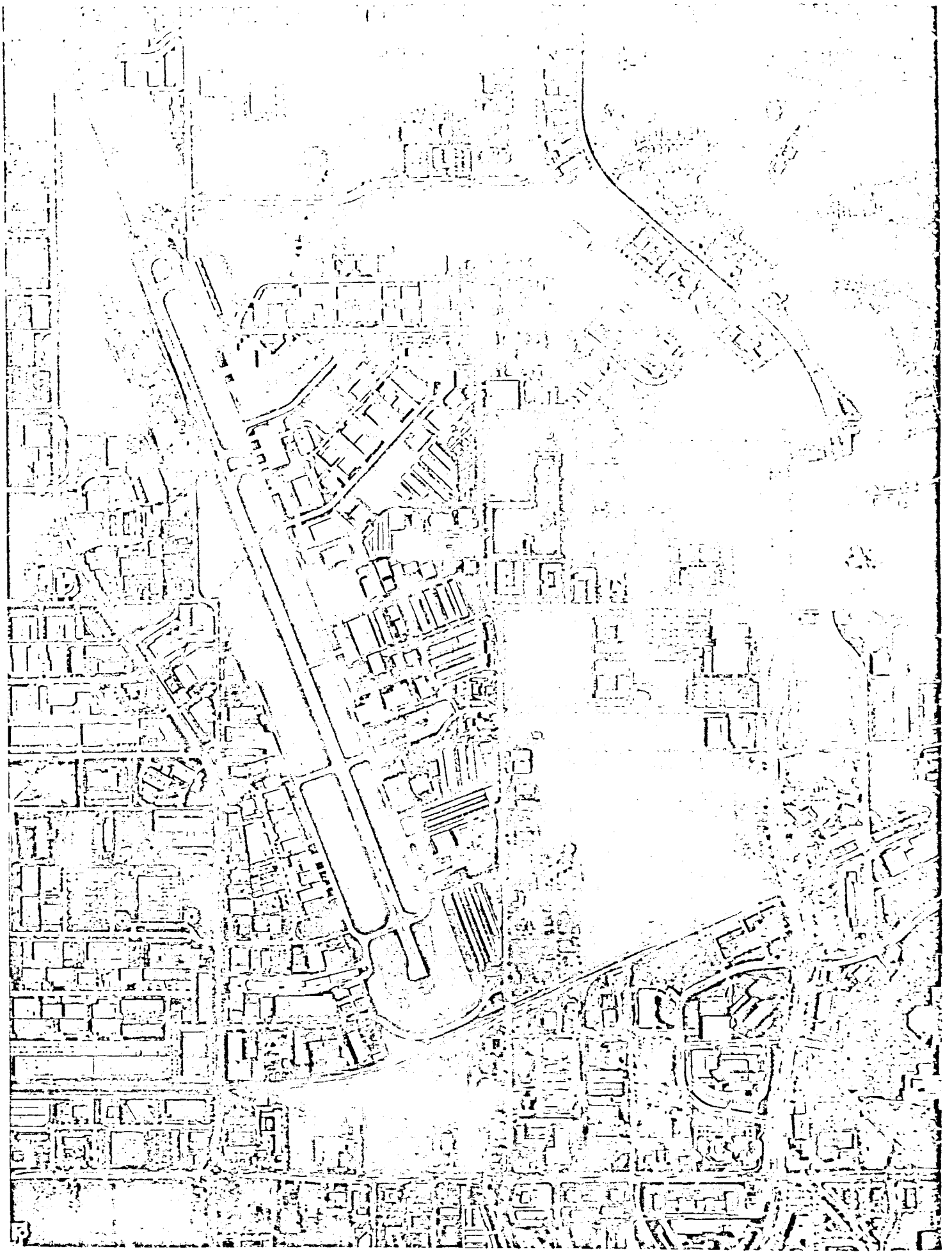
THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.28 feet with the easterly line of said Addison Airport Industrial District to an iron pin;



**Exhibit 3**

**Information Sheet, Description of Assignee and  
Organization Chart**

## INFORMATION SHEET-LARSONI MANAGEMENT CORP.

October 25, 2007

**Organized:** August, 1996  
**Address:** 3311 Oak Lawn Avenue  
Suite 250  
Dallas, Texas 75219

**Phone:** 214-443-0040

**Fax:** 214-443-0009

**Ownership:** Scott A. Larson (100%)

### Key Personnel:

- **Scott A. Larson:** President, is a licensed real estate broker, attorney and C.P.A. (on retirement status as C.P.A.). Responsibilities include overall management of the company, negotiating and documenting tenant leases and other property operating contracts, and responsible for property oversight and administration.
- **Bryan Haase:** Vice President, is a licensed real estate agent. Responsibilities include negotiating tenant leases and managing tenant relations; property management and oversight; oversight of construction of tenant improvements; municipality relations and regulatory compliance; and all other property management responsibilities. Mr. Haase's real estate career includes office and retail leasing for Harwood Pacific Corporation in Dallas, Texas, from 1992 to 1997, and leasing retail and office properties for Larsoni Management Corporation from 1997 to present.
- **Dondi Kickirillo:** Vice President, is responsible for general administration and bookkeeping services, tenant relations and regulatory compliance, and responsible for providing assistance with preparation of documentation for tenant leases and other operating contracts for properties managed by Larsoni Management Corp. Ms. Kickirillo's services also include assistance in preparation of documentation for and closing transactions involving the acquisition, financing, leasing and sale of properties. Ms. Kickirillo's background includes work as a legal secretary and paralegal, bookkeeping services and computer software systems work.

October 25, 2007

Page 2

**Properties currently managed by Larson Management Corp.:**

- **3301-3311 Oak Lawn Avenue, Dallas, Texas:** 24,785 square foot retail / office building.
- **2430 IH-35E, South, Denton, Texas:** Southridge Village Shopping Center, 53,496 square foot retail center.
- **4152 Cole Avenue, Dallas, Texas:** 15,000 square foot retail center.
- **5353 and 5354 Beltline Road, Dallas, Texas:** Redeveloped by Larson Management with 10,000 square feet in bank and restaurant buildings..
- **17604 N. Dallas Parkway, Dallas, Texas:** 8,645 square foot retail building.
- **1601 N. Central Expressway, Richardson, Texas:** 7,800 square foot restaurant building.
- **2420 IH-35E, South, Denton, Texas:** 5,218 square foot restaurant building.
- **4211 Cedar Springs, Dallas, Texas:** 40,000 square foot-three story office building.
- **12700 Hillcrest Road, Dallas, Texas:** 105,000 square foot-two story office building.
- **18020 N. Dallas Parkway, Dallas, Texas:** 7,850 square foot restaurant building.
- **18010 N. Dallas Parkway, Dallas, Texas:** 7,432 square foot restaurant building.
- **5925/5931 W. Campus Circle Drive, Irving, Texas:** 210,000 square foot warehouse building.
- **18160 N. Dallas Parkway, Dallas, Texas:** 5,000 square foot restaurant building under construction.

October 25, 2007

Contact Information Sheet – Larsoni Management Corp.

**Street Address:** 3311 Oak Lawn Avenue  
Suite 250  
Dallas, Texas 75219

**Mailing Address:** P.O. Box 191508  
Dallas, Texas 75219

**Phone:** 214-443-0040

**Fax:** 214-443-0009

**Key Personnel:**

- **Scott A. Larson:** President, is a licensed real estate broker, attorney and C.P.A. (on retirement status as C.P.A.). Responsibilities include overall management of the company, negotiating and documenting tenant leases and other property operating contracts, and responsible for property oversight and administration.

E-mail: [larson9@gmail.com](mailto:larson9@gmail.com)

Home Address: 3716 Euclid, Dallas, Texas 75205

Home Phone: 214-520-8130

- **Bryan Haase:** Vice President, is a licensed real estate agent. Responsibilities include negotiating tenant leases and managing tenant relations; property management and oversight; oversight of construction of tenant improvements; municipality relations and regulatory compliance; and all other property management responsibilities. Mr. Haase's real estate career includes office and retail leasing for Harwood Pacific Corporation in Dallas, Texas, from 1992 to 1997, and leasing retail and office properties for Larsoni Management Corporation from 1997 to present.

E-mail: [bryanhaase@msn.com](mailto:bryanhaase@msn.com)

Home Address: 2637 Rothland, Plano, Texas 75023

Home Phone: 972-491-9822

- **Dondi Kickirillo:** Vice President, is responsible for general administration and bookkeeping services, tenant relations and regulatory compliance, and responsible for providing assistance with preparation of documentation for tenant leases and other operating contracts for properties managed by Larsoni Management Corp. Ms. Kickirillo's services also include assistance in preparation of documentation for and closing transactions involving the acquisition, financing, leasing and sale of properties. Ms. Kickirillo's background includes work as a legal secretary and paralegal, bookkeeping services and computer software systems work.

E-mail: [cmegroup@earthlink.net](mailto:cmegroup@earthlink.net)

Home Address: 1404 S. Polk, Dallas, Texas 75224

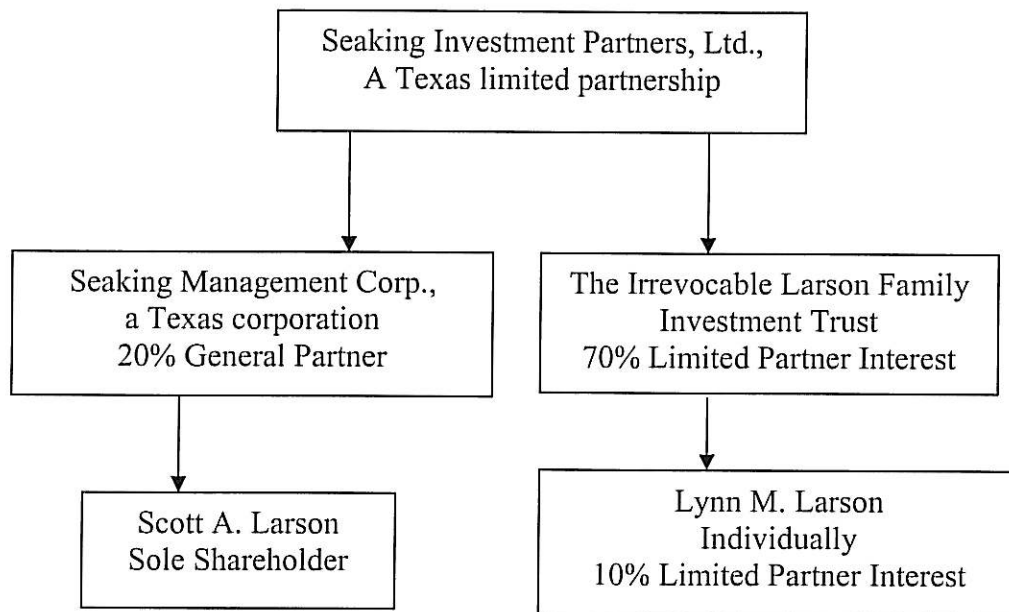
Home Phone: 214-943-1542



**DESCRIPTION OF ASSIGNEE**  
**(Seaking Investment Partners, Ltd.)**

- (a) Seaking Investment Partners, Ltd., is a Texas limited partnership, formed on March 18, 2003. Currently, the Assignee does not own any other commercial property, and it is intended that the Ground Lease for 4650 Airport Parkway, Addison, Texas 75001, will be the only property owned by Assignee.
- (b) Seaking Management Corp., is a Texas corporation formed on March 18, 2003. Scott A. Larson owns 100% of the outstanding stock of such corporation. This corporation serves as the managing General Partner of Seaking Investment Partners, Ltd., and its General Partner interest represents a 20% interest in Seaking Investment Partners, Ltd.
- (c) Scott A. Larson is the sole Trustee of The Irrevocable Larson Family Investment Trust, which was formed on January 1, 1992. This Trust will own a 70% interest, as a Limited Partner, in Seaking Investment Partners, Ltd. The remaining 10% Limited Partner interest in Seaking Investment Partners, Ltd., will be held by Lynn M. Larson.
- (d) The partners of Seaking Investment Partners, Ltd. intend to fund the entire purchase price for the purchase of the Ground Lease for 4650 Airport Parkway, by way of making cash contributions with respect to their interests in Seaking Investment Partners, Ltd.
- (e) A copy of an Organizational Chart for Seaking Investment Partners, Ltd. is attached hereto.

ORGANIZATIONAL CHART  
SEAKING INVESTMENT PARTNERS, LTD.  
(Proposed Assignee of Ground Lease for  
4650 Airport Parkway, Addison, Texas 75001)



**INFORMATION SHEET-SCOTT A. LARSON**  
**October 25, 2007**

**Personal Information:** Born April 22, 1951  
Married - Jihong Z. Larson  
Children: Orion Kai Larson-2 year old son

**Education:** Graduated 1973 - B.A. in Accounting, very high honors  
St. Cloud State University  
St. Cloud, Minnesota

Graduated 1976 - J.D. Degree, high honors  
Southern Methodist University School of Law  
Dallas, Texas

**Additional Licenses:** Texas Real Estate Broker since 1980  
Certified Public Accountant (retirement status) since 1980  
Member of Texas Bar since 1976

**Legal Background:** Attorney - Locke, Purnell, Boren, Laney & Neeley 1976 to 1978  
Partner - Baker, Glass, Riddle, Tuttle & Elliott 1978 to 1979  
Partner - White, Cox & Larson, P.C. 1979 to 1989  
Partner - Brown McCarroll and Oaks Hartline 1989 to 1991  
Principal / Sole Owner-Scott A. Larson, P.C. 1991 to Present  
Principal / Sole Owner-Larsoni Management Corp. 1996 to Present  
Commercial Real Estate Investor 1996 to Present

**Mortgage Background:**

Managing partner / owner of CME Group companies from 1991 to 2003, involving the acquisition of real estate mortgage loans from the F.D.I.C. and R.T.C. from 1991 to 1996. Responsibilities included all areas of management, due diligence and acquisitions, and all aspects of acquisitions of mortgage loan pools, and reworking and collecting mortgage loans.

**Real Estate Background:**

- Practice of law included all legal aspects of transactions involving sales, acquisitions, leasing and financing of commercial properties in transactions handled on behalf of clients since 1980.
- Principal in ventures that own commercial office and retail properties, and responsible for legal matters involving acquisitions, sales and leasing of such properties, currently consisting of approximately 500,000 square feet of building space.

**INFORMATION SHEET-SCOTT A. LARSON (cont'd)**  
**October 25, 2007**

**Properties currently owned by entities in which Scott A. Larson or The Irrevocable Larson Family Investment Trust are either the sole principal owners or primary principal owners:**

- **3301-3311 Oak Lawn Avenue, Dallas, Texas:** 24,785 square foot retail / office building.
- **2430 IH-35E, South, Denton, Texas:** Southridge Village Shopping Center, 53,496 square foot retail center.
- **4152 Cole Avenue, Dallas, Texas:** 15,000 square foot retail center.
- **5353 and 5354 Beltline Road, Dallas, Texas:** Redeveloped by Larsoni Management with 10,000 square feet in bank and restaurant buildings..
- **17604 N. Dallas Parkway, Dallas, Texas:** 8,645 square foot retail building.
- **1601 N. Central Expressway, Richardson, Texas:** 7,800 square foot restaurant building.
- **2420 IH-35E, South, Denton, Texas:** 5,218 square foot restaurant building.
- **4211 Cedar Springs, Dallas, Texas:** 40,000 square foot-three story office building.
- **12700 Hillcrest Road, Dallas, Texas:** 105,000 square foot-two story office building.
- **18020 N. Dallas Parkway, Dallas, Texas:** 7,850 square foot restaurant building.
- **18010 N. Dallas Parkway, Dallas, Texas:** 7,432 square foot restaurant building.
- **5925/5931 W. Campus Circle Drive, Irving, Texas:** 210,000 square foot warehouse building.
- **18160 N. Dallas Parkway, Dallas, Texas:** 5,000 square foot restaurant building under construction.

**October 25, 2007**  
**Information Sheet – Scott A. Larson &**  
**The Irrevocable Larson Family Investment Trust**  
**(Primary Principals of Assignee-Seaking Investment Partners, Ltd.)**

- (a) Scott A. Larson is the sole owner, president and manager of Seaking Management Corp., which is the Managing General Partner of Seaking Investment Partners, Ltd. Scott A. Larson is licensed as a real estate broker, attorney and CPA (on retirement status as CPA). Scott A. Larson is also the sole owner of Larsoni Management Corp., which will be engaged by Seaking Investment Partners, Ltd. to manage and administer the interests of Seaking Investment Partners, Ltd. in 4650 Airport Parkway, following an assignment of the Ground Lease for the property to Seaking Investment Partners, Ltd.
  
- (b) The Irrevocable Larson Family Investment Trust, which is the primary Limited Partner of Seaking Investment Partners, Ltd., is managed and administered by Scott A. Larson, who is the sole Trustee of such Trust. The Irrevocable Larson Family Investment Trust was formed on January 1, 1992. Between Mr. Larson and this Trust, these parties are primary owners of ventures that own commercial properties with estimated values totalling in excess of \$50,000,000, consisting of office, retail and warehouse properties. Such properties generate gross rental income in excess of \$6,500,000 per year. Financial statements for Scott A. Larson and The Irrevocable Larson Family Investment Trust, together with credit references, are available upon request. Commercial properties which are currently owned by entities for which these parties are the primary owners are set forth on the list attached.
  
- (c) Larsoni Management Corp., which is solely owned by Scott A. Larson, has been in the business of managing commercial properties for over 10 years. A description of the company's key personnel, and the property currently managed by Larsoni Management Corp., is attached hereto. In addition, a contact information sheet for Larsoni Management Corp. is attached hereto.

**October 25, 2007**  
**Information Sheet – 4650 Airport Parkway, Addison, Texas 75001**  
**(Description of Property and Its Current Use)**

- (a) 4650 Airport Parkway, Addison, Texas 75001, is a hangar building consisting of approximately 10,000 square foot of office area and approximately 13,000 square foot of hangar area, situated on 2.703 acres of land on the southeast side of the runway for the Addison Airport of Texas.
  
- (b) The property is currently subleased to Omniflight Corporation, under a Sublease Agreement with a ten year term that expires on December 14, 2008. Omniflight has been using the property to hangar helicopter aircraft used in its care flight operations for the transportation of patients for hospitals and other emergency flight operations. The facility is also used by Omniflight for maintenance of its helicopter aircraft and for other related servicing operations.

## **Exhibit 4**

# **Proposed Assignment Agreement to Ground Lease**

(Please refer to Exhibit 2 for Copy of Ground Lease and prior assignments)

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

**ASSIGNMENT OF GROUND LEASE**

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of \_\_\_\_\_ 2007, at Addison, Texas, by and between Schoellkopf Hangar Corporation, a Texas corporation (herein referred to as "Assignor" and Seaking Investment Partners, Ltd., a Texas limited partnership (herein referred to as "Assignee").

**WHEREAS**, a Ground Lease was executed on February 11, 1980 between the City of Addison and Addison Airport of Texas, Inc., as Landlord, and Richard W. Cree, Sr., as Tenant (the "Ground Lease", a true and correct copy of which Ground Lease is attached hereto as Exhibit A), by the terms of which certain real property located at 4650 Airport Parkway, Addison, Texas 75001, in the Addison Airport within the Town of Addison, Texas (the "City") and owned by the City was leased to Richard W. Cree, Sr.; and

**WHEREAS**, the said Ground Lease is recorded in Volume 81219, Page 2302 of the Deed Records of Dallas County, Texas;

**WHEREAS**, the interests of the Tenant under such Ground Lease have been assigned under Assignment of Lease (true and correct copies of which are attached hereto as Exhibit B) as follows:

- by Assignment of Lease dated February 11, 1980 from Richard W. Cree, Sr., as assignor, to Cree Ventures, Inc., as assignee;
- the said Ground Lease then having been assigned by Cree Ventures, Inc., to Hugo W. Schoellkopf, Jr., and Caroline Hunt Schoellkopf, by that Assignment and Assumption of Leases entered into on October 28, 1981;
- the said Ground Lease then having been assigned by Hugo W. Schoellkopf, Jr., and wife, Caroline Hunt Schoellkopf to Pumpkin Air, Inc., by that Assignment of Lease entered into on March 24, 1982;
- the said Ground Lease then having been assigned by Pumpkin Air, Inc. to Caroline Hunt Schoellkopf by that Assignment of Ground Lease entered into on December 23, 1986; but effective as of 11:59 p.m. C.S.T. December 31, 1986;
- the said Ground Lease then having been assigned by Caroline Hunt Schoellkopf to Hugo W. Schoellkopf, Jr., by that Assignment of Lease entered into on May 26, 1987, but effective as of 12:01 a.m. C.D.T., May 26, 1987; and
- the said Ground Lease then having been assigned by Hugo W. Schoellkopf, Jr. to Schoellkopf Hangar Corporation ("Assignor") by that Assignment of Lease entered into on August 7, 1987, but effective as of 12:01 a.m., C.D.T., July 23, 1987;



**WHEREAS**, by virtue of such assignments, Assignor is the Tenant under the Ground Lease; and

**WHEREAS**, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the “Base Lease” (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

**WHEREAS**, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

**WHEREAS**, the Ground Lease provides in Section 9 thereof that, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the Assignee whereby the Assignee agrees to be bound by the terms and provisions of the Ground Lease; and

**WHEREAS**, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound agree as follows:

### **AGREEMENT**

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor’s right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as Exhibit A, TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming 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 3311 Oak Lawn Avenue, Suite 250, Dallas, Texas 75219.

4. Assignee hereby agrees to assume all of Assignor's obligations and liabilities which are to be hereafter performed, or which hereafter arise, under the Ground Lease, AND

AGREES TO INDEMNIFY AND HOLD HARMLESS the Assignor with respect to such obligations and liabilities.

5. 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.

6. 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.

7. THE GROUND LEASE, AND THE ASSIGNOR'S INTEREST IN THE PROPERTY COVERED BY THE GROUND LEASE, ARE ASSIGNED TO ASSIGNEE ON AN "AS IS, WHERE IS" CONDITION WITH ALL FAULTS. ASSIGNOR MAKES NO WARRANTY OF CONDITION, MERCHANTABILITY OR SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY PERSONAL PROPERTY COVERED BY THE GROUND LEASE. ALL WARRANTIES, EXCEPT WARRANTIES OF TITLE, ARE HEREBY DISCLAIMED.

ASSIGNEE AGREES THAT THE RISK OF LIABILITY FOR ENVIRONMENTAL PROBLEMS, EVEN IF ARISING FROM EVENTS OCCURRING BEFORE THE DATE HEREOF, WILL BE THE SOLE RESPONSIBILITY OF ASSIGNEE, REGARDLESS OF WHETHER THE ENVIRONMENTAL PROBLEMS WERE KNOWN OR UNKNOWN AS OF THE DATE HEREOF. ASSIGNEE HEREBY RELEASES THE ASSIGNOR FROM LIABILITY FOR ENVIRONMENTAL PROBLEMS AFFECTING THE PROPERTY COVERED BY THE GROUND LEASE, INCLUDING LIABILITY UNDER THE COMPREHENSIVE ENVIRONMENTAL COMPENSATION AND LIABILITY ACT, THE RESOURCE CONSERVATION AND RECOVERY ACT, THE TEXAS SOLID WASTE DISPOSAL ACT, OR THE TEXAS WATER CODE. **ASSIGNEE RELEASES ASSIGNOR FROM ANY LIABILITY FOR ENVIRONMENTAL PROBLEMS AFFECTING THE PROPERTY COVERED BY THE GROUND LEASE AND ARISING AS A RESULT OF ASSIGNOR'S OWN NEGLIGENCE OR THE NEGLIGENCE OF ASSIGNOR'S REPRESENTATIVES.** ASSIGNEE RELEASES ASSIGNOR FROM LIABILITY FOR ENVIRONMENTAL PROBLEMS AFFECTING THE PROPERTY COVERED BY THE GROUND LEASE ARISING AS A RESULT OF THEORIES OF PRODUCT LIABILITY AND STRICT LIABILITY, OR UNDER NEW LAWS OR CHANGES TO EXISTING LAWS ENACTED AFTER THE EFFECTIVE DATE OR THIS ASSIGNMENT THAT WOULD OTHERWISE IMPOSE AN ASSIGNOR IN THIS TYPE OF TRANSACTION NEW LIABILITIES FOR ENVIRONMENTAL PROBLEMS AFFECTING THE PROPERTY.

(Signature pages follow this page.)

**IN WITNESS WHEREOF**, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

**ASSIGNOR:**

**SCHOELLKOPF HANGAR CORPORATION**  
a Texas corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNEE:**

**SEAKING INVESTMENT PARTNERS, LTD.,**  
a Texas limited partnership

By: \_\_\_\_\_

Scott A. Larson  
Manager and President

**ACKNOWLEDGMENT**

**STATE OF TEXAS           §**  
**COUNTY OF DALLAS       §**

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, the \_\_\_\_\_ of SCHOELLKOPF HANGAR COPROPRATION, a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated and as the act and deed of said corporation

GIVEN under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

**STATE OF TEXAS           §**  
**COUNTY OF DALLAS       §**

BEFORE ME, the undersigned authority, on this day personally appeared Scott A. Larson, Manager and President of Seaking Management Corp., General Partner of SEAKING INVESTMENT PARTNERS, LTD., a Texas limited partnership, 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, and as the act and deed of said limited partnership.

GIVEN under my hand and seal of office this \_\_\_\_ day of \_\_\_\_\_, 2007.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

**CONSENT OF LANDLORD**

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of \_\_\_\_ day of \_\_\_\_\_ 2007, at Addison, Texas, by and between Schoellkopf Hangar Corporation, a Texas corporation (herein referred to as "Assignor") and Seaking Investment Partners, Ltd., a Texas limited partnership (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 despite and subsequent to the Assignment, and that the mere assignment does not constitute a novation between Landlord and Tenant. 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

**ATTEST:**

By: \_\_\_\_\_  
Mario Canizares, City Secretary

**EXHIBIT "A"**  
**TO**  
**ASSIGNMENT OF GROUND LEASE**

(Ground Lease follows this cover page.)

**EXHIBIT "B"**  
**TO**  
**ASSIGNMENT OF GROUND LEASE**

(Assignment of Ground Lease follow this cover page.)

## **Exhibit 5**

# **Proposed Landlord's Estoppel Certification**

(Please refer to Exhibit 2 for Copy of Ground Lease and prior assignments.)



## LANDLORD'S ESTOPPEL CERTIFICATE

November 27, 2007

To: Seaking Investment Partners, Ltd.  
3311 Oak Lawn Avenue, Suite 250  
Dallas, Texas 75219

**Re.** Ground Lease ("Lease") dated February 11, 1980 (the "Ground Lease"), by and among the Town of Addison, Texas, a home rule municipality (the "City", the same being the Town of Addison, Texas) and Addison Airport of Texas, Inc., a Texas corporation, as Landlord (the City now being the sole Landlord under the Lease, the "Base Lease" (as defined in the Ground Lease) having expired, and the City alone being referred to herein as the "Landlord") and Richard W. Cree, Jr., as tenant;

- the said Ground Lease then having been assigned by Richard W. Cree, Sr., to Cree Ventures, Inc. by that Assignment of Lease entered into on February 11, 1980;
- the said Ground Lease then having been assigned by Cree Ventures, Inc., to Hugo W. Schoellkopf, Jr., and Caroline Hunt Schoellkopf, by that Assignment and Assumption of Leases entered into on October 28, 1981;
- the said Ground Lease then having been assigned by Hugo W. Schoellkopf, Jr., and wife, Caroline Hunt Schoellkopf to Pumpkin Air, Inc., by that Assignment of Lease entered into on March 24, 1982;
- the said Ground Lease then having been assigned by Pumpkin Air, Inc. to Caroline Hunt Schoellkopf by that Assignment of Ground Lease entered into on December 23, 1986; but effective as of 11:59 p.m. C.S.T. December 31, 1986;
- the said Ground Lease then having been assigned by Caroline Hunt Schoellkopf to Hugo W. Schoellkopf, Jr., by that Assignment of Lease entered into on May 26, 1987, but effective as of 12:01 a.m. C.D.T., May 26, 1987; and
- the said Ground Lease then having been assigned by Hugo W. Schoellkopf, Jr. to Schoellkopf Hangar Corporation ("Assignor") by that Assignment of Lease entered into on August 7, 1987, but effective as of 12:01 a.m., C.D.T., July 23, 1987;

and by virtue of such assignments, Assignor is the Tenant under the Ground Lease, whereby Landlord leases to Tenant certain real property (the "Real Property") located at 4650 Airport Parkway at Addison Airport in Dallas County, Texas, as specifically described in the Ground Lease (and being approximately 2.7 acres in Dallas County, Texas), and being generally described as the "Demised Premises" in the Terms and Conditions set forth in the Ground Lease.

Ladies and Gentlemen:

The undersigned Landlord (the "Landlord") is the present sole owner and holder of the Landlord's interest in the Lease and as of the date first given above hereby represents that:

1. Landlord is presently the sole Landlord under the Lease and is the only party authorized to sign this letter on behalf of the Landlord under the Lease.
2. To the best of Landlord's actual knowledge, a true, correct and complete copy of the Lease with all amendments, assignments and modifications to the Lease, are attached hereto as Exhibit A.
3. The Lease is in full force and effect at this time. To the best of Landlord's actual knowledge, there are no other agreements except as stated herein between Landlord and Tenant concerning the Premises or otherwise affecting the Lease.
4. The Lease commenced on October 30, 1980 and is due to expire, unless earlier terminated, on October 29, 2020.
5. The current monthly rental is \$4,671.52 and is subject to its next rental adjustment pursuant the Lease on November 1, 2008. Rent has been paid the period ending November 30, 2007 and \$0.00 has been paid on account of future rent.
6. Tenant has on account with Landlord the sum of \$1,493.77 as a security deposit.
7. Other than the subleases specifically listed in Exhibit B and attached hereto, Landlord has not given its consent to or acknowledges the existence of any other Sublease affecting the Premises pursuant to the Ground Lease.
8. Other than the leasehold mortgages specifically listed in Exhibit C and attached hereto, Landlord has not given its consent to or acknowledges the existence of any other lien created by a lease mortgage pursuant to the Ground Lease.
9. The rent and other charges due under the Lease have been paid in a timely manner and are currently paid in full.
10. Tenant has no unexercised options available to extend the term of this Lease except for: <NONE>.
11. To the best of Landlord's actual knowledge, neither Landlord nor Tenant is in default under any of the terms, covenants, or provisions of the Lease.
12. Pursuant to the Lease, title to all real property improvements now existing and made to the Premises into the future remain vested in Tenant and, unless provided for to the contrary in the Lease, shall revert to Landlord upon the expiration or termination of the Lease.

Very truly yours,

**LANDLORD:**

**TOWN OF ADDISON, TEXAS,**  
a home ruled municipality

By: \_\_\_\_\_  
Ron Whitehead, City Manager

**EXHIBIT "A"**

**COPIES OF THE LEASE WITH ALL AMENDMENTS, ASSIGNMENTS AND  
MODIFICATIONS FOLLOW**

**EXHIBIT "B" DESCRIPTIONS  
OF SUBLEASE**

Commercial Sublease dated July 2, 1997, between Schoellkopf Hangar Corporation as Sublessor and Omniflight Helicopters, Inc., as amended by a First Amendment to Commercial Sublease dated May, \_\_, 2002, and by Letter dated September 25, 2003, which Sublease, as amended, expires on December 14, 2008.

**EXHIBIT "C"**  
**LEASEHOLD MORTGAGES**

NONE

## **Exhibit 6**

# **Proposed First Amendment to Ground Lease**

(Please refer to Exhibit 2 for Copy of Ground Lease and prior assignments)

STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

FIRST AMENDMENT TO GROUND LEASE

This First Amendment to Ground Lease (hereinafter referred to as the "First Amendment to Ground Lease" or "Amendment") is entered into and effective as of \_\_\_\_\_, \_\_\_\_\_, 2007 between the Town of Addison, Texas a home rule municipality (hereinafter sometimes referred to as "Addison" or the "Landlord"), and Seaking Investment Partners, Ltd., a Texas partnership ("Tenant").

<b><u>Schedule of Exhibits</u></b>
<b>Exhibit A:</b> Copy of Ground Lease and each Assignment
<b>Exhibit B:</b> Sparr Survey dated 10/15/07

**WHEREAS**, a Ground Lease was entered into as of February 11, 1980 between the Town (City) of Addison, Texas and Addison Airport of Texas, Inc., together as Landlord, and Richard W. Cree, Sr., as Tenant, of a 2.7 acre (117,734 square feet) tract of land located at 4650 Airport Parkway at Addison Airport (the said tract of land being referred to in the Ground Lease and herein as the "Demised Premises" or "demised premises"), which Ground Lease provides that its term commenced on October 30, 1980 (or the first day of the first calendar month the tenant completes certain construction as described in the Ground Lease, whichever is earlier) and will end 480 months thereafter (or on October 29, 2020); 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 sole Landlord under the Ground Lease; and

**WHEREAS**, the Tenant's leasehold interest in the Ground Lease was thereafter conveyed to Cree Ventures, Inc., a Texas corporation by that Assignment of Ground Lease entered into February 11, 1980; and

**WHEREAS**, the Tenant's leasehold interest in the Ground Lease was thereafter assigned by Cree Ventures, Inc. to Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf (collectively the Assignee) by that Assignment and Assumption of Leases dated October 28, 1981; and

**WHEREAS**, the Tenant's leasehold interest was thereafter assigned by Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf (collectively the Assignor) to Pumpkin Air, Inc., a Texas corporation (Assignee) by that Assignment of Ground Lease dated March 24, 1982; and

**WHEREAS**, the Tenant's leasehold interest was thereafter assigned by Pumpkin Air, Inc., ("Assignor") to Caroline Hunt Schoellkopf ("Assignee" and as prior "Assignor") by that Assignment of Ground Lease dated December 23, 1986, but effective as of 11:59 p.m. C.S.T., December 31, 1986 (a true and correct copy of which is attached hereto as; and

**WHEREAS**, the Tenant's leasehold interests was thereafter assigned by Caroline Hunt Schoellkopf (as "Assignor") to Hugo W. Schoellkopf ("Assignee") by that Assignment of Ground Lease with an effective date of May 26, 1987, but effective as of 12:01 a.m., C.D.T., May 26, 1987; and



**WHEREAS**, the Tenant's leasehold interests was thereafter assigned by Hugo W. Schoellkopf, Jr. ("Assignor") to Schoellkopf Hangar Corporation, a Texas corporation ("Assignee") by that Assignment of Ground Lease and Lease dated August 7, 1987, but effective as of 12:01 a.m., C.D.T., July 23, 1987; and

**WHEREAS**, the Tenant's leasehold interests was thereafter assigned by Schoellkopf Hangar Corporation, a Texas corporation ("Assignor") to Seaking Investment Partners, Ltd., a Texas limited partnership by that Assignment of Ground Lease dated \_\_\_\_\_, 2007 (a true and correct copy of the Ground Lease and each of the aforementioned assignments are attached hereto as Exhibit A); and

**WHEREAS**, by virtue of such conveyances and assignments, "Seaking Investment Partners, Ltd.," is the Tenant under the Ground Lease (and is hereinafter referred to as "Tenant"); and

**WHEREAS**, Tenant and Landlord desire to affirm the Demised Premises and the amount of Rental as of the date of this First Amendment to Ground Lease.

**NOW, THEREFORE**, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), the terms and conditions of this Amendment, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Town of Addison, Texas and Tenant do hereby agree as follows:

### **AGREEMENT**

**Section 1. Incorporation of Premises.** The above and foregoing premises are true and correct and are incorporated herein and made a part of this Agreement for all purposes.

**Section 2. Amendment.**

A. Landlord and Tenant hereby agree to amend and modify the Ground Lease so that the Demised Premises shall from the date first given above and hereafter be modified in its entirety and be replaced with the description set forth in the Boundary Survey dated October 15, 2007 and then revised October 18, 2007 describing a 2.703 acre tract of land as prepared by Sparr Surveys as shown in Exhibit B attached hereto and made a part hereof for all purposes.

B. From and after the Effective Date, Tenant agrees to and shall pay to Landlord, without offset or deduction, rent for the modified Demised Premises at the rate of Four Thousand Six Hundred and Seventy-One Dollars and 52/100 (\$4,671.52) per month in advance, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the Term. The said amount shall be subject to adjustment pursuant to the Ground Lease with the next Adjustment Date to be November 1, 2008.

**Section 3. No Other Amendments.** Except to the extent modified or amended herein, all other terms, conditions, standards, and obligations of and set forth in the Ground Lease are and shall remain unchanged and in full force and effect.

**Section 4. Binding Effect.** This First Amendment to Ground Lease is and shall be for the benefit of, and binding upon, the parties hereto and their respective heirs, executors, administrators, successors, and assigns, as permitted by the Ground Lease.

**Section 5. Consent and Recording:** This Amendment is subject to the consent and filing requirements of the Town of Addison, Texas. Landlord may record this First Amendment to Ground Lease or a memorandum hereof in the real property records of Dallas County, Texas.

**Section 6. Applicable Law; Venue.** The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Amendment; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Amendment, and all obligations of the parties created by this Amendment are performable in Dallas County, Texas. Venue for any action under this Amendment shall lie in Dallas County, Texas.

**Section 7. Final Agreement.** This Amendment shall constitute the final agreement and understanding of the parties on the subject matter hereof and can only be modified by further written instrument signed and executed by both parties.

**Section 8. Authority to Execute.** The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

**IN WITNESS WHEREOF**, the undersigned parties execute this First Amendment To the Ground Lease as of the Effective Date first given above.

**LANDLORD:**

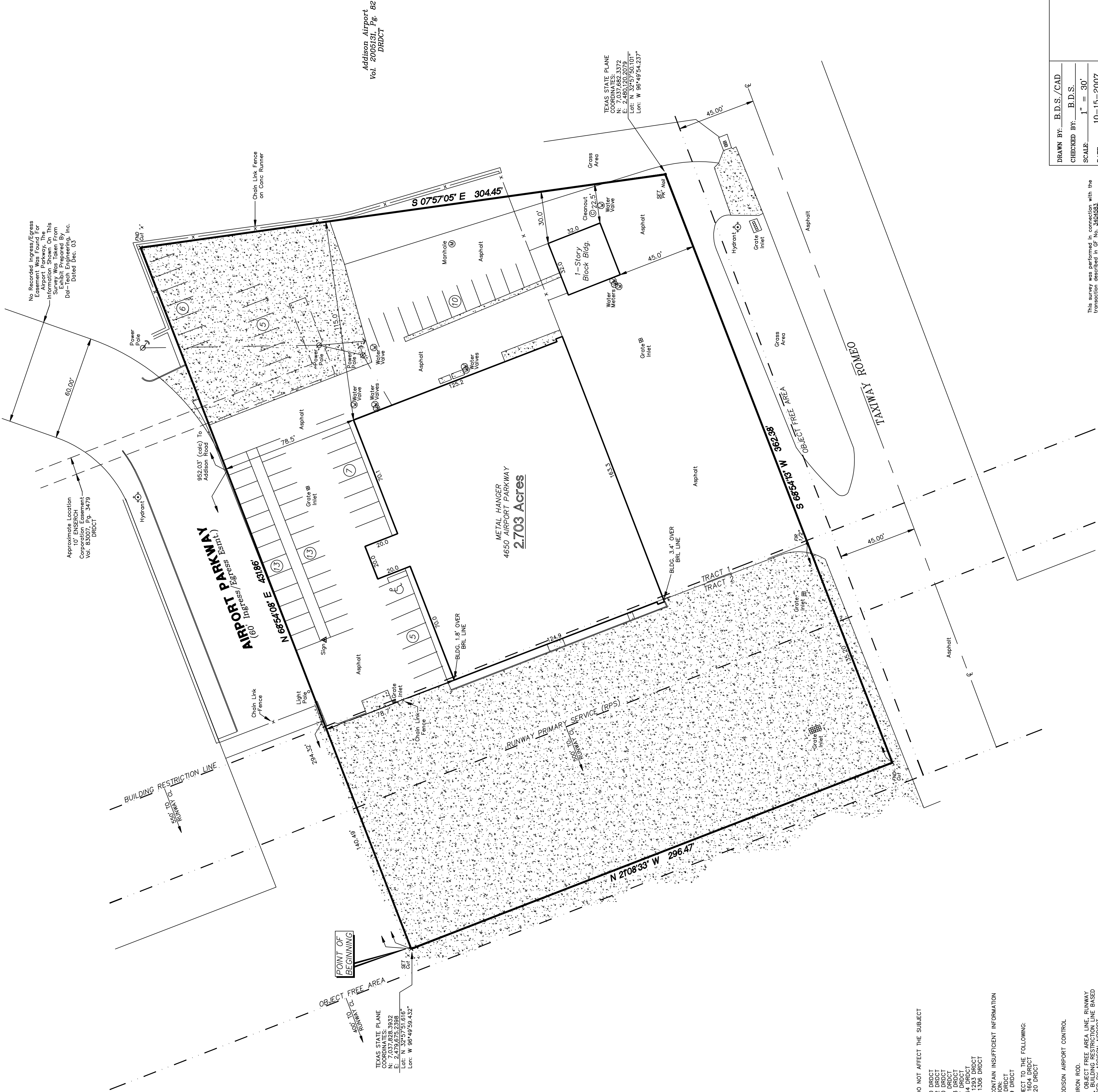
**TOWN OF ADDISON, TEXAS**

By: \_\_\_\_\_  
Ron Whitehead, City Manager

**TENANT:**

**SEAKING INVESTMENT PARTNERS, LTD.  
By: Seaking Mangement Corp., its General Partner**

By: \_\_\_\_\_  
Scott A. Larson, President



BEING a tract of land situated in the E. Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2009131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT), also being all of Tract 1 and Tract 2 as described in Assignment of Ground Lease to Hugo W. Schoellkopf, Jr. and Caroline Hunt, Schoellkopf, recorded in Volume 81219, Page 2320 DRDCT, and being more particularly described as follows:

**BEGINNING** at a cut 'x' set in the projected south line of Airport Parkway, a unrecorded 60 foot wide ingress and egress easement as shown on exhibit prepared by Dal-Tech Engineering, Inc. dated Dec. 03, from which the southerly southwest corner of said Airport Parkway bears N 68°54'08" E, 140.49 feet, said beginning point also being the northwest corner of said Tract 2;

**THENCE** N 68°54'08" E, along the projected south line of said Airport Parkway, at 140.49 feet passing the southerly southwest corner of said Airport Parkway, continuing along the south line of said Airport Parkway, at 294.32 feet passing the point of curvature of a circular curve to the left having a radius of 130.00 feet, departing the south line of said Airport Parkway, in all a distance of 431.86 feet to a cut 'x' found;

**THENCE** S 07°57'05" E, 304.45 feet to a 'PK' nail set in the north line of Taxiway Romeo;

**THENCE** S 68°54'13" W, along the north line of Taxiway Romeo, 362.38 feet to a cut 'x' found;

**THENCE** N 21°08'33" W, 296.47 feet to the **POINT OF BEGINNING** and CONTAINING 2.703 acres of land.

I, Brad Sparr, a Registered Professional Land Surveyor for Sparr Surveys, do hereby certify to: Seeking Investment Partners, Ltd.; The Town of Addison, Texas; Addison Airport of Texas, Inc.; Fidelity National Title Insurance Company and; The Irrevocable Larson Family Investment Trust, exclusively, that:

(1) that this survey correctly shows (i) the location of all buildings, structures and other visible improvements situated on the above premises, and that, except as shown, there are no visible easements or rights of way across said premises or, visible party walls, visible encroachments on adjoining premises, easements, streets or alleys by any of said buildings, structures or other improvements, and no visible encroachment onto the above premises by improvements situated on adjoining premises; (ii) the courses and measured distances of the exterior property lines of the premises and any easements as shown in the title commitment provided by Fidelity National Title, located on or affecting the said structures on the said premises at ground surface level and the distance therefrom to the nearest facing exterior property lines of the said premises; and (v) the scale, the north direction, the beginning point, the distance to the nearest intersecting street and point of direction from which the premises are measured; the lot and block number shown on any filed map which reference is made in the legal description of the premises shown on the filed map of such map, and an accurate reference to the real estate records of Dallas County, Texas;

(2) that this survey conforms to the requirements for a Category IA, Condition II Survey as set out in the Manual of Practice published by the Texas Society of Professional Surveyors.

Brad Sparr  
Registered Professional  
Land Surveyor No. 3701

Per the National Flood Insurance Rate Map, Community Panel No. 481089-0180J, with an effective date of August 23, 2001. This property is not in a flood prone area. Zone X.

DRAWN BY: B.D.S./CAD  
CHECKED BY: B.D.S.  
SCALE: 1" = 30'  
DATE: 10-15-2007  
REVISED 10-18-2007  
JOB NO. 19000i

**2.703 ACRE TRACT**  
SITUATED IN THE  
**ADDISON AIRPORT**  
E. COOK SURVEY, ABSTRACT NO. 326  
TOWN OF ADDISON  
DALLAS COUNTY, TEXAS



2553 C.R. 722  
McKinney, Texas 75069  
(214) 544-2297

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**NOTE:**  
THE FOLLOWING ITEMS DO NOT AFFECT THE SUBJECT PROPERTY:  
Vol. 4887, Pg. 460 DRDCT  
Vol. 4886, Pg. 372 DRDCT  
Vol. 4885, Pg. 300 DRDCT  
Vol. 4750, Pg. 200 DRDCT  
Vol. 5377, Pg. 543 DRDCT  
Vol. 6823, Pg. 864 DRDCT  
Vol. 2000053, Pg. 1292 DRDCT  
Vol. 2000053, Pg. 1306 DRDCT

THE FOLLOWING ITEMS CONTAIN INSUFFICIENT INFORMATION TO BE SHOWN ON THIS SURVEY:  
Vol. 4816, Pg. 92 DRDCT  
Vol. 4862, Pg. 399 DRDCT  
Vol. 81219, Pg. 2320 DRDCT

**NOTES:**  
BEARINGS BASED ON ADDISON AIRPORT CONTROL MONUMENTATION.  
BOUNDARY MONUMENTS SHOWN ON THIS SURVEY ARE NOT TO BE CONSIDERED AS THE LOCATION FOR THE OBJECT FREE AREA LINE, RUNWAY SAFETY AREA LINE AND BUILDING RESTRICTION LINE BASED ON INFORMATION PROVIDED BY ADDISON AIRPORT.  
(3) DENOTES COUNT FOR DESIGNATED PARKING SPOTS.  
THE TEXAS STATE PLANE COORDINATES SHOWN ON THIS SURVEY ARE BASED ON ADDISON AIRPORT CONTROL MONUMENTATION.

This survey was performed in accordance with the Uniform Standards of Professional Practice for Land Surveyors of the State of Texas.  
THIS PLAT IS INVALID UNLESS IT BEARS AN ORIGINAL SIGNATURE AND SEAL OF THE SURVEYOR.  
CERTIFICATION ATTACHED HERETO DOES NOT APPLY TO ANY COPIES.

No Recorded Ingress/Egress Easement Was Found For Airport Parkway. This Survey Was Taken From The Original Plat of Addison Airport, Inc. Dated Dec. 03.

Approximate Location of 10' ENKERCH Corporation Easement Vol. 81219, Pg. 2320 DRDCT

Addison Airport  
Vol. 2009131, Pg. 82  
DRDCT

# LEGAL DESCRIPTION

**BEING** a tract of land situated in the E. Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT), also being all of Tract 1 and Tract 2 as described in Assignment of Ground Lease to Hugo W. Schoellkopf, Jr. and Caroline Hunt Schoellkopf recorded in Volume 81219, Page 2320 DRDCT, and being more particularly described as follows:

**BEGINNING** at a cut 'x' set in the projected south line of Airport Parkway, a unrecorded 60 foot wide ingress and egress easement as shown on exhibit prepared by Dal-Tech Engineering, Inc. dated Dec. 03, from which the southerly southwest corner of said Airport Parkway bears N 68°54'08" E, 140.49 feet, said beginning point also being the northwest corner of said Tract 2;

**THENCE** N 68°54'08" E, along the projected south line of said Airport Parkway, at 140.49 feet passing the southerly southwest corner of said Airport Parkway, continuing along the south line of said Airport Parkway, at 294.32 feet passing the point of curvature of a circular curve to the left having a radius of 130.00 feet, departing the south line of said Airport Parkway, in all a distance of 431.86 feet to a cut 'x' found;

**THENCE** S 07°57'05" E, 304.45 feet to a 'PK' nail set in the north line of Taxiway Romeo;

**THENCE** S 68°54'13" W, along the north line of Taxiway Romeo, 362.38 feet to a cut 'x' found;

**THENCE** N 21°08'33" W, 296.47 feet to the POINT of BEGINNING and CONTAINING 2.703 acres of land.