

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

AGENDA

WORK SESSION OF THE CITY COUNCIL

6:00 P.M.

AND

REGULAR MEETING OF THE CITY COUNCIL

7:30 P.M.

MAY 27, 2008

TOWN HALL

5300 BELT LINE ROAD

WORK SESSION

Item #WS1 - Discussion regarding Addison Visitor Center.

Item #WS2 - Discussion regarding a new ground lease at Addison Airport between the Town of Addison (Landlord) and EHOAA, Inc., (Tenant) providing for the construction of new condominium hangars, an associated Leasehold Condominium Declaration, and a related developer participation agreement for the construction of certain public improvements (storm water drainage) at the Airport (Taxiway Romeo) and the payment of a portion of the cost of such public improvements.

REGULAR SESSION

Item #R1 - Consideration of Old Business.

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for:
May 13, 2008, Regular City Council Meeting and Work Session.

Item #R3 - Recognition of and presentation of proclamation to Bob Phelps for his outstanding service to the community.

Item #R4 - Consideration and designation of Mayor Pro Tempore and Deputy Mayor Pro Tempore.

Item #R5 - Consideration and approval of the appointment of Ray Noah to the Dallas Area Rapid Transit (DART) Board of Directors.

Item #R6 - Discussion and consideration of appointment of members and alternates to the Board of Zoning Adjustment.

Attachment:

1. Board of Zoning Adjustment Interest List (Summary)
-

Item #R7 - Discussion and consideration of appointment of a member(s) to the Planning and Zoning Commission.

Item #R8 - Discussion and consideration of approval of final payment to Hollman, Inc., in the amount of \$31,298 for installation of full length lockers and card lock systems in the Addison Athletic Club.

Attachment:

1. Council Agenda Item Overview

Administrative Recommendation:

Administration recommends approval

Item #R9 - Discussion and consideration of approval of the award of a bid for the annual service agreement with Kana Electric, LLC, for outdoor park, sidewalk and trail lighting maintenance, and miscellaneous park electrical repairs.

Attachments:

1. Council Agenda Item Overview
2. Cost Summary
3. Bid Tab
4. Bid Form

Administrative Recommendation:

Administration recommends approval.

Item #R10 - Discussion and consideration of approval of an Ordinance approving a Developer Participation Agreement between the Town of Addison and Ashton Dallas Residential, LLC, in connection with the construction of certain public streetscape improvements in the Asbury Circle townhome development located generally at the southeast and southwest corners of the intersection of Belt Line Road and Commercial Drive within the Town, and authorizing the expenditure by the Town for such improvements of an amount not to exceed the lesser of \$1,000,000 or 30% of the total construction contract price, and authorizing the City Manager to execute the said Agreement.

Attachments:

1. Council Agenda Overview
2. Agreement
3. Ordinance

Administrative Recommendation:

Administration recommends approval.

Item #R11 - Discussion and consideration of approval of a new ground lease at Addison Airport between the Town of Addison (Landlord) and EHOAA, Inc., (Tenant), a Texas non-profit corporation, and an associated Leasehold Condominium Declaration, for the purpose of constructing new condominium hangars on Addison Airport, and authorizing the City Manager to execute the same.

Attachments:

1. Council Agenda Item Overview
2. Bill Dyer Memorandum
3. Proposed Ground Lease
4. EHOAA Leasehold Condominium Declaration
5. Ordinance
6. Developer Participation Contract

Administrative Recommendation:

Administration recommends approval.

Item #R12 - Discussion and consideration of approval of an Ordinance approving a Developer Participation Agreement between the Town of Addison and EHOAA, Inc, a Texas non-profit corporation, in connection with the construction of certain public improvements at Addison Airport (being generally certain storm water drainage improvements to that portion of the Airport identified as Taxiway Romeo), and authorizing the expenditure by the Town for such improvements of an amount not to exceed the lesser of \$150,000 or 30% of the total construction contract price, and authorizing the City Manager to execute the said Agreement.

Attachment:

1. Please see Ordinance attached to #R11.

Administrative Recommendation:

Administration recommends approval.

Item #R13 - Discussion and consideration of approval of a resolution authorizing the City Manager to accept and enter into a RAMP (Routine Airport Maintenance Program) Grant Agreement between the Texas Department of Transportation and the Town of Addison, for airport improvements at Addison Airport.

Attachments:

1. Council Agenda Item Overview
2. Resolution

Administrative Recommendation:

Administration recommends approval.

Item #R14 - Discussion and consideration of approval of the Employee Handbook.

Attachments:

1. Council Agenda Item Overview
2. Chapter 1.09 Solicitation
3. Chapter 1.10 Gifts
4. Chapter 3.07 Separation
5. Chapter 7.01 Employee Conduct and Work Rules
6. Acceptance Form

Administrative Recommendation:

Administration recommends approval.

Item #R15 - Presentation and discussion of the Department of Financial & Strategic Services Quarterly Financial Review for the quarter and year ended March 31, 2008.

Item #R16 - Presentation and discussion of budgeting fundamentals and distribution of council budget survey.

Adjourn Meeting

Posted:
May 23, 2008 at 5:00 P.M.
Mario Canizares - City Secretary

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

ITEM #WS1

There are no attachments for this Item.

ITEM #WS2

There are no attachments for this Item.

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

May 13, 2008
6:00 P.M. – Town Hall
5300 Belt Line Road
Upstairs Conference Room

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

Absent: None

Work Session

Item #WS1 - Discussion regarding Arbor Foundation.

Ron Whitehead led the discussion. There was no action taken.

Item #WS2 - Discussion regarding Hotel Business Support Program.

Ron Davis and Chad Hansen led the discussion. There was no action taken.

Mayor-Joe Chow

Attest:

City Secretary-Mario Canizares

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

May 13, 2008
7:30 P.M. – Town Hall
5300 Belt Line Road
Council Chambers

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

Absent: None

Regular Session

Item #R1 - Consideration of Old Business.

The following employees were introduced to the Council: Donald Harrison with the General Services Department and Chris Kellen with the Fire Department.

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for:

April 22, 2008, Regular City Council Meeting and Work Session

Councilmember Braun moved to duly approve the Minutes for:

April 22, 2008, Regular City Council Meeting and Work Session with a correction to Item #R6. This correction had been made before posting of the Agenda.

Councilmember Niemann seconded. Motion carried.

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

Voting Nay: None

Absent: None

Item #R3 - Presentation to Wipe Out Kids Cancer.

There was no action taken.

Item #R4 - Presentation and recognition of Lisa Pyles, Addison Airport Director.

There was no action taken.

Item #R5 - Consideration and approval of an ordinance authorizing the issuance of \$34,500,000 Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2008; levying a tax, and providing for the security for and payment of said certificates; accepting the best bid therefore and awarding the sale thereof; approving the official statement; enacting other provisions relating to the subject; and declaring an effective date.

Councilmember Niemann moved to duly approve Ordinance No. 008-004 authorizing the issuance of \$34,500,000 Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2008; levying a tax, and providing for the security for and payment of said certificates; accepting the best bid therefore and awarding the sale thereof; approving the official statement; enacting other provisions relating to the subject; and declaring an effective date.

Councilmember Meier seconded. Motion carried.

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

Item #R6 - Discussion and consideration of approval of proposed amendments to Chapters 66 and 82 of the Code of Ordinances related to utility administration and collections for the Town.

Councilmember Niemann moved to duly approve Ordinance 008-015 and Ordinance 008-016 for amendments to Chapters 66 and 82 of the Code of Ordinances related to utility administration and collections for the Town.

Councilmember Kraft seconded. Motion carried.

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

Item #R7 - Discussion and consideration of approval of appointing a member to the Addison Planning and Zoning Commission.

This Item was tabled.

There was no action taken.

Item #R8 - **PUBLIC HEARING** Case 1555-SUP/Dunkin' Donuts. Public hearing regarding and consideration of approval of a Special Use Permit for a restaurant, located at 4900 Belt Line Road, Suite 125, on application from Texas Donuts, L.P., represented by Mr. Lesley A. Morgan of the Dimension Group.

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

Councilmember Braun moved to duly approve Ordinance No. 008-017 for a Special Use Permit for a restaurant, located at 4900 Belt Line Road, Suite 125, on application from Texas Donuts, L.P., represented by Mr. Lesley A. Morgan of the Dimension Group.

Councilmember Mellow seconded. Motion carried.

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

Voting Nay: None

Absent: None

Item #R9 - PUBLIC HEARING Case 1554-Z/Best Press, Inc. Public hearing regarding and consideration of approval of an ordinance amending an existing Planned Development ordinance (Ordinance 093-057) in order to add an allowed use: book publishing warehouse, and approve development plans, located at 4201 Airborn Drive, on application from Best Press, Inc., represented by Ms. Wendy Kalisher of Kalisher Properties, Ltd.

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

Councilmember Meier moved to duly Ordinance 008-018 amending an existing Planned Development ordinance (Ordinance 093-057) in order to add an allowed use: book publishing warehouse, and approve development plans, located at 4201 Airborn Drive, on application from Best Press, Inc., represented by Ms. Wendy Kalisher of Kalisher Properties, Ltd.

Councilmember Niemann seconded. Motion carried.

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

Voting Nay: None

Absent: None

Item #R10 - REPLAT/Westgrove and Airborn Addition. Discussion and consideration of approval of a replat of two lots located in Block A, Carroll Estates, one tract located at 4201 Airborn Drive, and the adjoining tract located at the southeast corner of Westgrove Drive and Sojourn Drive, on application from Kalisher Properties, Ltd., represented by Ms. Wendy Kalisher of Kalisher Properties, Ltd.

Councilmember Kraft moved to duly approve a replat of two lots located in Block A, Carroll Estates, one tract located at 4201 Airborn Drive, and the adjoining tract located at the southeast corner of Westgrove Drive and Sojourn Drive, on application from

Kalisher Properties, Ltd., represented by Ms. Wendy Kalisher of Kalisher Properties, Ltd.

Councilmember Hirsch seconded. Motion carried.

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

Item # R11 - FINAL PLAT/Lot 3, Block 1, Daseke Addition. Discussion and consideration of approval of a final plat for one lot of 1.332 acres, zoned R-16 (Residential-16) located at 5530 Celestial Road, on application from Don R. Daseke, represented by Mr. David Littleton of Halff Associates.

Councilmember Mellow moved to duly approve a final plat for one lot of 1.332 acres, zoned R-16 (Residential-16) located at 5530 Celestial Road, on application from Don R. Daseke, represented by Mr. David Littleton of Halff Associates, subject to the following conditions:

1. Revise all references of the lot and block number for the platted area to be "Lot 1, Block 1, Daseke Addition No. 2."
2. Label the "Owners Certificate" as such.
3. Change "TOWN OF ADDISON" to "COUNTY OF DALLAS" in the second line of the Owners Certificate.
4. The bearing in the first call of the Owners Certificate does not match the drawing. Please verify.
5. The area identified in the Owners Certificate does not match the drawing. Please verify.
6. Remove the building line.
7. Add a "Drainage & Floodway Easement" at one foot (1') above the 1% annual change floodplain identified in the submitted report.
8. Add a "Certificate of Approval" to be signed by the Mayor and City Secretary.
9. Move the notary block for the owner below to below the owner's signature.
10. Provide a closure sheet.
11. Add a five-foot wide sidewalk easement along the front property line.
12. Rename the plat Lot 1, Block 1, Daseke Addition No. 2

Councilmember Meier seconded. Motion carried.

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

Item #R12 - FINAL PLAT/Lots 1R2, 1R3, and 1R4, Block A, Addison Storage Addition. Discussion and consideration of approval of a final plat for one tract of .441 acres, and one tract of .847 acres, located in an Industrial-3 district on the west side of Addison Road, between Glenn Curtiss Drive and Ratliff Road, on application from Addison Storage Associates, represented by Mr. Bruce Myers of T.F. Stone Company.

Councilmember Niemann moved to duly approve a final plat for one tract of .441 acres, and one tract of .847 acres, located in an Industrial-3 district on the west side of Addison Road, between Glenn Curtiss Drive and Ratliff Road, on application from Addison Storage Associates, represented by Mr. Bruce Myers of T.F. Stone Company, subject to the following conditions:

1. Please correct the spelling of Glenn Curtiss in the Owner's Certificate.
2. Revise "City of Addison" to read "Town of Addison" in the Owner's Certificate.
3. Add a notary block for the surveyor's certificate.
4. Remove the line going through a portion of the dedication statement.
5. Provide a closure sheet.

Councilmember Braun seconded. Motion carried.

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

Item #R13 - Discussion and consideration of approval authorizing the City Manager to enter into a developer participation agreement in an amount not to exceed \$1,000,000 with Ashton Dallas Residential LLC for the construction of public streetscape improvements in the Asbury Circle townhome development located generally at the southeast and southwest corners of the intersection of Belt Line Road and Commercial Drive within the Town.

This Item was withdrawn by Staff.

There was no action taken.

Item #R14 - Discussion and consideration of approval to reject bids for roof repairs to the Addison Athletic Club, Theatre Centre and the re-roofing of Surveyor Pump Station.

Councilmember Kraft moved to reject the bids for roof repairs to the Addison Athletic Club, Theatre Centre and the re-roofing of Surveyor Pump Station.

Councilmember Mellow seconded. Motion carried.

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

Items #R15 - Discussion and consideration of approval of Resolution R08-008 to participate in the National Flood Insurance Program.

Councilmember Niemann moved to duly approve Resolution R08-008 to participate in the National Flood Insurance Program.

Councilmember Meier seconded. Motion carried.

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

Item #R16 - Discussion and consideration of approval of Change Order No. 1, in the amount of \$38,749.90 and approval of final payment to Northstar Construction, Inc., in the amount of \$205,434.17 for the construction of the Addison Airport Taxiway Sierra Pavement Improvements.

Councilmember Mellow moved to duly approve Change Order No. 1, in the amount of \$38,749.90 and approval of final payment to Northstar Construction, Inc., in the amount of \$205,434.17 for the construction of the Addison Airport Taxiway Sierra Pavement Improvements.

Councilmember Kraft seconded. Motion carried.

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

Item #R17 - Consideration and approval of Change Order No. 4, in the amount of \$33,879.52, for various items and approving final payment to JRJ Paving, L.P., in the amount of \$848,106.90 for the Paving and Drainage Improvements to Addison Road.

Councilmember Braun moved to duly approve Change Order No. 4, in the amount of \$33,879.52, for various items and approving final payment to JRJ Paving, L.P., in the amount of \$848,106.90 for the Paving and Drainage Improvements to Addison Road.

Councilmember Niemann seconded. Motion carried.

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

At 9:00 P.M., Mayor Chow announced that Council would convene into Executive Session to discuss the following Item:

Item #ES1 - Closed (executive) session of the Addison City Council, pursuant to Section 551.072, Texas Government Code, to deliberate the purchase, exchange, or value of real property located generally at 15810 and 15812 Addison Road within the Town of Addison.

Item #ES2 - Closed (executive) session of the Addison City Council, pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney(s) on a matter in which the duty of the attorney(s) to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code, regarding and relating to the taxation of improvements at Addison Airport.

The Council came out of Executive Session at 9:30 P.M.

Item #R18 - Discussion and consideration of approval to authorize the City Manager to enter into a contract to purchase certain real property within the Town of Addison and located generally at 15810 and 15812 Addison Road.

Councilmember Niemann moved to duly approve authorizing the City Manager to enter into a contract to purchase certain real property within the Town of Addison and located generally at 15810 and 15812 Addison Road.

Councilmember Mellow seconded. Motion carried.

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

Voting Nay: None

Absent: None

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

Mayor-Joe Chow

Attest:

City Secretary-Mario Canizares

ITEM #R3

There are no attachments for this Item.

ITEM #R4

There are no attachments for this Item.

ITEM #R5

There are no attachments for this Item.

Board of Zoning Adjustment

Members

Bob Baumann
4004 Sherry Lane
Addison, TX 75001
972-866-0070
Term Expires: 08-14-09
First term
Appointed by: Braun

Charles "Chick" Martin
14810 Lochinvar Drive
Dallas, TX 75254
972-239-6044
Term is expired
Second term
Appointed by: Chow

Maggie McQuown
14600 Brookwood Lane
Addison, TX 75001
972-247-0234
Term is expired
Second term
Appointed by: Hirsch

Becky Thompson
17112 Vinland Drive
Addison, TX 75001
972-250-1801
Term expires: 08-14-2009
First Term
Appointed by: Kraft

Kathryn Wheeler
14925 Havenshire Place
Dallas, TX 75254
972-503-6777
Term expires: 06-13-2008
First Term
Appointed by: Meier

Alternates

Virgil Burkhardt
4007 Winter Park Lane
Addison, TX 75001
972-490-8517
Term expires: 09-26-2008
Second term
Appointed by: Mellow

William Green
3845 Canot Lane
Addison, TX 75001
972-463-5585
Is moving from City
Second term
Appointed by: Niemann

New Alternate

First Term
Appointed by Mellow

New Alternate

First term
Appointed by: Niemann

Carmen Moran
Town of Addison
Staff Liaison
P.O. Box 9010
Addison, TX 75001
972-450-2886

Board of Zoning Adjustment Interest List (Summary)

| FirstName | LastName | Street | City | St | Zip | Home Phone | Office Phone | Email Address | Class |
|-----------|-------------|--------------------------|---------|----|--------|----------------|----------------|----------------------------------------------------------------------------------|-------|
| Maureen | Anderson | 14593 Evergreen Ct. | Addison | TX | 75001 | (972) 243-6234 | | maureenanderson@ebby.com | CA06 |
| Georgiana | Andrews | 14584 Greenleaf Ct | Addison | TX | 75001 | (972) 241-8220 | | gg.andrews@yahoo.com | CA06 |
| John | Bailey | 4093 Oberlin Way | Addison | TX | 75001 | (214) 727-1347 | (972) 661-8472 | johnalexbailey@yahoo.com | CA04 |
| Judy | Barrett | 14637 Lexus Ave. | Addison | TX | 75001 | (972) 386-7944 | (972) 386-7944 | jrbrib@tx.rr.com | CA00 |
| Fan | Benno-Caris | 3883 Weller Run Ct | Addison | TX | 75001 | (972) 243-3512 | | fan@fanbenno-caris.com | CA06 |
| Stephen | Blum | 17030 Planters Row | Addison | TX | 75001 | (214) 394-7827 | (972) 720-6645 | AJBlum@AwealthPlan.com | CA02 |
| Brad | Bradbury | 3918 Bobbin Ln. | Addison | TX | 75001 | (927) 980-8106 | | HCBradbury@tx.rr.com | CA02 |
| Robert | Brewster | 3781 Waterside Ct. | Addison | TX | 75001 | 972-247-5968 | | brewsterlpc@aol.com | CA98 |
| Lary | Brown | 3883 Lakeview Court | Addison | TX | 752001 | (972) 620-7098 | (972) 997-0700 | larybrown@museumarts.net | CA98 |
| Gilbert | Bruneman | 14848 Winnwood Rd. | Dallas | TX | 75254 | (972) 233-3304 | (972) 489-7678 | gilbruneman@sbcglobal.net | CA00 |
| Burk | Burkhalter | 3824 Waterford Drive | Addison | TX | 75001 | (972) 243-7110 | | jasburk@sbcglobal.net | CA06 |
| John | Caris | 3883 Weller Run Ct. | Addison | TX | 75001 | (972) 247-2988 | | jccaris@gmail.com | CA98 |
| James | Christensen | 3880 Emerald Ct. | Addison | TX | 75001 | (972) 620-1270 | (972) 650-3434 | jimeychristensen@yahoo.com | CA04 |
| Doreen | Cluck | 3734 Brookhaven Club Dr. | Addison | TX | 75001 | (972) 241-3905 | | cluckdoreen@aol.com | CA98 |
| Barbara | Colegrove | 15022 Bellbrook Drive | Dallas | TX | 75254 | (972) 387-1557 | | baracole@aol.com | CA02 |
| John | Cummings | 3817 Azure Ln. | Addison | TX | 75001 | (972) 247-1384 | | ic9164@sbcglobal.net | CA98 |
| Chris | DeFrancisco | 3917 Bobbin Ln. | Addison | TX | 75001 | (972) 392-3572 | (214) 515-4964 | cdefran@plainscapital.com | CA04 |
| Carol | Doepfner | 4006 Bobbin Ln. | Addison | TX | 75001 | (972) 233-9722 | (972) 307-3229 | caroldeopfner@hotmail.com | CA98 |
| Shirley | Farley | 14621 Lexus Avenue | Addison | TX | 75001 | (972) 490-7727 | | farley.s@att.net | CA06 |
| Kathryn | Farrer | 4815 Westgrove Dr. #301 | Addison | TX | 75001 | (972) 713-9293 | n/a | klfarrer@att.net | CA04 |
| Neil | Hewitt | 4014 Morman Ln. | Addison | TX | 75001 | (972) 934-1260 | (972) 280-6716 | nhewitt@us.ibm.com | CA00 |
| David | Holmes | 3880 Lakeview Ct. | Addison | TX | 75001 | (972) 620-9755 | (972) 888-9382 | david.holmes@TDIndustries.com | CA98 |
| Bob | Jacoby | 4016 Rive Lane | Addison | TX | 75001 | (972) 233-4536 | (214) 651-1447 | bjacoby10@yahoo.com | CA02 |
| Albert | Jandura | 14936 Oaks North Dr. | Dallas | TX | 75254 | (972) 702-0202 | (972) 702-0202 | AJANDURA@tx.rr.com | CA04 |

Board of Zoning Adjustment Interest List (Summary)

| FirstName | LastName | Street | City | St | Zip | Home Phone | Office Phone | Email Address | Class |
|-----------|----------|-------------------------|---------|----|-------|----------------|------------------------|----------------------------------------------------------------------------|-------|
| Richard | Jeffcoat | 15725 Artist Way #11040 | Addison | TX | 75001 | (972) 385-1835 | n/a | n/a | CA04 |
| Kelvin | Keith | 3876 Emerald Court | Addison | TX | 75001 | (972) 241-5035 | | kemke22@aol.com | CA06 |
| Elizabeth | Knott | 14925 Oaks North Dr. | Dallas | TX | 75254 | (214) 295-5208 | (214) 505-6555 | Elizabeth@knott.org | CA00 |
| Margaret | Miles | 14664 Bentwater Ct. | Addison | TX | 75001 | (972) 243-6068 | | fancitoo@yahoo.com | CA02 |
| Robin Jo | Moss | 3918 Dome Dr. | Addison | TX | 75001 | (972) 726-0957 | | robin@ribit.com | CA06 |
| Scott | Noble | 4008 Bobbin Ln. | Addison | TX | 75001 | (972) 385-8573 | (972) 385-1880 ex. 257 | bnbl4@yahoo.com | CA04 |
| Phyllis | Silver | 15720 Artist Way #4912 | Addison | TX | 75001 | (972) 622-4340 | (972) 622-4340 | | CA02 |
| Sandra | Silver | 3822 Canot Ln. | Addison | TX | 75001 | (972) 243-0023 | (972) 458-0400 | sandrasilver@sbcglobal.net | CA04 |
| Roy | Stockard | 14853 Oaks North Place | Dallas | TX | 75254 | (972) 490-9704 | | roy.stockard@tx.rr.com | CA06 |
| Alden | Tinnin | 4130 Proton Dr. , #50-B | Addison | TX | 75001 | (972) 387-4244 | (972) 764-9386 | binaryal@gmail.com | CA04 |
| Virginia | Wallace | 14820 Le Grande Dr. | Addison | TX | 75001 | (972) 450-7038 | (972) 980-2665 | vbwallace@tx.rr.com | CA00 |
| Lori | Ward | 14801 Lake Forest Dr. | Dallas | TX | 75254 | (972) 392-9295 | | Loriward@deloitte.com | CA04 |
| Dale | Wilcox | 3868 Lakeview Ct. | Addison | TX | 75001 | (972) 523-5052 | | Dalew@wilcoxgroup.net | CA98 |
| Katherine | Wood | 14609 Lexus Avenue | Addison | TX | 75001 | (972) 991-2911 | n/a | Wood_family@sbcglobal.net | CA04 |
| | | | | | | | | | |

ITEM #R7

There are no attachments for this Item.

Council Agenda Item: #R8

SUMMARY:

Staff recommends that the Council approve final payment to Hollman, Inc. totaling \$31,298.00 for installation of full length lockers with membership card locks in the Addison Athletic Club.

FINANCIAL IMPACT:

Budgeted Amount: \$38,000.00

Cost: \$31,298.00

Project Manager: Randy Rogers

This project is a budgeted item in the FY 2008 recreation operations budget.

BACKGROUND:

This project involved installing 87 full length lockers with membership card locking systems in each of the men's and women's locker rooms. One change order was approved for \$1799, which involved adding five additional lockers in each locker room in space where vending machines were relocated. This work was included in the original bid award; however, there was a clerical error on Hollman's price quotation that did not include the additional cost.

RECOMMENDATION:

The work was completed in a satisfactory manner and on schedule. Staff recommends approval.

Council Agenda Item: #R9

SUMMARY:

Staff recommends that the Council award a bid for an annual service agreement to Kana Electric, LLC to provide pedestrian pole and bollard lighting maintenance. This is an annual renewable contract for four additional one-year terms at the same terms and conditions. For subsequent extensions of the contract, the specifications allow the contractor to increase their price based upon the Consumer Price Index (CPI) – Dallas area for each twelve month extension period.

FINANCIAL IMPACT:

Budgeted Amount: **\$50,000**

Estimated Cost: **Estimated Annual Cost: Approximately \$45,000 based on previous year's experience**

This is a budgeted item in the parks operations budget.

BACKGROUND:

The previous three year annual service agreement, which was awarded in 2005 to Today's Electric, expired on April 30, 2008. The labor rate for their 2005 contract was \$40 per man-hour with a 15 percent mark up on parts. The new 2008 labor rate and mark up on parts are summarized on the attached bid tabulation form. Kana's low bid reflects a \$5 per man-hour increase with no change in the mark up on parts.

This bid consists of a one time cost to replace a single lamp in each type of pedestrian pole and bollard light located throughout the town's parks, park trails, sidewalks and outdoor lighting around municipal buildings. The bidder's were requested to submit a unit cost for changing one lamp, so staff can check invoices against the unit costs when work is completed. Work orders are sent out to the contractor based on monthly light checks performed by the parks staff, and when light outages are reported by citizens. As a point of reference, the attached spreadsheet reflects the quantity of each type of lamp located in town, with a total cost as if all lamps were changed out at one time.

The scope of work also includes replacing lamps and ballast on all pedestrian lights in the Addison Circle District, as well as, Addison Circle Park. It does not include street lights, which are maintained by the Public Works Department or Oncor Electric.

RECOMMENDATION:

Kana's references were very favorable, and staff believes they have adequate staffing, equipment and means of communication to be responsive to the town. Staff recommends approval.

Attachments: Bid Tabulation
Pedestrian Pole & Bollard Lighting Lamp Cost Summary
Contract Agreement

Pedestrian Pole & Bollard Lighting Bid 08-15 Lamp Costs
(If every lamp is changed out once/includes labor)
Kana Electrical LLP

| Bulb | Qty | Lamp Unit Cost | Total |
|----------------------------------------|-------------|-----------------------|------------------|
| F22DTT/2 pin | 25 | \$ 42 | \$ 1,050 |
| CDM 35/ar30L/SP | 25 | \$ 73 | \$ 1,825 |
| CDM35/PAR/M/FL (Philips) | 42 | \$ 73 | \$ 3,066 |
| CDM35/T6/8305-22328-9 (Philips) | 16 | \$ 73 | \$ 1,168 |
| CMH39/T/U/830-G12-42070 (GE) | 10 | \$ 150 | \$ 1,500 |
| Compact Florescent Med Base | 8 | \$ 50 | \$ 400 |
| Candelabra Base Long Life Incandescent | 13 | \$ 30 | \$ 390 |
| 40w Long Life Standard Incandescent | 24 | \$ 30 | \$ 720 |
| MH 50w/U/80 52312 (Venture) | 22 | \$ 55 | \$ 1,210 |
| 60w Long Life Standard Incandescent | 24 | \$ 30 | \$ 720 |
| 70w MH lamp | 4 | \$ 50 | \$ 200 |
| 90w par 38 flood lamp | 1 | \$ 30 | \$ 30 |
| 100w MH E17 Clear | 8 | \$ 30 | \$ 240 |
| 100w MH M90 Clear | 38 | \$ 50 | \$ 1,900 |
| 100w DX Mercury Vapor | 8 | \$ 70 | \$ 560 |
| 100w-ED-17MH | 4 | \$ 60 | \$ 240 |
| 26w 5137P | 64 | \$ 40 | \$ 2,560 |
| 100w MH Medium Base | 115 | \$ 50 | \$ 5,750 |
| MH 100w/U/MED (Venture) | 39 | \$ 55 | \$ 2,145 |
| MXR100/C/U/MED/0 12579 (GE) | 11 | \$ 50 | \$ 550 |
| HPS LU 100 Med | 4 | \$ 45 | \$ 180 |
| HPS LU150/55 Mogul Base | 21 | \$ 45 | \$ 945 |
| 175w MH | 259 | \$ 50 | \$ 12,950 |
| 175w-ED-17MH | 284 | \$ 50 | \$ 14,200 |
| 175w/U/Med (Venture) | 66 | \$ 50 | \$ 3,300 |
| 250 HPS, 310 watts | 5 | \$ 45 | \$ 225 |
| 250w MH | 18 | \$ 42 | \$ 756 |
| HPS LU400 Mogul Base | 4 | \$ 35 | \$ 140 |
| Q1000 PAR 64 MFL 43498 | 16 | \$ 70 | \$ 1,120 |
| 1000/HOR/BT37 bulbs | 40 | \$ 70 | \$ 2,800 |
| 1000 MH, 130 w | 6 | \$ 70 | \$ 420 |
| Totals | 1224 | \$ 1,663 | \$ 63,260 |

Pedestrian Pole and Bollard Lighting Maintenance

BID NO 08-15

DUE: May 1, 2008

2:00 PM

| BIDDER | SIGNED | Bid Total | Misc. Repair Labor Rate (man- hour) | Cost Plus (%) |
|---------------------|--------|-------------|-------------------------------------------------|------------------|
| Kana Electrical LLP | Y | \$ 1,663.00 | \$ 45.00 | 15% |
| Able Service Co | Y | \$ 1,682.00 | \$ 48.00 | 15% |
| Groves Electric | Y | \$ 1,835.00 | \$ 60.00 | 15% |
| Today's Electric | Y | \$ 2,128.00 | \$ 50.00 | 15% |
| Republic ITS | Y | \$ 2,325.00 | \$ 70.00 | 20% |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Matthew E. McCombs

Matt McCombs, Management Analyst

Katie H. Roller

Witness

**Bid Form
Pedestrian Pole and Bollard Lighting Maintenance – Annual Contract
Bid 08-15**

Company Name: _____

Full Mailing Address: _____

Phone Number:(_____)_____ / Fax:(_____)_____

Print Contact Name: _____

I have received, read, and will abide by all pages of these specifications. I am a legal agent of the above named company and am fully authorized to sign this bid. Affiant further states that Bidder has not paid, given, or donated or agreed to pay, give or donate to any officer or employee of the Town of Addison any money or other thing of value, either directly or indirectly, in award of the Bid.

| | | |
|----------------------|----------------------|------|
| Authorized Signature | Print Name and Title | Date |
|----------------------|----------------------|------|

| <u>BULB COST INCLUDING LABOR TO REPLACE</u> | EACH BULB |
|----------------------------------------------------|------------------|
| F22DTT/2 pin | \$ _____ |
| CDM 35/ar30L/SP | \$ _____ |
| CDM35/PAR/M/FL (Philips) | \$ _____ |
| CDM35/T6/8305-22328-9 (Philips) | \$ _____ |
| CMH39/T/U/830-G12-42070 (GE) | \$ _____ |
| Compact Florescent Med Base | \$ _____ |
| Candelabra Base Long Life Incandescent | \$ _____ |
| 40w Long Life Standard Incandescent | \$ _____ |
| MH 50w/U/80 52312 (Venture) | \$ _____ |
| 60w Long Life Standard Incandescent | \$ _____ |
| 70w MH lamp | \$ _____ |

| | |
|-----------------------------|----------|
| 90w par 38 flood lamp | \$ _____ |
| 100w MH E17 Clear | \$ _____ |
| 100w MH M90 Clear | \$ _____ |
| 100w DX Mercury Vapor | \$ _____ |
| 100w-ED-17MH | \$ _____ |
| 26w 5137P | \$ _____ |
| 100w MH Medium Base | \$ _____ |
| MH 100w/U/MED (Venture) | \$ _____ |
| MXR100/C/U/MED/0 12579 (GE) | \$ _____ |
| HPS LU 100 Med | \$ _____ |
| HPS LU150/55 Mogul Base | \$ _____ |
| 175w MH | \$ _____ |
| 175w-ED-17MH | \$ _____ |
| 175w/U/Med (Venture) | \$ _____ |
| 250 HPS, 310 watts | \$ _____ |
| 250w MH | \$ _____ |
| HPS LU400 Mogul Base | \$ _____ |
| Q1000 PAR 64 MFL 43498 | \$ _____ |
| 1000/HOR/BT37 bulbs | \$ _____ |
| 1000 MH, 130 w | \$ _____ |

Total of light replacement single bulb unit costs \$ _____

Labor for misc. electrical repairs
 (Use Journeyman electrical rate) \$ _____/man hour

Parts for misc. electrical repairs
 Contractor's cost plus _____%

CONTRACT AGREEMENT

THIS AGREEMENT, made and entered into this the ____ of _____, 2008, by and between the TOWN OF ADDISON, a municipal corporation located in the County of Dallas, State of Texas, hereinafter termed "Owner," and _____, located in the County of _____, Texas, hereinafter termed "Contractor."

In consideration of the mutual covenants herein contained, the Owner and Contractor agree as follows:

1. Contractor shall perform the following described work: **Pedestrian Pole and Bollard Lighting Maintenance – Annual Contract** as specified in the Contract Documents (hereinafter called the "Work"). The Work shall be performed at various locations in Addison as specified in the contract documents.
2. Contractor shall perform the Work in accordance and comply in all respects with the Contract Documents, together with any addenda or modifications thereto and Contractor's response to such bid request, all of which are hereinafter termed "Contract Documents." This Agreement, the Contract Documents, and Certificates of Insurance, all of which are attached hereto and made a part hereof, shall collectively evidence and constitute the entire agreement between Owner and Contractor. Contractor shall perform the Work in accordance with, and comply in its business practices in all respects with, all applicable governmental laws, rules, regulations, and policies.
3. The parties hereto intend that the documents include provisions for all labor, materials, equipment, supplies and other items necessary for the execution and completion of the Work and all terms and conditions of payment.
4. Contract term is from notification of Award of Bid through May 31, 2009. At the sole discretion of the Owner, the contract may be extended for four (4) twelve-month periods beginning June 1st of the extension year, until May 31st of the following year, under the same terms and conditions as the original contract documents. If the Owner chooses to renew the contract agreement under the same terms and conditions set forth in the initial agreement, the Contractor may then, submit a written request to the Owner at least 20 days prior to the first day of an extended (renewal) period, for an increase to the original prices for the Work during the extended (renewal) period by an amount determined by the change in the Consumer Price Index- All Items for Dallas, Texas Metropolitan Area (the "Consumer Price Index") as published in the Consumer Price Index for All Urban Consumers (CPI-U) by the U.S. Department of Labor, Bureau of Labor Statistics for the Dallas/Fort Worth Consolidated Metropolitan Statistical Area in accordance with the following: (a) A comparison shall be made between the Consumers' Price Index as it existed on the first day of this Agreement ("Commencement Date") and as it exists on the first day of the calendar month preceding the then applicable extension (renewal) period ("Adjustment Date"); (b) the original prices for the applicable extension (renewal) period may be increased by the percentage of increase in the Consumer Price Index between the Commencement Date and the then applicable Adjustment Date. Notwithstanding the foregoing, the total proposed price increase for any extended (renewal) period shall not exceed four percent (4%) per twelve-month renewal period.

5. The Owner agrees to pay Contractor in current funds monthly after receipt of invoice, according to the prices set forth in the proposal, which forms a part of this Agreement. Such payments shall be subject to Contractor's performance of all terms and conditions of the Contract Documents.

6. This Contract or any portion thereof may not be assigned, transferred, or otherwise conveyed or sublet to another party without the prior written consent of the Town of Addison; any such assignment, transfer, conveyance or subletting shall be deemed void. The Town may assign this Agreement without the Contractor's permission.

7. The Owner may terminate the Contract for the following conditions:

Contractor's failure to perform the work in accordance to the specifications shall constitute a material default. The Owner, at its sole option, shall have the right to terminate the contract without further cause.

Should the Contractor at any time refuse or neglect to supply a sufficient number of properly skilled workmen or sufficient materials of the proper quality or fail in any respect to prosecute the work contemplated herein with promptness and diligence or fail in the performance of any of the covenants herein contained.

If the Owner is dissatisfied with the quality of the Contractor's performance, or if the Contractor fails to comply with this Contract Agreement, the Owner shall so inform the Contractor by telephone, noting all areas of dissatisfaction and the Contractor shall correct the deficiencies by noon of the following day. If the Contractor fails to correct the deficiencies within the said period, the Owner may elect to: 1. Perform the services itself, or obtain others to perform the services, in which case the Owner shall recover those costs by deducting from any amounts owed the Contractor 100% of the "out of pocket expense"; and/or, 2. Terminate the Contract Agreement immediately by giving written notice to the Contractor. Termination by the Town under this section shall be in addition to all other remedies that the Owner may have against the Contractor.

The Owner reserves the right to cancel this Contract Agreement, without cause with (10) days written notice.

The Owner may be required to cancel the contract if the governing body does not provide funding for any fiscal year beginning October 1.

The Contractor may terminate the Contract for the following conditions:

Should the Contractor elect to cancel the Contract prior to the original or extended termination date, at least sixty (60) days written notice shall be given to the Budget and Procurement Manager.

The Owner shall deduct any out of pocket costs, associates with re-bidding the Lighting Maintenance –contract, from money owned the Contractor. Also, any increase in the cost of Lighting Maintenance –for the balance of the contract term shall be deducted by the Owner from amounts owed to the Contractor.

IN WITNESS WHEREOF, the parties have executed this agreement the year and day first above written.

OWNER:

CONTRACTOR:

TOWN OF ADDISON

By _____

By _____

Title: City Manager

Title _____

(Corporate Seal)

(Corporate Seal)

Attest: _____

Attest: _____

Title: City Secretary

Title: _____

The address for Giving Notices:

To Owner:

To Contractor:

Town of Addison

P.O. Box 9010

Addison, Texas 75001-9010

_____, of lawful age, being first duly sworn, an oath says that he/she is the agent authorized by Contractor to submit the above contract to the Town of Addison.

Affiant further states the Contractor has not paid, given, or donated or agreed to pay, give or donate to any officer or employee of the Town of Addison any money or other thing of value, either directly or indirectly, in procuring of the Contract.

Affiant's Signature: _____

Subscribed and sworn to before me this ____ day of _____, 2008.

Notary Seal

Notary Public for the State of Texas

Type/Print Name of Notary if not part of seal

_____ Enter date commission expires if not part of seal

Council Agenda Item:#R10

SUMMARY:

Discussion and consideration of approval authorizing the City Manager to enter into a developer participation agreement in an amount not to exceed \$1,000,000 with Ashton Dallas Residential LLC for the construction of public streetscape improvements in the Asbury Circle townhome development located generally at the southeast and southwest corners of the intersection of Belt Line Road and Commercial Drive, within the Town.

FINANCIAL IMPACT:

Budgeted Amount: \$1,000,000.00
Total cost for project: not to exceed \$1,000,000.00

The Town's contribution is less than 30 percent of the total cost for street improvements in the development. The budget for the street improvements, including a separate break-out for the City's participation is attached as Exhibit B to the agreement. The city will track actual costs for the line items listed, so it is possible that the Town's participation will be less than \$1,000,000.00, but in no event will it be more.

BACKGROUND:

In 2006, the Town adopted the Belt Line Road Redevelopment Vision. That Vision, and the zoning regulations that went with it, contained standards for the development for commercial and residential streets to be constructed in conjunction with any new development or redevelopment of property in the Belt Line Road corridor.

In conjunction with the Belt Line Road zoning, the Town adopted an Incentive Policy and Guidelines for Qualifying Projects. The policy recommended that the city: (i) provide incentives to attract new, or improve existing residential assets, (ii) identify streetscape improvement grants as a primary incentive program, (iii) identify certain strategic districts located along the Belt Line Road Corridor as "catalyst investment areas" and (iv) express the City's intent to participate in the Belt Line Corridor through public infrastructure improvements, including streetscape improvements that encourage pedestrian and transit access and public space amenities.

Ashton Woods is the first developer to rezone property to the Belt Line Road zoning district, and it is currently under construction on Asbury Circle, a 73-lot townhome development. Asbury Circle contains streets built in accordance with the Belt Line Road standards. When development plans were presented for the rezoning of the property, the staff determined that the development met the criteria expressed in the Policy, and recommended the Town participate in an amount not to exceed \$1,000,000.00 toward the cost of street improvements in the Asbury Circle development. The \$1,000,000.00 participation is funded in this current budget year.

RECOMMENDATION:

Staff recommends the Council authorize the City Manager to enter into a participation agreement with Ashton Dallas Residential L.L.C. to provide Town funding, in the amount of \$1,000,000.00, for public streetscape improvements in the Asbury Circle townhome development.

STATE OF TEXAS §
 § **DEVELOPER PARTICIPATION AGREEMENT**
COUNTY OF DALLAS §

This Developer Participation Agreement (“Agreement”) is made by and between the Town of Addison, Texas (the “City”), and Ashton Dallas Residential L.L.C., a Texas limited liability company (the “Developer”), acting by and through their respective authorized officers (the City and the Developer are sometimes referred to herein together as the “parties” and individually as a “party”).

WITNESSETH:

WHEREAS, the City is a home rule municipality pursuant to Article 11, Section 5 of the Texas Constitution and its Home Rule Charter; and

WHEREAS, Belt Line Road within the City is the City's primary east-west corridor, and the City has adopted by amendment to its Comprehensive Plan certain policies regarding the development of the Belt Line Road corridor (the “Belt Line Road Corridor” or “Corridor”) as set forth in Ordinance No. 006-014 of the City (the “Plan Amendments “); and

WHEREAS, the Plan Amendments include, among other things, a recognition of the need to “reinvent” and redevelop the Corridor to be a pedestrian-oriented mixed use area, with enhanced streetscaping, able to support the City's retail and restaurant activity and to attract business and residential development; and

WHEREAS, pursuant to and in order to implement the Plan Amendments, the City amended its Zoning Ordinance by adopting a zoning district identified as the “Belt Line District” in Ordinance No. 006-024; and

WHEREAS, the Developer is the owner of certain real property within the City generally described as approximately eight (8) acres of land located on the southeast and southwest corners of the intersection of Belt Line Road and Commercial Drive, and surrounding a restaurant identified as “IHOP”, which property is more particularly described in Exhibit A attached hereto (the “Property”); and

WHEREAS, the final plat for the Property is recorded in Volume ____, Page ____ of the Real Property Records of Dallas County, Texas (the “Final Plat”); and

WHEREAS, the Property is located within the Belt Line Road Corridor, and is zoned Belt Line District as set forth in Ordinance No. 006-026-1 of the City, which Ordinance, among other things, approved a concept plan for the development of the Property (the “Concept Plan”); and

WHEREAS, the Concept Plan provides for the Property to be developed for residential purposes, and specifically for the development and construction of townhomes in accordance with the Belt Line District zoning regulations; and

WHEREAS, in connection with its application to rezone the Property to the Belt Line District, the Developer advised the City that a contributing factor that would encourage the Developer to develop the Property in accordance with the Concept Plan would be an agreement by the City to provide funding to defray a portion of the cost to construct certain public improvements (streetscape improvements) required by the Belt Line District zoning and the Concept Plan, which improvements relate to the development of the Property and are described and identified in Exhibit B attached hereto and incorporated herein (the “Streetscape Improvements”); and

WHEREAS, the City has adopted an Incentive Policy & Guidelines for Qualifying Projects (the “Incentive Policy”), which provides, among other things, (i) for the City to consider providing incentives to attract new, or to improve existing, residential assets, (ii) identifies streetscape improvement grants as a primary incentive program, (iii) identifies certain strategic districts located along the Belt Line Road Corridor as an appropriate “catalyst investment area” as defined therein, and (iv) expresses the City's intent to participate in the Belt Line Corridor through public infrastructure improvements, including streetscape improvements that encourage pedestrian and transit access and public space amenities; and

WHEREAS, the Property is located within a “catalyst investment area” as described in the Incentive Policy, and the proposed Streetscape Improvements are the type of improvements specifically identified in the Incentive Policy as appropriate for investment by the City in order to encourage economic development and new residential assets to promote the growth of the City, and satisfy the criteria set forth in the Incentive Policy for the City to make such investment; and

WHEREAS, the City is authorized by Section 380.001 of the Texas Local Government Code to establish and provide for the administration of one or more programs, including programs for making loans and grants of public money, to promote local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the Incentive Policy and this Agreement constitute such a program for promoting local economic development; and

WHEREAS, the City has determined that providing the public infrastructure improvements as set herein will further the objectives of the City, will benefit the City and the City’s inhabitants, and will promote local economic development and stimulate business and commercial activity in the City.

NOW THEREFORE, for and in consideration of the above and foregoing premises and other good and valuable consideration, the sufficiency of which is hereby acknowledged, and on the terms and conditions hereinafter set forth, the Town of Addison, Texas and Ashton Dallas Residential L.L.C. do hereby agree as follows:

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof.

Section 2. Term. This Agreement shall be effective as of the date of execution of this Agreement by the last of the Parties to do so (the “Effective Date”). This Agreement shall remain in full force and effect from the Effective Date until the City and the Developer have

completed their respective obligations hereunder or has been earlier terminated by the mutual agreement of the City and the Developer in writing or otherwise terminated as set forth in this Agreement (“Term”).

Section 3 Streetscape Improvements.

A. Design. The plans for the design and construction of the Streetscape Improvements (the “Plans”) have been previously completed and provided by Dowdey Anderson & Associates, Inc., a [e.g., professional engineer registered and licensed to provide its services in the State of Texas] (the “Design Professional”), and the same have been submitted to and approved by the City in accordance with the City’s normal and usual practices and processes for reviewing and approving design plans for a development. A true and correct copy of the Plans are on file in the office of the City’s Director of Public Works (the “Director”). The City’s approval of the Plans does not constitute and is not a release of the responsibility and liability of the Developer or the Design Professional for the accuracy and competency of the same, and such approval is not an assumption of or an indemnification for such responsibility or liability by the City for any defect, error or omission in such design plans or specifications, the responsibility and liability for the Plans being solely that of the Developer and the Design Professional.

B. Construction.

1. (a) The Developer has entered into an agreement for the construction of the Streetscape Improvements with _____ (“Contractor”), and has submitted to the City a true and correct copy of the construction contract for the same (the “Streetscape Construction Contract”). A true and correct copy of the Streetscape Construction Contract is on file in the office of the Director. The cost to construct the Streetscape Improvements is as set forth in the Streetscape Construction Contract (and any change orders thereto) (the “Streetscape Construction Cost”).

(b) Any change orders in connection with the Streetscape Construction Contract shall be submitted to the City for its review and consideration prior to execution, and the Developer shall provide to the City a true and correct copy of any change order promptly following its execution. In the event the City finds that a change order is excessive, the City shall notify the Developer and the Developer shall seek to reduce the cost of the change order.

(c) The Streetscape Improvements are to be constructed in, and the Streetscape Construction Contract is divided into, four phases, referred to herein as “Phase One,” “Phase Two,” “Phase Three” and “Phase Four.” The portion of the Streetscape Improvements to be constructed in each of the phases is set forth in the attached Exhibit B. Phase One, Phase Two, Phase Three, and Phase Four comprise the entire Streetscape Construction Contract.

(d) The construction of the Streetscape Improvements shall be diligently prosecuted by the Developer to completion. All work on the Streetscape Improvements shall be performed in a good and workmanlike manner and in accordance with and subject to the Belt Line District zoning for the Property, the Concept Plan, and all applicable ordinances, laws, standards, rules, regulations and codes of the City and any other

governmental entity having jurisdiction over the Property, and with all of the terms and conditions of this Agreement, and in conformance with the Plans.

2. Prior to any work on the Streetscape Improvements, the Developer shall provide to the City surety bonds guaranteeing the faithful performance of the work and the payment of all obligations arising under the Streetscape Construction Contract (including, without limitation, the payment of all persons performing labor or providing materials under or in connection with the Contract), each in the penal sum of one hundred percent (100%) of the Streetscape Construction Contract sum. The Developer shall pay or cause the Contractor to pay the premiums for such bonds. Bonds shall be issued by a surety company satisfactory to the City, licensed by the State of Texas to act as a Surety, and listed on the current U. S. Treasury Listing of Approved Sureties. All bonds shall be made on a form complying with the requirements of the laws of the State of Texas and satisfactory to the City. A surety bond shall also be executed and provided to the City to include a two-year maintenance requirement for the Streetscape Improvements. Developer shall maintain and keep in good repair the work contracted to be done and performed under the Streetscape Construction Contract for a period of two (2) years from the date of acceptance. The Developer and the Town of Addison, Texas shall be named as joint obligees on all of such bonds.

3. The Town of Addison, Texas shall be named as an additional insured on all liability insurance policies provided by the Contractor.

4. The Developer shall acquire all lands and rights-of-way necessary to construct the Streetscape Improvements. The Developer shall coordinate with the City and utility providers to minimize the possibility of damage to utilities in the construction area. Upon completion of the Streetscape Improvements, the Developer shall ensure that the Streetscape Improvements and the property on which the Streetscape Improvements were constructed are free and clear of all liens and encumbrances, including mechanics liens and purchase money security interests.

5. The Developer shall timely pay the Contractor in accordance with the terms and conditions of the Contract. The Developer shall use commercially reasonable efforts to ensure that all Streetscape Improvements are completed in a timely manner in accordance with the Streetscape Construction Contract. The Developer shall thoroughly inspect the work of the Contractor to guard the City against defects and deficiencies in the Streetscape Improvements without assuming responsibility for the means and methods used by the Contractor.

6. The City has the right to inspect, test, measure or verify the construction work on the Streetscape Improvements as the City deems necessary.

7. Developer shall keep the Director informed regarding the progress of the Streetscape Improvements construction. Developer shall notify and provide documentation to the Director for the following events: (i) award of the Contract (including copies of bonds and insurance), (ii) notice to proceed, (iii) default of the Contractor (if it occurs), and (iv) completion of the Streetscape Improvements such that they are ready for inspection by the City. The Streetscape Improvements (Phase One through Phase Four thereof) shall not be considered finally complete until the Director has inspected the Streetscape Improvements and has issued a certificate of completion.

C. Reimbursement.

1. (a) Upon the full and final completion of Phase One of the Streetscape Improvements but subject to the terms and conditions of this Agreement, the City shall reimburse the Developer a portion of the Streetscape Construction Cost paid by the Developer in an amount not to exceed (i) Four Hundred Seventy Seven Thousand and No /100 Dollars (\$477,000.00), or (ii) thirty percent (30%) of the total Streetscape Construction Contract price for the Phase One portion thereof, whichever is less (the “Phase One Reimbursement Amount”).

(b) Upon the full and final completion of Phase Two of the Streetscape Improvements but subject to the terms and conditions of this Agreement, the City shall reimburse the Developer a portion of the Streetscape Construction Cost paid by the Developer in an amount not to exceed (i) One Hundred Fifty Six Thousand and No /100 Dollars (\$156,000.00), or (ii) thirty percent (30%) of the total Streetscape Construction Contract price for the Phase II portion thereof, whichever is less (the “Phase Two Reimbursement Amount”).

(c) Upon the full and final completion of Phase Three of the Streetscape Improvements but subject to the terms and conditions of this Agreement, the City shall reimburse the Developer a portion of the Streetscape Construction Cost paid by the Developer in an amount not to exceed (i) One Hundred Ninety Three Thousand and No /100 Dollars (\$193,000.00), or (ii) thirty percent (30%) of the total Streetscape Construction Contract price for the Phase Three portion thereof, whichever is less (the “Phase Three Reimbursement Amount”).

(d) Upon the full and final completion of Phase Four of the Streetscape Improvements but subject to the terms and conditions of this Agreement, the City shall reimburse the Developer a portion of the Streetscape Construction Cost paid by the Developer in an amount not to exceed (i) One Hundred Seventy Four Thousand and No /100 Dollars (\$174,000.00), or (ii) thirty percent (30%) of the total Streetscape Construction Contract price for the Phase Four portion thereof, whichever is less (the “Phase Four Reimbursement Amount”).

In any event and notwithstanding any other provision of this Agreement, the combined total of the Phase One Reimbursement Amount, the Phase Two Reimbursement Amount, the Phase Three Reimbursement Amount, and the Phase Four Reimbursement Amount the Phase One Reimbursement Amount, the Phase Two Reimbursement Amount, the Phase Three Reimbursement Amount, and the Phase Four Reimbursement Amount being collectively the “Total Reimbursement Amount”) shall not exceed One Million and No/100 Dollars (\$1,000,000.00) or thirty percent (30%) of the total Streetscape Construction Contract price, whichever is less.

2. Payment of each of the Phase One Reimbursement Amount, the Phase Two Reimbursement Amount, the Phase Three Reimbursement Amount, and the Phase Four Reimbursement Amount shall be made in accordance with and is subject to the following:

(a) Upon the full and final completion of each of Phase One, Phase Two, Phase Three, and Phase Four, the Developer shall submit to the City an invoice for the applicable reimbursement amount (for Phase One, Phase Two, Phase Three, or Phase

Four, as the case may be) (which shall also show the total Streetscape Construction Contract price paid to the Contractor) (a “Reimbursement Invoice”). The Reimbursement Invoice shall be in form and content acceptable to the City and shall be accompanied by a certification from the Developer stating and providing:

- (i) that the applicable portion of the Streetscape Improvements
 - (A) has been fully and finally completed in accordance and conformance with:
 - (1) the Plans,
 - (2) the Streetscape Construction Contract,
 - (3) all laws, ordinances, standards, codes, rules and regulations of the United States, the State of Texas, the City, and any other governmental entity having jurisdiction (including, without limitation, the standards of the Americans with Disabilities Act of 1990), and
 - (4) this Agreement,
 - (B) has been reviewed and accepted by the City (or other appropriate governmental entity having jurisdiction over the Streetscape Improvements), and
 - (C) has been paid for in full by the Developer, and
- (ii) that there are no outstanding claims or liens by any contractor, subcontractor, or provider of materials, supplies, or labor in connection with work on the applicable portion of the Streetscape Improvements.

The certification shall be by affidavit sworn to by an appropriate officer of the Developer authorized to submit the same.

(b) The Reimbursement Invoice shall also be accompanied by a copy of the Contractor's certificate of payment to subcontractors and material suppliers, and by a certificate (sealed by the Design Professional) from the Design Professional that the applicable portion of the Streetscape Improvements have been fully and finally completed in accordance and conformity with the Plans and the Streetscape Construction Contract.

(c) Payment of the Total Reimbursement Amount or any portion thereof is further conditioned on and subject to the City's prior receipt from the Developer of all as-built drawings, certifications, maintenance manuals, operating instructions, written guarantees, warranties, and bonds relating to the applicable portion of the Streetscape Improvements, and assignments of all guarantees and warranties from the Contractor, subcontractors, vendors, suppliers, or manufacturers, in connection with or relating to all or any portion of the work on the applicable portion of the Streetscape Improvements.

(d) Upon the City's receipt and review (to the City's satisfaction) of (a) the Reimbursement Invoice, (b) the Developer's certification that the work has been fully and finally completed as set forth above, (c) the other information to be submitted by Developer in accordance with this Agreement, and (d) the compliance by Developer (to the City's satisfaction) with applicable portions of this Agreement, the City shall pay to the Developer within 30 days thereafter the amount of the Reimbursement Invoice.

(e) Notwithstanding the foregoing or any other provision of this Agreement, the obligation of the City to reimburse the Developer and/or to pay the Total Reimbursement Amount or any portion thereof is conditioned upon and subject to the appropriation and budgeting by the City, in its sole and absolute discretion, of funds to pay the same.

Section 4. Insurance.

A. At all times, Developer shall maintain the minimum insurance coverage, described below. Developer may satisfy this requirement through insurance provided by its Contractor.

1. Commercial General Liability insurance at minimum combined single limits of \$5,000,000 per-occurrence and \$5,000,000 general aggregate for bodily injury and property damage, which coverage shall include products/completed operations (\$5,000,000 products/ completed operations aggregate), and XCU (Explosion, Collapse, Underground) hazards. Coverage for products/completed operations must be maintained for at least two (2) years after the construction work has been completed.

2. Workers Compensation insurance at statutory limits, including Employers Liability coverage a minimum limits of \$1,000,000 each-occurrence each accident/\$1,000,000 by disease each-occurrence/\$1,000,000 by disease aggregate.

3. Commercial Automobile Liability insurance at minimum combined single limits of \$1,000,000 per-occurrence for bodily injury and property damage, including owned, non-owned, and hired car coverage.

4. Builders Risk coverage as follows:

(a) "All Risk" Builders Risk insurance, including collapse coverage, is required on a completed value form if the contract is for the construction of a structure or building.

(b) The Builders Risk policy must provide transit and off-premises coverage if the contract with the builder makes the Town of Addison responsible for materials. The deductible shall not exceed \$50,000.

5. Umbrella Liability at minimum limits of \$_____ – each-occurrence/\$_____ aggregate with respect to primary Commercial General Liability, Automobile Liability, and Employers Liability policies.

The Developer shall use commercially reasonable efforts to cause subcontractor(s) hired by the Contractor to maintain insurance coverage equal to that required of the Contractor.

B. With reference to the foregoing insurance requirement, Contractor shall specifically endorse applicable insurance policies as follows:

1. The Town of Addison, Texas shall be named as an additional insured with respect to General Liability and Automobile Liability.
2. All liability policies shall contain no cross liability exclusions or insured versus insured restrictions.
3. A waiver of subrogation in favor of the Town of Addison, Texas, its officers and employees shall be contained in the Workers Compensation, Builders Risk, and all liability policies.
4. All insurance policies shall be endorsed to the effect that the Town of Addison, Texas will receive at least sixty (60) days' notice prior to cancellation, material modification, or non-renewal of the insurance.
6. All insurance policies, which name the Town of Addison, Texas as an additional insured, must be endorsed to read as primary coverage regardless of the application of other insurance.
7. Required limits may be satisfied by any combination of primary and umbrella liability insurances.
8. Contractor may maintain reasonable and customary deductibles.
9. Insurance must be purchased from insurers that are financially acceptable to the City and licensed to do business in the State of Texas.

All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Certificates of Insurance shall be prepared and executed by the insurance company or its authorized agent, delivered to the Developer and the City prior to the commencement of any work on the Streetscape Improvements, and shall contain provisions representing and warranting the following:

1. Sets forth all endorsements and insurance coverages according to requirements and instructions contained herein.
2. Shall specifically set forth the notice-of-cancellation or termination provisions to the Town of Addison.

C. Developer shall require its construction contractor(s) to continuously and without interruption, maintain in force the required insurance coverages specified in this Section. If Developer does not comply with this requirement, the Director, at the Director's sole discretion, and after at least 15 days notice to Developer and opportunity to cure within the said 15 day period, may

- a. immediately suspend Developer from any further performance under this Agreement and begin procedures to terminate for default, or
- b. purchase the required insurance with City funds and deduct the cost of the premiums from amounts due to Developer under this Agreement.

The City shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

Section 5. Developer’s Indemnity Obligation.

A. Developer covenants and agrees to FULLY DEFEND, INDEMNIFY AND HOLD HARMLESS the Town of Addison, Texas and the elected officials, the officers, employees, representatives, and volunteers of the Town of Addison, Texas, individually or collectively, in both their official and private capacities (the Town of Addison, Texas and the elected officials, the officers, employees, representatives, and volunteers of the Town of Addison, Texas being each an “Addison Person” and collectively the “Addison Persons”), from and against any and all costs, claims, liens, harm, damages, losses, expenses, fees, fines, penalties, proceedings, judgments, actions, demands, causes of action, liability, and suits, of any kind and nature whatsoever made upon any Addison Person, whether directly or indirectly, (the “Claims”), that arise out of, result from, or relate to: (1) the design and construction of the Streetscape Improvements, (2) the use of any premises within the City by Developer, (3) representations or warranties by Developer under this Agreement, and/or (4) any other act or omission under or in performance of this Agreement by Developer, or any owner, officer, director, manager, employee, agent, representative, consultant, contractor, subcontractor, licensee, or concessionaire of Developer, or any other person or entity for whom Developer is legally responsible, and their respective owners, officers, managers, employees, directors, agents, and representatives. SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF THE TOWN OF ADDISON, TEXAS OR ANY OTHER ADDISON PERSON, OR ANY ACT OR OMISSION BY THE TOWN OF ADDISON, TEXAS OR ANY OTHER ADDISON PERSON THAT GIVES RISE TO STRICT LIABILITY OF ANY KIND, BUT DOES NOT INCLUDE CLAIMS FOUND TO HAVE BEEN CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AN ADDISON PERSON.

B. Developer shall promptly advise the City in writing of any claim or demand against any Addison Person or Developer related to or arising out of Developer's activities under this Agreement and shall see to the investigation and defense of such claim or demand at Developer's sole cost and expense. The Addison Persons shall have the right, at the Addison Persons’ option and at own expense, to participate in such defense without relieving Developer of any of its obligations hereunder.

C. The provisions of this defense, indemnity, and hold harmless obligation, and any other defense, indemnity, and hold harmless obligation set forth in this Agreement, shall survive the termination or expiration of this Agreement.

Section 6. Termination.

A. FAILURE OF THE DEVELOPER TO TIMELY COMPLETE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT SHALL CONSTITUTE A DEFAULT OF THIS AGREEMENT BY DEVELOPER AND SHALL TERMINATE THE CITY'S DUTY TO REIMBURSE DEVELOPER FOR ANY COSTS HEREUNDER OR FOR ANY COSTS WHATSOEVER, AND SHALL CONSTITUTE A WAIVER BY DEVELOPER OF ANY RIGHT TO CLAIM SUCH REIMBURSEMENT OR ANY OTHER COSTS OR DAMAGES ARISING OUT OF THIS AGREEMENT OR THE DESIGN AND CONSTRUCTION OF THE STREETScape IMPROVEMENTS. DEVELOPER'S FAILURE TO COMPLETE ITS OBLIGATIONS TIMELY SHALL NOT REQUIRE THE CITY TO GIVE NOTICE OF DEFAULT AS DESCRIBED BELOW OR TO GIVE DEVELOPER ANY TIME TO CURE.

B. For any other reason except Developer's failure to complete its obligations timely as set forth in subsection A., either party may terminate its performance under this Agreement in the event of default by the other party and a failure by that party to cure such default after receiving notice thereof, as provided in this Section. For purposes of this subsection B., default shall occur if a party fails to observe or perform any of its duties under this Agreement. Should such a default occur, the non-defaulting party shall deliver a written notice to the defaulting party describing such default and the proposed date of termination. Such date may not be sooner than the 10th day following receipt of the notice. The non-defaulting party, at its sole option, may extend the proposed date of termination to a later date. If prior to the proposed date of termination, the defaulting party cures such default to the non-defaulting party's satisfaction, the proposed termination shall be ineffective. If the defaulting party fails to cure such default prior to the proposed date of termination, the non-defaulting party may terminate this Agreement, and the obligations of the parties hereunder shall end. The Director may give such notice on behalf of the City for purposes of this Agreement.

C. In the event this Contract is terminated due to default of the Developer or the Developer abandons the residential project on the Property, either of which events is before the Contractor completes the construction of the Streetscape Improvements, the City reserves the right to continue the Streetscape Construction Contract and utilize any unexpended portion of the reimbursement amount described in this Agreement to reimburse the Contractor. In such event, Developer shall have no claim for any other funds of the City.

Section 7. Miscellaneous.

A. In connection with this Agreement and the matter set forth herein, all of the Developer's books and other records related to the Streetscape Improvements shall be available for inspection by the City at a location within the City as determined by the City. Developer shall include in the Streetscape Construction Contract that the City has and reserves the right, upon notice, to inspect and make an audit of all books, records, accounts and other data of the Contractor relating to the construction of the Streetscape Improvements and performance of the Streetscape Construction Contract. The City further has the right to conduct inspections of all places where work is undertaken in connection with this Agreement.

B. Developer is an independent contractor, and Developer shall accomplish all of its obligations and services provided for herein in such capacity, and under no circumstances shall

this Agreement be construed as one of agency, partnership, joint venture, joint enterprise, or employment between the parties; provided always however that the obligations and services of Developer hereunder shall be provided in a manner consistent with all applicable standards and regulations governing the same. The City shall have no control or supervisory powers as to the detailed manner or method of the Developer's performance of the subject matter of this Agreement. All officers, employees, personnel, contractors, subcontractor's, agents, and representatives supplied or used by Developer shall be deemed employees or subcontractors of Developer and shall not be considered employees, agents or subcontractors of the City for any purpose whatsoever. Developer shall be solely responsible for the compensation of all such persons, for the withholding of income, social security and other payroll taxes and for the coverage of all workers' compensation benefits.

C. Neither party shall have the authority to or shall assign, convey, pledge, or otherwise transfer in any manner this Agreement, or any of the privileges, rights, or duties set forth herein, to any other person or entity, without the express prior written approval and consent of the other party. Any assignment, conveyance, pledge, or other transfer in violation of this provision shall be null and void *ab initio* and cause for immediate termination (no period of cure) by the other party.

D. This Agreement and each of its provisions are solely for the benefit of the parties hereto and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

E. Except as otherwise provided for in this Agreement, all obligations and responsibilities arising prior to the expiration or termination of this Agreement allocating responsibility or liability of or between the parties shall survive the completion or termination of this Agreement, and any rights and remedies either party may have with respect to the other arising out of the performance during the term of this Agreement shall survive the cancellation, expiration, or termination of this Agreement.

F. The failure of either party to enforce any provision or condition contained in this Agreement at any time will not be construed as a waiver of that condition or provision nor will it operate as a forfeiture of any right of future enforcement of the condition or provision.

G. Any notice and/or statement required and permitted to be delivered shall be deemed delivered upon receipt after depositing same in the United States mail, certified mail with return receipt requested, postage prepaid, or upon receipt by nationally recognized overnight courier, addressed to the appropriate party at the following addresses, or at such other addresses provided by the parties by notice under this subsection:

To City:

5300 Belt Line Road
Dallas, Texas 75254
Attn: City Manager

To Developer:

Ashton Dallas Residential L.L.C.
8111 LBJ Freeway, Suite 1500
Dallas, Texas 75251
Attn: Bruce Prine

H. The laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions,

the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement. In the event of any action under this Agreement, venue for all causes of action shall be instituted and maintained exclusively in state courts located in Dallas County, Texas.

I. This Agreement supersedes all previous agreements and constitutes the entire understanding of the parties. Developer shall be entitled to no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both parties.

J. If any provision of this Agreement is held by a court of competent jurisdiction to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision is not a part hereof, and the remaining provisions hereof shall remain in full force and effect.

K. This Agreement and all of its terms and conditions are subject to applicable laws, ordinances, rules, regulations, and codes, including, without limitation, the City Charter of the Town of Addison, Texas.

L. For purposes of this Agreement, "includes" and "including" are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded.

M. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

TOWN OF ADDISON, TEXAS

**ASHTON DALLAS RESIDENTIAL L.L.C.,
a Texas limited liability company**

By: _____
Ron Whitehead, City Manager

By: _____
Typed name: _____
Title: _____
Date: _____

Date: _____

OWNERS' CERTIFICATE AND DEDICATION

STATE OF TEXAS
COUNTY OF DALLAS
ASHTON DALLAS RESIDENTIAL, L.L.C.
ABSTRACT NO. 2713, ADDISON COUNTY, TEXAS
Page 2004, Book Records, Dallas County, Texas and being all of Lot 3, Block A of 2007 BAILEY ADDITION, ADDISON COUNTY, TEXAS
THENCE North 01 degree 15 minutes 00 seconds East, a distance of 250.00 feet to a 1/2 inch iron rod found in the most Southerly Northwest corner of said Lot 2.

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ASHTON DALLAS RESIDENTIAL, L.L.C.
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THENCE North 01 degree 15 minutes 00 seconds East, a distance of 250.00 feet to a 1/2 inch iron rod found in the most Southerly Northwest corner of said Lot 2.

EXHIBIT A

73 LOTS ~ 8.140 ACRES
FINAL PLAT
ASBURY CIRCLE
BEING A REPLAT OF
AND
SKIP BAILEY ADDITION
LOT 1 AND LOT 2, BLOCK A
AND
LOT 4R-1
ADDISON TOWN CENTER
LOTS 3A, 3B, 3C-1, 4R-1 & 5
AN ADDITION TO THE CITY OF ADDISON
THOMAS L. CHENOWETH SURVEY, ABSTRACT NO. 273
DALLAS COUNTY, TEXAS
AUGUST 2006
SCALE: 1"=40'

KNOW THE PEOPLE, KNOW ALL MEN BY THESE PRESENTS,
THAT I, Skip Chenoweth, County Surveyor, have caused to be made and published to me that he
approved the same for the purposes and considerations therein expressed, and in full compliance with the
requirements of the laws of this State.

STATE OF TEXAS
COUNTY OF DALLAS
EUGENIE LEE, the undersigned, a history public, on this day personally appeared Eric Robinson, known to me to be the person
and Jackson Dallas Residential, L.L.C., known to me to be the person, who acknowledged to me that the same was the act of
and consideration therein expressed and in full compliance with the laws of this State.

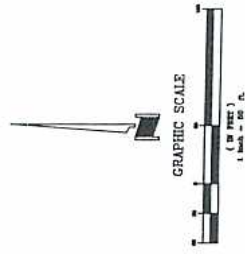
STATE OF TEXAS
COUNTY OF DALLAS
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ASHTON DALLAS RESIDENTIAL, L.L.C.
3900 MONFORT DRIVE
SUITE 100
DALLAS, TEXAS 75240
772-489-3525
DOODY ANDERSON & ASSOCIATES, P.C.
1223 West Loop, Suite 202
Fort Worth, Texas 76104
(817) 336-1501

ASHTON DALLAS RESIDENTIAL, L.L.C.
3900 MONFORT DRIVE
SUITE 100
DALLAS, TEXAS 75240
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Fort Worth, Texas 76104
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EASEMENTS TO BE ABANDONED BY THIS PLAT
73 LOTS ~ 6140 ACRES
FINAL PLAT
ASSBURY CIRCLE
BEING A REPLAT OF
PART OF LES LACS PLAZA SUBDIVISION
AND
SKIP BAILEY ADDITION
LOT 1 AND LOT 2, BLOCK A
AND
LOT 4R-1
ADDISON TOWN CENTER
LOTS 3A,3B,3C-1,4R-1 & 5
AN ADDITION TO THE CITY OF ADDISON
THOMAS L. CHENOWETH SURVEY, ABSTRACT NO. 273
DALLAS COUNTY, TEXAS
AUGUST 2006 SCALE: 1"=40'

OWNER
ASHTON DALLAS RESIDENTIAL, L.L.C.
13800 MONFORT DRIVE SUITE 100
DALLAS, TEXAS 75240
972-480-3255
ENGINEER
DOWDEY, ANDERSON & ASSOCIATES, INC.
222 Maple Creek Drive, Suite 200, Fort Worth, Texas 76103 972-511-0881

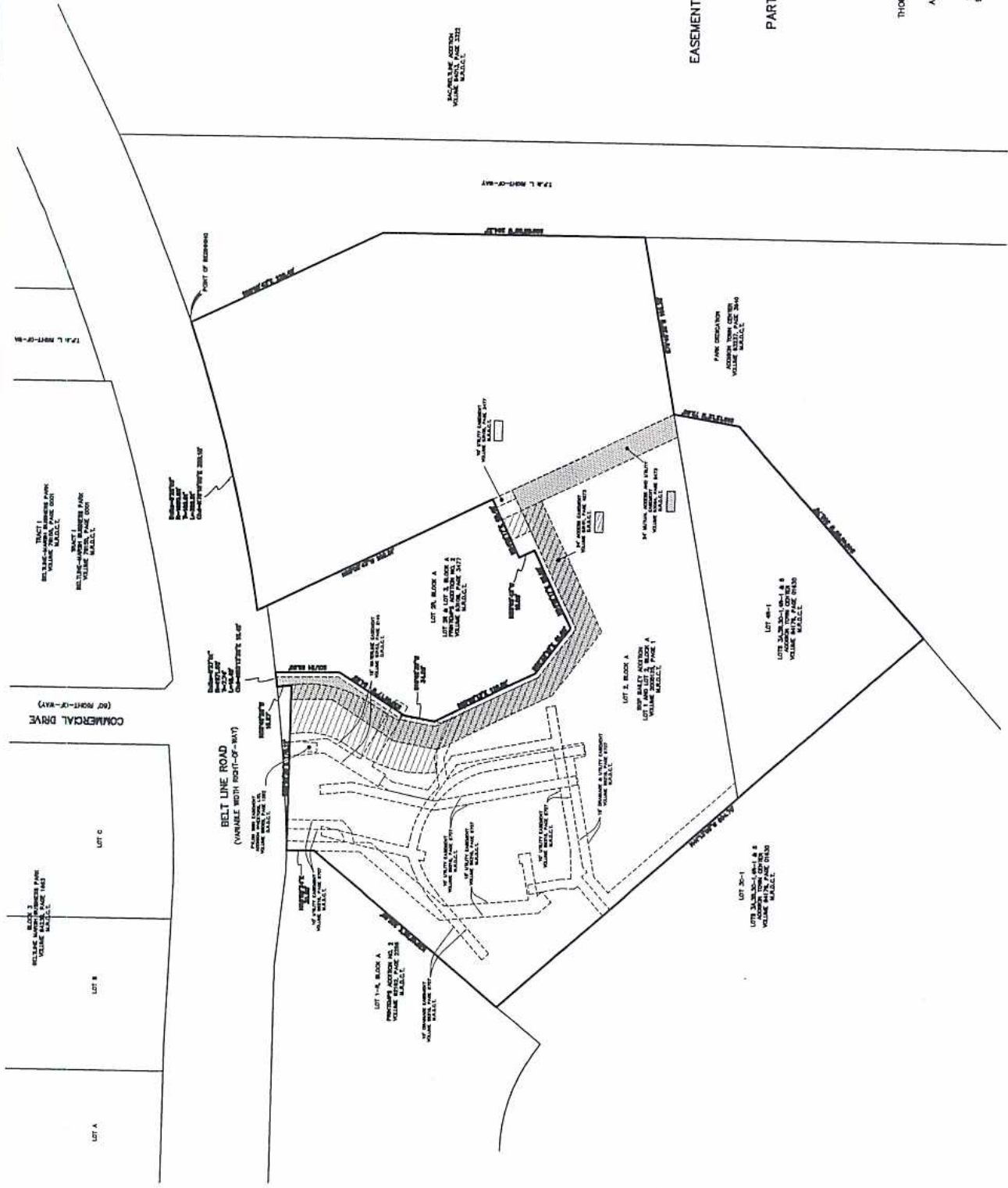
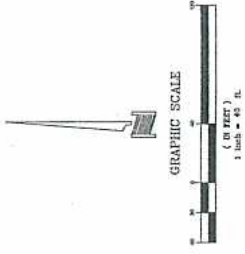


EXHIBIT A



| LINE TABLE | LINE NUMBER | LINE TYPE |
|------------|-------------|-------------|
| 1 | 1-10 | ASBURY LANE |
| 2 | 11-20 | ASBURY LANE |
| 3 | 21-30 | ASBURY LANE |
| 4 | 31-40 | ASBURY LANE |
| 5 | 41-50 | ASBURY LANE |
| 6 | 51-60 | ASBURY LANE |
| 7 | 61-70 | ASBURY LANE |
| 8 | 71-80 | ASBURY LANE |
| 9 | 81-90 | ASBURY LANE |
| 10 | 91-100 | ASBURY LANE |

NOTES:
1. ALL DIMENSIONS ARE TO THE FACE OF CURB UNLESS OTHERWISE NOTED.

DIMENSION CONTROL PLAN
ASBURY CIRCLE
TOWN OF ADDICKSON
DALLAS COUNTY, TEXAS

DOWDEY ANDERSON & ASSOCIATES, INC.
1521 Maple Court, Dallas, TX 75201
DATE: 04/11/2017
SCALE: 1" = 40'
PROJECT: ASBURY CIRCLE

| NO. | DATE | BY | REVISION |
|-----|------|----|----------|
| | | | |
| | | | |
| | | | |



THIS CONSTRUCTION IS TO BE PERFORMED UNDER THE RESPONSIBLE SUPERVISION OF THE REGISTERED PROFESSIONAL ENGINEER
J. Corey Ross 4/11/17



CITY OF ADDICKSON BENCHMARK NO. 18
ELEVATION = 627.21
CORNER OF BELUEVE ROAD AND ASBURY ROAD.

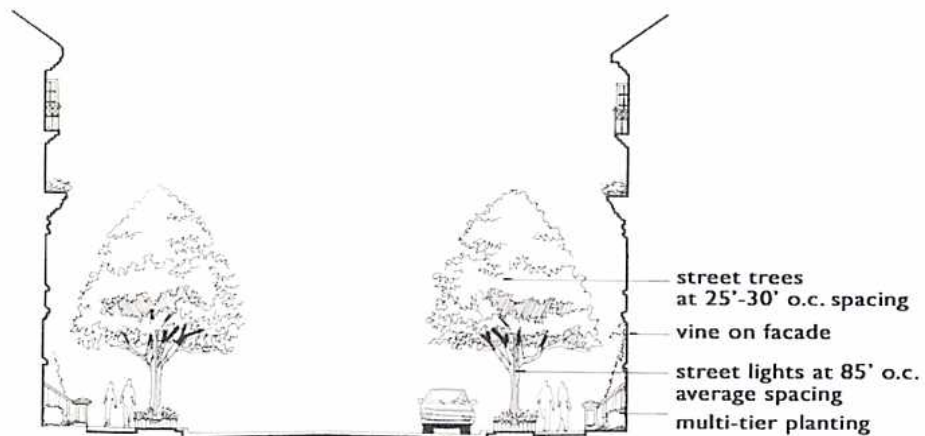
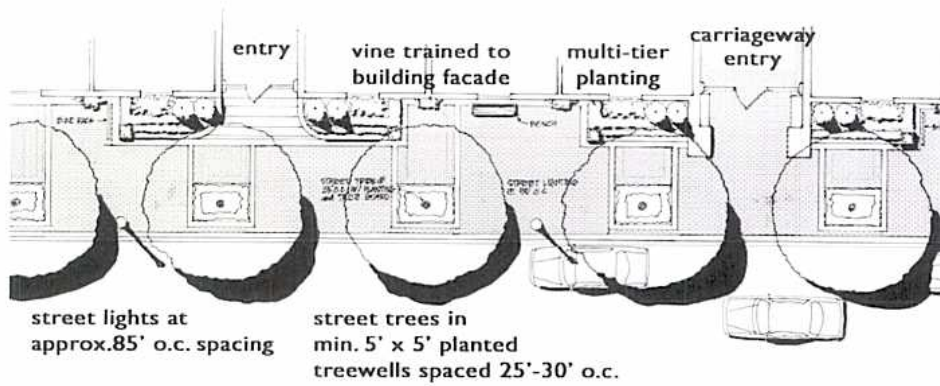
BENCHMARKS:
CITY OF ADDICKSON BENCHMARK NO. 13
ELEVATION = 627.44
CORNER OF BELUEVE ROAD AND ASBURY ROAD.

LOT 20-1
ASBURY TOWN CENTER
VALUING DATE: PAGE 01030

EXHIBIT B

C.3 Local Street: Residential

- Provide 4" min. caliper street tree in a min. 5' x 5' planted tree well. Tree wells should be planted with low evergreen shrubs and ornamental grasses or perennials.
- Provide a multi-tier perimeter planting along building facades allowing insets for bench placement.
- Provide vines trained to the building facades.
- Provide for site furnishings at an appropriate interval of 150' and consisting of: Bench, bike rack and a trash receptacle.



ASBURY CIRCLE

Town of Addison, Dallas County, Texas

Land Plan: 5.11.2006

Total Lots: **73**
Prepared: **5.31.06**

Total Acres: **8.14**
Revised: **03.05.08**

Budget Summary

| CATEGORY | By Category | By Lot | By Acre |
|----------------------------------------------------|--------------------|-----------------|------------------|
| EROSION CONTROL | \$40,000 | \$548 | \$4,914 |
| EXCAVATION/RETAINING WALLS | \$108,000 | \$1,479 | \$13,268 |
| WATER | \$212,943 | \$2,917 | \$26,160 |
| SANITARY SEWER | \$96,021 | \$1,315 | \$11,796 |
| STORM SEWER | \$214,000 | \$2,932 | \$26,290 |
| PAVING | \$145,518 | \$1,993 | \$17,877 |
| MISCELLANEOUS ON-SITE IMPROVEMENTS | \$713,000 | \$9,767 | \$87,592 |
| CITY IMPROVEMENTS/REIMBURSEMENT | \$1,000,000 | \$13,699 | \$122,850 |
| CITY, PROFESSIONAL & MISCELLANEOUS FEES | \$515,966 | \$7,068 | \$63,386 |
| <i>SUB-TOTALS</i> | \$3,045,449 | \$41,718 | \$374,134 |
| <i>OVERALL CONTINGENCY (10%)</i> | \$304,545 | \$4,172 | \$37,413 |
| CATEGORY TOTALS | \$3,349,994 | \$45,890 | \$411,547 |

ASSUMPTIONS:

SITE:

- OPINION OF COST BASED ON PLANS DATED 9/25/07
- MAXIMUM CITY REIMBURSEMENT SHALL BE \$1,000,000

EXCLUDES:

- COST FOR TELEPHONE OR CABLE FEES NECESSARY TO PROVIDE SERVICE, IF ANY
- COST FOR ENVIRONMENTAL REPORTS
- COST FOR ROCK EXCAVATION
- COST FOR CITY IMPACT FEES, PRO RATA (IF ANY) & PARK FEES

EXHIBIT B

Master Budget
ASBURY CIRCLE

Town of Addison , Dallas County, Texas

Land Plan: 5.11.2006

Total Lots: **73**
Prepared: **5.31.06**

Total Acres: **8.14**
Revised: **03.05.08**

| MISCELLANEOUS ON-SITE IMPROVEMENTS | UNIT COST | UNIT | QTY | TOTAL |
|---------------------------------------------|--------------|------|-------|----------------------|
| | (\$) | (-) | (± #) | (\$) |
| ELECTRIC & GAS SERVICE | \$ 1,125.00 | LT. | 73 | \$ 82,125.00 |
| BURY OVERHEAD ELECTRIC | \$ 63,000.00 | LS. | 1 | \$ 63,000.00 |
| DEMOLITION | \$ 57,500.00 | EA. | 1 | \$ 57,500.00 |
| ENTRY MONUMENT | \$ 18,000.00 | EA. | 1 | \$ 18,000.00 |
| SEAT WALL | \$ 75.00 | L.F. | 240 | \$ 18,000.00 |
| PLANTER POT ON BASE | \$ 2,000.00 | EA. | 6 | \$ 12,000.00 |
| PLANTER WALL | \$ 75.00 | L.F. | 65 | \$ 4,875.00 |
| STAMPED AND COLORED CONCRETE | \$ 3.50 | S.F. | 436 | \$ 1,526.00 |
| 7' CONCRETE WALK | \$ 3.50 | S.F. | 329 | \$ 1,151.50 |
| 4' CONCRETE WALK | \$ 3.50 | S.F. | 4844 | \$ 16,954.00 |
| CLAY PAVERS OVER CONCRETE SUB-SLAB | \$ 14.00 | S.F. | 7212 | \$ 100,968.00 |
| BOLLARD | \$ 1,100.00 | EA. | 9 | \$ 9,900.00 |
| BENCH | \$ 1,800.00 | EA. | 20 | \$ 36,000.00 |
| EAST PALATKA HOLLY - 65 GALLON | \$ 900.00 | EA. | 7 | \$ 6,300.00 |
| LIVE OAK - 65 GALLON | \$ 395.00 | EA. | 41 | \$ 16,195.00 |
| SHUMARD RED OAK - 65 GALLON | \$ 410.00 | EA. | 18 | \$ 7,380.00 |
| CRAPE MYRTLE "NATCHEZ" - 10' HEIGHT | \$ 170.00 | EA. | 25 | \$ 4,250.00 |
| SOUTHERN MAGNOLIA "LITTLE GERN" - 45 GALLON | \$ 430.00 | EA. | 27 | \$ 11,610.00 |
| SKYROCKET JUNIPER - 30 GALLON | \$ 340.00 | EA. | 23 | \$ 7,820.00 |
| FESTIVE HOLLY - 30 GALLON | \$ 340.00 | EA. | 23 | \$ 7,820.00 |
| "OKLAHOMA" RED BUD - 10' HEIGHT | \$ 195.00 | EA. | 6 | \$ 1,170.00 |
| SAUCER MAGNOLIA - 10' HEIGHT | \$ 340.00 | EA. | 26 | \$ 8,840.00 |
| EASTERN RED CEDAR - 10' HEIGHT | \$ 340.00 | EA. | 2 | \$ 680.00 |
| SEA GREEN JUNIPER - 7 GALLON | \$ 55.00 | EA. | 160 | \$ 8,800.00 |
| DWARF YAUPON HOLLY - 5 GALLON | \$ 16.00 | EA. | 91 | \$ 1,456.00 |
| CARISSA HOLLY - 5 GALLON | \$ 16.00 | EA. | 917 | \$ 14,672.00 |
| GULFSTREAM NANDINA - 5 GALLON | \$ 18.00 | EA. | 109 | \$ 1,962.00 |
| DWARF INDIAN HAWTHOME "BAY BREEZE" - 5 GAL. | \$ 24.95 | EA. | 74 | \$ 1,846.30 |
| DWARF INDIAN HAWTHOME "PINKIE" - 5 GALLON | \$ 24.95 | EA. | 78 | \$ 1,946.10 |
| MAIDENGRASS - 5 GALLON | \$ 16.00 | EA. | 29 | \$ 464.00 |
| HAMELN GRASS - 3 GALLON | \$ 16.00 | EA. | 46 | \$ 736.00 |
| ASIAN JASMINE - 1 GALLON | \$ 3.95 | EA. | 3570 | \$ 14,101.50 |
| SHASTA DAISY - 1 GALLON | \$ 9.50 | EA. | 158 | \$ 1,501.00 |
| BOSTON IVY - 1 GALLON | \$ 9.50 | EA. | 49 | \$ 465.50 |
| PURPLE WINTER CREEPER - 1 GALLON | \$ 3.95 | EA. | 1624 | \$ 6,414.80 |
| SEASONAL COLOR - 4" POT | \$ 0.88 | EA. | 2105 | \$ 1,852.40 |
| "BIG BLUE" LIRIOPE - 4" POT | \$ 0.99 | EA. | 462 | \$ 457.38 |
| MONKEY GRASS - 4" POT | \$ 0.99 | EA. | 1227 | \$ 1,214.73 |
| STEEL EDGING | \$ 1.70 | L.F. | 2855 | \$ 4,853.50 |
| BED PREP & TOP MULCH | \$ 40.00 | C.Y. | 385 | \$ 15,400.00 |
| FERTILIZER | \$ 16,098.78 | L.S. | 1 | \$ 16,098.78 |
| SOLID SOD BERMUDAGRASS | \$ 1.65 | S.Y. | 11210 | \$ 18,496.50 |
| IRRIGATION | \$ 64,370.00 | L.S. | 1 | \$ 64,370.00 |
| LANDSCAPE SALES TAX (8.25%) | \$ 7,042.64 | L.S. | 1 | \$ 7,042.64 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ 34,784.37 |
| TOTAL | | | | \$ 713,000.00 |

NOTE:

1) THE COST FOR PROVIDING GAS AND ELECTRIC SERVICE IS ONLY APPROXIMATE AND IS BASED ON SUITABLE GAS AND ELECTRIC MAINS BEING ADJACENT TO THE SITE. THE FINAL COST ASSOCIATED WITH PROVIDING GAS AND ELECTRIC SERVICE IS SUBJECT TO THE FINAL AGREEMENT/CONTRACT BETWEEN THE FRANCHISE UTILITY COMPANY AND THE DEVELOPER.

Master Budget
ASBURY CIRCLE
 Town of Addison, Dallas County, Texas
 Land Plan: 5.11.2006

Total Lots: **73**
 Prepared: **5.31.06**

Total Acres: **8.14**
 Revised: **03.05.08**

| SANITARY SEWER | UNIT COST | UNIT | QTY | TOTAL |
|--------------------------------------|-------------|------|-------|---------------------|
| | (\$) | (-) | (± #) | (\$) |
| 8" P.V.C. PIPE (0'-10' DEEP) | \$ 20.00 | LF. | 2288 | \$ 45,760.00 |
| 4' DIAMETER MANHOLE (0-8' DEEP) | \$ 2,040.00 | EA. | 6 | \$ 12,240.00 |
| 5' DIAMETER DROP MANHOLE (0-8' DEEP) | \$ 4,660.00 | EA. | 1 | \$ 4,660.00 |
| 5' DROP MANHOLE OVER EXISTING LINE | \$ 5,500.00 | EA. | 0 | \$ - |
| CONNECT TO EXISTING MANHOLE | \$ 870.00 | EA. | 2 | \$ 1,740.00 |
| SINGLE CLEANOUT | \$ 1,165.00 | EA. | 2 | \$ 2,330.00 |
| 4" SERVICE LINES | \$ 315.00 | EA. | 73 | \$ 22,995.00 |
| REMOVE EX. SANITARY UTILITY ITEMS | \$ 1.00 | LS. | 2750 | \$ 2,750.00 |
| TRENCH SAFETY | \$ 1.30 | LF. | 2288 | \$ 2,974.40 |
| TESTING & T.V. INSPECTION | \$ 0.25 | LF. | 2288 | \$ 572.00 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ - |
| TOTAL | | | | \$ 96,021.40 |

| STORM SEWER | UNIT COST | UNIT | QTY | TOTAL |
|---------------------------------------|-------------|------|-------|----------------------|
| | (\$) | (-) | (± #) | (\$) |
| 18" R.C.P. (Reinforced Concrete Pipe) | \$ 30.80 | LF. | 622 | \$ 19,157.60 |
| 21" R.C.P. | \$ 35.80 | LF. | 241 | \$ 8,627.80 |
| 24" R.C.P. | \$ 42.00 | LF. | 109 | \$ 4,578.00 |
| 27" R.C.P. | \$ 46.30 | LF. | 392 | \$ 18,149.60 |
| 30" R.C.P. | \$ 52.40 | LF. | 298 | \$ 15,615.20 |
| 42" R.C.P. | \$ 88.50 | LF. | 191 | \$ 16,903.50 |
| 8" PVC | \$ 16.00 | L.F. | 150 | \$ 2,400.00 |
| 12" PVC | \$ 28.00 | L.F. | 361 | \$ 10,108.00 |
| 8' INLET | \$ 2,150.00 | EA. | 2 | \$ 4,300.00 |
| 10' INLET | \$ 2,305.00 | EA. | 7 | \$ 16,135.00 |
| 12' INLET | \$ 2,510.00 | EA. | 2 | \$ 5,020.00 |
| 3-GRATE COMBINATION INLET | \$ 2,770.00 | EA. | 2 | \$ 5,540.00 |
| 6-GRATE COMBINATION INLET | \$ 4,405.00 | EA. | 1 | \$ 4,405.00 |
| 18" NYOPLAST GRATE INLET | \$ 450.00 | EA. | 14 | \$ 6,300.00 |
| CONNECT TO EXISTING STORM LINE | \$ 2,160.00 | EA. | 3 | \$ 6,480.00 |
| UTILITY BONDS | \$ 8,655.00 | LS. | 1 | \$ 8,655.00 |
| HAUL OFF UTILITY SPOILS | \$ 1.00 | LS. | 35150 | \$ 35,150.00 |
| REMOVE STORM UTILITY ITEMS | \$ 1.00 | LS. | 9226 | \$ 9,226.00 |
| TRENCH SAFETY | \$ 0.20 | LF. | 1738 | \$ 347.60 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ 2,651.70 |
| TOTAL | | | | \$ 214,000.00 |

| PAVING | UNIT COST | UNIT | QTY | TOTAL |
|-----------------------------------------------|-------------|------|-------|----------------------|
| | (\$) | (-) | (± #) | (\$) |
| 6" LIME TREATED SUBGRADE | \$ 1.85 | SY. | 3220 | \$ 5,957.00 |
| 6" HYDRATED LIME | \$ 120.00 | TN. | 58 | \$ 6,960.00 |
| 8"-4"-8" REINF. CONCRETE ALLEY PAVEMENT | \$ 33.65 | SY. | 3123 | \$ 105,088.95 |
| DEMO/SAWCUTTING | \$ 1.00 | LS. | 13083 | \$ 13,083.00 |
| TRAFFIC CONTROL (SIGNS, BARRELS & BARRICADES) | \$ 1,500.00 | LS. | 1 | \$ 1,500.00 |
| BONDS | \$ 6,000.00 | LS. | 1 | \$ 6,000.00 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ 6,929.44 |
| TOTAL | | | | \$ 145,518.39 |

Master Budget
ASBURY CIRCLE

Town of Addison, Dallas County, Texas

Land Plan: 5.11.2006

Total Lots: **73**
Prepared: **5.31.06**

Total Acres: **8.14**
Revised: **03.05.08**

| EROSION CONTROL | UNIT COST | UNIT | QTY | TOTAL |
|------------------------------------------|-----------|------|-------|---------------------|
| | (\$) | (-) | (± #) | (\$) |
| PRE-DEVELOPMENT EROSION CONTROL: | | | | |
| SILT FENCE (HIGH FLOW) | \$ 2.00 | LF. | 12500 | \$ 25,000.00 |
| POST DEVELOPMENT EROSION CONTROL: | | | | |
| 4' ROLL OF CURLEX WITH SEED | \$ 1.00 | LF. | 10500 | \$ 10,500.00 |
| DISK & SEED | \$ 325.00 | AC. | 6 | \$ 1,950.00 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ 2,550.00 |
| TOTAL | | | | \$ 40,000.00 |

NOTE:

- 1) THE UNIT COST FOR SEEDING, HYDROMULCH AND CURLEX DOES NOT INCLUDE MONIES FOR WATERING. THE AMOUNT OF WATER AND THE COST FOR WATERING IS DEPENDENT ON THE SEASON AND THE RAINFALL RECEIVED DURING CONSTRUCTION.
- 2) A SEDIMENTATION BASIN IS REQUIRED WHEN 10 ACRES OR MORE OF A SINGLE DRAINAGE BASIN IS DISTURBED.

| EXCAVATION/RETAINING WALLS | UNIT COST | UNIT | QTY | TOTAL |
|----------------------------------|-------------|------|-------|----------------------|
| | (\$) | (-) | (± #) | (\$) |
| CLEARING & GRUBBING | \$ 2,715.00 | AC. | 7 | \$ 19,005.00 |
| CONSTRUCTION ENTRANCE | \$ 2,500.00 | EA. | 1 | \$ 2,500.00 |
| STREET & RIGHT-OF-WAY EXCAVATION | \$ 4.67 | CY. | 9637 | \$ 45,004.79 |
| LOT BENCHING | \$ 124.00 | LT. | 73 | \$ 9,052.00 |
| FINAL LOT BENCHING | \$ 124.00 | LT. | 73 | \$ 9,052.00 |
| RETAINING WALLS | \$ - | - | - | \$ 20,223.00 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ 3,163.21 |
| TOTAL | | | | \$ 108,000.00 |

NOTE:

- 1) ALL RETAINING WALL HEIGHTS INCLUDE 1' - 3' OF WALL BELOW GRADE AND A 1' CAP. RETAINING WALLS. THE FINAL COST WILL BE SUBJECT TO THE SCOPE AND QUALITY OF THE MATERIAL USED TO CONSTRUCT PROPOSED RETAINING WALLS.

| WATER | UNIT COST | UNIT | QTY | TOTAL |
|---------------------------------|-------------|------|---------|----------------------|
| | (\$) | (-) | (± #) | (\$) |
| 8" P.V.C. WATERLINE | \$ 16.10 | LF. | 2414 | \$ 38,865.40 |
| 6" GATE VALVE & BOX | \$ 600.00 | EA. | 0 | \$ - |
| 8" GATE VALVE & BOX | \$ 750.00 | EA. | 29 | \$ 21,750.00 |
| 12" GATE VALVE & BOX | \$ 1,300.00 | EA. | 2 | \$ 2,600.00 |
| 12" X 8" TAPPING SLEEVE & VALVE | \$ 1,820.00 | EA. | 3 | \$ 5,460.00 |
| 12" X 6" TAPPING SLEEVE & VALVE | \$ 1,800.00 | EA. | 0 | \$ - |
| CONNECT TO EXISTING WATERLINE | \$ 700.00 | EA. | 1 | \$ 700.00 |
| FIRE HYDRANT ASSEMBLY | \$ 1,965.00 | EA. | 10 | \$ 19,650.00 |
| 1" DOMESTIC SERVICE | \$ 600.00 | EA. | 73 | \$ 43,800.00 |
| 1.5" FIRE SERVICE LINE | \$ 800.00 | EA. | 73 | \$ 58,400.00 |
| 2-4" IRRIGATION SLEEVES | \$ 10.00 | LF. | 400 | \$ 4,000.00 |
| 2" BLOW OFF VALVE | \$ 1,075.00 | LF. | 1 | \$ 1,075.00 |
| 2" IRRIGATION SERVICE | \$ 1,000.00 | EA. | 3 | \$ 3,000.00 |
| MISCELLANEOUS FITTINGS | \$ 2,615.00 | TN. | 3 | \$ 7,845.00 |
| REMOVE EX. WATER UTILITY ITEMS | \$ 1.00 | LS. | 4831.25 | \$ 4,831.25 |
| TESTING & CHLORINATION | \$ 0.40 | LF. | 2416 | \$ 966.40 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ - |
| TOTAL | | | | \$ 212,943.05 |

Master Budget
ASBURY CIRCLE

Town of Addison , Dallas County, Texas

Land Plan: 5.11.2006

Total Lots: 73

Prepared: 5.31.06

Total Acres: 8.14

Revised: 03.05.08

| CITY, PROFESSIONAL & MISCELLANEOUS FEES | | UNIT COST | UNIT | QTY | TOTAL |
|-----------------------------------------|----------------------------------|---------------|------|-------|----------------------|
| | | (\$) | (-) | (± #) | (\$) |
| CITY FEES | ZONING FEE | \$ 500.00 | LS. | 1 | \$ 500.00 |
| | PLATTING FEE | \$ 300.00 | LS. | 1 | \$ 300.00 |
| | INSPECTION FEE (3.5%) | \$ 20,044.81 | LS. | 1 | \$ 20,044.81 |
| | PARK FEE | \$ - | LT. | 0 | \$ - |
| | IMPACT FEES | \$ - | | 0 | \$ - |
| PROFESSIONAL FEES | PLANNING & FEASIBILITY | \$ 41,914.00 | LS. | 1 | \$ 41,914.00 |
| | BOUNDARY SURVEY | \$ 5,200.00 | LS. | 1 | \$ 5,200.00 |
| | TREE SURVEY & TOPOGRAPHIC SURVEY | \$ 9,020.00 | LS. | 1 | \$ 9,020.00 |
| | ENVIRONMENTAL PHASE 1 | \$ - | LS. | 0 | \$ - |
| | GEO-TECHNICAL REPORT | \$ 75.00 | LT. | 73 | \$ 5,475.00 |
| | ENGINEERING PLANS | \$ 2,399.00 | LT. | 73 | \$ 175,127.00 |
| | CONSTRUCTION STAKING | \$ 345.00 | LT. | 73 | \$ 25,185.00 |
| | REIMBURSABLES | \$ 8,500.00 | L.S. | 1 | \$ 8,500.00 |
| | MATERIAL TESTING | \$ 400.00 | LT. | 73 | \$ 29,200.00 |
| | FEE DEVELOPMENT | \$ 60,000.00 | EA. | 1 | \$ 60,000.00 |
| MISC. FEES | CLOMR/LOMR FEE | \$ - | LS. | 0 | \$ - |
| | SWPPP ADMINISTRATION | \$ 5,500.00 | LS. | 1 | \$ 5,500.00 |
| | PRINTS & COURIER SERVICE | \$ 5,000.00 | LS. | 1 | \$ 5,000.00 |
| | LEGAL | \$ 10,000.00 | EA. | 1 | \$ 10,000.00 |
| | HOA FEES AND SHORTFALL | \$ 115,000.00 | EA. | 1 | \$ 115,000.00 |
| | (/INTENTIONALLY LEFT BLANK) | \$ - | | 0 | \$ - |
| TOTAL | | | | | \$ 515,965.81 |

Master Budget
ASBURY CIRCLE

Town of Addison , Dallas County, Texas

Land Plan: 5.11.2006

Total Lots: **73**
Prepared: **5.31.06**

Total Acres: **8.14**
Revised: **03.05.08**

| CITY IMPROVEMENTS/REIMBURSEMENT | | UNIT COST | UNIT | QTY | TOTAL |
|------------------------------------------------|------------------------------------|--------------|------|-------|----------------------|
| | | (\$) | (-) | (± #) | (\$) |
| PHASE ONE (STREET PAVING RELATED ITEMS) | | | | | |
| PAVING | BURY OVERHEAD ELECTRIC | \$ 28,000.00 | LS. | 1 | \$ 28,000.00 |
| | 6" REINF. CONCRETE STREET PAVEMENT | \$ 33.75 | SY. | 6722 | \$ 226,867.50 |
| | 7" REINF. CONCRETE STREET PAVEMENT | \$ 35.75 | SY. | 1495 | \$ 53,446.25 |
| | 8" REINF. CONCRETE STREET PAVEMENT | \$ 38.85 | SY. | 98 | \$ 3,807.30 |
| | 3" HMAC TIE-IN | \$ 4.50 | S.F. | 1950 | \$ 8,775.00 |
| | LIME TREATED SUBGRADE | \$ 1.85 | SY. | 8900 | \$ 16,465.00 |
| | HYDRATED LIME | \$ 120.00 | TN. | 160 | \$ 19,200.00 |
| | STREET LIGHTS | \$ 3,000.00 | EA. | 23 | \$ 69,000.00 |
| | STREET SIGNS | \$ 300.00 | EA. | 21 | \$ 6,300.00 |
| | FIRE LANE STRIPING | \$ 1.50 | L.F. | 4288 | \$ 6,432.00 |
| | TRAFFIC BUTTONS | \$ 9.00 | EA. | 30 | \$ 270.00 |
| | 24" WIDE THERMOPLASTIC STOP BAR | \$ 2.00 | LF. | 120 | \$ 240.00 |
| | TRAFFIC CONTROL | \$ 1,500.00 | LS. | 1 | \$ 1,500.00 |
| | 4" SLEEVES | \$ 14.25 | LF. | 1892 | \$ 26,961.00 |
| | BONDS | \$ 4,500.00 | EA. | 1 | \$ 4,500.00 |
| | MISCELLANEOUS ITEMS (1%) | | | | \$ 5,235.95 |
| TOTAL | | | | | \$ 477,000.00 |

| PHASE TWO (HARDSCAPE AND LANDSCAPE RELATED ITEMS) | | | | | |
|---------------------------------------------------|--------------------------------------|-------------|------|-------------|----------------------|
| HARDSCAPE AND LANDSCAPE | CLAY PAVERS OVER CONCRETE SUB-SLAB | \$ 14.00 | SF. | 4429 | \$ 62,006.00 |
| | BARRIER FREE RAMPS | \$ 1,599.00 | EA. | 13 | \$ 20,787.00 |
| | 4' CONCRETE SIDEWALK | \$ 3.50 | S.F. | 884 | \$ 3,094.00 |
| | 5' CONCRETE SIDEWALK | \$ 3.50 | S.F. | 605 | \$ 2,117.50 |
| | BICYCLE RACK | \$ 800.00 | EA. | 1 | \$ 800.00 |
| | TRASH RECEPTACLE | \$ 800.00 | EA. | 1 | \$ 800.00 |
| | LIVE OAK - 65 GALLON | \$ 395.00 | EA. | 4 | \$ 1,580.00 |
| | CRAPPE MYRTLE "NATCHEZ" - 10' HEIGHT | \$ 180.00 | EA. | 3 | \$ 540.00 |
| | SEA GREEN JUNIPER - 7 GALLON | \$ 55.00 | EA. | 3 | \$ 165.00 |
| | HAMELN GRASS - 3 GALLON | \$ 16.00 | EA. | 33 | \$ 528.00 |
| | SEASONAL COLOR - 4" POT | \$ 0.99 | EA. | 254 | \$ 251.46 |
| | "BIG BLUE" LIRIOPE - 4" POT | \$ 0.99 | EA. | 157 | \$ 155.43 |
| | MONKEY GRASS - 4" POT | \$ 0.99 | EA. | 120 | \$ 118.80 |
| | SOLID SOD BERMUDAGRASS | \$ 1.70 | S.Y. | 107 | \$ 181.90 |
| | BED PREP & TOP MULCH | \$ 40.00 | C.Y. | 63 | \$ 2,520.00 |
| | SOIL PREPARATION | \$ 0.25 | S.F. | 1650 | \$ 412.50 |
| | SOIL MIX | \$ 40.00 | C.Y. | 40 | \$ 1,600.00 |
| | TREE STAKE KITS | \$ 15.00 | EA. | 4 | \$ 60.00 |
| | IRRIGATION | \$ 3,675.00 | L.S. | 1 | \$ 3,675.00 |
| LANDSCAPE SALES TAX (8.25%) | \$ 801.33 | L.S. | 1 | \$ 801.33 | |
| MISCELLANEOUS ITEMS (1%) | | | | \$ 2,000.00 | |
| TOTAL | | | | | \$ 156,000.00 |

Master Budget
ASBURY CIRCLE
 Town of Addison , Dallas County, Texas
 Land Plan: 5.11.2006

Total Lots: **73**
 Prepared: **5.31.06**

Total Acres: **8.14**
 Revised: **03.05.08**

| PHASE THREE (HARDSCAPE AND LANDSCAPE RELATED ITEMS) | | | | | |
|-----------------------------------------------------|------------------------------------|-------------|------|-------------|----------------------|
| HARDSCAPE AND LANDSCAPE | CLAY PAVERS OVER CONCRETE SUB-SLAB | \$ 14.00 | SF. | 9775 | \$ 136,850.00 |
| | BARRIER FREE RAMPS | \$ 1,599.00 | EA. | 10 | \$ 15,990.00 |
| | BICYCLE RACK | \$ 800.00 | EA. | 4 | \$ 3,200.00 |
| | TRASH RECEPTACLE | \$ 800.00 | EA. | 4 | \$ 3,200.00 |
| | LIVE OAK - 65 GALLON | \$ 395.00 | EA. | 44 | \$ 17,380.00 |
| | SEASONAL COLOR - 4" POT | \$ 0.99 | EA. | 148 | \$ 146.52 |
| | MONKEY GRASS - 4" POT | \$ 0.99 | EA. | 1106 | \$ 1,094.94 |
| | SOLID SOD BERMUDAGRASS | \$ 1.70 | S.Y. | 31 | \$ 52.70 |
| | BED PREP & TOP MULCH | \$ 40.00 | C.Y. | 32 | \$ 1,280.00 |
| | SOIL PREPARATION | \$ 0.25 | S.F. | 750 | \$ 187.50 |
| | SOIL MIX | \$ 40.00 | C.Y. | 18 | \$ 720.00 |
| | TREE STAKE KITS | \$ 15.00 | EA. | 44 | \$ 660.00 |
| | IRRIGATION | \$ 8,000.00 | L.S. | 1 | \$ 8,000.00 |
| | LANDSCAPE SALES TAX (8.25%) | \$ 2,303.54 | L.S. | 1 | \$ 2,303.54 |
| MISCELLANEOUS ITEMS (1%) | | | | \$ 1,934.80 | |
| TOTAL | | | | | \$ 193,000.00 |

| PHASE FOUR (HARDSCAPE AND LANDSCAPE RELATED ITEMS) | | | | | |
|----------------------------------------------------|------------------------------------|-------------|------|------|----------------------|
| HARDSCAPE AND LANDSCAPE | CLAY PAVERS OVER CONCRETE SUB-SLAB | \$ 14.00 | SF. | 9759 | \$ 136,626.00 |
| | BARRIER FREE RAMPS | \$ 1,599.00 | EA. | 5 | \$ 7,995.00 |
| | BICYCLE RACK | \$ 800.00 | EA. | 2 | \$ 1,600.00 |
| | TRASH RECEPTACLE | \$ 800.00 | EA. | 3 | \$ 2,400.00 |
| | LIVE OAK - 65 GALLON | \$ 395.00 | EA. | 23 | \$ 9,085.00 |
| | MONKEY GRASS - 4" POT | \$ 0.99 | EA. | 690 | \$ 683.10 |
| | SOLID SOD BERMUDAGRASS | \$ 1.70 | S.Y. | 30 | \$ 51.00 |
| | BED PREP & TOP MULCH | \$ 40.00 | C.Y. | 30 | \$ 1,200.00 |
| | SOIL PREPARATION | \$ 0.25 | S.F. | 750 | \$ 187.50 |
| | SOIL MIX | \$ 40.00 | C.Y. | 17 | \$ 680.00 |
| | TREE STAKE KITS | \$ 15.00 | EA. | 23 | \$ 345.00 |
| | IRRIGATION | \$ 8,000.00 | L.S. | 1 | \$ 8,000.00 |
| | LANDSCAPE SALES TAX (8.25%) | \$ 1,339.11 | L.S. | 1 | \$ 1,339.11 |
| | MISCELLANEOUS ITEMS (2%) | | | | \$ 3,808.29 |
| TOTAL | | | | | \$ 174,000.00 |

| | |
|---------------------------------|------------------------|
| TOTAL CITY REIMBURSEMENT | \$ 1,000,000.00 |
|---------------------------------|------------------------|

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AUTHORIZING THE EXECUTION OF A DEVELOPER PARTICIPATION AGREEMENT THE TOWN OF ADDISON AND ASHTON DALLAS RESIDENTIAL LLC FOR THE CONSTRUCTION OF CERTAIN PUBLIC STREETScape IMPROVEMENTS WITHIN CERTAIN PROPERTY COMPRISING APPROXIMATELY EIGHT (8) ACRES OF LAND AND GENERALLY LOCATED ON THE SOUTHEAST AND SOUTHWEST CORNERS OF THE INTERSECTION OF BELT LINE ROAD AND COMMERCIAL DRIVE WITHIN THE CITY; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED ONE MILLION DOLLARS OR THIRTY PERCENT OF THE TOTAL CONSTRUCTION COST FOR THE PUBLIC STREETScape IMPROVEMENTS, WHICHEVER IS LESS, TO PARTICIPATE IN THE CONSTRUCTION OF SUCH IMPROVEMENTS PURSUANT TO THE SAID AGREEMENT; AND PROVIDING FOR PAYMENT.

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

Section 1. That agreement entitled "Developer Participation Agreement" (the "Agreement") by and between the Town of Addison, Texas (the "City") and Ashton Dallas Residential L.L.C., a Texas limited liability company, a true and correct copy of which is attached hereto, is hereby approved. The Agreement is and qualifies as a developer participation contract pursuant to Subchapter C, Chapter 212, Tex. Loc. Gov. Code. As set forth in the Agreement, the maximum amount to be expended by the City under the Agreement is One Million and No/100 Dollars (\$1,000,000.00) or thirty percent (30%) of the total construction contract price of the public streetscape improvement project described in the Agreement, whichever is less.

Section 2. The City Manager is authorized to execute the Agreement on behalf of the City.

Section 3. This Ordinance shall take effect immediately upon its adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this ____ day of _____, 2008.

Joe Chow, Mayor

ATTEST:

Council Agenda Item: #R11

SUMMARY:

Discussion and consideration of approval of a new ground lease at Addison Airport between the Town of Addison (Landlord) and EHOAA, Inc., (Tenant), a Texas non-profit corporation, and an associated Leasehold Condominium Declaration, for the purpose of constructing new condominium hangars on Addison Airport, and authorizing the City Manager to execute the same.

FINANCIAL IMPACT:

Cost: \$150,000

\$50,000 of the Town's share of the project can be funded by TxDOT's RAMP Grant program, \$50,000 from the Airport Fund and, the remaining \$50,000 can be appropriated from the 2007-2008 Airport Operating Budget.

BACKGROUND:

The proposed tenant is EHOAA, Inc. (*the acronym for Executive Hangars of Addison Airport, herein also referred to as "EHOAA"*), a non-profit corporation organized under the Texas Business Organization Code for the purpose of managing a condominium regime pursuant to the Uniform Condominium Act, codified in Chapter 82 of the Texas Property Code. The developer is MSF Properties, LLC, a wholly owned subsidiary of MSF Partners and Plano-based McWright-Smith Companies (hereinafter referred to as "MSF"). MSF specializes in designing and building corporate and executive hangar communities at underserved general aviation airports such as Addison Airport. The company just completed a 24-unit development at Collin County Regional Airport and recently broke ground for another development at Arlington Municipal Airport.

EHOAA proposes, at their sole cost and expense, to demolish the existing structures and clear the land in order to construct three new buildings containing twenty-three (23) executive condominium hangar units. EHOAA's quoted sales prices range from \$196,896 for the standard units, \$255,544 for the large units and \$599,870 for the extra-large (jet) unit.

Airport Management and staff are pleased to submit to the Town Council for their consideration and consent our recommendation to:

1. Authorize the City Manager to enter into, on behalf of the Town, a 40-year ground lease arrangement (see Attachment 1) with EHOAA, Inc., and authorize the City Manager to execute the EHOAA Leasehold Condominium Declaration (see Attachment 2) and;
2. Enter into a certain Developer Participation Contract (see Attachment 3) by and between EHOAA, Inc. and the Town of Addison (the "Contract"), whereby EHOAA, as the developer, will make or cause to make certain drainage and taxiway improvements to the public property abutting the ground-leased premises pursuant to the Contract; and;
3. To appropriate and agree to contribute up to thirty percent (30%) pursuant to Subchapter C, Chapter 212, Tex. Loc. Gov. Code, but not to exceed \$150,000, of the total taxiway improvement costs pursuant to the Contract.

RECOMMENDATION:

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

- Attachments: Bill Dyer- Memorandum
- 1: Proposed Ground Lease
 - 2: EHOAA Leasehold Condominium Declaration
 - 3: Developer Participation Contract



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

Main: 972-392-4850
Direct: 972-392-4856
Fax: 972-788-9334
Bill.Dyer@addisonairport.net

Memorandum

To: Mark Acevedo
From: Bill Dyer
CC: Lisa Pyles
Date: 5/19/2008
Re: Request for Town Council's consideration and consent to authorize the City Manager to enter into a new ground lease with EHOAA, Inc.

Requested Action: Airport Management is pleased to submit to the Town Council for their consideration and consent our recommendation to:

1. Authorize the City Manager to enter into, on behalf of the Town, a 40-year ground lease arrangement (see Attachment 1) with EHOAA, Inc., a Texas non-profit corporation formed pursuant to the Texas Uniform Condominium Act ("TUCA"); and
2. Authorize the City Manager to execute the EHOAA Leasehold Condominium Declaration (see Attachment 2) as required by TUCA; and

Airport Management gives the Town Council its recommendation for the above actions on the condition and subject to the Town also giving its consent to:

3. Enter into a certain Developer Participation Contract (see Attachment 3) by and between EHOAA, Inc. and the Town of Addison (the "Contract"), whereby EHOAA, as the developer, will make or cause to make certain drainage and taxiway improvements to the public property abutting the ground-leased premises pursuant to the Contract; and
4. To appropriate and agree to contribute up to thirty percent (30%) pursuant to Subchapter C, Chapter 212, Tex. Loc. Gov. Code, but not to exceed \$150,000, of the total taxiway improvement costs pursuant to the Contract.

Airport Management and Town Staff have determined \$50,000 of the Town's share of the project can be funded by TxDOT's RAMP Grant program, \$50,000 from the Airport Fund and, the remaining \$50,000 can be appropriated from the 2007-2008 Airport Operating Budget.

The city attorney has reviewed each of the agreements attached hereto and finds them to be acceptable for the Town's use.

Background Information: The proposed tenant is EHOAA, Inc. (*the acronym for Executive Hangars of Addison Airport, herein also referred to as "EHOAA"*), a non-profit corporation organized under the Texas Business Organization Code for the purpose of managing a condominium regime pursuant to the Uniform Condominium Act, codified in Chapter 82 of the Texas Property Code. The developer is MSF Properties II, LLC, a wholly owned subsidiary of MSF Partners and Plano-based McRight-Smith Companies (hereinafter referred to as "MSF"). MSF specializes in designing and building corporate and executive hangar communities at underserved general aviation airports such as Addison Airport. The company just completed a 24-unit development at Collin County Regional Airport and recently broke ground for another development at Arlington Municipal Airport.



Figure 1: Depiction of Leased Premises

The proposed development is to be located on a certain 3.554 acres of land bordered by Taxiway Romeo to the north, George Haddaway Drive (a non-dedicated ingress/egress easement) to the south, Addison Road to the east and Taxiway Alpha to the west. The

proposed Leased Premises is currently improved with two long buildings containing forty (40) T-hangar units and the former Omniflight Helicopter, Inc. ground lease facility that was once used for training and maintenance.

The T-hangars are owned by the Town of Addison and were originally built in the early 1960s. They are constructed of metal pipe framing covered with corrugated metal siding and have gravel floors with asphalt pads. There are no utilities available to the units including electricity. Because of their age, the structures are considered physically and functionally obsolete and inferior to today's building standards.

Most recently these units leased for \$290 per month. Beginning in August 2007, Airport Management methodically began taking units off the market in anticipation of this project. All T-hangar tenants have been successfully relocated to comparable facilities at the airport.

In June 2005, the Town of Addison acquired the remaining leasehold interests of the Omniflight Helicopters, Inc. facility located at 15809 Addison Road for the sum of \$415,000. The property was acquired for its strategic value to the Town's objective to redevelop other properties it controlled in the southeast quadrant of the Airport. The site is currently improved with 11,500 square feet of office/shop space and another 5,500 square feet of aircraft hangar space. At the time of the acquisition, Airport Management estimated it would cost another \$50,000 to \$60,000 to renovate the facility to make it marketable for a short-term lease. However, these improvements were never made because of the impending EHOAA development proposal.

The Proposed Development: Upon taking possession of the Leased Premises, EHOAA proposes, at their sole cost and expense, to demolish the existing structures and clear the land in order to construct three new buildings containing twenty-three (23) executive condominium hangar units. Two of the buildings will be 29,700 square feet and contain five (5) 60' x 49' units (2,760 SF each) and six (6) 44' x 50' units (2,200 SF each). The third building nearest to the flightline will be a single 70' x 93' (6,510 SF) jet hangar facing the runway.

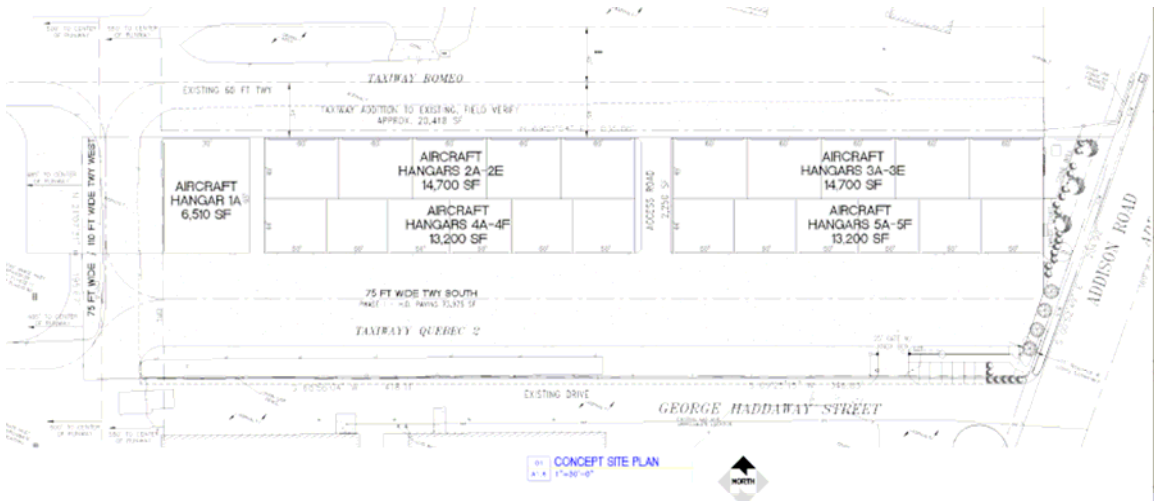


Figure 2 - EHOAA Concept Site Plan

Each unit will include smoothed epoxy painted floors; double panel metal siding with 2" of rigged foam insulation between the panels offering an R-15 insulation rating; 16' and 20' high bi-fold hangar doors with electric operators; and exterior panels with a simulated stucco exterior finish accented by a brown trim. In addition to other upscale amenities, each unit will be fully sprinklered and equipped with low-temperature heat to prevent freezing. Optional amenities include custom lounges and rest rooms for each hangar. Common area improvements include controlled-access metal gating, attractive landscaping and a monument sign along Addison Road. The project will include a 75' dedicated taxiway exclusively serving the southern facing units. EHOAA will also construct extensive improvements along its frontage of Taxiway Romeo. Landside access will be via a controlled-access gate along George Haddaway Drive. EHOAA's quoted sales prices range from \$196,896 for the standard units, \$255,544 for the large units and \$599,870 for the extra-large (jet) unit.

Terms of the Proposed Ground Lease: The terms and conditions of the proposed ground lease agreement with EHOAA Inc. are very similar to other agreements now in effect at the Airport. Two differences worth noting are (1) while giving regard to the condominium regime, the individual unit owners have the right to sell, assign and sublet their individual leasehold interests without having to seek the Town's prior consent provided such assignment or sublease is pursuant to the Association's Declaration and By-laws (the "Governing Documents") which are subordinate to the ground lease, unless preempted by law or statute; and (2) the Association may not create a leasehold mortgage affecting the Leased Premises with the prior written consent of the Town. However an individual unit owner may create a leasehold mortgage affecting their respective ownership interests without the Town's consent provided such action is pursuant to the Association's Governing Documents.

Other relevant terms and conditions of the Ground Lease include:

1. **Commencement Date:** The earlier of July 1, 2009 or the first day of the first month after Substantial Completion is achieved.
2. **Expiration Date:** Four hundred and eighty (480) full calendar months after the Commencement Date, not to exceed forty (40) years
3. **City Delivery Date:** June 1, 2008
4. **Rental:** Total annual rent is \$100,514 for each of the first three years of the term and then subject to adjustment thereafter pursuant to Section 4 of the ground lease. Generally, the rent is to be adjusted bi-annually based upon the percentage of change of the Consumer's Price Index for all Urban Consumers for the Dallas-Ft. Worth Consolidated Metropolitan Statistical Area. On the tenth anniversary and every ten years thereafter, there is a provision that states the Base Rent may be reset to the prevailing market rate.
5. **Use of Leased Premises:** The permitted use of the Leased Premises is for constructing and operating an executive hangar leasehold condominium regime established pursuant to TUCA. The Tenant is to construct 23 non-residential aircraft hangar units together with all common elements made part of the condominium

facility and then convey individual unit ownership interests pursuant to the Association's Governing Documents. Actual use of the premises is expressly limited to the day-to-day storage and maintenance of personal and corporate aircraft owned, leased or otherwise controlled by a unit owner. Unit owners are prohibited from conducting commercial operations from the premises except for that which is incidental to the owner's primary business.

6. **Building Improvements:** Tenant shall cause to be constructed on the Leased Premises buildings and other improvements (together, the "Building Improvements"), at Tenant's sole cost, expense and risk (except as may be otherwise agreed to between Landlord and Tenant), in accordance with plans and specifications to be submitted to and approved in writing by Landlord.
 - A. Total Construction Value of the Building Improvements shall exceed \$5,000,000.
 - B. Construction of the Building Improvements is to commence on or before September 1, 2008.
 - C. Construction of the Building Improvements is to be Substantially Completed on or before the expiration of the twelfth calendar month after the actual City Delivery date.
7. **Environmental:** Prior to the Commencement Date of this Lease, the Tenant, at Tenant's sole cost and expense, is entitled to conduct a Phase I environmental site assessment. If the Phase I indicates the presence of hazardous materials on the Leased Premises, the Tenant is entitled to conduct a Phase II assessment at Tenant's sole cost and expense. *EHOAA has already obtained their site assessment. It determined no further investigation is necessary.*
8. **Insurance:** The Association is to maintain without interruption multi-peril/building hazard and various liability insurance coverages required under the Lease and/or the *Addison Airport Minimum Standards and Requirements for Commercial Aeronautical Service Providers*, whichever provides the greatest of protection. During any period of construction, a Builder's Risk Completed Value policy with an all-risks endorsement is required. All liability policies shall name Town of Addison and the Airport Manager as an additional insured. A waiver of subrogation in favor of the Town of Addison and Airport Manager shall be contained in Workers Compensation, Builders Risk, and all liability policies.
9. **Title to Improvements:** All improvements constructed on the Leased Premises by or for the Tenant and/or the individual unit owner shall be owned by Tenant and/or the individual unit owner pursuant to the Association's Governing Documents for the duration of the lease term. Upon the expiration or termination of this Lease, all improvements made to the Leased Premises shall revert and become the sole property of the Landlord.

Conformance with TUCA

The Ground Lease satisfies certain requirements under the Texas Uniform Condominium Act (TUCA):

- Must clearly state the term of the lease: (Section 2.A) the lease expires the last day of the 480th full calendar month following the Commencement Date; and
- Must provide a legal description of the Leased Premises: which is given in Exhibit 2.1 and Exhibit 2.2 of the Agreement; and
- Must state if there is any reversion upon expiration or termination of the Lease: (Section 28) neither the Tenant nor any unit owner has the right to acquire an interest in the land and the Building Improvements shall merge with the title of the Leased Premises, free and clear of any claim of Tenant and all persons or entities claiming under or through Tenant, including any leasehold mortgagee; and
- Must stipulate any right of renewal: There are no such rights given to any unit owner(s) or leasehold mortgagee to renew the Lease.

Leasehold Condominium Declaration:

Prior to taking occupancy of the Leased Premises, and as required by state law, EHOAA will cause to be filed with the clerk at Dallas County Deed of Records the EHOAA Leasehold Condominium Declaration (see Attachment 2, the "Declaration"), which is binding on all its unit owners and provides a full description of the property, the common areas as well as each separate unit and a statement of covenants, conditions and restrictions affecting the use and transfer of units. The Declaration also provides for the by-laws governing the relations of the unit owners with one another and establishes a corporate body to manage the affairs of the Association, which is the same as the Tenant of the Ground Lease.

Generally speaking, the Town's oversight of the Association should be no different than any other ground tenant at the Airport. However, TUCA requires the Town of Addison to sign the Declaration as Lessor. Consequently, to protect the Town's interests, Article VIII of the Declaration requires that the Association must secure the Town's prior written consent to any amendment or modification to the Declaration and have it publicly recorded before it can become effective.

Reconstruction of Taxiway Romeo: Airport Management's recommendation to the Town of Addison to consent to the EHOAA executive hangar condominium development as described above is fully contingent upon and subject to the Town Council also giving its consent to the reconstruction of Taxiway Romeo pursuant to the Developer Participation Contract found attached hereto as Attachment 3.

Figure 3 - Taxiway Romeo Storm Water Migration



Without the proposed reconstruction and drainage improvements to Taxiway Romeo, the EHOAA development is not feasible. Taxiway Romeo is an 850' long by 40' wide paved taxiway that currently serves six airport businesses and as many as 70 based aircraft. The taxiway was initially constructed in 1958 when the Q1 and R2 T-hangars were constructed; however, much of the land to its north was not developed until the 1970s or later. As the land to the north (which is higher in elevation) was developed, nearly nine

acres of surface storm water runoff was directed toward the under-designed taxiway and drainage infrastructure. Ever since then the former Omniflight Hangar and Q1 and R2 T-hangars have been subjected to excessive and prolonged flooding. In order for the executive hangars not to experience similar flooding, EHOAA's engineers have determined that the new hangars will need to be constructed nearly two feet higher than the current elevation, thereby necessitating the Taxiway to be raised as well. Therefore, in conjunction with the executive hangar development, EHOAA is proposing to do extensive reconstruction and drainage improvements to Taxiway Romeo as well.

EHOAA is proposing to install three (3) 30" drainage conduits (as compared to the single 18" pipe now in place) with appropriately placed inlets along the taxiway and then resurface the entire taxiway with 10" reinforced concrete after raising its elevation as much as two feet in places. Under the proposed Developer Participation Contract, EHOAA agrees it will complete the estimated \$650,000 reconstruction and drainage improvements at their sole cost and expense provided the Town of Addison agrees to contribute up to 30% of the project cost, not to exceed \$150,000.

In a Capital Improvement Plan prepared by KSA Engineers, Inc. in August 2007, they ranked Taxiway Romeo the first priority among 28 specific capital projects at the Airport with estimated reconstruction costs \$1.6 million. Most likely the project would be done with the aid of a TxDOT/FAA CIP/NPE grant, making the Town's share of the cost ten percent or, \$160,000. The EHOAA proposal is comparable to completing the project under such a program but provides the Airport the opportunity to get the project done much sooner than what otherwise would be likely possible and leaves the TxDOT/FAA grant monies available for other important projects.

Summary of the terms and conditions to the Development Participation Contract:

- EHOAA will have a maximum of one year from the effective date of the Contract to complete the scope of work

- EHOAA is responsible for the design and construction of all improvements and all associated costs with the Town to contribute up to 30% of the total project cost, not to exceed \$150,000
- The design plans are to be prepared by a licensed professional engineer and approved by the Town's Director of Public Works
- The Town has the right to inspect, test and verify the construction work
- EHOAA and its contractors are to provide proof of the required insurance coverages outlined in the Contract in a form acceptable to the Town.
- EHOAA is provide the Town surety bonds guaranteeing the performance and payment of all obligations arising under the Contract
- Immediately upon completion, title to all improvements are to be vested with the Town of Addison
- EHOAA is to guarantee all workmanship and materials for a period of one-year from the date of final acceptance of the improvements.
- The Contract is and qualifies as a developer participation contract pursuant to Subchapter C, Chapter 212, Tex. Loc. Gov. Code.

Economic Impact of Recommendation:

The executive hangar and taxiway improvements proposed by EHOAA are expected to have a significant influence on the Airport's overall redevelopment initiative, especially for the southeast quadrant of the Airport. Not only does EHOAA propose to incur the cost of demolishing and clearing the land of physically and functionally obsolete T-hangars, they intend to build twenty-three (23) executive hangars and other common area facilities on the 3.5 acres Leased Premises with an expected completed value in excess of \$5,000,000. EHOAA, Inc., the condominium regime being the Tenant under the Ground Lease, will pay at the outset \$100,514 (\$.65/SFL) in annual ground rent, subject to periodic adjustment, over the term of the Ground Lease. Furthermore, EHOAA also proposes, under a separate agreement, to construct much needed drainage and taxiway improvements that will greatly benefit other users and operators in the immediate area for years to come.

Alternatives to the Proposed Development: The most probable use of the Leased Premises is for T-hangars and/or box hangars because of its long and narrow configuration. If the site had not been made available to EHOAA (or any other user) as a ground lease opportunity, it is presumed the Town would most likely pursue redeveloping the land as a multi-hangar facility (as seen as its highest and best use). As a Town-owned rental property, the most likely configuration would be two rows of box hangars (25 units) with each unit approximating 50' wide by 45' deep. This size and configuration will best serve the twin engine and light jet aircraft market, which is most likely to be attracted to Addison Airport.

Assuming the following:

- 56,250 square feet of building and 52,500 square feet of new pavement constructed @ \$51/BSF (includes metal frame and siding, fully paved, utilities, fire suppression)
- Demolition and abatement of existing structures @ \$3.20/BSF
- Engineering and design @\$1/BSF
- 5% contingency of hard costs
- Debt financing of all construction costs over a 20-year term at 5.25% per annum
- Operating costs (leasing, management, maintenance, insurance and marketing) at 25% of gross revenue
- Discount rate of 10% for the purpose of Net Present value
- No vacancy assumed over the 20-year period of analysis
- Rental rates are assumed to increase 1.5% per annum

Based upon the above assumptions, total construction costs are estimated to be \$3,245,000 resulting in annual debt service of \$265,900. In order to achieve a pure breakeven point (\$0.00 net income) after the first year of operations, rental rates will need to be set at \$6.30/BSF or \$1,182 per unit/month, net of utilities (*or nearly twice the current rate for a comparably sized hangar at Addison Airport*).

Year 1 Stabilized Pro-forma

| | |
|----------------------|--------------------|
| Gross Revenue | \$354,500 |
| Debt Service | (\$265,900) |
| Operations Costs Fee | <u>(\$ 88,600)</u> |
| Net Income | \$0.00 |

At a zero breakeven point, it implies the project has no surplus cash flow to contribute toward the offsetting of the Airport's common area operating costs. By the fifth year the project should be able to begin to contribute an increasing sum toward the Airport operations. When considering net present value (NPV)¹ of the projected cash flow stream for the alternate development over the 20-year analysis period (with a 10% discount rate), the project yields an estimated NPV of \$240,000. This, in comparison to the EHOAA ground rental NPV of \$750,000 for the same period, indicates the EHOAA proposal is the better investment opportunity for the Town of Addison.

A second alternative would be for the Town to continue status quo and do nothing. However because of the poor condition of the existing structures, it is doubtful the Town could sustain operations without investing a considerable sum of capital in the very near future, negating any significant benefits under this improbable alternative.

¹ Net Present Value (NPV) the difference, if any, between the cost of an investment and the discounted present value of all anticipated future benefits to that investment. Generally, where NPV is positive or higher, the investment proposal is regarded acceptable or more acceptable, where NPV is zero, the proposal is marginally acceptable; and where NPV is negative, the proposal is unacceptable.

Conclusion And Recommendation: Plano-based MSF Properties, LLC proposes to establish EHOAA, Inc., Texas non-profit corporation pursuant the Texas Condominium Act to demolish the existing structures on 3.544 acres and construct, market and administer the governance of a twenty-three (23) executive hangar condominium units at Addison Airport. In addition to the \$5,000,000 building improvements, EHOAA, together with the Town's limited participation, will also make valuable drainage improvements and reconstruct Taxiway Romeo, which will greatly benefit the Airport for many years to come. Compared to other investment alternatives considered, the EHOAA proposal is an outstanding opportunity for the Town to make significant headway toward its goal to redevelopment the southeast quadrant of Addison Airport.

In consideration of the EHOAA proposal, Airport Management is recommending the Town of Addison to:

1. Authorize the City Manager to enter into, on behalf of the Town, a 40-year ground lease arrangement (see Attachment 1) with EHOAA, Inc., a Texas non-profit corporation formed pursuant to the Texas Uniform Condominium Act ("TUCA"); and
2. Authorize the City Manager to execute the EHOAA Leasehold Condominium Declaration (see Attachment 2) as required by TUCA; and

Airport Management gives the Town Council its recommendation for the above actions on the condition and subject to the Town also giving its consent to:

3. Enter into a certain Developer Participation Contract (see Attachment 3) by and between EHOAA, Inc. and the Town of Addison (the "Contract"), whereby EHOAA, as the developer, will make or cause to make certain drainage and taxiway improvements to the public property abutting the ground-leased premises pursuant to the Contract; and
4. To appropriate and agree to contribute up to thirty percent (30%) pursuant to Subchapter C, Chapter 212, Tex. Loc. Gov. Code, but not to exceed \$150,000, of the total taxiway improvement costs pursuant to the Contract.

Airport Management and Town Staff have determined \$50,000 of the Town's share of the project can be funded by TxDOT's RAMP Grant program, \$50,000 from the Airport Fund and, the remaining \$50,000 can be appropriated from the 2007-2008 Airport Operating Budget.

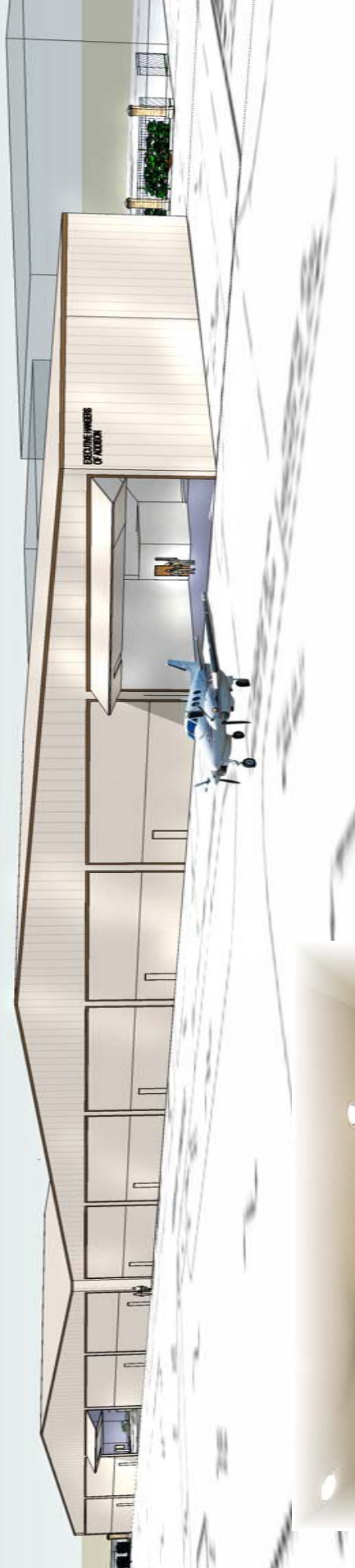
The city attorney has reviewed each of the agreements attached hereto and finds them to be acceptable for the Town's use.



MSF Properties

(972) 403-0909

www.msfproperties.net



STATE OF TEXAS §
 §
COUNTY OF DALLAS §

GROUND LEASE AGREEMENT

This Ground Lease Agreement (“Lease” or “Agreement”) is made and entered into as of April ____, 2008 (the “Effective Date”), by and among the **Town of Addison**, a Texas home-rule municipality (hereinafter sometimes referred to as “Landlord” or the “City”), and **EHOAA, Inc.**, a Texas non-profit corporation formed pursuant to the Texas Uniform Condominium Act (“TUCA”), as codified in Chapter 82 of the Texas Property Code (hereinafter referred to as “Tenant” or the “Association”).

- | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;">Summary of Exhibits</p> <ul style="list-style-type: none">• Exhibit 1: ADS Legal Description• Exhibit 2.1: Boundary Survey of Leased Premises• Exhibit 2.2: Legal Description of Leased Premises• Exhibit 2.3: Approved Site Plan Premises• Exhibit 3: Description of Building Improvements to be constructed on Leased Premises• Exhibit 4.0: Governing Instruments<ul style="list-style-type: none">○ EX 4.1: Leasehold Condominiums Declaration○ EX 4.2: By-Law of the Association |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

WITNESSETH:

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

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

WHEREAS, Tenant desires to lease from the City, and the City desires to lease to Tenant, a portion of the Airport generally described as that certain parcel of real property at Addison Airport, Addison, Texas consisting of 3.554 acres of land bound by Addison Road R.O.W. to the east, Taxilane Romeo to the north, Taxiway Alpha to the west and George Haddaway (a non-dedicated public access road) all of which is more fully described in Exhibit 2.1 and Exhibit 2.2, attached hereto and incorporated herein (which portion is referred to herein as the “Leased Premises”) according to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

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

Section 2. Term:

A. The term hereof shall commence on the earlier of July 1, 2009 or the first day of the first month after Substantial Completion of the Building Improvements (as such terms are defined in Section 6. below) is achieved by Tenant as described in Section 6 of this Agreement (the "Commencement Date"), and as such Commencement Date may be extended pursuant to Section 2.B below, and shall end the last day of the four hundred eightieth (480th) full calendar month next following the Commencement Date (the "Expiration Date") it being the intent of the parties that the term of this Lease shall not exceed forty (40) years. The period of time beginning upon the Effective Date and ending upon the Commencement Date is herein referred to as the "Preliminary Period". Any entry upon and/or use of the Leased Premises by Tenant during the Preliminary Period shall be subject to all of the terms and conditions hereof.

B. The City hereby agrees to release and deliver to Tenant the Leased Premises in its "**AS IS**" and "**WHERE IS**" condition and as set forth in Section 7 of this Lease on June 1, 2008 and, Tenant agrees to accept the Leased Premises in its "**AS IS, WHERE IS**" condition and in accordance with and as set forth in Section 7, below; however should the City fail to release the Leased Premises on June 1, 2008 for reasons outside Tenant's control (e.g., City is unable to timely relocate existing hangar tenants), and such failure causes a delay in the Substantial Completion of the Building Improvements to a date later than July 1, 2009, the Commencement Date shall be extended by the number of days between the City Delivery Date (as defined below) and the actual date the City delivers the Leased Premise to Tenant. For purposes hereof, the "City Delivery Date" is June 1, 2008 or, if the Leased Premises are not tendered to Tenant on June 1, 2008 as set forth herein, the date the City actually tenders the Leased Premises to Tenant.

SECTION 3. RENTAL AND SECURITY DEPOSIT:

A. Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without notice, demand, offset or deduction, Rent each month for the Leased Premises ("Rent" being the Base Rent, any Additional Rent, and all other sums that Tenant may owe to Landlord or otherwise be required to pay under this Lease) as set forth below:

Base Rent: The first such monthly payment or installment of the Base Rent shall be due and payable on or before the Commencement Date in the amount of Eight Thousand Three Hundred Eighty-Five and 66/100 Dollars (\$8,385.66) (such amount being the equivalent one-twelfth of the product of sixty-five cents (\$0.65) times the total gross square feet contained within the Leased Premises (3.554 acres x 43,560 square feet) x \$.65) ÷ 12) (the "Base Rent"). Thereafter, another payment or installment of the Base Rent, subject to adjustment as set forth below, shall be due and payable on the first day of each calendar month during the term hereof. All Rent is due on the first of each month and is delinquent after the 10th day of each month and subject to the provisions of Section 39.

In the event the Commencement Date is a date other than the first day of a calendar month, the monthly Base Rent for any partial month at the beginning of the Term shall equal the product of a fraction, the numerator of which is the number of days in the partial month (beginning with the Commencement Date and ending with the last day of the partial month) and the denominator of which is the number of days in such full calendar month, multiplied by the monthly installment of Base Rent in effect during such partial month, and shall be due on the Commencement Date.

Payment of Base Rent for any fractional calendar month at the end of the Term shall be similarly prorated.

B. Security Deposit: No Security Deposit required.

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

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

B. Beginning with the first full month following the then-applicable Adjustment Date, the monthly rent shall be adjusted so that it equals the product of the Base Rent (or Amended Base Rent, as the case may be) multiplied by a fraction, the numerator of which is the Current Index and the denominator of which is the Basic Index (the "Adjusted Rental"), but in no event shall such monthly rent ever be decreased below the Base Rent set forth in Section 3.A (or the then applicable Amended Base Rent, as the case may be) plus any Extra Base Rent (if applicable) as defined in Section 10.

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

D. Periodic Fair Market Rent Adjustment: On the tenth anniversary of the Commencement Date and every ten years thereafter (meaning at the beginning of year 11, 21, 31, and so forth as the Lease may be renewed or extended from time to time) until this Lease expires or is otherwise terminated (each such date being a "Fair Market Rent Adjustment Date"), the Base Rent shall be modified to equal the then prevailing Fair Market Ground Lease Rental Rate (as defined below) (the "Amended Base Rent") for the Leased Premises as provided for herein. Thereafter and unless otherwise provided for herein, the Amended Base Rent shall be subject to adjustment every other anniversary date of the Commencement Date in the manner as set forth in paragraphs A through C of this Section 4.

1. The Amended Base Rent is: (i) that sum due and payable beginning on each Fair Market Rent Adjustment Date provided for herein; and (ii) in an amount equivalent to one-twelfth of the product of the "Fair Market Ground Lease Rate" (as herein defined below) times the total gross square feet contained within the Leased Premises.

2. The Fair Market Ground Lease Rate is that rate per each gross square foot contained within the Leased Premises determined prior to but no earlier than forty-five (45) calendar days immediately preceding the next Fair Market Rent Adjustment Date equal to either:

(i) that rental rate negotiated and mutually agreed to in writing by both parties to this Agreement, or

(ii) upon the written request of either party, Landlord and Tenant shall jointly commission a real estate appraiser holding the professional designation of "MAI" or its equivalency, who is duly licensed in the State of Texas and, shall remain impartial and unrelated, directly or indirectly, so far as employment of services is concerned, to Landlord or Tenant or to any person directly or indirectly related to Landlord or Tenant; to perform a written narrative appraisal of the Leased Premises for the purpose of determining the then prevailing fair market ground rent while giving consideration to the attributes and characteristics of the Leased Premises at Addison Airport. The appraisal report shall be prepared in accordance with the Uniform Standards of Professional Appraisal Practice for the sole and exclusive use of both the Landlord and Tenant, and whereby the cost of said services shall be borne equally by the two parties. The effective date of the appraisal shall be as of the impending Fair Market Rent Adjustment Date. Failure of either party to pay their respective share of the costs or expenses incurred by the parties pursuant to this sub-section shall be an Event of Default by the defaulting party.

3. Notwithstanding the foregoing, in no event shall the initial Amended Base Rent (determined at the beginning of year 11 of this Lease) be less than the Base Rent set forth in Section 3.A above; (plus any Extra Base Rent (if applicable) as defined in Section 10; thereafter, the Amended Base Rent determined at the end of each ten year period as set forth above shall in no event be less than the then existing Amended Base Rent plus any Extra Base Rent (if applicable) as defined in Section 10.

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

A. For constructing and operating an executive hangar leasehold condominium regime established pursuant to the Texas Uniform Condominium Act ("TUCA"), which is codified in Chapter 82 of the Texas Property Code. The Association intends and desires to construct the Building Improvements (generally consisting of twenty-three (23) non-residential aircraft hangar units (the "Units")) and then to convey for individual unit ownership (the owners of such individual units being collectively referred to herein as the "Owners" and individually as an "Owner"), expressly subject to the leasehold condominium regime and this Lease, the leasehold condominium interest in the Units together with all common elements constructed and made part of the leasehold condominium facility (the "Project"). The permitted use of the Leased Premises and the Project is expressly limited to the day-to-day storage and maintenance of personal and corporate aircraft owned, leased or otherwise controlled ("controlled" having the meaning in this instance of having the legal capacity to sell, barter or otherwise convey the aircraft and transfer its title) by the Owners and/or Tenant and not otherwise without the prior written consent of Landlord. Without limiting the

foregoing, Tenant and its Owners are expressly prohibited from (i) conducting any commercial aeronautical or aviation services (including but not limited to air charter, air taxi, cargo transport) from the Leased Premises other than what may be incidental to Tenant's (or Owner's) primary business activity, if any, and (ii) providing or operating, or allowing the provision or operation of, any of the following: ground transportation for rent or hire, including taxi and limousine service; food sales; barber; alcoholic beverage sales; sales of pilot supplies; newsstands; and gift and other retail shops.

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

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

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

Section 6. Construction of Improvements:

A. In connection with the use and occupancy of the Leased Premises by Tenant, Tenant shall cause to be constructed on the Leased Premises buildings and other improvements (together, the "Building Improvements"), at Tenant's sole cost, expense and risk (except as may be otherwise agreed to in writing between Landlord and Tenant), in accordance with plans and specifications which have been previously submitted (or will be submitted) to and approved in writing by Landlord. The term "Building Improvements" shall mean those improvements described in Exhibit 3 attached hereto and incorporated herein. Except as provided for in this Agreement, Tenant may not construct, locate, install, place or erect any other improvements upon the Leased Premises without the prior written consent of Landlord. The Construction Costs (separate and apart from the cost of design) of the Building Improvements shall exceed Five Million and No/100 Dollars (**\$5,000,000.00**) (the "Construction Costs"), and Tenant shall submit to Landlord evidence of such Construction Costs (the "Construction Costs Evidence"); such Construction Costs Evidence shall

include true and correct copies of all receipts or other documents or records indicating the nature of the construction work performed, the cost thereof and the amount paid for such construction work.

B. The Building Improvements shall be constructed on the Leased Premises in accordance with plans and specifications prepared by an architect and/or engineer selected by Tenant (the “Design Plan”), which Design Plan shall be submitted to Landlord and approved in writing by Landlord in its sole discretion and which approval shall be a mandatory condition precedent to the construction of the Building Improvements. Any architect, engineer or contractor chosen by Tenant to prepare the Design Plan shall be duly licensed to practice architecture, engineering or construction, as the case may be, in the State of Texas. All construction on the Leased Premises shall be performed in a first class, workmanlike manner and in compliance with all applicable building codes, standards and ordinances, as set out in more detail, below. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages (including consequential damages) or injury (including, without limitation, claims for personal injury or death, or property damage or destruction, or economic loss) or any other harm, penalties, fines, liens and any and all other liabilities and obligations which arise in connection with such construction, and **Tenant shall DEFEND, INDEMNIFY, and HOLD HARMLESS Landlord and Airport Manager (“Airport Manager” being defined in Section 8.A., below), and their respective officials, officers, employees and agents, from and against any and all such costs, expenses, claims, damages, penalties, fines liens, liabilities, and obligations without limitation, INCLUDING SUCH COSTS, EXPENSES, CLAIMS, DAMAGES, PENALTIES, FINES, LIENS LIABILITIES, AND OBLIGATIONS WHICH ARE CAUSED BY OR RESULT FROM, IN WHOLE OR IN PART, THE NEGLIGENCE OF LANDLORD OR MANAGER (OR THEIR RESPECTIVE OFFICIALS, OFFICER, EMPLOYEES, AND AGENTS), OR ANY ACT OR OMISSION BY LANDLORD OR MANAGER (OR THEIR RESPECTIVE OFFICIALS, OFFICER, EMPLOYEES, AND AGENTS) THAT GIVES RISE TO STRICT LIABILITY OF ANY KIND.** It is expressly understood and agreed that Tenant’s construction of the Building Improvements shall include the finish-out of such building and improvements in accordance with the plans and specifications for the finish-out of the Building Improvements as submitted by Tenant to Landlord and approved in writing by Landlord.

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

D. Except for reason of Landlord's failure to deliver the Leased Premises pursuant to Section 2.B above or provide Tenant the necessary approvals, consents and or permits needed to commence construction for reasons outside Tenant's commercially reasonable ability to remedy, if construction of the Building Improvements has not commenced on or before **July 1, 2008**, Landlord may terminate this Agreement by written notice to Tenant and this Agreement shall without further notice or action by either party hereto be and become null and void and neither party to this Agreement shall have any further rights one against the other, except that Landlord shall return to Tenant any deposits made to Landlord, if any, within five (5) business days following such termination.

1. For purposes hereof, construction shall be deemed to have commenced when all of the following events have occurred, proof of which shall have been delivered to Landlord and Airport Manager: (i) written approval of the Design Plan by Landlord, (ii) Tenant has been issued the required building permit(s) or licenses necessary to construct the Building Improvements on the Leased Premises, (iii) the Federal Aviation Administration (“FAA”) determination to Tenant’s filing of Form 7460 Notice of Proposed Construction or Alteration, (iv) procurement of Builder's Risk insurance coverage, (v) execution of a contract to perform the work set forth in the Design Plan with a qualified contractor, and (vi) actual mobilization of construction equipment on the Leased Premises; and

2. After commencement of construction, Tenant shall complete construction of the Building Improvements with reasonable diligence, without material deviation from the Design Plan, and any deviation from the Design Plan shall be subject to the review and approval of Landlord. If (i) construction of the Building Improvements is not Substantially Complete on or before the expiration of one (1) year after the City Delivery Date and with Final Completion achieved no later than one-hundred and twenty (120) days thereafter, or (ii) the Construction Costs of the Building Improvements do not exceed Five Million and No/100 Dollars (\$5,000,000.00) as established by the Construction Costs Evidence which Tenant shall submit to Landlord on or before the Final Completion date, Landlord may terminate this Lease by providing written notice to Tenant and the same shall become null and void and neither party to this Agreement shall have any further rights one against the other, except that Landlord shall return to Tenant any deposits made to Landlord, if any, within five (5) business days following such termination and Tenant shall at Landlord's request remove any portion of the Building Improvements and leave the premises in the same or similar condition as existed prior to construction.

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

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

G. “Substantial Completion” of the construction of the Building Improvements shall be deemed to have occurred upon the issuance by the Town of Addison, Texas of a certificate of temporary or final occupancy for the Building Improvements. “Final Completion” of the construction of the Building Improvements shall be deemed to occur upon the issuance by Tenant’s architect who designed the Building Improvements of such documentation as may be necessary to establish the final completion (closeout) of the construction of the Building Improvements and the delivery by Tenant to Landlord of comprehensive As-Built drawings and documentation reviewed

and certified (sealed) by Tenant's architect reflecting all approved changes and modifications to the originally approved Design Plan.

Section 7. Acceptance of Leased Premises:

TENANT ACKNOWLEDGES THAT TENANT HAS FULLY INSPECTED THE LEASED PREMISES AND ACCEPTS THE LEASED PREMISES AND THAT THE LEASED PREMISES ARE LEASED TO TENANT "AS IS, WHERE IS, AND WITH ALL FAULTS AND PATENT AND LATENT DEFECTS", AND LANDLORD HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY DISCLAIMS, ANY REPRESENTATION, PROMISE, COVENANT, AGREEMENT, GUARANTY OR WARRANTY OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, AS TO THE QUANTITY, QUALITY, CONDITION, SUITABILITY, HABITABILITY, OR FITNESS OF THE PROPERTY FOR ANY PURPOSE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION REGARDING SOIL CONDITIONS, AVAILABILITY OR EFFICACY OF UTILITIES, DRAINAGE, ZONING LAWS, ENVIRONMENTAL LAWS, OR ANY OTHER FEDERAL, STATE OR LOCAL STATUTES, CODES, REGULATIONS OR ORDINANCES. TENANT ALSO ACKNOWLEDGES AND AGREES THAT TENANT'S INSPECTION AND INVESTIGATION OF THE LEASED PREMISES HAVE BEEN ADEQUATE TO ENABLE TENANT TO MAKE TENANT'S OWN DETERMINATION WITH RESPECT TO THE SUITABILITY OR FITNESS OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO SOIL CONDITIONS, AVAILABILITY OR EFFICACY OF UTILITIES, DRAINAGE, ZONING LAWS, ENVIRONMENTAL LAWS, AND ANY OTHER FEDERAL, STATE OR LOCAL STATUTES, CODES, REGULATIONS OR ORDINANCES. TENANT ACKNOWLEDGES THAT THE DISCLAIMERS, AGREEMENTS AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH ARE AN INTEGRAL PORTION OF THIS LEASE AND THAT LANDLORD WOULD NOT AGREE TO LEASE THE LEASED PREMISES TO TENANT AS SET FORTH HEREIN WITHOUT THE DISCLAIMERS, AGREEMENTS AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH. TENANT FURTHER ACKNOWLEDGES THAT TENANT IS NOT IN A DISPARATE BARGAINING POSITION WITH RESPECT TO LANDLORD. TENANT ACKNOWLEDGES AND AGREES FURTHER THAT THIS LEASE IS SUBJECT TO ANY AND ALL CURRENTLY EXISTING TITLE EXCEPTIONS OR OTHER MATTERS OF RECORD OR VISIBLE OR APPARENT FROM AN INSPECTION AFFECTING THE LEASED PREMISES. TENANT WAIVES ANY IMPLIED WARRANTIES OF SUITABILITY, HABITABILITY, AND FITNESS FOR A PARTICULAR PURPOSE, AND FURTHER WAIVES ALL CLAIMS BASED ON ANY DEFECT IN THE LEASED PREMISES THAT COULD HAVE BEEN DISCOVERED BY TENANT'S REASONABLE INSPECTION. TENANT, AT ITS COST, SHALL BE ENTITLED TO PERFORM A PHASE I ENVIRONMENTAL STUDY, PROVIDING A COPY OF THE RESULTS TO LANDLORD AND THE AIRPORT MANAGER, ALL AS SPECIFIED IN MORE DETAIL IN SECTION 22.D BELOW. WITHOUT LIMITING THE FOREGOING, THERE IS NO WARRANTY, EXPRESS OR IMPLIED, OF SUITABILITY, MERCHANTABILITY, HABITABILITY,

OR FITNESS FOR ANY PARTICULAR PURPOSE GIVEN IN CONNECTION WITH THIS LEASE.

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

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

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

Tenant agrees that any new construction or modification of existing improvements on the Leased Premises will comply with all standards and rules published by the Landlord, or by any person or entity authorized by Landlord to manage and/or operate the Airport (the "Airport Manager"), including, but not limited to the Town of Addison building codes and zoning requirements or any other laws, ordinances, permits, rules, regulations, or policies of the Town of Addison, Texas, and will meet or exceed all applicable State and Federal standards, permits, laws, rules, or regulations. Tenant recognizes that the Town of Addison building codes and zoning requirements and other laws, ordinances, permits, rules, regulations or policies, and all applicable State and Federal standards, laws, rules, or regulations may be modified or amended from time to time and that compliance will be measured by such standards in effect at the time of a particular construction or modification of improvements. Tenant will properly and timely submit to the Federal Aviation Administration, the Texas Department of Transportation, and any other governmental entity or agency having jurisdiction regarding or related to Addison Airport, a Notice of Proposed Construction, when and as required. Tenant further agrees that the Landlord shall be authorized at all times during any project of construction to enter upon the Leased Premises, and all parts thereof, in order to observe the performance of such construction, and Tenant agrees to provide the Landlord a construction schedule setting out the time of commencement, final completion and completion of significant elements of the construction, which schedule shall be delivered to Landlord prior to the start of any construction project on the Leased Premises. Failure of Tenant to observe and comply with any provision or requirement of this Section 8 shall be an Event of Default.

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

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

A. Tenant:

1. Without the prior written consent of Landlord, Tenant shall have no power to and shall not, either involuntarily or voluntarily or by operation of law or otherwise, assign, sublet, sell, pledge, encumber, mortgage, license, transfer, or otherwise convey or permit any lien to attach to (together, “assign” or “assignment,” and any person or entity to whom an assignment is made being an “assignee”) this Lease or any interest, right, duty, liability, or obligation of Tenant hereunder, including the assignment of rights to any Owner(s) (except as hereinbelow provided and in accordance with and subject to all of the terms and conditions of this Lease) or sublet the whole or any part of the Leased Premises, and any such assignment or any subletting shall be null and void and may be deemed by Landlord (in Landlord’s sole discretion) an Event of Default (as hereafter defined) under Section 23 of this Lease. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including, without limitation, the provisions of Section 5 pertaining to the use of the Leased Premises. In the event of any Landlord-approved assignment or subletting, Tenant shall not assign Tenant’s rights hereunder or sublet the Leased Premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees:

- (i) to be bound by the terms and provisions of this Lease;
- (ii) that no such assignment or subletting shall constitute a novation;
- (iii) that in the event of the occurrence of an Event of Default while the Leased Premises or a portion thereof is assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, in equity, or otherwise, and at Landlord’s option, may 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 transferee or subtenant shall release Tenant from the payment or performance of Tenant’s obligations hereunder;
- (iv) Landlord shall have no responsibility or obligation for any performance by Tenant or any of its Owner(s);
- (v) neither the assignment, nor subletting, nor the exercise by Landlord of its rights hereunder shall give the assignee or sublessee any rights directly or indirectly against Landlord or create or impose any obligation, duty, responsibility, or liability of Landlord in favor of or for the benefit of the assignee or sublessee;
- (vi) Landlord's consent to any transfer or subletting will not effect a waiver of any of its rights, nor will it act to impose on Landlord any limitation whatsoever from exercising Landlord’s rights with respect to any other

actual or proposed assignment or subletting, and Landlord's consent to any assignment or subletting will not relieve Tenant or any Guarantor of Tenant of any liability, responsibilities, obligations, or duties to Landlord under this Lease or otherwise.

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

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

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

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

(iii) the proposed assignee's (or subtenant's) intended use of the Leased Premises is inconsistent with the Lease;

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

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

(vi) the proposed assignee (or subtenant) does not intend to occupy the entire Leased Premises as described in the Lease and conduct its business therefrom for a substantial portion of the then remaining term of the Lease.

For purposes hereof and any applicable law, and without limitation as to other grounds for Landlord delaying consent, it shall be deemed to be reasonable for Landlord to delay its consent for a period of 45 days after the receipt by Landlord of all information requested by Landlord regarding or in connection with the proposed assignment and the proposed assignee (or subtenant). An assignment by Tenant will be deemed to have occurred if, pursuant to TUCA and/or the Association's Governing Instruments (as defined in Section 18 herein), the Association votes to materially alter the characteristics of the Association (e.g.

to disband, dissolve, liquidate or otherwise cease to continue its operations as intended by the parties hereto). Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of Section 5 pertaining to the use of the Leased Premises.

Tenant shall provide to Landlord from time to time, as requested by Landlord and in a form acceptable to Landlord, a written certification as to the Ownership and voting interests of the Association.

B. Owners:

1. As set forth above, Tenant is a Texas non-profit corporation formed pursuant to the Texas Uniform Condominium Act, and pursuant to its governing instruments (being the Association's Condominium Declaration, the Association's By-Laws, and any Rules and Regulations adopted by the Association and as amended or modified from time to time and approved by Landlord) (the "Governing Instruments") intends to and will create and establish an executive hangar leasehold condominium regime. Pursuant to and in accordance with the Governing Instruments, Tenant intends to convey a leasehold condominium interest in each individual Unit (together with a leasehold condominium interest in the common elements constructed and made part of the leasehold condominium facility) to an Owner, which conveyance shall be subject to all of the terms, conditions, and provisions of this Lease (a "Leasehold Condominium Conveyance"). Landlord hereby acknowledges and consents to a Leasehold Condominium Conveyance by Tenant and any Owner, provided the same (i) is in accordance with and subject to all of the Governing Instruments, (ii) fulfills all of the requirements stipulated in paragraph A.1. of this Section above, and (iii) is subject to all of the terms, conditions, and provisions of this Lease. Notwithstanding any Leasehold Condominium Conveyance or any other transfer of conveyance of this Lease, the Leased Premises, or any portion thereof, such Leasehold Condominium Conveyance or other transfer or conveyance shall ever relieve Tenant of any liability, responsibilities, obligations, or duties to Landlord under this Lease or otherwise, including, without limitation, Tenant's obligation to pay the Rent due hereunder and otherwise fully perform all of the terms and conditions of this Lease. In the event of any conflict between this Lease and the Governing Instruments, the terms, conditions and provisions of this Lease shall control.

2). An Owner shall have the right to mortgage its respective leasehold condominium interest in a Unit in order to secure a mortgage loan for the purpose of financing the Owner's acquisition of the Unit, provided such mortgage is created in accordance with the Association's Declarations and this Lease and is made subject to all of the terms, conditions and provisions of this Lease and all rights of Landlord. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by any Owner and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the Rent due hereunder and otherwise fully perform the terms and conditions of this Lease; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the Leased Premises to the mortgage of such proposed leasehold mortgagee.

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

4). Landlord further agrees to execute and deliver to any proposed leasehold condominium mortgagee of any Owner a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee after foreclosure, or transfer in lieu of foreclosure, as the Owner hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee performs all of the obligations of the Owner pursuant to the Association's Governing Instruments. Any other transfer or conveyance of a right, interest, obligation, or liability hereunder, or any part of the Leased Premises, without the prior written approval of Landlord, shall be null and void and may be deemed an Event of Default under Section 23 of this Lease by Landlord in its sole discretion, it being the intent of this provision that such leasehold mortgagee shall have no greater right to transfer any leasehold condominium interest, or any right, interest, obligation, or liability hereunder, or any part of the Leased Premises, than any Owner has as set forth in subsection B. of this Section. Landlord also agrees to consider the execution and delivery to such proposed leasehold mortgagee of any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by the Owner of the condominium leasehold interest as described in Section 5 hereof.

C. Tenant Information: Within thirty (30) days of the beginning of each and every calendar year during the Term and within thirty (30) days after one or more Units has been assigned, sublet or otherwise conveyed, inclusive of the assignments made to Owner(s), Tenant shall provide to Landlord a complete and accurate ownership roster which shall include, but not be limited to, the Unit owner's name, mailing address, email address, daytime telephone number, unit number, ownership share on a percentage basis, emergency contact information, contact information for any subtenant or Owner's affiliate using the Leased Premises, together with the make, model, aircraft type and "N" number of any aircraft routinely stored or kept on, or in the Leased Premises. Tenant's failure to provide said information as prescribed constitutes an Event of Default.

Section 10. Property Taxes and Assessments: Tenant and/or its Owners shall pay, before they become delinquent, any and all property taxes or assessments, and any other governmental charges, fees or expenses (collectively, the "Taxes"), that may be respectively levied or assessed by a taxing authority on any improvements on the Leased Premises, the personal

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

Notwithstanding any other provision of this Lease, Tenant agrees that if any buildings or other improvements (including, without limitation, the Building Improvements) located upon the Leased Premises are determined to be subject to property taxation by the Dallas Central Appraisal District (or any successor entity or agency thereto or other agency with the authority to make such determination) ("DCAD"), Tenant will not contest any such determination. Additionally, if a final (non-appealable) determination is rendered by DCAD or a court of appropriate and competent jurisdiction that any such buildings or other improvements are not subject to propertyproperty taxation, the Base Rent (or Amended Base Rent, as the case may be) for the year in which such final determination becomes effective shall be increased by an amount equal to the property tax revenue from such buildings and improvements that Tenant would have been apportioned and paid to the Town of Addison, Texas in that year but for such final determination (the "Extra Base Rent"); thereafter, the Base Rent (or Amended Base Rent, as the case may be) as so increased shall continue, subject to adjustment as set forth in Section 4, above.

Section 11. Maintenance and Repair of Leased Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and in a first class condition (in accordance with any construction and/or maintenance standards and specification established by Landlord or Airport Manager and all applicable ordinances, rules and regulations of the Town of Addison, Texas) all the Leased Premises and all fixtures, equipment and personal property on the Leased Premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the Leased Premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the Leased Premises in good working order, reasonable wear and tear excepted. Tenant shall reimburse Landlord for and indemnify Landlord against all damages or costs of any nature whatsoever, which Landlord incurs from Tenant's delay in vacating the Leased Premises.

B. In the event Tenant shall fail to so maintain the Leased Premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the actual costs thereof

expended by Landlord plus interest thereon as provided in Section 39 shall be paid by Tenant on demand.

Section 12. Alterations, Additions and Improvements: After completion of the Building Improvements described in Section 6, Tenant shall not create any openings in the roof or exterior walls, or make any material alterations, additions or improvements to the Leased Premises or any improvements thereon or modifications thereto without the prior written consent of Landlord or Airport Manager. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord or Airport Manager. Tenant and/or its Owners shall have the right without Landlord's consent, to erect or install shelves, bins, machinery, air conditioning or heating equipment and fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations (including, without limitation and as may be required by law, obtaining a building permit).

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

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

A. Insurance against loss or damage to improvements by fire, lightning, and all other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than one hundred percent (100%) of the full insurable value of the Leased Premises and any and all improvements thereon. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, thereafter, proper adjustment in the limits of insurance coverage shall be effected.

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

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

D. If applicable, boiler and pressure vessel insurance on all steam boilers and air compressors, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$500,000 for damage to or destruction of property resulting from such perils.

E. During any period of construction, Tenant shall purchase and maintain property insurance for an amount equal to the greater of the full-completed value or the amount of the construction contract including any amendments or change orders thereto. The policy shall provide "ALL Risk" Builder's Risk Insurance (extended to include the perils of wind, collapse, vandalism/malicious mischief, and theft, including theft of materials whether or not attached to any structure).

F. Such other insurance on improvements in such amounts and against such other insurable hazards, which at the time are required by the Association's Governing Instruments or otherwise commonly obtained within the aeronautical industry in the case of a condominium leasehold regime.

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

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

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

With reference to the foregoing insurance requirements, all insurance policies shall comply with the following:

1. The City and Airport Manager shall be named as an additional insured with respect to all liability policies.
2. All liability policies shall contain no cross liability exclusions or insured versus insured restrictions.

3. A waiver of subrogation in favor of the City and Airport Manager shall be contained in the Workers Compensation, Builders Risk, and all liability policies.
4. Such insurance shall be maintained in full force and effect and shall not be cancelled, altered or amended without thirty (30) days prior written notice having first been furnished to the City and the Airport Manager.
5. All insurance policies, which name the City and the Airport Manager as an additional insured, shall be primary and non-contributory.
6. Required limits may be satisfied by any combination of primary and umbrella liability insurances.
7. Contractor may maintain reasonable and customary deductibles, subject to reasonable approval by Landlord.
8. Insurance must be purchased from insurers that are financially acceptable to Landlord in its commercially reasonable discretion, and provided that any insurer with an AM Best (or equivalent) rating of A or better shall be deemed acceptable to Landlord.

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

Section 14. Casualty Damage or Destruction:

A. In case of any damage to or destruction of the buildings, structures, equipment, or any other improvements on or at the Leased Premises (including the Building Improvements), or any part thereof, Tenant will promptly give written notice thereof to Landlord and Airport Manager, generally describing the nature and extent of such damage and/or destruction.

B. In case of any damage to or destruction of any building, structure, equipment, or other improvements (including the Building Improvements) on or at the Leased Premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense, will promptly and diligently commence and complete the restoration, repair and replacement of said building, structure, equipment, or other improvements as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction and with at least as good workmanship and quality as such building, structure, equipment, or other improvements on or at the Leased Premises being repaired or replaced, with such alterations in and

additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration"). All Restoration plans (whether design, architectural, or otherwise) shall be approved in writing by Landlord prior to the commencement of construction. All such design and construction shall comply with other Sections of this Lease concerning the design and construction of buildings and other improvements on or at the Leased Premises, including without limitation Sections 6, 8, and 13 hereof.

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

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

- (i) Net Insurance Proceeds shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses to pay (or reimburse Tenant for) the cost of Restoration, only upon written request of Tenant to Landlord accompanied by (a) the certificate of a supervising architect or engineer approved by Landlord, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has theretofore been reimbursed, and specifying the additional amount, if any, necessary to complete the Restoration, and (b) an opinion of counsel satisfactory to Landlord that there exist no mechanics', materialman's or similar liens for labor or materials except such, if any, as are discharged by the payment of the amount requested.
- (ii) Upon receipt by Landlord of evidence required by the foregoing clauses Section 14. D (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialman's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration. Landlord's right to commence or complete Restoration shall begin after Landlord has given Tenant at least thirty (30) days written notice requesting (i) the commencement of Restoration, or (ii) that Tenant diligently proceed to the completion of Restoration, and Tenant during such thirty (30) day period fails to commence or diligently complete Restoration. In such event, Landlord shall be entitled to obtain the insurance

proceeds, and Tenant shall promptly pay any deficiency if such proceeds are not sufficient for Restoration.

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

Section 15. Condemnation:

A. If during the term hereof, any part of the Leased Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the Leased Premises is not susceptible to efficient and economic occupation and operation by Tenant, this Lease shall automatically terminate as of the date that said condemning authority takes possession of the Leased Premises, and Landlord shall refund to Tenant any prepaid but unaccrued rental less any sum then owing by Tenant to Landlord. Notwithstanding anything herein to the contrary, Tenant shall retain the right, without limitation, to pursue its own claim against any such condemnation.

B. If after such taking by or sale to said condemning authority the remainder of the Leased Premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to Section 4, by a fraction, the numerator of which shall be the number of square feet remaining in the Leased Premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the Leased Premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the Leased Premises.

C. If this Lease is not terminated pursuant to Section 15.A, above, Tenant shall promptly restore any building and any other improvements on the Leased Premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the Leased Premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant, as their interest may appear. If this Lease is terminated pursuant to Section 15.A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

Section 16. Utilities: Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the Leased Premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees, impact fees, and services furnished to the Leased Premises during the term hereof. Tenant agrees to contact all

utility service providers prior to any excavation or digging on the Leased Premises. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

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

Section 18. Landlord's Rules and Regulations, Leasehold Condominium Declaration and By-Laws of the Association:

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

B. Pursuant to Texas Uniform Condominium Act ("TUCA"), which is codified in Chapter 82 of the Texas Property Code, Tenant has adopted the "EHOAA LEASEHOLD CONDOMINIUM DECLARATION" and the "By-Laws of the Association" (singularly or together hereinafter referred to as the Association's "Governing Instruments", a true and correct copy of each are attached hereto as Exhibits 4.1 and 4.2, respectively) that sets forth the continued governance of the Association. These Governing Instruments, as may be amended or modified from time to time, are hereby incorporated by reference as if written verbatim herein. Should a conflict ever arise in the interpretation or meaning of any provision of these Governing Instruments and terms and conditions of this Lease, the Lease shall always, unless otherwise pre-empted by law or statute, prevail as the final determinant to any such conflict. Upon request, Tenant shall provide Landlord a true and correct version of these Governing Documents, as amended or modified.

Section 19. Signs and Equipment: After first securing Landlord's approval, Tenant shall have the right from time to time to install and operate signs depicting Tenant's name and operate radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the Leased Premises that may be reasonably necessary for the operation of Tenant's

business, provided such signs and equipment are installed and maintained in compliance with all applicable governmental laws, rules, and regulations, including the City sign ordinance, and do not interfere with the operation of any navigation facilities or Airport communications (including, without limitation, navigation facilities or Airport communications used or operated by the FAA).

Section 20. Landlord's Right of Entry: Landlord and Landlord's authorized representatives shall have the right, during normal business hours and with 24 hours advance notice, but with no notice in the event of an emergency, to enter the Leased Premises (i) to inspect the general condition and state of repair thereof, (ii) to make repairs permitted under this Lease, (iii) to show the Leased Premises to any prospective tenant or purchaser (but only in the last six (6) months of the Term), or (iv) for any other reasonable and lawful purpose.

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

Section 21. Indemnity and Exculpation and Release:

A. Exculpation. Landlord and Airport Manager, and Landlord's and Airport Manager's officials, officers, employees and agents (both in their official and private capacities) shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, subtenants, licensees, concessionaires, contractors, subcontractors, or to any other person whomsoever, for any death or injury to persons or damage to or destruction of property or any other harm on or about the Leased Premises or any adjacent area owned by Landlord caused by or resulting from any act or omission of Tenant or any Owner, Tenant's or any Owner's employees, agents, servants, customers, invitees, subtenants, licensees, concessionaires, contractors, subcontractors, or any other person entering the Leased Premises under express or implied invitation of Tenant or any Owner(s), or arising out of the use or occupation of the Leased Premises by Tenant or any Owner, their respective employees, agents, servants, customers, invitees, subtenants, licensees, concessionaires, contractors, or subcontractors and/or the conduct of Tenant's or any Owner's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder;

B. TENANT'S INDEMNITY OBLIGATION. Tenant shall defend (with counsel REASONABLY acceptable to Landlord), indemnify AND HOLD HARMLESS Landlord and Airport Manager, and Landlord's and Airport Manager's respective officials, officers, employees and agents (both in their official and private capacities) (Landlord (the Town of Addison, Texas) and Airport Manager, and their respective officials, officers, employees and agents (in both their official and private capacities) being each an "Addison Person" and collectively the "Addison Persons") from and against any and all claims, actions, causes of action, demands, losses, harm, damages, penalties, fines, liability, expenses, lawsuits, judgments, costs, and fees (including reasonable attorney fees and court costs) of any kind and nature whatsoever made upon any Addison Person, whether directly or indirectly, (collectively for purposes of this Section, "Damages"), that result from, relate to, or arise out of, in whole or in part, (i) any condition of the Leased Premises caused in whole or in part by

Tenant or any Owner, or any of their respective owners, directors, shareholders, partners, managers, officers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, invitees, concessionaires, or any other person or entity for whom Tenant or Owner is legally responsible, and their respective owners, directors, shareholders, partners, officers, managers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, invitees, and concessionaires (collectively, "Tenant Persons"); (ii) any act or omission of Tenant, any Owner(s), or any Tenant Persons under, in connection with, or in the performance of, this Lease; (iii) the Leased Premises becoming out of repair due to the fault of Tenant, any Owner(s), or any Tenant Persons, for any reason including by 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 Leased Premises, regardless of the source, or by dampness or by fire, explosion, falling plaster or ceiling. SUCH DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SHALL AND DOES INCLUDE DAMAGES ALLEGED OR FOUND TO HAVE BEEN CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OF THE TOWN OF ADDISON, TEXAS, THE AIRPORT MANAGER, OR ANY OTHER ADDISON PERSON, OR ANY ACT OR OMISSION BY THE TOWN OF ADDISON, TEXAS, THE AIRPORT MANAGER, OR ANY OTHER ADDISON PERSON THAT GIVES RISE TO STRICT LIABILITY OF ANY KIND. However, when Damages arise out of the co-negligence, or co-conduct that would give rise to strict liability of any kind, of an Addison Person or Persons, Tenant's liability under this clause shall be reduced by that portion of the total amount of the Damages (excluding defense fees and costs) equal to the Addison Person or Persons' proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss. Likewise, Tenant's liability for Addison Person's defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to Addison Person or Persons' proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss.

Tenant shall promptly advise Landlord in writing of any claim or demand against any Addison Person or Tenant related to or arising out of Tenant's activities under this Lease and shall see to the investigation and defense of such claim or demand at Tenant's sole cost and expense. The Addison Persons shall have the right, at the Addison Persons' option and at own expense, to participate in such defense without relieving Tenant of any of its obligations hereunder.

C. Release. Tenant and Owners hereby RELEASE the Town of Addison, Texas Airport Manager, and all other Addison Persons from, and agrees that the Town of Addison, Texas, Airport Manager, and all other Addison Persons shall not be liable to Tenant or Owner(s) or any Tenant Persons 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. To the extent this paragraph conflicts with the indemnity obligations outlined above, the indemnity obligations shall prevail.

D. The provisions of this Section 21 shall survive the expiration or termination of this Lease.

Section 22. Environmental Compliance:

A. No Storage or Disposal: Tenant shall not install, store, use, treat, transport, discharge or dispose (or permit, allow, or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by Tenant, its directors, officers, shareholders, Owners, partners, agents, employees, invitees, contractors, subcontractors, independent contractors, or subtenants) on the Leased Premises or any portion of the Common Facilities, any: (a) asbestos in any form; (b) urea formaldehyde foam insulation; (c) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; or (d) any other chemical, material, air pollutant, toxic pollutant, waste, or substance which is regulated as toxic or hazardous or exposure to which is prohibited, limited or regulated by the Resource Conservation Recovery Act (42 U.S.C. §6901, et seq., as amended or superseded), the Comprehensive and Environmental Response Compensation and Liability Act (42 U.S.C. §9601, et seq, as amended or superseded), the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Air Act, and/or the Clean Water Act, or any other federal, state, county, regional, local or other governmental authority laws, rules, orders, standards, policies, or regulations, or which, even if not so regulated may or could pose a hazard to the health and safety of the occupants of the Leased Premises and/or any portions of the Common Facilities, and which is either: (i) in amounts in excess of that permitted or deemed safe under any applicable law, rule, order, standard, policy, or regulation or (ii) in any manner prohibited or deemed unsafe under applicable law, rule, order, standard, policy, or regulation. (The substances referred to in (a), (b), (c) or (d) herein are collectively referred to hereinafter as “Hazardous Materials”).

B. Cleanup Laws; **Tenant’s Indemnity Obligation**: Tenant shall, at Tenant’s own expense, comply with any presently existing or hereafter enacted laws relating to Hazardous Materials (collectively, “Cleanup Laws”); provided, however that Tenant shall not be responsible for correcting any violation of the Cleanup Laws under this Section that existed prior to the Effective Date. In furtherance and not in limitation of the foregoing, Tenant shall, at Tenant’s own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the “Authority”) under the Cleanup Laws. Should any Authority require that a cleanup plan be prepared and that a cleanup be undertaken because of the existence of Hazardous Materials which were installed, stored, used, treated, transported, disposed of or discharged on the Leased Premises and/or any portion of the Common Facilities, by Tenant, its directors, shareholders, Owners, partners, officers, agents, employees, invitees, independent contractors, contractors, subcontractors, licensees, subtenants, any other person entering the Leased Premises under express or implied invitation of Tenant, or any person directly or indirectly employed by or acting under Tenant, during the Term of this Lease, Tenant shall, at Tenant’s own expense, prepare and submit the required plans and financial assurances and carry out the approved plans in accordance with such Cleanup Laws and to Landlord’s satisfaction. At no expense to Landlord, Tenant shall promptly provide all information requested by Landlord for preparation of affidavits or other documents required by Landlord to determine the applicability of the Cleanup Laws to the Leased Premises and/or any portion of the Common Facilities, as the case may be, and shall sign the affidavits promptly when requested to do so by Landlord. **Without limiting any other indemnity, hold harmless, and defense obligation of Tenant set forth in this Lease, Tenant shall INDEMNIFY, DEFEND, SAVE, AND HOLD HARMLESS the Town of Addison, Texas, Airport Manager, and all other Addison Persons (as the term “Addison**

Persons” is defined in Section 21, above) from and against, and reimburse Landlord for, any and all obligations, damages, injunctions, claims, lawsuits, judgments, harm, fines, penalties, demands, claims, costs, expenses, actions, liabilities, suits, proceedings and losses of whatever nature (including, without limitation, attorneys’ fees and court costs), and all cleanup or removal costs, of any kind and nature whatsoever made upon any Addison Person, whether directly or indirectly, (collectively for purposes of this section, “Damages”), that result from, relate to, or arise out of, in whole or in part, (i) the installation, storage, use, treatment, transporting, disposal or discharge of Hazardous Materials in or on the Leased Premises and/or any portion of the Common Facilities by Tenant, any Owner, or any Tenant Persons (as the term “Tenant Persons” is defined in Section 21, above) during the Lease term or at any other time applicable or relevant to this Lease or Tenant’s or any Owner’s or any Tenant Person’s occupancy or use of the Leased Premises, and (ii) all fines, suits, procedures, claims and actions of any kind arising out of Tenant’s failure to provide all information, make all submissions and take all steps required by the Authority under the Cleanup Laws or any other environmental law, rule, standard, regulation, or policy. SUCH DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SHALL AND DOES INCLUDE DAMAGES ALLEGED OR FOUND TO HAVE BEEN CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OF THE TOWN OF ADDISON, TEXAS, THE AIRPORT MANAGER, OR ANY OTHER ADDISON PERSON, OR ANY ACT OR OMISSION BY THE TOWN OF ADDISON, TEXAS, THE AIRPORT MANAGER, OR ANY OTHER ADDISON PERSON THAT GIVES RISE TO STRICT LIABILITY OF ANY KIND. However, when Damages arise out of the co-negligence, or co-conduct that would give rise to strict liability of any kind, of Landlord, Tenant’s liability under this clause shall be reduced by that portion of the total amount of the Damages (excluding defense fees and costs) equal to Landlord’s proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss. Likewise, Tenant’s liability for Landlord’s defense costs and attorneys’ fees shall be reduced by that portion of the defense costs and attorneys’ fees equal to Landlord’s proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss. In addition to and not in limitation of Landlord’s other rights and remedies, Tenant’s failure to abide by the terms of this Section shall be restrainable by injunction.

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

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

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

Section 23. Default by Tenant: Each of the following events shall be deemed to be an event of default ("Event of Default") by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder, or to pay or cause to be paid taxes (to the extent Tenant is obligated to pay or cause same to be paid), utilities, or insurance premiums, or any other payment which Tenant is to make under this Lease, on the date that same is due and such failure shall continue for a period of ten (10) days after the date on which such payment is to be made.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease (other than the payment of rent or other sum of money, or the payment of taxes, utilities or insurance premiums, or other payments Tenant is to make under this Lease, as set forth in Section 23 A.) and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Breach by or failure of Tenant to comply with (beyond any applicable cure period as may be set forth in the Developer Participation Agreement) of any of the terms, conditions, or provisions set forth in that agreement entitled "Developer Participation Agreement" by and between the Town of Addison, Texas and MSF Properties, LLC and dated _____, 2008 (a true and correct copy of which is on file in the office of the City Secretary of the Town of Addison, Texas).

D. Insolvency, the making of a transfer in fraud of creditors (whether actual or constructive), or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

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

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

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

H. Default by Tenant of any other lease or contract with the City or, provided Tenant is the holder of a valid aviation fuel dispensing permit or license issued by the City, default in the performance or the terms of said fuel dispensing permit or license.

Section 24. Remedies of Landlord: Upon the occurrence of any Event of Default by Tenant under this Lease, Landlord, without prejudice to any other legal, equitable, or contractual

right or remedy to which it may be entitled, shall have the option to pursue any one or more of the following remedies using lawful force if necessary or appropriate after providing the required written notice thereof.

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

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

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

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

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

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

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

H. Cure Tenant's default, and if Landlord so elects, Tenant must reimburse Landlord within thirty (30) days after Landlord delivers an invoice for the cure amounts paid or to be paid plus any reasonable expenses Landlord incurred effecting compliance with Tenant's obligations.

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

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

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

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

For purposes of this Section, "Damages" include, without limitation, all actual, incidental, and consequential damages, court costs, interest, and attorneys' fees arising from Tenant's breach of this Lease (including, without limitation, the cost of (A) recovering possession, (B) removing and storing Tenant's and any other occupant's property, (C) re-letting (including, without limitation, the costs of brokerage commissions and cleaning, decorating, repairing, or altering the Leased Premises for a substitute tenant or tenants), (D) collecting any money owed by Tenant or a substitute tenant, (E) repairing any damage caused by any Tenant or substitute tenant, (F) performing any obligation of Tenant under the Lease, (G) any other loss or cost reasonably incurred by Landlord as a result of, or arising from, Tenant's breach of the Lease or Landlord's exercise of its rights and remedies for such breach, (H) any contractual or liquidated types or measures of damages, including but not limited to Rental Deficiency specified in this Lease; and (I) any other type or measure of damages recoverable for any particular breach under applicable law.

Rental Deficiency is a contractual measure of Damages for Tenant's non-payment of rent measured by either the: (A) Actual Rental Deficiency, which is the difference (never less than zero) between (1) the rent due for, and other rent allocable under this Lease to, each month beginning with the first month with respect to which Landlord receives rent from reletting the Leased Premises, and (2) the proceeds, if any, that Landlord actually collects from any substitute tenant for any part of the Leased Premises in each corresponding month in which the Term and the term of the substitute tenant's lease overlap, *or* (B) Market Rental Deficiency, which is the present value, discounted at 6% simple annual interest, of the difference (never less than zero) between (1) the rent otherwise due under this Lease during any period after Tenant's breach in which Landlord may elect to recover this damage measure, and (2) the Fair Rental Value of the Leased Premises during that period, *plus* any costs incurred in connection with any actual or attempted reletting and any other Damages. In determining the Market Rental Deficiency, the Fair Rental Value will be the total rent that a comparable tenant would pay for comparable space in a building of substantially equivalent quality, size, condition, and location, considering rental rates and concessions then prevalent in the marketplace, the remaining lease term, the expected vacancy, any other relevant factors. An independent MAI appraiser selected by Landlord will determine the Leased Premises' Fair Rental Value, and that determination will conclusively bind the parties in any computation of the Market Rental Deficiency.

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

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

Section 25. Default by Landlord: No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the Leased Premises or render Landlord

liable for damages (including consequential damages) or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay rent) or grant Tenant any right of deduction, abatement, set-off or recovery or entitle Tenant to take any action whatsoever with regard to the Leased Premises, or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has not begun to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period, then within an additional reasonable period of time so long as Landlord has commenced curative action within said the thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within the said thirty (30) day period, or within said the additional reasonable period of time, Tenant shall have the right to:

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

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

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

Section 26. Mitigation of Damages:

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

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

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

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

(3) Landlord will not have any obligation to lease the Leased Premises for any rental less than the current rate then prevailing for similar space at Addison Airport (or if no similar space

is available, the current fair market rental then prevailing for similar space in comparable buildings in the same market area as the Leased Premises) nor shall Landlord be obligated to enter into a new lease under any terms or conditions that are unacceptable to Landlord.

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

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

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

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

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

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

Section 27. Waiver of Subrogation: Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during the term of this Lease for any and all loss of, or damage to, any of such party's property located within or upon, or constituting a part of, the Leased Premises, which loss or damage is covered by valid and collectible casualty, fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. Such mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any

loss of, or damage to, property of the parties hereto. Inasmuch as such mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation or otherwise to an insurance company (or any other person), each party hereby agrees immediately to give to each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of such mutual waivers, and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation of such insurance coverages by reason of such waivers.

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

Upon the termination of this Agreement, whether by expiration of the term hereof or by reason of default on the part of Tenant, or for any other reason whatsoever, the improvements (including, without limitation, the Building Improvements), and all parts thereof, shall merge with the title of the Leased Premises, free and clear of any claim of Tenant and all persons or entities claiming under or through Tenant (including, without limitation, any holder of a leasehold mortgage), and shall become the property of Landlord; provided, however: (i) if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and removable trade fixtures owned by Tenant from the Leased Premises, but Tenant shall be required to repair any damage to the Leased Premises caused by such removal in a good and workmanlike manner and at Tenant’s sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the Leased Premises and restore the Leased Premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant’s sole cost and expense. Upon such termination, Tenant shall deliver the Leased Premises to Landlord in good condition, reasonable wear and tear excepted, and shall, at Landlord’s request, execute a recordable instrument evidencing the termination of this Agreement and stating the termination or expiration date.

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

A. Tenant agrees to **defend, indemnify and hold harmless** Landlord and Airport Manager, and Landlord’s and Airport Manager’s officials, officers, employees and agents, from and against all liability arising out of the filing of any mechanics’ or materialman’s liens against the Leased Premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord’s option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in Section 39 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord’s intention to do so and Tenant’s failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord’s interest in the Leased Premises.

B. In consideration of the mutual benefits arising under this Lease, Tenant hereby grants to Landlord a lien and security interest in all property of Tenant (including, but not limited to, all fixtures, machinery, equipment, furnishings, and other articles of personal property now or

hereafter placed in or on the Leased Premises by Tenant, together with the proceeds from the disposition of those items) (the "Collateral"), now or hereafter placed in or upon the Leased Premises, as security for payment of all rent and other sums agreed to be paid by Tenant herein. The provisions of this Section 29.B. constitute a security agreement under the Texas Uniform Commercial Code, and Landlord has and may enforce a security interest in the Collateral. The Collateral shall not be removed without the consent of Landlord until all arrearages in rent and other sums of money then due to Landlord hereunder have been paid and discharged. At Landlord's request, Tenant shall execute, as Debtor, Financing Statements, to perfect this security interest pursuant to the Texas Uniform Commercial Code. Landlord may at its election at any time file in the appropriate County records a copy of this Lease as a Financing Statement. Landlord, as Secured Party, has all of the rights and remedies afforded a secured party under the Texas Uniform Commercial Code in addition to and cumulative of the landlord's liens and rights provided by law or by the other terms and provisions of this Lease.

Pursuit of any one or more of the foregoing remedies shall not preclude the simultaneous or subsequent pursuit of any other remedy provided herein or any other remedy provided by law or in equity, nor shall the pursuit of any one or more remedies constitute a forfeiture or waiver of any rent or other amount payable by lessee hereunder or of any damages (including consequential damages) accruing to or suffered by Landlord by reason of any Event of Default.

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

Section 31. Quiet Enjoyment and Subordination: Landlord represents that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall (subject to all of the terms and conditions of this Lease) peaceably and quietly have, hold and enjoy the Leased Premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon, or to any other matter affecting, the Leased Premises. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien now existing or hereafter placed on the Leased Premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the Leased Premises; provided, however, any such subordination shall be upon the express conditions that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns, and perform all of the covenants and conditions required by the terms of this Lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force

and effect so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

Section 32. Rent on Net Return Basis: The rent provided for in this Lease shall be an absolutely net return to Landlord for the term of this Lease, free of any loss, expenses or charges with respect to the Leased Premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

Section 33. Holding Over: Should Tenant, or any of Tenant's successors in interest fail to surrender the Leased Premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to one hundred twenty-five percent (125%) of the Base Rent paid for the last month of the term of this Lease.

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

Section 35. Release of Landlord Upon Transfer: All of Landlord's personal liability for the performance of the terms and provisions of this Lease (except for any liability accruing prior to such transfer) shall terminate upon a transfer of the Leased Premises by Landlord, provided that the obligations of Landlord under this Lease are covenants running with the land and shall be binding upon the transferee of Landlord's interest in this Lease and the Leased Premises, including the Security Deposit.

Section 36. Attorneys' Fees: If, on account of any material breach or material default by either party of its own obligations under this Lease, it shall become necessary for the non-breaching party to employ an attorney to enforce or defend any of the non-breaching party's rights or remedies hereunder, such non-breaching party shall be entitled to collect reasonable attorneys' fees incurred in such connection from the breaching party.

Section 37. Financial Information: Tenant agrees that Tenant will from time to time upon the written request of Landlord during the term of this Lease furnish to Landlord such credit and banking references of Tenant as Landlord may reasonably request.

Section 38. Estoppel Certificates: Tenant agrees that from time to time, upon not less than ten (10) days prior written request by Landlord, Tenant will deliver to Landlord a statement in writing certifying that:

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

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

C. Landlord is not in default under any term or provision of this Lease or, if then in default, the nature of Landlord's default is described in an exhibit attached thereto.

D. Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee.

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

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

(ii) The dates to which rent and other charges have been paid.

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

Section 39. Interest on Tenant's Obligations and Manner of Payment: All monetary obligations of Tenant to Landlord under this Lease remaining unpaid 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.

Section 40. Special Events: Landlord may sponsor certain special events, including, but not limited to, air shows, to be conducted on portions of the Airport, which may limit or obstruct access to the Premises and/or to the Airport ("Special Events"). As a material inducement to Landlord to enter into this Lease, and notwithstanding anything to the contrary contained herein, Tenant, on behalf of Tenant and on behalf of all directors, officers, shareholders, partners, principals, employees, agents, contractors, subtenants, licensees or concessionaires of Tenant and on

behalf of any other party, including Owner(s), claiming any right to use the Leased Premises by, through or under Tenant, hereby: (i) agrees that Landlord has the right to sponsor any or all Special Events and to allow use of portions of the Airport therefore even if the same limit or obstruct access to the Premises and/or to the Airport; (ii) releases, waives and discharges Landlord and Airport Manager, and their respective officials, officers, employees and agents, from all liability for any loss, damage, cost, expense or claim arising or resulting from or pertaining to the limitation or obstruction of access to the Leased Premises and/or to the Airport from the conduct of Special Events and/or activities relating or pertaining thereto, including, without limitation, death, injury to person or property or loss of business or revenue (the "Released Claims"); (iii) covenants not to sue the Landlord or Airport Manager or their respective officials, officers, employees and agents (whether in their official or private capacities) for any Released Claims; (iv) agrees that the terms contained in this Section are intended and shall be construed to be as broad and inclusive as possible under the laws of the State of Texas; and (v) agrees that if any portion of this Section is held to be invalid or unenforceable, the remainder of this Section shall not be affected thereby but shall continue in full force and effect.

Section 41. Independent Contractor: It is understood and agreed that under this Lease, and in leasing and operating the Leased Premises, Tenant is acting as an independent contractor and is not acting as an agent, partner, joint venturer, joint enterpriser, or employee of Landlord or Airport Manager.

Section 42. Force Majeure: In the event performance of either party to this Agreement of any term, condition or covenant in this Lease is delayed or prevented by an Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord, the period for performance of such term, condition or covenant shall be extended for a period equal to the period the afflicted party is so delayed or hindered.

Section 43. Exhibits: All exhibits, attachments, annexed instruments and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

Section 44. Use of Language: Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

Section 45. Captions: The captions or headings, sections, or paragraphs in this Lease are inserted for convenience only, and shall not be considered in construing the provisions hereof if any question of intent should arise.

Section 46. Successors; No Third Party Beneficiaries: 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.

This Lease Agreement and each of its provisions are solely for the benefit of the parties hereto and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

Section 47. Severability: If any provision in this Lease should be held to be invalid, illegal, or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby, and the invalid, illegal, or unenforceable term will be reformed to give effect (to the fullest extent possible) to the parties' intentions in a manner that is legal, valid, and enforceable. It is the parties intent that the term of this Lease not exceed forty (40) years (480 months); if it should be determined that the term of this Lease exceeds such period of time, the term hereof shall be reformed so as to make the term hereof not exceed such period of time.

Section 48. Notices: Any notice or document required to be delivered hereunder may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the parties at the addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

TO LANDLORD:

Town of Addison, Texas
c/o Washington Staubach Addison Airport Venture
16051 Addison Road, Suite 220
Addison, Texas 75001
Attn: Real Estate Manager

TO TENANT:

EHOAA, Inc.
c/o Manager
6900 North Dallas Parkway, Suite 730
Plano, Texas 75024-7137

Section 49. Fees or Commissions: Each party hereto hereby covenants and agrees with the other that such party shall be solely responsible for the payment of any brokers', agents' or finders' fees or commissions agreed to by such party arising from the execution of this Lease or the performance of the terms and provisions contained herein, and such party agrees to indemnify and hold the other party harmless from the payment of any such fees or commissions.

Section 50. Counterparts: This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 51. Consent; "Includes" and "Including"; Incorporation of Premises: Where Landlord consent or approval is required in this Lease, such consent or approval may be given by the City Council of the Town of Addison, Texas or by the City Manager of the Town of Addison. For purposes of this Lease, "includes" and "including" are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded. The above and foregoing premises to this Lease are true and correct and are incorporated into and made a part of this Lease.

Section 52. Governing Law and Venue; Survivability of Rights and Remedies: This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas and with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the interpretation, validity and enforcement of this Agreement, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in state district court, Dallas County, Texas. Any rights and remedies either party may have with respect to the other arising out of the performance of or failure to perform this Lease during the term hereof shall survive the cancellation, expiration or termination of this Lease.

Section 53. Entire Agreement and Amendments: This Lease, consisting of fifty-three (53) Sections and Exhibits 1, 2.1, 2.2, 2.3, 3, 4.1 and 4.2 attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

LANDLORD:

TENANT:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

By: _____
Printed Name: _____
Its: _____

**STATE OF TEXAS
COUNTY OF DALLAS**

This instrument was acknowledged before me on _____, 2008 by Ron Whitehead, City Manager of the Town of Addison, Texas, a Texas municipal corporation, on behalf of the said municipal corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2008.

Notary Public, State of Texas

**STATE OF TEXAS
COUNTY OF DALLAS**

This instrument was acknowledged before me on _____, 2008 by _____, _____ of _____, a _____, on behalf of the said _____.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2008.

Notary Public, State of Texas

Exhibit 1 – Legal Description of Addison Airport

Carolina Calhoun
Surveyor
DALLAS COUNTY, TEXAS

1
2

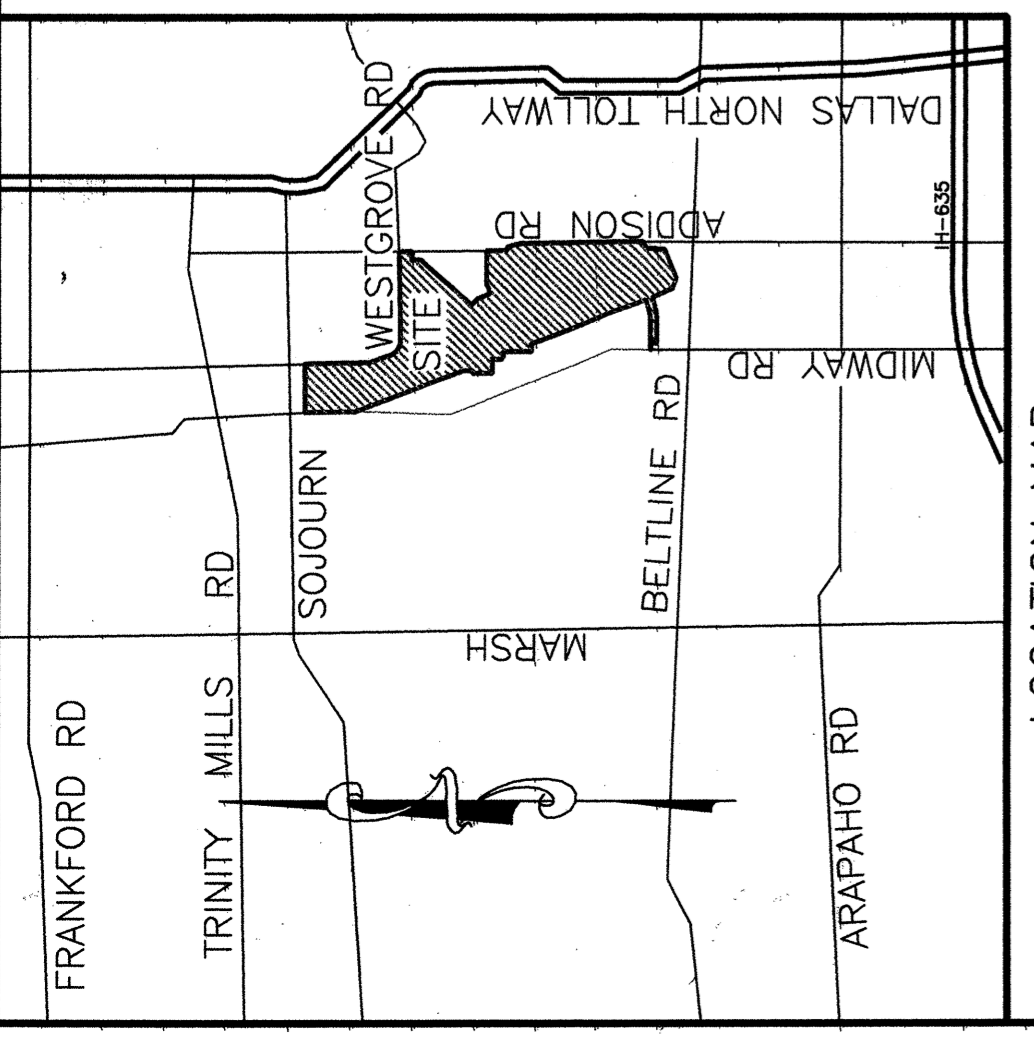
FINAL PLAT
ADDISON AIRPORT
TOWN OF ADDISON, TEXAS

DALTECH
ENGINEERING, INC.
CONSULTING CIVIL ENGINEERS / SURVEYORS
CONSTRUCTION MANAGERS
17311 QUINCY PARKWAY
DALLAS, TEXAS 75248
(972) 250-2727 (972) 250-4774

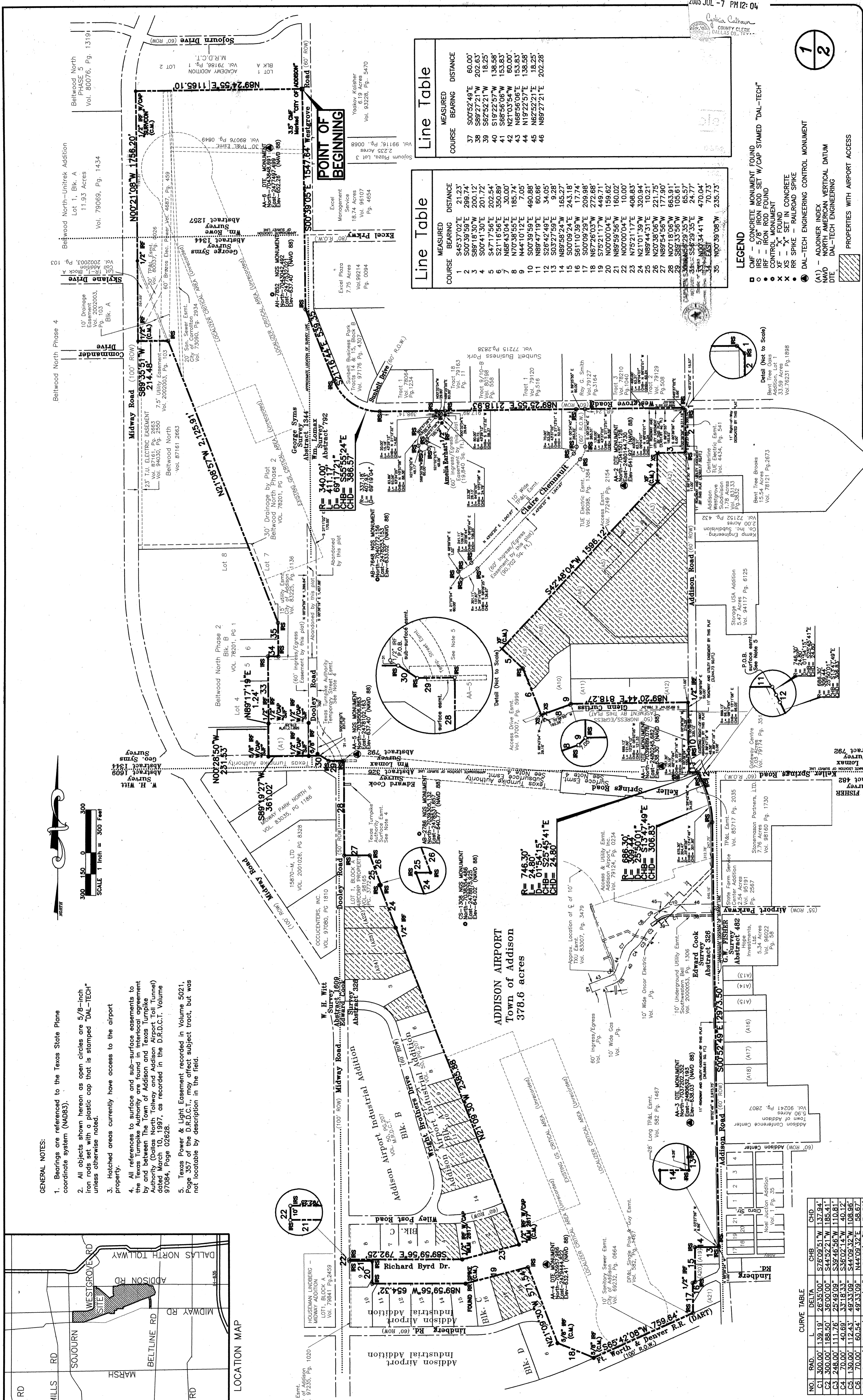
Town of Addison Approver
City Secretary: **JOE CHEN**
Carmen Moran
Scott Wheeler
Mayor (Town of Addison)

DRAWN JOB NO. CONTRACT NO. SCALE DATE
DTE 0216 1"=300' DEC. 2004

- GENERAL NOTES:**
- Bearings are referenced to the Texas State Plane coordinate system (NAD83).
 - All objects shown hereon as open circles are 5/8-inch iron rods set with a plastic cap that is stamped "DAL-TECH" unless otherwise noted.
 - Hatched areas currently have access to the airport property.
 - All references to surface and sub-surface easements to the Texas Turnpike Authority are found in interlocal agreement by and between the Town of Addison and Texas Turnpike Authority (Dallas North Tollway and Addison Airport Toll Tunnel) dated March 10, 1997, as recorded in the D.R.D.C.I. Volume 97084, Page 02626.
 - Texas Power & Light Easement recorded in Volume 5021, Page 357 of the D.R.D.C.I. may affect subject tract, but was not locatable by description in the field.



LOCATION MAP



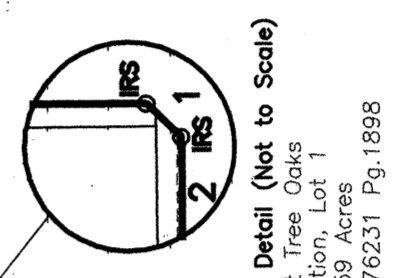
Line Table

| COURSE | BEARING | DISTANCE |
|--------|-------------|----------|
| 1 | S45°37'02"E | 21.23' |
| 2 | S00°39'59"W | 298.74' |
| 3 | S89°18'30"W | 200.12' |
| 4 | S00°41'30"E | 201.72' |
| 5 | S47°17'56"E | 202.54' |
| 6 | S21°16'56"E | 350.89' |
| 7 | N68°43'04"E | 30.00' |
| 8 | N70°38'55"E | 185.74' |
| 9 | N44°10'12"E | 7.05' |
| 10 | S00°39'59"E | 490.88' |
| 11 | N89°47'19"E | 60.66' |
| 12 | S26°42'49"E | 34.05' |
| 13 | S03°27'59"E | 9.28' |
| 14 | N89°58'24"W | 165.27' |
| 15 | S00°09'24"E | 243.18' |
| 16 | S61°10'39"W | 17.74' |
| 17 | S00°09'29"E | 209.98' |
| 18 | N67°26'03"W | 272.68' |
| 19 | S75°21'17"W | 449.71' |
| 20 | N00°00'04"E | 159.62' |
| 21 | N89°59'56"W | 160.02' |
| 22 | N00°00'04"E | 10.00' |
| 23 | N75°21'17"E | 408.83' |
| 24 | N21°01'39"W | 320.94' |
| 25 | N89°44'31"E | 10.21' |
| 26 | N20°38'06"W | 221.75' |
| 27 | N89°54'56"W | 177.90' |
| 28 | N00°18'08"W | 66.91' |
| 29 | S89°33'58"W | 108.61' |
| 30 | S34°55'29"E | 24.77' |
| 31 | N08°34'41"W | 470.04' |
| 32 | N00°39'08"W | 70.73' |
| 35 | N00°39'08"W | 235.73' |

Line Table

| COURSE | BEARING | DISTANCE |
|--------|-------------|----------|
| 37 | S00°52'49"E | 60.00' |
| 38 | S89°21'41"W | 203.63' |
| 39 | S62°22'21"W | 18.25' |
| 40 | S19°22'57"W | 136.98' |
| 41 | S68°56'06"W | 153.63' |
| 42 | N21°03'54"E | 153.93' |
| 43 | N19°22'57"E | 136.98' |
| 44 | N19°22'57"E | 136.98' |
| 45 | N89°27'21"E | 202.28' |

- LEGEND**
- CMF - CONCRETE MONUMENT FOUND
 - IRF - 5/8" IRON ROD SET W/CAP STAMPED "DAL-TECH"
 - CONCRETE MONUMENT
 - X - 5/8" SET IN CONCRETE
 - X - RR SPIKE - RAILROAD SPIKE
 - DML-TECH ENGINEERING CONTROL MONUMENT
 - (A1) - ADJOINER INDEX
 - NAVD - NORTH AMERICAN VERTICAL DATUM
 - DTE - DAL-TECH ENGINEERING
- PROPERTIES WITH AIRPORT ACCESS



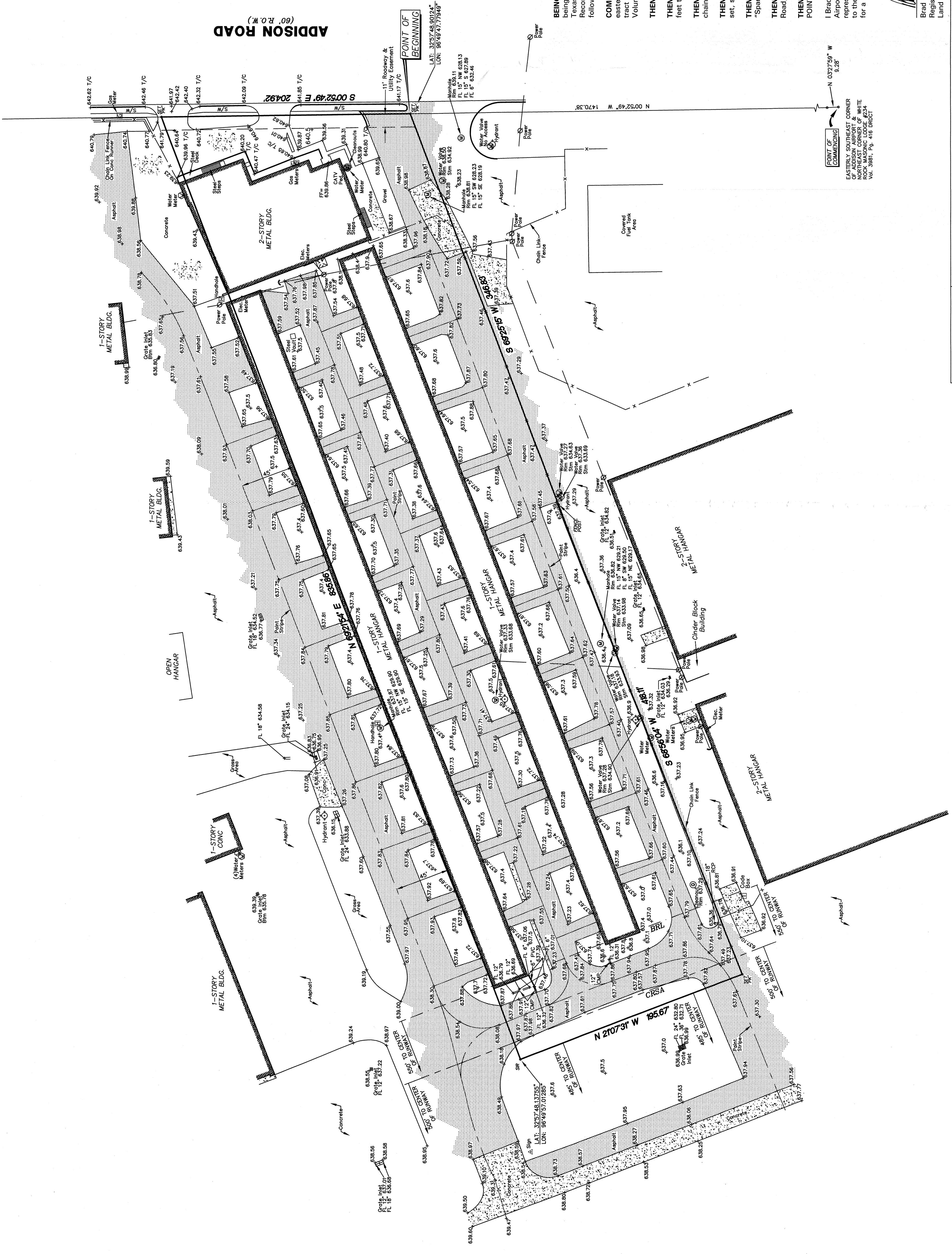
Detail (Not to Scale)

CURVE TABLE

| NO. | RAD. | L | DELTA | CHB | CHD |
|-----|---------|----------|-----------|-------------|---------|
| C1 | 300.00' | 139.19' | 26°35'00" | S76°09'51"W | 137.94' |
| C2 | 300.00' | 188.50' | 36°00'00" | S44°52'21"W | 185.41' |
| C3 | 248.00' | 111.76' | 25°49'09" | S39°46'56"W | 110.81' |
| C4 | 70.00' | 40.68' | 33°18'33" | S36°02'14"W | 40.12' |
| C5 | 130.00' | 112.43' | 49°33'09" | S44°09'32"W | 108.96' |
| C6 | 70.00' | 60.54' | 49°33'09" | N44°09'32"E | 58.67' |
| C7 | 130.00' | 75.58' | 33°18'33" | N36°02'14"E | 74.52' |
| C8 | 188.00' | 84.72' | 25°49'09" | N39°46'56"E | 84.00' |
| C9 | 360.00' | 1226.19' | 36°00'00" | N44°52'21"E | 222.49' |
| C10 | 360.00' | 167.03' | 26°35'00" | N76°09'51"E | 165.53' |

EXHIBIT 1
ADS LEGAL DESCRIPTION

EXHIBIT 2.1 BOUNDARY SURVEY



BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, and also 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), and being more particularly described as follows:

COMMENCING at a point in the west line of Addison Road (60 foot right-of-way), at the easterly southeast corner of said Addison Airport, same being the northeast corner of a tract of land as described in deed to the White Rock Masonic Lodge #234 recorded in Volume 3981, Page 416 DRDCT;

THENCE N 03°27'59" W, along the west line of said Addison Road, 9.28 feet;

THENCE N 00°52'49" W, continuing along the west line of said Addison Road, 1470.38 feet to a "PK" nail set at the POINT OF BEGINNING;

THENCE S 69°25'15" W, departing the west line of said Addison Road, 346.83 feet to a chain link fence corner post;

THENCE S 68°56'04" W, generally along a chain link fence, 418.11 feet to a "PK" nail set, said point being 485 feet easterly from the center of the Addison Airport runway;

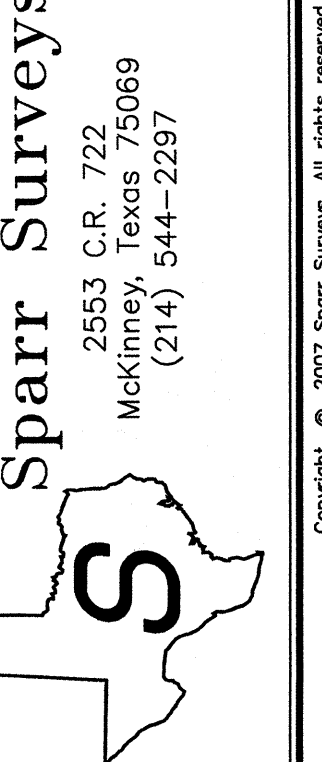
THENCE N 21°07'31" W, 195.67 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

THENCE N 69°21'54" E, 835.86 feet to a "PK" nail set in the west line of said Addison Road;

THENCE S 00°52'49" E, along the west line of said Addison Road, 204.92 feet to the POINT OF BEGINNING and CONTAINING 3.554 acres of land.

I Brad Sparr, a Registered Professional Land Surveyor, do hereby certify to: Addison Airport, exclusively that; this survey was made on the ground, that this drawing correctly represents the facts found at the time of survey and that this professional service conforms to the current Texas Society of Professional Land Surveyors Standards and Specifications for a Category II Survey.

Brad Sparr
 Registered Professional
 Land Surveyor No. 3701



2553 C.R. 722
 McKinney, Texas 75069
 (214) 544-2297

3.554 ACRE TRACT
 BEING A PART OF THE
ADDISON AIRPORT
 SITUATED IN THE
 CITY OF ADDISON
 DALLAS COUNTY, TEXAS

DRAWN BY: B.D.S./CAD
 CHECKED BY: B.D.S.
 SCALE: 1" = 40'
 DATE: MARCH 19, 2007
 REVISION: 04-19-2007
 JOB NO. 19000D

This survey was performed for the
 benefit of the ADDISON AIRPORT.
 THIS IS A PUBLIC RECORD. IT IS THE
 ORIGINAL SIGNATURE AND EMBOSSED SEAL.
 ANY REPRODUCTIONS OF THIS SURVEY
 APPLY TO ANY COPIES.

NOTE:
 THIS SURVEY WAS COMPLETED WITHOUT THE BENEFIT OF A
 CURRENT TITLE COMMITMENT AND ONLY REFLECTS THE SURVEY
 INFORMATION AS SHOWN ON THE FINAL PLAT OF ADDISON AIRPORT
 RECORDED IN Vol. 2005131, Pg. 82 DRDCT.

NOTES:
 HORIZONTAL AND VERTICAL CONTROL BASED ON ADDISON
 AIRPORT CONTROL MONUMENTATION.
 SURVEYOR HAS FOUND IRON ROD FOUND WITH PLASTIC CAP
 STAMPED "SPARR SURVEYS".

EXHIBIT 2.2

LEGAL DESCRIPTION 3.554 ACRE TRACT ADDISON AIRPORT

BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, and also 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), and being more particularly described as follows:

COMMENCING at a point in the west line of Addison Road (60 foot right-of-way), at the easterly southeast corner of said Addison Airport, same being the northeast corner of a tract of land as described in deed to the White Rock Masonic Lodge #234 recorded in Volume 3981, Page 416 DRDCT;

THENCE N 03°27'59" W, along the west line of said Addison Road, 9.28 feet;

THENCE N 00°52'49" W, continuing along the west line of said Addison Road, 1470.38 feet to a "PK" nail set at the **POINT of BEGINNING**;

THENCE S 69°25'15" W, departing the west line of said Addison Road, 346.83 feet to a chain link fence corner post;

THENCE S 68°56'04" W, generally along a chain link fence, 418.11 feet to a "PK" nail set, said point being 485 feet easterly from the center of the Addison Airport runway;

THENCE N 21°07'31" W, 195.67 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

THENCE N 69°21'54" E, 835.86 feet to a "PK" nail set in the west line of said Addison Road;

THENCE S 00°52'49" E, along the west line of said Addison Road, 204.92 feet to the **POINT of BEGINNING** and **CONTAINING 3.554 acres of land.**

I Brad Sparr, a Registered Professional Land Surveyor, do hereby certify to: Addison Airport, exclusively that; this survey was made on the ground, that this drawing correctly represents the facts found at the time of survey and that this professional service conforms to the current Texas Society of Professional Land Surveyors Standards and Specifications for a Category 1B, Condition II Survey.



Brad Sparr
Registered Professional
Land Surveyor No. 3701



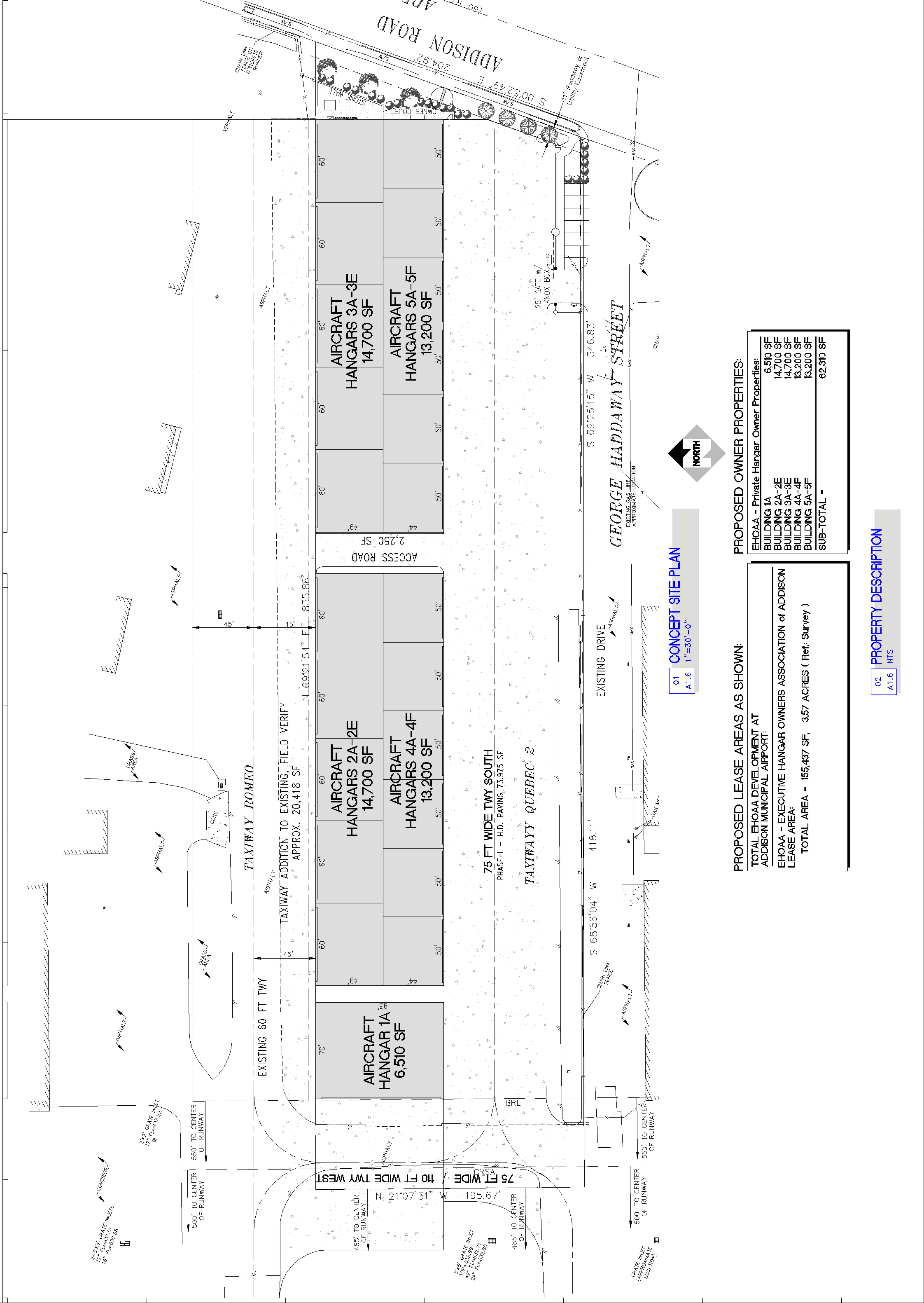
| | | | |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DRAWN BY: R.D.S./CAD | SURVEY 3.554 ACRE TRACT BEING A PART OF THE ADDISON AIRPORT SITUATED IN THE EDWARD COOK SURVEY, ABSTRACT NO. 326 CITY OF ADDISON DALLAS COUNTY, TEXAS |  |  Sparr Surveys 2553 C.R. 722 McKinney, Texas 75069 (214) 544-2297 |
| CHECKED BY: B.D.S. | | | |
| SCALE: 1" = 40' | | | |
| DATE: MARCH 19, 2007 | | | |
| REVISED 04-18-2007 | | | |
| JOB NO 19000D | | | |

EXHIBIT 2.3 APPROVED SITE PLAN



01 CONCEPT SITE PLAN
 A1.6 1"=30'-0"



PROPOSED LEASE AREAS AS SHOWN:

TOTAL EHOAA DEVELOPMENT AT ADDISON MUNICIPAL AIRPORT:
 EHOAA - EXECUTIVE HANGAR OWNERS ASSOCIATION of ADDISON LEASE AREA:
 TOTAL AREA = 155,437 SF, 3.57 ACRES (Ref: Survey)

PROPOSED OWNER PROPERTIES:

| | |
|------------------------------------------|------------------|
| EHOAA - Private Hangar Owner Properties: | |
| BUILDING 1A | 6,510 SF |
| BUILDING 2A-2E | 14,700 SF |
| BUILDING 3A-3E | 14,700 SF |
| BUILDING 4A-4F | 13,200 SF |
| BUILDING 5A-5F | 13,200 SF |
| SUB-TOTAL = | 62,310 SF |

02 PROPERTY DESCRIPTION
 A1.6 NTS

Exhibit 3 – Description of Improvements To Be Constructed

A complete set of construction documents including architectural, civil, mechanical, electrical and other written construction specifications as approved by the Town of Addison are by referenced hereby attached and incorporated in their entirety to this Exhibit 3 to the Ground Lease.

Exhibit 4.0
EHOAA, Governing Instruments

- 4.1 EHOAA, Inc.'s Leasehold Condominium Declaration
- 4.2 By Laws of the Association

SEE ATTACHEMENT 2

ATTACHMENT 2

EHOAA LEASEHOLD CONDOMINIUM DECLARATION

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This EHOAA Leasehold Condominium Declaration (the "Declaration") is made on this the ___ day of _____, 2008, by EHOAA, Inc. ("EHOAA"), a Texas non-profit corporation ("Declarant"), whose mailing address is 6900 N. Dallas Parkway, Suite 730, Plano, Texas 75024, and executed by the Town of Addison, Texas, a home ruled municipality of the State of Texas ("Town" or "Lessor").

RECITALS

WHEREAS, the Town is the owner of the land located in the Town of Addison, Dallas County, Texas (the "Property"), more particularly described and/or depicted on in **Exhibit A**, attached hereto and incorporated herein for all purposes, and Declarant (as "Lessee") is the initial owner of all improvements and structures on the Property, as set forth in that certain forty (40) year ground lease as recorded in the Dallas County Deed of Records as _____, the terms and conditions of which are set forth in the Ground Lease (the "Lease"), which is attached hereto as **Exhibit E** and incorporated herein for all purposes.

WHEREAS, Declarant submits the Property to a leasehold condominium regime established by the Texas Uniform Condominium Act ("TUCA"), which is codified in Chapter 82 of the Property Code.

WHEREAS, the formal name of the Project is: Executive Hangars of Addison.

WHEREAS, Declarant intends and desires to establish by this Declaration a plan of ownership for the Project. The plan consists of individual ownership of non-residential aircraft hangar units (the "Unit(s)") and other areas. The Project shall be divided into no more than twenty-three (23) Units.

WHEREAS, Declarant intends to impose on the Project mutually beneficial restrictions for the benefit of all Units and the persons who own those Units (the "Owners"). Declarant further intends, in accordance with the terms set forth herein, that the Owners will govern the Project by means of an organization of Owners (herein the "Association"), as more particularly set forth herein. The formal name of the Association is: EHOAA, Inc.

WHEREAS, the Units and other areas of the Project are more particularly described in **Exhibits B and C**, which are attached hereto and incorporated herein for all purposes. The Owners each have an undivided interest in the remaining property of the Project (referred to as the "Common Elements"), which is also more particularly described in **Exhibit B**. **Exhibit D**, which is attached hereto and incorporated herein for all purposes, sets forth the following allocations for each Unit of (a) a fraction or percentage of undivided interests in the common elements of the condominium, (b) a fraction or percentage of undivided interests in the common expenses of the Association, and (c) a portion of votes in the Association, by the formulas set forth therein.

ATTACHMENT 2 (CONT)

NOW, THEREFORE, Declarant declares that the Project is held and shall be held, conveyed, hypothecated, encumbered, subleased, rented, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan for the improvement of the Project and the division of the Project into Units, and all of which are established and agreed on for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Project and every part of the Project. Subject expressly to the terms and conditions of the Lease, all of the covenants, conditions, and restrictions shall run with the Property and shall be binding on each Owner having or acquiring any right, title, or interest in or to any part of the Property and shall be for the benefit of each Owner of the Project or any interest acquired in the Project and shall inure to the benefit of and be binding on each successor in interest of the Owners.

ARTICLE I DEFINITIONS

1.01 Definitions. The following words and phrases when used in this Declaration (unless the context shall otherwise require or prohibit) shall have the following meanings:

(a) "Association" means the EHOAA, Inc., a non-profit corporation organized under the Texas Business Organizations Code for the management of the Project, the membership of which consists of all of the Owners in the Project.

(b) "Board" means the Board of Directors of the Association. The initial Board shall consist of three (3) directors:

Richard French, O.R. Smith, Jr., and Mark David.

(c) "Bylaws" mean the Bylaws of the Association, as may be amended from time to time.

(d) "Certificate" means the Certificate of Formation of the Association that has been filed in the Office of the Secretary of State of the State of Texas.

(e) "Condominium" means the separate ownership of single units in a multiple-unit structure or structures with common elements.

(f) "Common Elements" mean all elements of the Project except the separately owned Units, including, but not limited to, lighting of the Project premises, landscaping of the Project premises, any and all monument or other signs located on the Project premises, and other general common elements.

(g) "Declarant" means EHOAA, Inc., and its successors and assigns.

(h) "Declaration" means this Declaration document and all that it contains, inclusive of all Exhibits, appendices and attachments.

(i) "Governing Instruments" means this Declaration, the Certificate and the

ATTACHMENT 2 (CONT)

Bylaws.

(j) "Lease" means the lease entered into by and between EHOAA, as Lessee, and the Town, as Lessor, which, in part, governs the Project, and which is attached hereto as **Exhibit E** and is incorporated herein for all purposes, and which contains the following information:

(i) the recording information for the Lease;

(ii) the date on which the Lease is scheduled to expire the last day of the four hundred and eightieth (480th) full calendar month next following the Commencement Date as defined in the Lease;

(iii) a legal description of the Property subject to such Lease;

(iv) any right of the Unit Owner(s) to acquire or redeem an interest in the land after the Lease expires (the "Reversion"), if any, and the manner in which the Unit Owners may exercise that right, if any;

(v) a statement at Section 28 thereof that upon expiration or termination of the Lease all improvements merge with title of the Leased Premises and become the property of the Lessor and the Unit Owners therefore have no right to remove such improvements; and

(vi) any right, if any, of the Unit Owner(s) to renew the Lease.

(k) "Manager" means the person or entity, if any, appointed by the Board to manage the Project. The initial Manager of the Project shall be Richard French of MSF Properties II, LLC.

(l) "Owner(s)" means any person(s) that own(s) one or more Unit(s) within the Project, including any person who has executed a contract to purchase a Unit and has paid the purchase price to EHOAA.

(m) "Person" means an individual, firm, corporation, partnership, association, trust, other legal entity, or any combination of persons or entities.

(n) "Project" means the entire Property, as described and/or depicted in the attached **Exhibit A** which is incorporated herein for all purposes, excluding the land but specifically including all improvements and structures thereon that are divided or are to be divided into no more than twenty-three (23) Units to be owned and operated as a Leasehold Condominium.

(o) "Rules" shall mean and refer to the Rules and Regulations for the Project adopted by the Board pursuant to this Declaration.

(p) "Unit" means the physical portion of the Condominium designated for separate ownership and occupancy as depicted on and/or described in the attached **Exhibits B and C**, which are incorporated herein for all purposes.

ATTACHMENT 2 (CONT)

ARTICLE II THE PROJECT

2.01 Property Subject to Declaration. The Property described in the attached **Exhibit A** to this Declaration, excluding the land, but including all improvements and structures on the Property shall be subject to this Declaration. Rights to the Property are governed, in part, by the Lease, which is attached hereto as **Exhibit E**.

2.02 Lease. The operation of the condominium regime and the leasehold interests in the Units shall terminate upon the expiration of the Lease. The Unit Owners shall remove personal property and effects and trade fixtures upon expiration or earlier termination of the Lease, but shall have no right to remove any improvements which merge with the title of the Leased Premises and become the property of the Lessor. The Unit Owners have no right to renew the Lease unless specifically set forth therein. Should a conflict arise in the interpretation or meaning of this Declaration or any of the Governing Instruments and the Lease, the Lease shall be the final determinant.

2.03 Exclusive Ownership and Possession. Each Owner shall be entitled to the exclusive ownership and possession of such Owner's Unit but only during the term of the Lease, as defined therein. Any Unit may be jointly or commonly owned by more than one Person, but no Unit may be legally subdivided into multiple units. The boundaries of each Unit shall be and are the interior surfaces of the perimeter walls, floors, ceilings, and the exterior surfaces of doors, of each Unit. All interior finish surface materials are a part of the Unit. An Owner shall not be deemed to own the utilities running through such Owner's Unit that are utilized for or serve more than one Unit, except as a tenant in common with the other Owners. Each Owner shall be deemed to own and shall have the exclusive right to insulate, paint, repaint, tile, wax, paper, or otherwise refinish and decorate the interior surfaces of the walls, floors, ceilings, windows, and doors bounding such Owner's Unit; provided, however, that any such actions shall not violate any provision of the Lease nor impinge on the surfaces of any other Unit without the express written consent of the Owner of such affected Unit which such consent may be withheld in the affected Owner's sole discretion.

2.04 Common Elements. Each Owner shall be entitled to an undivided interest in the Common Elements shown on the attached **Exhibit B** in the percentages expressed in the attached **Exhibit D**. The percentage of the undivided interest of each Owner in the Common Elements, as expressed in the attached **Exhibit D**, shall have a permanent character and shall not be altered without the written consent of all Owners, which shall be expressed in an amended and duly recorded Declaration. The percentage of the undivided interest in the Common Elements shall not be separated from the Unit to which it pertains and shall be deemed to be conveyed or encumbered or released from liens with the applicable Unit even though the interest is not expressly mentioned or described in the conveyance or other instruments. Each Owner may use the Common Elements in accordance with the purpose for which such Common Elements are intended as long as such use conforms to the provisions of the Lease and the lawful rights of the other Owners are not hindered or encroached upon.

2.05 Limited Common Elements. The Common Elements designated as Limited Common Elements, if any, in **Exhibit B** are reserved, subject to the provisions of the Lease and

ATTACHMENT 2 (CONT)

such easements as may exist or be created, for the exclusive use of the Owners of the Units to which they are appurtenant.

2.06 Partition of Common Elements. The Common Elements shall remain undivided for so long as the Property is subject to the Condominium Project. Prior to an action for partition or division of ownership, all mortgages must be paid prior to the bringing of any such action for partition or division and the consent of all mortgagees must be obtained.

2.07 Nonexclusive Easements. Each Owner shall have a nonexclusive easement for the use and enjoyment of the Common Elements and for ingress, egress, and support over and through the Common Elements. These easements shall be appurtenant to and shall pass with the title to each Unit but shall be subordinate to the exclusive easements granted elsewhere in this Declaration, as well as to any rights reserved to the Lessor under the Lease and to the Association to regulate time and manner of use, to charge reasonable admission fees, and to perform its obligations under this Declaration.

2.08 Other Easements. The Association may grant to third parties easements in, on, and over the Common Elements for the purpose of constructing, installing, or maintaining necessary utilities and services. Each Owner, in accepting the deed to the Unit, expressly consents to such easements. No such easement may be granted, however, if it would interfere with any exclusive easement or with any other Owner's reasonable use, occupancy, or enjoyment of such Owner's Unit.

2.09 Easements for Maintenance of Encroachments. None of the rights and obligations of the Owners created in this Declaration or by the deeds granting the Units shall be altered in any way by an encroachment that exists due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of such encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for an encroachment be created in favor of any Owner if the encroachment occurred because of the negligence or willful misconduct of such Owner.

ARTICLE III UNIT OWNERS ASSOCIATION

3.01 Association. The Association, organized as a nonprofit corporation under the Texas Business Organizations Code, operating under the name EHOAA, Inc., is charged with the duties and invested with the powers prescribed by law and as set forth in this Declaration and in the Association's Certificate and Bylaws.

3.02 Membership. Membership in the Association is automatically granted to the Owner or Owners of each Unit in the Project. On the transfer of title to any Unit, the membership of the transferor automatically ceases and each new Owner becomes the member.

3.03 Voting Rights. Voting shall be on a percentage basis. The Owner of each Unit is entitled to a percentage of the total vote equal to the percentage interest that the Owner's Unit bears to the entire Project as assigned in the attached **Exhibit D**. If a Unit has more than one Owner, the aggregate vote of the Owners of the Unit may not exceed the percentage of the total vote assigned to the Unit, and the Owners of such Unit shall designate one person to deliver the

ATTACHMENT 2 (CONT)

aggregate vote of the Owners of such Unit, on behalf of all Owners of that Unit, whenever a vote is taken.

3.04 Membership Meetings. Meetings of the Owners shall be called, held, and conducted in accordance with the requirements and procedures set forth in the Bylaws.

3.05 General Powers and Authority. The Association shall have all of the powers allowed by TUCA, which are incorporated herein as if fully set forth verbatim, as well as all of the powers of a non-profit corporation established under Texas law, subject only to the limitations contained in this Declaration and in the other Governing Instruments. The Association may perform all acts that may be necessary for, or incidental to, the performance of the obligations and duties imposed on it by this Declaration and the other Governing Instruments. The powers of the Association shall include, but are not limited to, the following:

- (a) The power to adopt and amend Bylaws;
- (b) The power to adopt and amend budgets for revenues, expenditures, and reserves, and collect assessments for common expenses from Unit Owners;
- (c) The Power to establish, fix, and levy assessments against Owners in accordance with the procedures, and subject to the limitations, set forth in Article IV herein.
- (d) The power to adopt reasonable operating rules governing the use of the Common Elements and any facilities located on the Common Elements, as well as the use of any other Association property.
- (e) The right to institute and maintain actions for damages or to restrain any actual or threatened breach of any of the provisions of the Governing Instruments or Rules in its own name, either on its own behalf or on behalf of any consenting Owner.
- (f) The right to discipline Owners for violation of any of the provisions of the Governing Instruments or Rules by suspension of the violating Owner's voting rights or privileges for use of the Common Elements or by imposition of monetary penalties, (hereinafter referred to as "Penalties"), subject to the following limitations:
 - (i) The alleged violating Owner must be given written notice of the violation or property damage, stating the nature and amount of any proposed Penalties and stating that the Owner may request a written hearing before the Board within thirty (30) days of the notice.
 - (ii) The alleged violating Owner must be given a reasonable time, by a date specified in the notice, to cure the violation and avoid the Penalties, unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months.
 - (iii) The alleged violating Owner must be given written notice of any levied Penalties within thirty (30) days after the date of levy.
 - (iv) The imposition of Penalties, whether they be monetary or a

ATTACHMENT 2 (CONT)

suspension of rights or privileges, shall be reasonably related to the Owner's particular violation.

(g) The power to delegate its authority, duties, and responsibilities, through the Board, to such committees, officers, or employees as permitted under the Governing Instruments.

(h) The right, through its Directors, Officers, agents, or employees, to enter any Unit when necessary in connection with any maintenance, inspection, landscaping, or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owner as is practicable and any damage caused by the entrance shall be repaired by the Association at the Association's expense; provided, however, if the entry is necessitated due to the Owners negligence or willful misconduct, any damage shall be the sole expense of such Owner.

3.06 Board of Directors and Officers of the Association. The affairs of the Association shall be managed and its duties and obligations performed by the Board. Provisions regulating the number, term, qualifications, manner of election, and conduct of meetings of the members of the Board shall be set forth in the Bylaws. The Board shall elect officers, which shall include a President, Treasurer, Secretary, and such other officers as the Board may deem proper. Provisions regulating the numbers, term, qualifications, manner of election, powers and duties of the officers shall be set forth in the Bylaws.

3.07 Duties of the Association. In addition to the duties delegated to the Association or its agents and employees elsewhere in the Governing Instruments, the Association shall be responsible for the following:

(a) Timely payment of all rents, when due, to the Town under the Lease, and timely payment of all real property taxes, when due, that are properly assessed on the Project.

(b) Operation and maintenance of the Common Elements and the facilities located on the Common Elements. This shall include, but not be limited to, exterior painting, maintenance, repair, and landscaping of the Common Elements and of the furnishings and equipment for the Common Elements as the Board shall determine are necessary and proper.

(c) Acquisition of and payment from the maintenance fund for the following:

(i) Water, sewer, garbage, electrical, and other necessary utility service for the Common Elements and, to the extent not separately metered and charged, for the Units.

(ii) Insurance policies as required under the Lease naming the Town as a loss-payee.

(iii) Fire insurance policy(ies) with extended coverage endorsement for the full insurable replacement value of the Units and Common Elements payable

ATTACHMENT 2 (CONT)

as provided in Article VI herein, or such other fire and casualty insurance as the Board shall determine gives substantially equal or greater protection to the Owners and their mortgagees, as their respective interests may appear.

(iv) General Liability insurance policy(ies) insuring the Board, the Owners and/or the Association against any liability to the public or to the Owners and their tenants and invitees, incident to the ownership and/or use of the Project, including the personal liability exposure of the Owners. Limits of liability under such insurance shall not be less than \$1,000,000 for any one person injured, \$5,000,000 for any one accident, and \$1,000,000 for property damage. The limits and coverage shall be reviewed at least annually by the Board and may be varied in the Board's discretion; provided, however, that the said limits and coverage shall never be of fewer types or lesser amounts of insurance coverage than those set forth in this Section 3.07(c)(iii). The policy or policies shall be issued on a comprehensive liability basis and shall provide cross-liability endorsement in which the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured.

(v) Workers' compensation insurance or its equivalent, to the extent necessary to comply with any applicable laws.

(vi) The services of personnel that the Board shall determine to be necessary or proper for the operation of the Common Elements.

(vii) Legal and accounting services necessary or proper for the operation of the Common Elements or the enforcement of this Declaration.

(d) Preparation and distribution, on a regular basis, of financial statements to the Owners in accordance with the following:

(i) A pro forma operating statement for each fiscal year shall be distributed not less than thirty (30) days before the beginning of the fiscal year.

(ii) A balance sheet, as of an accounting date that is the last day of the month closest in time to three (3) months from the date of occupancy of a Unit in the Project, and an operating statement for the period from the date of the first occupancy of a Unit in the Project to such accounting date shall be distributed within sixty (60) days after such accounting date. The operating statement shall include a schedule of assessments received and receivable identified by the numbers of the Project Units and the names of the persons assessed.

(iii) A balance sheet as of the last day of the Association's fiscal year and an operating statement for the fiscal year shall be distributed within sixty (60) days after the close of the fiscal year.

(e) Maintenance of the following books and records, such books and records to be kept in accordance with generally accepted accounting principles:

ATTACHMENT 2 (CONT)

(i) Financial records with a detailed account of the receipts and expenditures affecting the Project and its administration and specifying the maintenance and regular expenses of the Common Elements and any other expenses incurred by or on behalf of the Project.

(ii) Minutes of proceedings of Owners, the Board and any committee to which any authority of the Board has been delegated.

(iii) Record of the names and addresses of all Owners with voting rights.

(iv) Plans and specifications used to construct the Project.

(v) The condominium information statement given to all Owners by the Declarant before sale.

(vi) Voting records, proxies, and correspondence relating to amendments to the Declaration.

(f) Arrangement for an annual independent review of all books and records of the Association.

3.08 Powers and Duties of the Board of Directors. The Board shall act in all instances on behalf of the Association, unless otherwise provided by this Declaration. The Board's powers and duties shall include, but not be limited to, the following:

(a) Enforcement of the applicable provisions of the Lease, this Declaration, the Bylaws, and any Rules.

(b) Payment of taxes and assessments or leasehold payments that are or could become a lien on the Common Elements or a portion of the Common Elements, or on the Property.

(c) Contracting for casualty, liability, and other insurance on behalf of the Association.

(d) Contracting for goods and services for the Common Elements, facilities, and interests of the Association.

(e) Delegation of powers to such committees, officers, employees, or agents of the Association as are expressly authorized by the Governing Instruments.

(f) Preparation of budgets and financial statements for the Association as prescribed in the Governing Instruments.

(g) Formulation of rules of operation for the Common Elements and facilities owned or controlled by the Association.

ATTACHMENT 2 (CONT)

(h) Initiation and execution of disciplinary proceedings against Owners for violations of provisions of the Governing Instruments in accordance with procedures set forth in such Governing Instruments.

(i) Authorizing entry into any Unit as necessary in connection with construction, maintenance, inspection, or emergency repair for the benefit of the Common Element or the Owners in the aggregate.

3.09 Limitations on Powers of Board of Directors. Notwithstanding the powers set forth in Section 3.08 above, the Board shall be prohibited from taking any of the following actions except with the approval of a majority of the votes of the Owners:

(a) After initial completion of the Project, incurring aggregate expenditures for capital improvements to the Common Elements in any fiscal year in excess of ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year.

(b) After initial completion of the Project, selling property of the Association during any fiscal year having an aggregate fair market value in excess of ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Paying compensation to Directors or Officers of the Association for services rendered in the conduct of the Association's business; provided, however, that the Board may cause an Officer or Director to be reimbursed for expenses incurred in carrying out the business of the Association.

ARTICLE IV ASSESSMENTS

4.01 Covenant to Pay. Each Owner, including the Declarant, if applicable, covenants and agrees by acceptance of the deed to such Owner's Unit, to pay to the Association the Initial Assessment, Regular Assessment, and Special Assessments (as defined herein) levied pursuant to the provisions of this Declaration. All moneys collected by the Association shall be used, first, to timely pay the rent owed to the Town pursuant to the Lease (the Initial Assessment, the Regular Assessment and the Special Assessment shall be hereinafter collectively referred to as the "Assessments"). Upon full payment of rent, any monies remaining shall be put into a maintenance fund to be used to defray expenses attributable to the ownership, operation, and maintenance of Common Elements by the Association. An Owner may not waive or otherwise escape liability for the Assessments by nonuse of the Common Elements or by abandonment of such Owner's Unit.

4.02 Initial Assessment. Beginning on the date of closing of the first sale of a Unit in the Project, the Board shall notify each Owner of its estimate of the net charges to be paid during the remainder of that calendar year, including a reasonable provision for contingencies and replacements (the "Initial Assessments"). This estimated cash requirement shall be assessed to each Owner according to the ratio of the allocated number of square feet of floor space in the Units owned by said Owner to the total number of square feet of floor space in all of the Units in the Project subject to assessment. Each Owner is obligated to pay the Initial Assessment to the Board when closing on the purchase of such Owner's Unit(s).

ATTACHMENT 2 (CONT)

4.03 Regular Assessments. Within thirty (30) days prior to the beginning of each calendar year, the Board shall notify each Owner of its estimate of the net charges to be paid during that year, including a reasonable provision for contingencies and replacements, with adjustments made for any expected income and/or surplus from the prior year's maintenance fund (the "Regular Assessments"). This estimated cash requirement shall be assessed to each Owner according to the ratio of the allocated number of square feet of floor space in the Units owned by said Owner to the total number of square feet of floor space in all of the Units in the Project subject to assessment. Each Owner is obligated to pay Regular Assessments to the Board annually on or before the first day of calendar year for which such assessment is made.

4.04 Special Assessments. If the Board determines that the amount to be collected from Regular Assessments will be inadequate to defray the common expenses for the year because of the cost of any construction, unexpected repairs, replacements of capital improvements on the Common Elements, or for any other reason, it shall make a "Special Assessment" (herein so called) for the additional amount needed. This Special Assessment shall be assessed to each Owner according to the ratio of the allocated number of square feet of floor space in the Units owned by said Owner to the total number of square feet of floor space in all of the Units in the Project subject to such assessment. Each Owner is obligated to pay Special Assessments to the Board on or before the last day of the month following the month in which the Special Assessment is made and levied.

4.05 Limitations on Assessments. The Board may not, without the approval of a majority of the votes of the Owners other than Declarant, impose a Regular Assessment per Unit that is more than twenty percent (20%) greater than the Regular Assessment for the preceding year, or levy Special Assessments that in the yearly aggregate exceed twenty percent (20%) of the budgeted gross expenses of the Association for that year. These limitations shall not apply to a Special Assessment levied against an Owner to reimburse the Association for funds expended in order to bring the Owner into compliance with the provisions of the Governing Instruments.

4.06 Liability for Assessments. Each portion of an Initial Assessment, a Regular Assessment, and each Special Assessment shall be a separate, distinct, and personal debt and the obligation of the Owner against whom such Assessment(s) are levied. The amount of any such Assessment not paid when due shall be deemed to be delinquent.

4.07 Payment of Assessments on Conveyance of Unit. On the sale or conveyance of a Unit, all unpaid Assessments of any nature that have been levied or assessed against an Owner that remain unpaid as of the date of such conveyance, shall first be paid out of the sale price or by the purchaser and shall take priority over any other assessments or charges of any nature, except the following:

- (a) assessments, liens, and charges in favor of the State of Texas and any political subdivision of the State of Texas for taxes past due and unpaid on the Unit;
- (b) unpaid rent due under the Lease; and
- (c) amounts due under mortgage instruments duly recorded.

4.08 Delinquent Assessments and Penalties. The Association shall have a lien on

ATTACHMENT 2 (CONT)

each Unit for any delinquent Assessments attributable to that Unit or any Penalties duly imposed on the Owner of that Unit pursuant to the terms and conditions set forth herein. The Association is authorized to enforce the lien through any available remedy, including non-judicial foreclosure pursuant to Texas Property Code Section 51.002, as may be amended from time to time. The Owners expressly grant to the Board a power of sale, through a trustee designated in writing by the Board, in connection with any such liens.

ARTICLE V RESTRICTIONS AND COVENANTS

5.01 General Restrictions on Use. The right of an Owner and the Owner's guests to occupy or use the Owner's Unit or to use the Common Elements or any of the facilities on the Common Elements is subject to the following restrictions:

(a) The Project as a whole, each Unit therein, the contents of each such Unit, the Common Elements, and all facilities on the Common Elements must comply with and conform to the Lease and applicable minimum standards, rules, regulations, and laws set forth by any applicable governing body including, but not limited to, the Federal Aviation Administration (the "FAA"), the Texas Department of Transportation and the Town.

(b) No Owner shall occupy or use the Owner's Unit, or permit the Unit or any portion thereof to be occupied or used, as a private residence. Nothing in this Declaration shall prevent the Owner from leasing, sub-leasing or renting out the Owner's Unit, provided that the Owner's lessee or tenant agrees to be subject to and bound by all of the Governing Instruments, including this Declaration, the Rules and the terms of the Lease.

(c) The Addison Airport Rules and Regulations, adopted on March 1, 2004, as may be amended from time to time, including, but not limited to, the prohibition against preventative maintenance and major aircraft alterations and repairs except by the Owner and with the prior written approval of the airport director and the city fire department.

(d) The Units shall be used and occupied by Owner only for general-aviation operator purpose while performing repair, maintenance, service and storage for aircraft and/or aircraft components and the testing and inspection of aircraft as authorized to do so under the guidelines of the FAA for owned and third-party aircraft.

(e) Common Elements shall be used solely for the normal intended purpose and there shall be no obstruction of the Common Elements. Open common areas adjacent to a Unit may be used by the Owner for temporary parking of motor vehicles; provided, however, such parking shall not obstruct or interfere with use of common ramps, apron areas, taxiways, or other common areas. No Common Element may be used for storage, parking, or placement of personal items for longer than seven (7) days, except by express written permission from a duly authorized representative of EHOAA.

(f) Nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance on the Common Elements without the prior written consent of the Board and only upon payment of the increase in the insurance premium that is caused by such activity by the Owner causing such increase. No Owner shall

ATTACHMENT 2 (CONT)

permit anything to be done or kept in the Owner's Unit or in the Common Elements that will result in the cancellation of insurance on any Unit or on any part of the Common Elements or that would be in violation of any law, regulation, or minimum standard.

(g) No sign of any kind shall be displayed to the public view on or from any Unit or the Common Elements without the prior written consent of the Board; provided, however, an Owner may post a sign on the Unit advertising such Unit for sale.

(h) No animals, livestock, or poultry of any kind shall be raised, bred, or kept in a Unit or in the Common Elements.

(i) No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done in any Unit or in the Common Elements that may be or become an annoyance or nuisance to the other Owners.

(j) Nothing shall be altered or constructed on, or removed from, the Common Elements or any exterior surface of the Project, except on the written consent of the Board. Additionally, there shall be no activity within, construction upon, or alteration of the interior of any Unit that results in or causes damage, alteration, or change to, or penetration of, a Unit owned by another Owner, without the express written consent of such other Owner.

(k) There shall be no violation of the provisions of the Lease or the Rules adopted by the Board and furnished in writing to the Owners pertaining to the use of the Common Elements. The Board is authorized to adopt such Rules at any time and from time to time.

5.02 Exemption of Declarant. Declarant shall have a limited exemption from the general restrictions on use as set forth in Section 5.01 above but only to the extent reasonably necessary for completion of construction, sales, or additions to the Project.

5.03 Maintenance. Except for those portions, if any, that the Association is required to maintain and repair, each Owner shall, at the Owner's sole cost and expense, maintain and repair the Owner's Unit so as to keep it in good condition and repair as required by and in accordance with the applicable provisions of the Lease. Each Owner shall also maintain and repair those portions of the Common Elements subject to an exclusive easement appurtenant to such Owner's Unit.

5.04 Damage Liability. Each Owner shall be liable to the Association and the Lessor, as the case may be, for all damage to the Common Elements or to other Association of Lessor property that is sustained by reason of the negligence or willful misconduct of that Owner or the Owner's invitees, family, guests, or tenants.

ARTICLE VI DAMAGE OR DESTRUCTION

6.01 Application of Insurance Proceeds. If the Project is damaged by fire or any other disaster (a "Casualty"), the insurance proceeds from those policies referenced in section

ATTACHMENT 2 (CONT)

3.07(c)(iii) and (iv), except as provided in Section 6.02 below, shall be applied to reconstruct the Project.

6.02 Election not to Rebuild. (a) Reconstruction of a Unit after damage from a Casualty shall not be compulsory if at least eighty percent (80%) of the Owners entitled to vote, vote not to re-build or repair. If the Owners so vote to not rebuild such Unit, that Unit's allocated interests shall be automatically reallocated on the vote as if the Unit had been condemned, and the Association shall prepare, execute, and record an amendment to **Exhibit D** attached hereto reflecting such reallocation.

(b) If the Owners entitled to vote, vote unanimously not to re-build or repair the entire Project, the proceeds shall be delivered on a pro rata basis to the Owners or their mortgagees, as their interest may appear, in accordance with the percentages or fractions set forth in the attached **Exhibit D**.

6.03 Insufficient Insurance Proceeds. When reconstruction is required due to a Casualty by the terms of Section 6.01 above, but the insurance proceeds are insufficient to cover the cost of reconstruction, the costs in excess of the insurance proceeds and reserves shall be the subject of a Special Assessment and nonpayment of such Special Assessment shall be subject to the remedies set forth in Section 4.08 above.

6.04 Obtaining Bids for Reconstruction. If the Project is damaged by a Casualty, in consultation with the Lessor the Board shall obtain firm bids, including the obligation to obtain a performance bond, from two (2) or more responsible contractors to rebuild the Project in accordance with its original plans and specifications. The Board shall also, as soon as possible after obtaining the bids, call a special meeting of the Owners to consider the bids. If the Board fails to do so within thirty (30) days after the Casualty occurs, any Owner may obtain bids and call and conduct a meeting as provided by this Section 6.04. Each Owner's percentage of voting interest shall be based on an amount equal to a percentage of the square feet of such Owner's Unit in relation to the aggregate square feet of all Units included in the Project. At such meeting, the Owners may, by a vote of not less than a majority of the votes present, (a) elect to reject all of the bids, or (b) elect to reject all the bids requiring amounts more than Five Hundred and No/100 Dollars (\$500.00) in excess of available insurance proceeds. If all bids are rejected, the Board in consultation with the Lessor shall obtain additional bids for presentation to the Owners following the same procedures set forth above. Failure to reject all bids shall authorize the Board to accept the non-rejected bid it considers most favorable following the same procedures set forth above.

ARTICLE VII RIGHTS OF BENEFICIARIES UNDER DEEDS OF TRUST

7.01 Rights of a Beneficiary Under Deeds of Trust. Subject to the provisions of the Lease, a "beneficiary" under a first lien deed of trust to any Unit(s) in the Project shall have the following rights and shall be subject to the following provisions:

(a) Any "right of first refusal" provided in any of the Governing Instruments shall not impair the rights of a "beneficiary" under a first lien deed of trust to the following:

ATTACHMENT 2 (CONT)

(i) to exercise the power of sale, foreclose, or take title to a Unit pursuant to the remedies provided in such deed of trust;

(ii) to accept a deed or assignment in lieu of sale or foreclosure in the event of default by a grantor under such deed of trust; and.

(iii) to interfere with a subsequent sale or lease of a Unit so acquired by the beneficiary under subsections (i) and (ii) above.

(b) Any beneficiary under a first lien deed of trust is entitled to, upon request, written notification from the Association of any default in the performance by the grantor under such first lien deed of trust of any obligation under the Governing Instruments that is not cured within sixty (60) days.

(c) Any beneficiary under a first lien deed of trust who obtains title to a Unit pursuant to the remedies provided in such deed of trust will not be liable for such Unit's unpaid Assessments that have accrued prior to the acquisition of title to the Unit by such beneficiary.

(d) Unless at least two thirds (2/3) of the beneficiaries under first lien deeds of trust (based on one vote for each first lien deed of trust owned) or Owners other than Declarant give their prior written approval, the Association shall not be entitled to the following:

(i) by act or omission, to seek to abandon or terminate the Project;

(ii) to change the pro rata interest or obligations of any individual Unit for the purpose of:

(A) levying Assessments or charges;

(B) allocating distributions of hazard insurance proceeds or condemnation awards; or

(C) determining the pro rata share of ownership of each Unit in the Common Elements and in the improvements in the Common Elements;

(iii) by act or omission, to seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements. Notwithstanding the foregoing, the granting of easements for utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this Section 7.01(d)(iii).

(iv) in case of loss to a Unit and/or Common Elements of the Project, to use hazard insurance proceeds for losses to any Project property (whether to Units or to the Common Elements) for other than the repair, replacement, or

ATTACHMENT 2 (CONT)

reconstruction of such property, except as provided by statute.

(e) Any taxes, assessments, and charges that may become liens that have priority to the first mortgage under local law shall relate only to the individual Units and not to the Project as a whole.

(f) No provision of the Governing Instruments gives any Owner priority over any rights of a beneficiary under a first lien deed of trust to a Unit pursuant to its deed of trust in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of Units and/or the Common Elements or any portion thereof.

(g) Assessments shall be based on an amount which will be enough to provide for an adequate reserve fund for maintenance, repairs, and replacement of those Common Elements that must be replaced on a periodic basis. The reserve fund will be funded through the Regular Assessments rather than by Special Assessments.

ARTICLE VIII GENERAL PROVISIONS

8.01 Amendment. This Declaration may be amended only at a meeting of the Owners at which the amendment is approved in accordance with Article 3.04 above. An amendment of the Declaration may not violate the provisions of the Lease nor alter or eliminate a Unit without the consent of the affected Owners and the Owners' first lien mortgagees. Any amendment shall be evidenced by a writing that is prepared, signed, and acknowledged by the President or other officer designated by the Board to certify amendments. Any amendment to these Declarations must evidence the Town's prior written consent, which said consent shall be included and made a part of any publicly recorded document as required by this Article 8.01 and without which such amendment shall not be effective for any purpose. The amendment shall be effective on filing in the office of the County Clerk of Dallas County, Texas.

8.02 Nonwaiver of Remedies. Each remedy provided for in this Declaration is separate, distinct, and nonexclusive. Failure to exercise a particular remedy shall not be construed as a waiver of the remedy.

8.03 Severability. The provisions of this Declaration shall be deemed independent and severable. The invalidity, partial invalidity, or unenforceability of any one provision shall not affect the validity or enforceability of any other provision.

8.04 Binding. This Declaration, as well as any amendment to this Declaration, and any valid action or directive made pursuant to it shall be binding on the Declarant and the Owners and their heirs, grantees, tenants, successors, and assigns.

8.05 Interpretation. The provisions of this Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the development and operation of a Leasehold Condominium Project. Failure to enforce any provision of this Declaration shall not constitute a waiver of the right to enforce the provision or any other provision of this Declaration. Should a conflict arise in the interpretation or meaning of this

ATTACHMENT 2 (CONT)

Declaration or any of the Governing Instruments and the Lease, the Lease shall be the final determinant.

8.06 Limitation of Liability. The liability of any Owner for performance of any of the provisions of this Declaration shall terminate on sale, transfer, assignment, or other divestment of the Owner's entire interest in the Owner's Unit with respect to obligations arising from and after the date of such divestment, except as such Owner may have liability under the Lease, which such liability shall survive such termination but only as provided for under the Lease.

8.07 Fair Housing. Neither Declarant nor any Owner shall, either directly or indirectly, forbid the conveyance, encumbrance, renting, leasing, or occupancy of the Owner's Unit to any person on the basis of race, color, sex, religion, ancestry, or national origin, or condition of disability.

8.08 Notices. (a) Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given (i) when personally delivered to the applicable party, or (ii) seventy-two (72) hours after deposit in any United States post office box, postage prepaid, and addressed to the applicable party.

(b) Any notice to an Owner required under this Declaration shall be addressed (i) to the Owner at the last address for the Owner appearing in the records of the Association, (ii) to the Association at the address designated by the Association by written notice to all Owners, (iii) to the Manager at the address designated by the Manager by written notice to all Owners, (iv) to Declarant at the address set forth in the preamble to this Declaration or as otherwise designated by written notice to all Owners.

8.09 Number, Gender, and Headings. As used in this Declaration, the singular shall include the plural and the masculine shall include the feminine and the neuter, unless the context requires the contrary. All headings are not a part of this Declaration and shall not affect the interpretation of any provision.

8.10 Assignment of Declarant Rights. Only with prior written approval of the Town, Declarant may assign its rights to a successor Declarant hereunder by execution of a written document, recorded in the Records of Dallas County, Texas, specifically stating that such Declarant has assigned its rights as such to a designated assignee and declaring such assignee to be a new "Declarant" hereunder.

[THE BALANCE OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

ATTACHMENT 2 (CONT)

EXECUTED as of the day and year first set forth herein above:

DECLARANT:

EHOAA, INC.,
a Texas non-profit corporation

By: _____
Richard French, President

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2008 by Richard French, President of EHOAA, Inc., a Texas non-profit corporation, on behalf said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2008.

[Seal]

Notary Public in and for the State of Texas

My commission expires:

LESSOR:

Town of Addison

By: _____
Ron Whitehead, City Manager

STATE OF TEXAS §

ATTACHMENT 2 (CONT)

COUNTY OF DALLAS §
 §

This instrument was acknowledged before me on _____, 2008 by Ron Whitehead, City Manager of the Town of Addison, Texas, a Texas home ruled municipality in the State of Texas, on behalf of the said municipality.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2008.

[Seal]

Notary Public in and for the State of Texas

My commission expires:

EXHIBIT "A"

Metes and Bounds Description

LEGAL DESCRIPTION 3.554 ACRE TRACT

ADDISON AIRPORT

BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, and also 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), and being more particularly described as follows:

COMMENCING at a point in the west line of Addison Road (60 foot right-of-way), at the easterly southeast corner of said Addison Airport, same being the northeast corner of a tract of land as described in deed to the White Rock Masonic Lodge #234 recorded in Volume 3981, Page 416 DRDCT;

THENCE N 03°27'59" W, along the west line of said Addison Road, 9.28 feet;

THENCE N 00°52'49" W, continuing along the west line of said Addison Road, 1470.38 feet to a "PK" nail set at the **POINT of BEGINNING**;

THENCE S 69°25'15" W, departing the west line of said Addison Road, 346.83 feet to a chain link fence corner post;

THENCE S 68°56'04" W, generally along a chain link fence, 418.11 feet to a "PK" nail set, said point being 485 feet easterly from the center of the Addison Airport runway;

THENCE N 21°07'31" W, 195.67 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

THENCE N 69°21'54" E, 835.86 feet to a "PK" nail set in the west line of said Addison Road;

THENCE S 00°52'49" E, along the west line of said Addison Road, 204.92 feet to the **POINT of BEGINNING** and **CONTAINING** 3.554 acres of land.

I Brad Sparr, a Registered Professional Land Surveyor, do hereby certify to: Addison Airport, exclusively that; this survey was made on the ground, that this drawing correctly represents the facts found at the time of survey and that this professional service conforms to the current Texas Society of Professional Land Surveyors Standards and Specifications for a Category 1B, Condition II Survey.



Brad Sparr
Registered Professional
Land Surveyor No. 3701


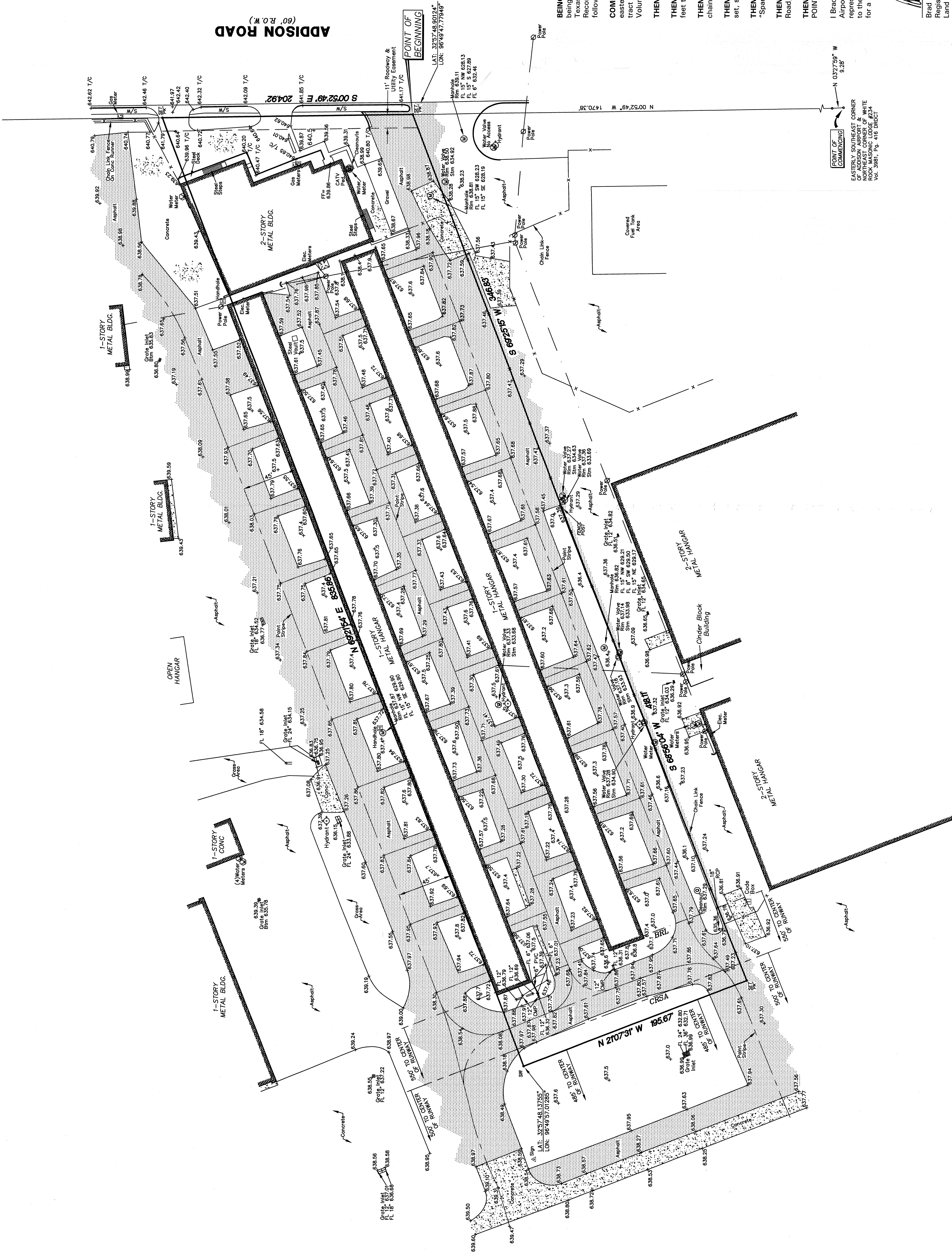
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| <small>DRAWN BY: R.D.S./CAD</small> <small>CHECKED BY: B.D.S.</small> <small>SCALE: 1" = 40'</small> <small>DATE: MARCH 19, 2007</small> <small>REVISED 04-19-2007</small> <small>JOB NO 19000D</small> | <small>SURVEY</small> 3.554 ACRE TRACT <small>BEING A PART OF THE</small> ADDISON AIRPORT <small>SITUATED IN THE</small> <small>EDWARD COOK SURVEY, ABSTRACT NO. 326</small> <small>CITY OF ADDISON</small> <small>DALLAS COUNTY, TEXAS</small> |  |  <p>Sparr Surveys <small>2553 C.R. 722</small> <small>McKinney, Texas 75069</small> <small>(214) 544-2297</small></p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

EXHIBIT "A" Property Survey



BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, and also 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), and being more particularly described as follows:

COMMENCING at a point in the west line of Addison Road (60 foot right-of-way), at the easterly southeast corner of said Addison Airport, same being the northeast corner of a tract of land as described in deed to the White Rock Masonic Lodge #234 recorded in Volume 3981, Page 416 DRDCT;

THENCE N 03°27'59" W, along the west line of said Addison Road, 9.28 feet;

THENCE N 00°52'49" W, continuing along the west line of said Addison Road, 1470.38 feet to a "PK" nail set at the POINT OF BEGINNING;

THENCE S 69°25'15" W, departing the west line of said Addison Road, 346.83 feet to a chain link fence corner post;

THENCE S 68°56'04" W, generally along a chain link fence, 418.11 feet to a "PK" nail set, said point being 485 feet easterly from the center of the Addison Airport runway;

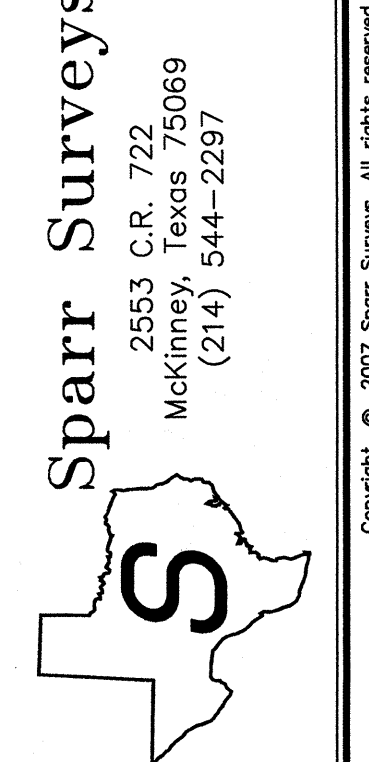
THENCE N 21°07'31" W, 195.67 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

THENCE N 69°21'54" E, 835.86 feet to a "PK" nail set in the west line of said Addison Road;

THENCE S 00°52'49" E, along the west line of said Addison Road, 204.92 feet to the POINT OF BEGINNING and CONTAINING 3.554 acres of land.

I Brad Sparr, a Registered Professional Land Surveyor, do hereby certify to: Addison Airport, exclusively that; this survey was made on the ground, that this drawing correctly represents the facts found at the time of survey and that this professional service conforms to the current Texas Society of Professional Land Surveyors Standards and Specifications for a Category II Survey.

Brad Sparr
Registered Professional
Land Surveyor No. 3701



2553 C.R. 722
McKinney, Texas 75069
(214) 544-2297

3.554 ACRE TRACT
BEING A PART OF THE
ADDISON AIRPORT
SITUATED IN THE
EDWARD COOK SURVEY, ABSTRACT NO. 326
CITY OF ADDISON
DALLAS COUNTY, TEXAS

DRAWN BY: B.D.S./CAD
CHECKED BY: B.D.S.
SCALE: 1" = 40'
DATE: MARCH 19, 2007
REVISION: 04-19-2007
JOB NO. 19000D

This survey was performed for the
benefit of the ADDISON AIRPORT.
THIS IS A PUBLIC RECORD. IT IS THE
ORIGINAL SIGNATURE AND EMBOSSED SEAL.
IF THIS SURVEY IS REPRODUCED, THE
APPLICABLE TO ANY COPIES.

NOTE:
THIS SURVEY WAS COMPLETED WITHOUT THE BENEFIT OF A
CURRENT TITLE COMMITMENT AND ONLY REFLECTS THE SURVEY
AS SHOWN ON THE FINAL PLAT OF ADDISON AIRPORT
RECORDED IN Vol. 2005131, Pg. 82 DRDCT.

NOTES:
HORIZONTAL AND VERTICAL CONTROL BASED ON ADDISON
AIRPORT CONTROL MONUMENTATION.
SPR DENOTES A FOUND IRON ROD FOUND WITH PLASTIC CAP
STAMPED "SPARR SURVEYS".

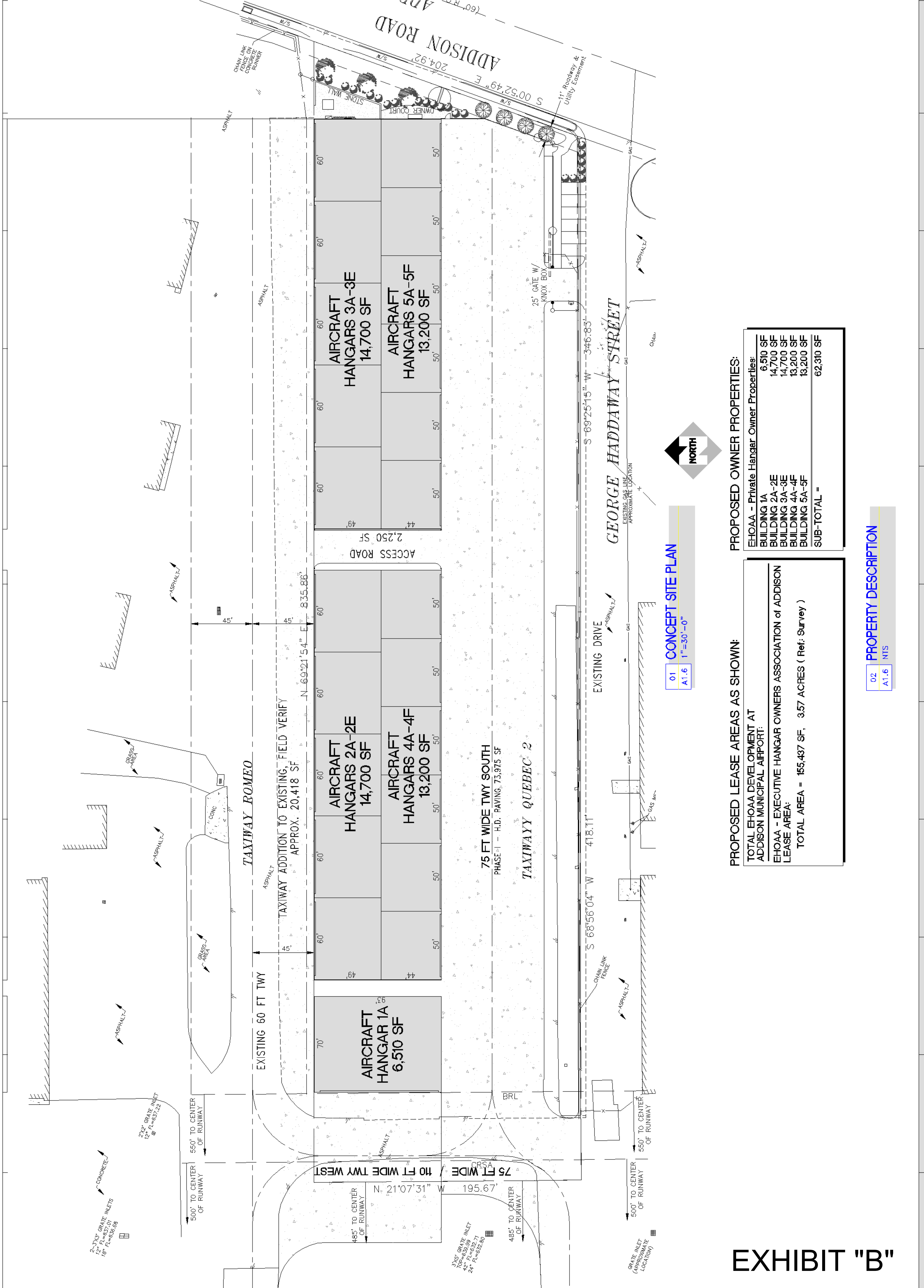
ATTACHMENT 2 (CONT)

EXHIBIT B

SITE PLAN

**All Twenty-Three (23) Units Must Be Built
All Areas Outside of Designated Hangar Units are Common Elements**

(Attach Drawings of Project, showing layout of each numbered Unit.)



01 CONCEPT SITE PLAN
 A1.6 1"=30'-0"

PROPOSED LEASE AREAS AS SHOWN:

TOTAL EHOAA DEVELOPMENT AT ADDISON MUNICIPAL AIRPORT:
 EHOAA - EXECUTIVE HANGAR OWNERS ASSOCIATION of ADDISON LEASE AREA:
 TOTAL AREA = 155,437 SF, 3.57 ACRES (Ref: Survey)

PROPOSED OWNER PROPERTIES:

| | |
|------------------------------------------|------------------|
| EHOAA - Private Hangar Owner Properties: | |
| BUILDING 1A | 6,510 SF |
| BUILDING 2A-2E | 14,700 SF |
| BUILDING 3A-3E | 14,700 SF |
| BUILDING 4A-4F | 13,200 SF |
| BUILDING 5A-5F | 13,200 SF |
| SUB-TOTAL = | 62,310 SF |

02 PROPERTY DESCRIPTION
 A1.6 NTS

ATTACHMENT 2 (CONT)

EXHIBIT C

VERTICAL DIMENSIONS OF CONDOMINIUM HANGAR UNITS

(Attach drawings of vertical dimensions for each of the three different types of units)

To Be Provided Prior To Recording

EXHIBIT D

ALLOCATION OF INTERESTS

| <u>Unit</u> | <u>Undivided Interest in Common Elements and Common Expenses</u> | <u>Number of Votes</u> |
|----------------------------------------------|---------------------------------------------------------------------------------|-------------------------------|
| <u>50' x 44'</u> <u>2,200</u> square feet | <u>3.53</u> % | <u>4</u> |
| <u>60' x 49'</u> <u>2,940</u> square feet | <u>4.72</u> % | <u>5</u> |
| <u>92' x 70'</u> <u>6,440</u> square feet | <u>10.35</u> % | <u>11</u> |

ATTACHMENT 2 (CONT)

EXHIBIT E

LEASE BETWEEN EHOAA AND TOWN OF ADDISON

(Attach a copy of the Lease between EHOAA, Inc. and the Town of Addison, Texas relating to the land on which the Condominium Hangars are to be constructed.)

SEE ATTACHMENT 1

ATTACHMENT 2 (CONT)

ACKNOWLEDGMENT BY OWNER OF UNIT # _____
(Individual)

By my signature below, I acknowledge that I have received a copy of the EHOAA LEASEHOLD CONDOMINIUM DECLARATION and that I have read such Declaration and hereby agree to be bound by the terms and conditions set forth therein.

By: _____
Name: _____
Date: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 200__ by _____, an individual, on behalf said individual.

[Seal]

Notary Public in and for the State of Texas

My commission expires:

ATTACHMENT 2 (CONT)

ACKNOWLEDGMENT BY OWNER OF UNIT # ____
(Entity)

By my signature below, I acknowledge that I am the authorized representative of _____, a Texas _____. I hereby acknowledge that I have received a copy of the EHOAA LEASEHOLD CONDOMINIUM DECLARATION and that I have read such Declaration and _____ hereby agrees to be bound by the terms and conditions set forth therein.

By: _____
Name: _____
Title: _____
Date: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 200__ by _____, _____ of _____, a Texas _____, on behalf of said _____.

[Seal]

Notary Public in and for the State of Texas

My commission expires:

BYLAWS OF EXECUTIVE HANGAR OWNERS ASSOCIATION OF ADDISON, INC.

ARTICLE 1

DEFINITIONS

Project Defined

- 1.01. *Project* shall mean the construction of twenty-three (23) airport hangar condominium units (“Units”) located at the Addison Airport in the City of Addison Texas, more particularly described in the attached **Exhibit A**, which is incorporated by reference.

Declaration Defined

- 1.02. *Declaration* shall mean the Declaration applicable to the Project and filed in the Office of the County Clerk of Dallas County, State of Texas, on _____, in the Deed Records, Recording Document Number _____, including any amendments to the Declaration as may be made from time to time in accordance with the terms of the governing statute.

Other Terms Defined

- 1.03. Other terms used in these Bylaws shall have the meaning given them in the Declaration, incorporated by reference and made a part of these Bylaws.

ARTICLE 2

APPLICABILITY OF BYLAWS

Corporation

- 2.01. The provisions of these Bylaws constitute the Bylaws of the nonprofit corporation known as **Executive Hangar Owners Association of Addison, Inc.**, referred to as the Association.

Project Applicability

- 2.02. The provisions of these Bylaws are applicable to the Project as defined in Paragraph 1.01 of these Bylaws.

Personal Application

- 2.03. All present or future owners, present or future tenants, their employees, or other persons that use the facilities of the Project in any manner are subject to the regulations set forth by these Bylaws. The acquisition or rental of any of the Units of the Project, or the act of occupancy of any of the Units, will signify that these Bylaws are accepted and ratified and will be complied with by the purchaser, tenant, or occupant.

Applicability of Declaration

- 2.04. All requirements, conditions, and provisions set forth in the Declaration relating to the operation of the Association and the Project or the relationship of the Members to the Association shall be fully enforceable and applicable to the Members, Directors, and Officers of this Association as though contained in these Bylaws.

ARTICLE 3

OFFICES

Principal Office

3.01. The principal office of the Association shall initially be located in the City of Plano, County of Collin, and State of Texas. The location and address of the principal office of the Association may be changed from time to time by the Board of Directors.

Registered Office and Registered Agent

3.02. The Association shall have and shall continuously maintain in the State of Texas a registered office and a registered agent, whose office shall be identical with the registered office required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the corporation, and the address of the registered office, as well as the registered agent, may be changed from time to time by the Board of Directors.

ARTICLE 4

QUALIFICATIONS FOR MEMBERSHIP

Membership

4.01. The membership of the Association shall consist of all of the Owners of the Units within the Project; however, until the completion of construction of all Units of the Project and the transfer of possession of the Units from the Association to the Owners, the membership of the Association shall consist of the Directors initially named in the Association's Articles of Incorporation.

Proof of Membership

4.02. The rights of membership shall not be exercised by any person until satisfactory proof has been furnished to the Secretary of the Association that the person is qualified as a Member. Such proof may consist of a copy of a duly executed Airport Hangar Condominium Contract, upon which a closing has taken place, evidencing an ownership interest in a Unit in the Project. Such Contract shall be deemed conclusive in the absence of a conflicting claim based on a subsequent Contract.

No Additional Qualifications

4.03. Subject to the provisions of Article 4.01 herein, the sole qualification of membership shall be an actual ownership interest in a Unit in the Project. No initiation fees, costs, or dues shall be assessed against any person as a condition of membership except such assessments, levies, and charges as are specifically authorized under the Articles of Incorporation or the Declaration.

Certificates of Membership

4.04. The Board of Directors may provide for the issuance of certificates evidencing membership in the Association that shall be in such form as may be determined by the Board. All certificates evidencing membership shall be consecutively numbered. The name and address of each Member and the date of issuance of the certificate shall be entered in the records of the Association and maintained by the Secretary at the principal office of the Association.

ARTICLE 5

VOTING RIGHTS

Voting

5.01. Voting rights shall be allocated among the Members on the basis of the formulas and allocations set forth in the Declaration.

Proxies

5.02. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease on conveyance by the Member of the Member's Unit to another party, or on receipt of notice by the Secretary of the death or judicially declared incompetence of such Member. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specially provided in the proxy.

Quorum

5.03. The presence, either in person or by proxy, at any meeting, of Members entitled to cast at least fifty (50) percent of the total voting power of the Association shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation and/or the Declaration. In the absence of a quorum at a meeting of Members, a majority of those Members present in person or by proxy may adjourn the meeting to a time not less than five (5) days or more than thirty (30) days from meeting date.

Required Vote

5.04. The vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present shall be the act of the meetings of Members, unless the vote of a greater number is required by statute or by Declaration, by the Articles of Incorporation of this Association, or by these Bylaws.

Cumulative Voting

5.05. Cumulative voting is not permitted

ARTICLE 6

MEETINGS OF MEMBERS

Annual Meetings

6.01. The first meeting of the Members of the Association shall be held within forty-five (45) days after the closing of the sale of the Unit that represents the fifty-first (51st) percentile interest of all Units within the Project or within six (6) months after the closing of the sale of the first Unit within the Project, whichever is earlier. After the first meeting, the annual meeting of the Members of the Association shall be held on the second Tuesday of November of each succeeding calendar year at the hour of 7:30 p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting shall be held at the same hour on the first day following that is not a legal holiday or a Saturday or Sunday.

Special Meeting

6.02. Special meetings of the Members may be called by the President, the Board of Directors, or by Members representing at least twenty percent (20%) of the total voting power of the Association.

Place

6.03. Meetings of the Members shall be held within the Project or at a meeting place as conveniently close to the Project as possible, as the Board of Directors may specify in writing.

Notice of Meetings

6.04. Written notice of all Members' meetings shall be given by or at the direction of the Secretary of the Association or such other persons as may be authorized to call the meeting, by mailing or personally delivering a copy of such notice at least ten (10), but not more than fifty (50), days before the meeting to each Member entitled to vote at the meeting. The notice must be addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. The notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken.

Order of Business

6.05. The order of business at all meetings of the Members shall be as follows:

- a) Roll call.
- b) Proof of notice of meetings or waiver of notice.
- c) Reading of Minutes of preceding meeting.
- d) Reports of officers.
- e) Reports of committees.
- f) Election of directors, if required.
- g) Unfinished business.
- h) New business.

ARTICLE 7

BOARD OF DIRECTORS

Number

7.01. A Board of Directors, sometimes referred to herein as the "Board," consisting of five (5) persons, all of whom must be Members of the Association, shall manage the affairs of this Association.

Term

7.02. At the first meeting of the Association, the Members shall elect the initial Directors, who shall hold office for their designated term and additionally, until an annual election of Directors by the Members. At the first meeting of the Association, for purposes of having Directors whose terms do not all expire at once, two (2) of the Directors shall be elected for a term of only one (1) year, and the other three (3) shall be elected for a term of two (2) years. Subsequently, Directors shall be elected to fill expired positions at the annual meeting of the Members and shall hold office for a term of two (2) years and until their successors are elected and qualified.

Removal

7.03. Directors may be removed from office, with or without cause, by an affirmative vote of a majority of all the Members of the Association, without regard to the number of votes required to conduct normal business under Article 5.04 herein.

Vacancies

7.04. In the event of a vacancy on the Board caused by the death, resignation, or removal of a Director, the remaining Directors shall, by majority vote, elect a successor who shall serve for the unexpired term of the predecessor.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

Reimbursement

7.05. The Board may reimburse a Director for actual expenses incurred by the Director in the performance of the Director's duties.

Powers and Duties

7.06. The Board shall have the powers and duties, and shall be subject to limitations on such powers and duties, as enumerated in the Governing Instruments of the Project.

ARTICLE 8

NOMINATION AND ELECTION OF DIRECTORS

Nomination

8.01. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of the Members.

Election

8.02. Directors are elected at the annual meeting of Members of the Association. Members, or their proxies, may cast, in respect to each vacant directorship, as many votes as they are entitled to exercise under the provisions of the Declaration. The nominees receiving the highest number of votes shall be elected.

ARTICLE 9

MEETINGS OF DIRECTORS

Regular Meetings

9.01. Regular meetings of the Board of Directors shall be held at least quarterly at a place within or reasonably close to the Project and at a time as may be fixed from time to time by resolution of the Board. Notice of the time and place of regular meetings shall be posted at a prominent place within the Project.

Special Meetings

9.02. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two (2) Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of a special meeting must be given to each Director not less than three (3) days or more than fifteen (15) days prior to the date fixed for such meeting by written notice either delivered personally, sent by mail, or sent by e-mail to each Director at the Director's address as shown in the records of the Association. A copy of the notice shall be posted in a prominent place or places in the Common Elements of the Project not less than three (3) days prior to the date of the meeting.

Quorum

9.03. A quorum for the transaction of business by the Board of Directors shall be a majority of the number of constituting the Board of Directors as fixed by these Bylaws.

Voting Requirement

9.04. The act of the majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless any provision of the Declaration, the Articles of Incorporation of this Association or these Bylaws requires the vote of a greater number.

Open Meeting

9.05. Regular and special meetings of the Board shall be open to all Members of the Association, provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of a majority of a quorum of the Board.

Executive Session

9.06. The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, contract negotiations, enforcement actions, other business of a confidential nature involving a Member, and matters requested by the involved parties to remain confidential. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE 10

OFFICERS

Enumeration of Officers

10.01. The officers of this Association shall be a President, a Secretary, and a Treasurer, who shall at all times be members of the Board of Directors. The Board of Directors may, by resolution, create such other offices, as it deems necessary or desirable.

Term

10.02. The Officers of this Association shall be elected annually by the Board of Directors, and each shall hold office for one (1) year, unless the Officer shall sooner resign, be removed, or be otherwise disqualified to serve.

Resignation and Removal

10.03. Any Officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect at the date of receipt of the notice or at any later time specified in the notice. The Board may remove any Officer from office whenever, in the Board's judgment, the best interests of the Association would be served by such removal.

Multiple Offices

10.04. None of the offices of President, Treasurer, or Secretary may be held by the same person.

Reimbursement

10.05. The Board may reimburse an Officer for actual expenses incurred by the Officer in the performance of the Officer's duties.

ARTICLE 11

PRESIDENT

Election

11.01. At the first meeting of the Board immediately following the first meeting and each subsequent annual meeting of the Members, the Board shall elect one of their Members to act as President.

Duties

11.02. The President shall perform the following duties:

- a) Preside over all meetings of the Members and of the Board.
- b) Sign, as President, all deeds, contracts, and other instruments in writing that have been first approved by the Board, unless the Board, by duly adopted resolution, has authorized the signature of another Officer.
- c) Call meetings of the Board whenever he or she deems it necessary in accordance with rules and on notice agreed to by the Board. The notice period, shall, with the exception of emergencies, in no event be less than three (3) days.
- d) Have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association and discharge such other duties as may be required of him or her by the Board.
- e) Prepare, execute, certify, and have recorded all amendments to the Declaration required by statute to be recorded by the Association.

**ARTICLE 12
SECRETARY**

Election

12.01. At the first meeting of the Board immediately following the first meeting and each subsequent annual meeting of the Members, the Board shall elect one of their Members to act as Secretary.

Duties

12.02. The Secretary shall perform the following duties:

- a) Keep a record of all meetings and proceedings of the Board and of the Members.
- b) Keep the seal of the Association, if any, and affix it on all papers requiring the seal.
- c) Serve notices of meetings of the Board and the Members required either by law or by these Bylaws.
- d) Keep appropriate current records showing the Members of the Association together with their addresses and their respective voting power.
- e) Sign as Secretary all deeds, contracts, and other instruments in writing that have been first approved by the Board if the instruments require a second Association signature, unless the Board has authorized another Officer to sign in the place of the Secretary by duly adopted resolution.
- f) Prepare, execute certify, and have recorded all amendments to the Declaration required by statute to be recorded by the Association.

**ARTICLE 13
TREASURER**

Election

13.01. At the first meeting of the Board immediately following the first meeting and each subsequent annual meeting of the Members, the Board shall elect one of their Members to act as Treasurer.

Duties

13.02. The Treasurer shall perform the following duties:

- a) Receive and deposit in a bank or banks, as the Board may from time to time direct, all of the funds of the Association.
- b) Be responsible for and supervise the maintenance of books and records to account for the Association's funds and other Association assets.
- c) Disburse and withdraw funds as the Board may from time to time direct, in accordance with prescribed procedures.
- d) Prepare and distribute the financial statements for the Association required by the Declaration.

ARTICLE 14

BOOKS AND RECORDS

Maintenance

14.01. Complete and correct records of account and minutes of proceedings of meetings of Members, Directors, and committees shall be kept at the principal office of the Association. A record containing the names and addresses of all Members entitled to vote, along with their respective voting power, shall be kept at the registered office or principal office of the Association (the "membership register").

Inspection

14.02. The Governing Instruments of the Project, the membership register, the books of account, and the minutes of proceedings shall be available for inspection and copying by any Member of the Association or any Director for any proper purpose at any reasonable time.

ARTICLE 15

GENERAL PROVISIONS

Amendment of Bylaws

15.01. These Bylaws may be amended, altered, or repealed at a regular or special meeting of the Members of the Association by the affirmative vote in person or by proxy of Members representing a majority of the voting power of the Association. Notwithstanding the above, the percentage of affirmative votes necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Attestation

15.02. These Bylaws were adopted by the Members and Board of Directors on _____.

Attest: _____
 , Secretary

EXHIBIT A

ATTACHMENT 3

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AUTHORIZING THE EXECUTION OF A DEVELOPER PARTICIPATION CONTRACT BETWEEN THE TOWN OF ADDISON AND EHOAA, INC. FOR THE CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS WITHIN ADDISON AIRPORT AND BEING GENERALLY REFERRED TO AS TAXIWAY ROMEO WITHIN THE CITY; AUTHORIZING THE CITY TO APPROPRIATE FUNDS IN AN AMOUNT NOT TO EXCEED \$150,000.00 TO PARTICPATE IN THE CONSTRUCTION OF SUCH IMPROVEMENTS PURSUANT TO THE SAID CONTRACT; AND PROVIDING FOR PAYMENT; PROVIDING AN EFFECTIVE DATE.

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

Section 1. That "Developer Participation Contract" by and between the Town of Addison, Texas (the "City") and EHOAA, Inc., a Texas non-profit corporation, a true and correct copy of which is attached hereto, is hereby approved. The Developer Participation Contract is and qualifies as a developer participation contract pursuant to Subchapter C, Chapter 212, Tex. Loc. Gov. Code. As set forth in the Developer Participation Contract, the maximum amount to be expended by the City is \$150,000.00 (but such amount shall not in any event exceed thirty percent (30%) of the total construction contract price of the project described in the Developer Participation Contract).

Section 2. The City Manager is authorized to execute the Developer Participation Contract on behalf of the City.

Section 3. This Ordinance shall take effect immediately upon its adoption.

PASSED AND APPROVED by the City council of the Town of Addison, Texas this ____ day of _____, 2008.

Joe Chow, Mayor

ATTEST:

By: _____
Mario Canizares, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney

ATTACHMENT 3 (CONT)

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

DEVELOPER PARTICIPATION CONTRACT

This Developer Participation Contract (the "Agreement") is entered into this the ____ day of ____, 2008 (the "Effective Date") by and between the Town of Addison, Texas, a Texas home-rule municipality (the "City") and EHOAA, Inc., a Texas non-profit corporation formed pursuant to the Texas Uniform Condominium Act (the "Company") (the City and the Company are sometimes referred to herein together as the "Parties" and individually as a "Party").

Recitals:

WHEREAS, the City is the owner of Addison Airport (the "Airport") located within the City; and

WHEREAS, the Company desires to enter into, or has entered into as of the date of this Agreement, a ground lease (the "Ground Lease") with the City (as landlord) of a tract of land approximately 3.554 acres in size and located within the Airport (the "Ground Lease Property") (the Ground Lease Property being described and depicted in Exhibit 1 attached hereto and incorporated herein); and

WHEREAS, in connection with and pursuant to the Ground Lease, the Company (as tenant) intends to construct on the Ground Lease Property twenty-three executive condominium aircraft hangars (the "Development"); and

WHEREAS, the Ground Lease Property abuts a portion of the Airport approximately 1.53 acres in size and commonly known as Taxiway Romeo (the said 1.53 acre tract being described and depicted on the attached Exhibit 1 and referred to herein as the "Taxiway"), which Taxiway is generally used as an aeronautical access easement for the benefit of the Airport's general public; and

WHEREAS, the Taxiway and the storm water drainage therefrom are inadequate to serve the purposes of properties abutting the Taxiway, including the Ground Lease Property; and

WHEREAS, in connection with the Development and in accordance with this Agreement, the Company desires to make and to pay for certain improvements to the Taxiway as described in Exhibit 2 attached hereto and incorporated herein (the "Taxiway Improvements"), and the City desires to participate in the cost of such Taxiway Improvements as set forth herein.

NOW, THEREFORE, for and in consideration of the above and foregoing recitals and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Town of Addison, Texas and the Company do hereby agree as follows:

Section 1. Incorporation of Recitals. The above and foregoing recitals are true and correct and are incorporated herein and made a part hereof for all purposes.

ATTACHMENT 3 (CONT)

Section 2. Term. This Agreement shall be effective as of the date of execution of this Agreement by the last of the Parties to do so (the "Effective Date"). This Agreement shall remain in full force and effect from the Effective Date until the City and the Company have completed their respective obligations hereunder or has been earlier terminated by the mutual agreement of the City and the Company in writing or otherwise terminated as set forth in this Agreement (the "Term").

Section 3. Taxiway Improvements. The Taxiway Improvements, as described and defined in the Recitals above, shall be constructed by Company in accordance with and subject to the following:

A. Design; Construction; Partial Reimbursement. Company shall design and construct the Taxiway Improvements as described in this Agreement in accordance with and subject to (i) the zoning for the Airport, (ii) all federal, state, and local ordinances, laws, statutes, standards, rules, regulations, codes, orders, directives, permits, plans or policies, including, without limitation, the Federal Aviation Administration ("FAA"), the Texas Department of Transportation ("TxDOT"), and the Town of Addison, Texas, and any other governmental entity or agency having jurisdiction over the Airport, (iii) all grant agreements and grant assurance, and (iv) all of the terms and conditions of this Agreement.

1. *Design.* The plans for the design and construction of the Taxiway Improvements (the "Plans") have been previously completed and provided by JDJR Engineers and Consultants, Inc., a *Je.g., professional engineer registered and licensed to provide its services in the State of Texas* (the "Design Professional"), and the same have been submitted to and approved by the City in accordance with the City's normal and usual practices and processes for reviewing and approving design plans for a development. A true and correct copy of the Plans are on file in the office of the City's Director of Public Works (the "Director"). Approval of the Plans by the City does not constitute and is not a release of the responsibility and liability of the Company or the Design Professional for the accuracy and competency of the same, and such approval is not an assumption of or an indemnification for such responsibility or liability by the City for any defect, error or omission in the Plans, the responsibility and liability for the Plans being solely that of the Company and the Design Professional.

2. *Construction.*

(a) Following the Effective Date, Company shall promptly enter into a contract or contracts with a contractor or contractors (each, a "Contractor"), to construct the Taxiway Improvements (the "Taxiway Construction Contract" or "Contract"). The Contract (and any change orders thereto) shall be submitted to the City for its review and consideration prior to execution, and upon execution, Company shall provide the City with a true and correct copy of the Contract (and any change orders executed following such execution). In the event the City finds that the Contract amount (including any change orders thereto) is excessive, the City shall notify the Company and the Company shall seek to reduce the cost of the Contract (and any change orders thereto) (the Contract amount is sometimes referred to hereinafter as the "Taxiway Construction Cost"). Upon entering into the Contract, the construction of the Taxiway Improvements shall be promptly commenced and thereafter diligently prosecuted to completion, but in any event not later than one (1) year following the Effective Date. All work on the

ATTACHMENT 3 (CONT)

Taxiway Improvements shall be performed in a good and workmanlike manner and in accordance with the Plans and all applicable laws, ordinances, rules, standards, regulations, and codes.

(b) Prior to any work on the Taxiway Improvements, Company shall provide to the City surety bonds guaranteeing the faithful performance of the work and the payment of all obligations arising under the Contract (including, without limitation, the payment of all persons performing labor or providing materials under or in connection with the Contract), each in the penal sum of one hundred percent (100%) of the Contract sum. Company shall pay or cause the Contractor or the subcontractor to pay the premiums for such bonds. Bonds shall be issued by a surety company satisfactory to the City, licensed by the State of Texas to act as a Surety, and listed on the current U.S. Treasury Listing of Approved Sureties. All bonds shall be made on a form complying with the requirements of the laws of the State of Texas and satisfactory to the City. Upon the final completion of the Taxiway Improvements and the acceptance thereof as set forth in Company or the Contractor shall submit a surety bond guaranteeing workmanship and materials for a period of one-year from the date of final acceptance of the Taxiway Improvements by the City. Company warrants and represents that it will repair or cause to be repaired any defects in the work herein contracted to be done and performed for a period of one (1) year from the date of the City's acceptance of all of the Taxiway Improvements. Company and the Town of Addison, Texas shall be named as joint obligees on all of such bonds.

(c) The Town of Addison, Texas shall be named as an additional insured on all liability insurance policies provided by the Contractor and any subcontractor.

(d) To the extent any of the Taxiway Improvements are located within public right-of-way or property owned by the City, the City hereby grants to Company a license to enter upon such public right-of-way or property for the sole and limited purpose of constructing the Taxiway Improvements. Company shall coordinate with the City and utility providers to minimize the possibility of damage to utilities and any disruption to users and tenants of the Airport within proximity of the construction area. Upon completion of the Taxiway Improvements, Company shall ensure that the Taxiway Improvements and the property on which the Taxiway Improvements were constructed are free and clear of all liens and encumbrances, including mechanics liens and purchase money security interests, to the extent arising by, through or under Company, any Contractor, or any subcontractor or material suppliers.

(e) Company shall timely pay the Contractor in accordance with the terms and conditions of the Contract. Company shall insure that all Taxiway Improvements are completed in a timely manner in accordance with the Taxiway Construction Contract. Company shall thoroughly inspect the work of the Contractor to guard the City against defects and deficiencies in the Taxiway Improvements without assuming responsibility for the means and methods used by the Contractor.

(f) The City has the right to inspect, test, measure or verify the construction work on the Taxiway Improvements, as the City deems necessary.

(g) Company shall keep the Director informed regarding the progress of the Taxiway Improvements construction. Company shall notify and provide documentation to the Director for the following events: (i) award of the Contract (including copies of bonds and insurance), (ii)

ATTACHMENT 3 (CONT)

notice to proceed, (iii) default of the Contractor (if it occurs), and (iv) completion of the Taxiway Improvements such that they are ready for inspection by the City. The Project shall not be considered finally complete until the Director has inspected the Taxiway Improvements and has issued a certificate of completion.

4. *Reimbursement.*

(a) Subject to all of the terms and conditions of this Agreement, the City shall reimburse Company a portion of the Taxiway Construction Cost paid by Company in an amount not to exceed (i) One Hundred Fifty Thousand and no/100 Dollars (\$150,000.00), or (ii) thirty percent (30%) of the total Contract price, whichever is less (the "Reimbursement Amount"). In any event, the Reimbursement Amount paid by the City shall not exceed thirty percent (30%) of the total Contract price.

(b) Payment of the Reimbursement Amount shall be made in accordance with and is subject to the following:

(i) During the course of construction of the Taxiway Improvements, it is anticipated that the Contractor will, as portions of the work on the Taxiway Improvements are completed, submit to Company a request for a progress payment or an invoice (each being a "Contractor Invoice") for the applicable portion of the work completed (the "Applicable Completed Portion"). Following its receipt of a Contractor Invoice, Company shall submit to the City:

(A) a true and correct copy of the Contractor Invoice (together with all attachments, documents, and materials applicable thereto and such other information as the City may request in connection therewith), and

(B) an invoice for that portion of the Reimbursement Amount applicable to the Contractor Invoice (which shall not exceed thirty percent (30%) of the net amount of the Contractor Invoice (the amount of the Contractor Invoice actually paid by Company to the Contractor, e.g., the amount of the Contractor Invoice less any retainage withheld by Company), and shall show the total Contract price paid to the Contractor) (the "Reimbursement Invoice"). Each Reimbursement Invoice shall be accompanied by:

(1) a certification from Company that the Applicable Completed Portion for which a disbursement has been requested has been:

(y) completed in accordance with the Taxiway Construction Contract and with all laws, ordinances, standards, codes, rules and regulations of the United States, the State of Texas, the City, and any other governmental entity having jurisdiction (including, without limitation, the standards of the Americans with Disabilities Act of 1990), and with this Agreement, and

(z) paid for by Company in accordance with the Taxiway Construction Contract, and

ATTACHMENT 3 (CONT)

(2) duly executed partial lien waivers from any Contractor (and subcontractors and material suppliers) establishing payment or satisfaction of payment to the same with respect to the Applicable Completed Portion.

(ii) The Reimbursement Invoice shall also be accompanied by a copy of the Contractor's certificate of payment to subcontractors and material suppliers for work completed through the Applicable Completed Portion, and by a certificate (sealed by the Design Professional) from the Design Professional that the Applicable Completed Portion has been completed in accordance with the Taxiway Construction Contract.

(iii) Payment of the final portion of the Reimbursement Amount is further conditioned on and subject to the City's prior receipt from Company of all guarantees and warranties from the Contractor, subcontractors, vendors, suppliers, or manufacturers, in connection with or relating to all or any portion of the work on the Taxiway Improvements.

(iv) Within thirty (30) days after the City's receipt of (a) a Reimbursement Invoice, (b) Company's certification that the Applicable Completed Portion has been completed as set forth above, and (c) other items which are to accompany the Reimbursement Invoice as set forth herein, and provided Company is not then in default of this Agreement beyond any applicable cure period, the City shall pay to Company the amount of the applicable Reimbursement Invoice, less five percent (5%) of such amount (the "City Retainage") (provided however, in any event that the cumulative amounts of such payments shall not exceed the Reimbursement Amount).

(v) Within thirty (30) days following the last of:

(A) the City's receipt from the Design Professional of the Design Professional's certification (sealed by the Design Professional) that the Taxiway Improvements have all been fully and finally completed in accordance with the Taxiway Construction Contract,

(B) the City's receipt of a written certification from Company that the Taxiway Improvements have been finally completed in accordance with all laws, ordinances, standards, codes, rules and regulations of the United States, the State of Texas, the City, and any other governmental entity having jurisdiction (including, without limitation, the standards of the Americans with Disabilities Act of 1990), and with this Agreement,

(C) the City's receipt of a written certification from Company that the final payment for the construction of the Taxiway Improvements has been made and accepted by the Contractor, and receipt of duly executed lien waivers from the Contractor (and subcontractors and material suppliers) establishing full and final payment or satisfaction of full and final payment to the same,

(D) the City's receipt from Company of all guarantees and warranties from the Contractor, subcontractors, vendors, suppliers, or manufacturers, in connection with or relating to all or any portion of the work on the Taxiway Improvements, and

(E) final completion of the Taxiway Improvements and the City's acceptance thereof as set forth herein,

ATTACHMENT 3 (CONT)

the City shall pay to Company the City Retainage, provided Company is not then in default of this Agreement beyond any applicable cure period, and such payment is subject to all of the terms and conditions of this Agreement (including that the total payments by the City hereunder shall not exceed the Reimbursement Amount). Payment of the City Retainage shall constitute the last and final payment to be made by the City to Company pursuant to this Agreement, and completion of all of the City's obligations hereunder.

B. Insurance.

1. At all times, Company shall maintain minimum insurance coverages, described below. Company may satisfy this requirement through insurance provided by its Contractor.

- (a) Commercial General Liability insurance at minimum combined single limits of \$2,000,000 per-occurrence and \$5,000,000 general aggregate for bodily injury and property damage, which coverage shall include products/completed operations (\$2,000,000 products/ completed operations aggregate), and XCU (Explosion, Collapse, Underground) hazards. Coverage for products/completed operations must be maintained for at least two (2) years after the construction work has been completed. Coverage must be amended to provide for an each-project aggregate limit of insurance. An alternative would be to have separate limits for all lines of General Liability coverage for each project.
- (b) Workers Compensation insurance at statutory limits, including Employers Liability coverage a minimum limits of \$1,000,000 each-occurrence each accident/\$1,000,000 by disease each-occurrence/\$1,000,000 by disease aggregate.
- (c) Commercial Automobile Liability insurance at minimum combined single limits of \$1,000,000 per-occurrence for bodily injury and property damage, including owned, non-owned, and hired car coverage.
- (d) Builders Risk coverage as follows:
 - a. "All Risk" Builders Risk insurance, including collapse coverage, is required on a completed value form if the contract is for the construction of a structure or building.
 - b. The Builders Risk policy must provide transit and off-premises coverage if the contract with the builder makes the Town of Addison responsible for materials. The deductible shall not exceed \$5,000.
- (e) Umbrella Liability at minimum limits of \$5,000,000.00 aggregate with respect to primary Commercial General Liability, Automobile Liability, and Employers Liability policies.

Any subcontractor(s) hired by the Contractor shall maintain insurance coverage equal to that required of the Contractor. Company shall require its construction contractor(s) to require all subcontractors to carry insurance naming the Town of Addison, Texas as an additional insured and meeting all of the above requirements.

ATTACHMENT 3 (CONT)

2. With reference to the foregoing insurance requirement, Company shall specifically endorse applicable insurance policies as follows:

- (a) The Town of Addison, Texas shall be named as an additional insured with respect to General Liability, Automobile Liability, and Umbrella Liability.
- (b) All liability policies shall contain no cross liability exclusions or insured versus insured restrictions.
- (c) A waiver of subrogation in favor of the Town of Addison, Texas, its officers, employees, and agents shall be contained in the Workers Compensation, Builders Risk, and all liability policies.
- (d) All insurance policies shall be endorsed to require the insurer to immediately notify the Town of Addison, Texas of any material change in the insurance coverage.
- (e) All insurance policies shall be endorsed to the effect that the Town of Addison, Texas will receive at least thirty (30) days' notice prior to cancellation or non-renewal of the insurance.
- (f) All insurance policies, which name the Town of Addison, Texas as an additional insured, must be endorsed to read as primary coverage regardless of the application of other insurance.
- (g) Required limits may be satisfied by any combination of primary and umbrella liability insurances.
- (h) Contractor may maintain reasonable and customary deductibles, subject to approval by the Town of Addison.
- (i) Insurance must be purchased from insurers that are financially acceptable to the Town of Addison.

All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Certificates of Insurance shall be prepared and executed by the insurance company or its authorized agent, delivered to Company and the City prior to the commencement of any work on the Taxiway Improvements (or within 15 days after the date of this Agreement if construction has already commenced), and shall contain provisions representing and warranting the following:

- (a) Sets forth all endorsements and insurance coverages according to requirements and instructions contained herein.
- (b) Shall specifically set forth the notice-of-cancellation or termination provisions to the Town of Addison.

Upon request, Company shall furnish the Town of Addison with certified copies of all insurance policies.

ATTACHMENT 3 (CONT)

3. Company shall require its construction contractor(s) to continuously and without interruption, maintain in force the required insurance coverages specified in this Section. If Company does not comply with this requirement, the Director, at the Director's sole discretion, may

- (a) immediately suspend Company from any further performance under this Agreement and begin procedures to terminate for default, or
- (b) purchase the required insurance with City funds and deducts the cost of the premiums from amounts due to Company under this Agreement.

The City shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

C. INDEMNITY OWED BY COMPANY.

1. Company covenants and agrees to **FULLY DEFEND, INDEMNIFY AND HOLD HARMLESS** the Town of Addison, Texas and the elected officials, the officers, employees, representatives, and volunteers of the Town of Addison, Texas, individually or collectively, in both their official and private capacities (the Town of Addison, Texas, and such elected officials, and officers, employees, representatives, and volunteers of the Town of Addison, Texas each being an "Addison Person" and collectively the "Addison Persons"), from and against any and all costs, claims, liens, harm, damages, losses, expenses, fees, fines, penalties, proceedings, judgments, actions, demands, causes of action, liability, and suits, of any kind and nature whatsoever made upon any Addison Person, whether directly or indirectly, (the "Claims"), that arise out of, result from, or relate to: (1) the services and work to be provided by Company under or in connection with this Agreement; (2) representations or warranties by Company under this Agreement; and/or (3) any other act or omission under or in performance of this Agreement by Company, or any owner, officer, director, manager, employee, agent, representative, consultant, contractor, subcontractor, licensee, or concessionaire of Company, or any other person or entity for whom Company is legally responsible, and their respective owners, officers, managers, employees, directors, agents, and representatives. **SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.**

2. Company shall promptly advise the City in writing of any claim or demand against any Addison Person or Company related to or arising out of Company's activities under this Agreement and shall see to the investigation and defense of such claim or demand at Company's sole cost and expense. The Addison Persons shall have the right, at the Addison Persons' option and at own expense, to participate in such defense without relieving Company of any of its obligations hereunder.

ATTACHMENT 3 (CONT)

3. **The provisions of this defense, indemnity, and hold harmless obligation, and any other defense, indemnity, and hold harmless obligation set forth in this Agreement, shall survive the termination or expiration of this Agreement.**

Section 4. Termination.

A. Either party (the “non-defaulting party”) may terminate this Agreement in the event of default of this Agreement by the other party (the “defaulting party”) and a failure by the defaulting party to cure such default after receiving notice thereof from the non-defaulting party. Default shall occur if a party fails to observe or perform any of its duties under this Agreement. Should such a default occur, the non-defaulting party shall deliver a written notice to the defaulting party describing such default and the proposed date of termination. Such date may not be sooner than the 20th day following receipt of the notice; but if the default cannot with diligence be cured within the said 20 day period, if within such 20 day period the defaulting party provides the non-defaulting party written notice of the curative measures which it proposes to undertake, and proceeds promptly to initiate such measures to cure such default, and thereafter prosecutes the curing of such default with diligence and continuity, the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of such default with diligence and continuity, not to exceed 40 days following the occurrence of the default(. The non-defaulting party, at its sole option, may extend the proposed date of termination to a later date. If prior to the proposed date of termination, the defaulting party cures such default to the non-defaulting party's satisfaction, the proposed termination shall be ineffective. If the defaulting party fails to cure such default prior to the proposed date of termination, the non-defaulting party may terminate this Agreement, and the obligations of the parties hereunder shall end. The Director may give such notice on behalf of the City for purposes of this Agreement.

B. In addition to the provisions of subsection A. of this Section 4, the City may terminate this Agreement without notice or any opportunity to cure for any of the following reasons:

1. Insolvency of, the making of a transfer in fraud of creditors by, or the making of an assignment for the benefit of creditors by, the Company.

2. 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 the Company, or adjudication as a bankrupt or insolvent in proceedings filed against the Company.

3. Appointment of a receiver or trustee for all or substantially all of the assets of the Company.

4. Abandonment by the Company for a period of ten (10) days of the Taxiway Improvements project.

5. The Company is in default of any ground lease or other lease or arrangement with the Town of Addison.

C. In the event this Contract is terminated due to default of the Company or for any of the reasons set forth in subsection B. of this Section, or if the Company abandons the Taxiway

ATTACHMENT 3 (CONT)

Improvements project for a period of ten (10) days, either of which event is before the Contractor completes the construction of the Taxiway Improvements, the City reserves the right to continue the Contract and utilize any unexpended funds for this Agreement to reimburse the Contractor. In such event, Company shall have no claim for any other funds of the City.

Section 5. Miscellaneous.

A. In connection with this Agreement and the matter set forth herein, all of Company's books and other records related to the Taxiway Improvements shall be available for inspection by the City at a location within the City as determined by the City. Company shall include in the Contract that the City has and reserves the right, upon notice, to inspect and make an audit of all books, records, accounts and other data of the Contractor relating to the construction of the Taxiway Improvements and performance of the Contract. The City further has the right to conduct inspections of all places where work is undertaken in connection with this Agreement.

B. Company is an independent contractor, and Company shall accomplish all of its obligations and services provided for herein in such capacity, and under no circumstances shall this Agreement be construed as one of agency, partnership, joint venture, joint enterprise, or employment between the parties; provided always however that the obligations and services of Company hereunder shall be provided in a manner consistent with all applicable standards and regulations governing the same. The City shall have no control or supervisory powers as to the detailed manner or method of Company's performance of the subject matter of this Agreement. All officers, employees, personnel, contractors, subcontractors, agents, and representatives supplied or used by Company shall be deemed employees or subcontractors of Company and shall not be considered employees, agents or subcontractors of the City for any purpose whatsoever. Company shall be solely responsible for the compensation of all such persons, for the withholding of income, social security and other payroll taxes and for the coverage of all workers' compensation benefits.

C. Neither party shall have the authority to or shall assign, convey, pledge, or otherwise transfer in any manner this Agreement, or any of the privileges, rights, or duties set forth herein, to any other person or entity, without the express prior written approval and consent of the other party. Any assignment, conveyance, pledge, or other transfer in violation of this provision shall be null and void *ab initio* and cause for immediate termination (no period of cure) by the other party.

D. This Agreement and each of its provisions are solely for the benefit of the parties hereto and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

E. Except as otherwise provided for in this Agreement, all obligations and responsibilities arising prior to the expiration or termination of this Agreement allocating responsibility or liability of or between the parties shall survive the completion or termination of this Agreement, and any rights and remedies either party may have with respect to the other arising out of the performance during the term of this Agreement shall survive the cancellation, expiration, or termination of this Agreement. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by a party shall not preclude or

ATTACHMENT 3 (CONT)

waive its right to use any or all other rights and remedies, and said rights and remedies are given in addition to any other rights and remedies the parties or either or them may have in law, in equity, or otherwise.

F. The failure of either party to enforce any provision or condition contained in this Agreement at any time will not be construed as a waiver of that condition or provision nor will it operate as a forfeiture of any right of future enforcement of the condition or provision.

G. For purposes of this Agreement, "includes" and "including" are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded.

H. All exhibits referenced in this Agreement are incorporated herein and made a part hereof for all purposes.

I. Any notice and/or statement required and permitted to be delivered shall be deemed delivered upon receipt after depositing same in the United States mail, certified mail with return receipt requested, postage prepaid, or upon receipt by nationally recognized overnight courier, addressed to the appropriate party at the following addresses, or at such other addresses provided by the parties by notice under this subsection:

To City:

5300 Belt Line Road
Dallas, Texas 75240-7606
Attn: City Manager

and

16051 Addison Road, #220
Addison, Texas 75001
Attn: Airport Director

To Company:

EHOAA, Inc.
Two Legacy Town Center
6900 N. Dallas Parkway, Suite 730
Plano, Texas 75024
Attn: Richard French

J. The laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement. In the event of any action under this Agreement, exclusive venue for all causes of action shall be instituted and maintained in state courts located in Dallas County, Texas.

K. This Agreement supersedes all previous agreements regarding the matters set forth herein, and constitutes the entire understanding of the parties. Company shall be entitled to no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both parties. Except for the obligations of Company under this Agreement, neither Company nor any other owner of the Property shall have any further obligations under the Master Facilities Agreement.

ATTACHMENT 3 (CONT)

L. If any provision of this Agreement is held by a court of competent jurisdiction to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision is not a part hereof, and the remaining provisions hereof shall remain in full force and effect. In lieu of any illegal, invalid or unenforceable provision herein, the parties shall seek to negotiate a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

M. This Agreement and all of its terms and conditions are subject to applicable laws, ordinances, rules, regulations, and codes, including, without limitation, the City Charter of the Town of Addison, Texas. Without limiting the foregoing, this Agreement and all of its terms and provisions do not waive or release Company from the provisions and requirements of Chapter 14 - Aviation of the City's Code of Ordinances.

N. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto.

O. This Agreement shall be effective upon the date of the last of the City and Company to sign below, as reflected by the date of signing.

IN WITNESS WHEREOF, the City and Company have executed this Agreement.

TOWN OF ADDISON, TEXAS

EHOAA, INC, a Texas non-profit company

By: _____
Ron Whitehead, City Manager

By: _____
Richard French, President

Date of signing: _____

Date of signing: _____

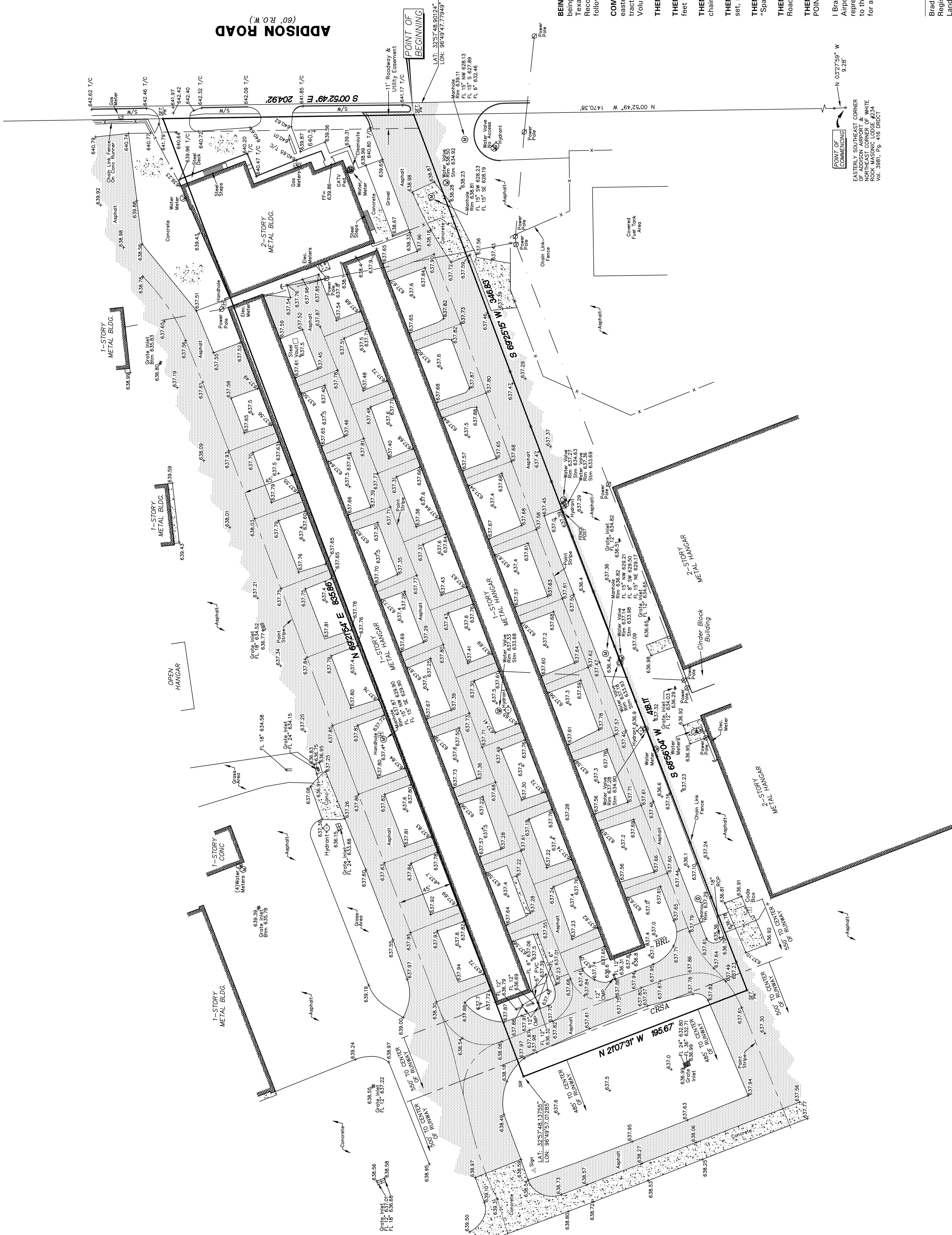
ATTEST:

By: _____
Mario Canizares, City Secretary

ATTACHMENT 3 (CONT)

EXHIBIT 1

[DEPCTION AND DESCRIPTION OF GROUND LEASE PROPERTY AND THE TAXIWAY
PROPERTY]



BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, and also being a part of the Final Plat of Addison Airport, as shown on the Final Plat of Addison Airport, recorded in the Public Records of Dallas County, Texas (DRDCT), and being more particularly described as follows:

COMMENCING at a point in the west line of Addison Road (60 foot right-of-way), at the easterly southeast corner of said Addison Airport, same being the northeast corner of a tract of land as described in deed to the White Rock Masonic Lodge #234 recorded in Volume 3981, Page 416 DRDCT;

THENCE N 03°27'59" W, along the west line of said Addison Road, 9.28 feet;

THENCE N 00°52'49" W, continuing along the west line of said Addison Road, 1470.38 feet to a "PK" nail set at the **POINT OF BEGINNING**;

THENCE S 69°25'15" W, departing the west line of said Addison Road, 346.83 feet to a chain link fence corner post;

THENCE S 88°56'04" W, generally along a chain link fence, 418.11 feet to a "PK" nail set, said point being 485 feet easterly from the center of the Addison Airport runway;

THENCE N 21°07'31" W, 195.67 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

THENCE N 69°21'54" E, 835.86 feet to a "PK" nail set in the west line of said Addison Road;

THENCE S 00°52'49" E, along the west line of said Addison Road, 204.92 feet to the **POINT OF BEGINNING** and CONTAINING 3.554 acres of land.

I, Brad Sparr, a Registered Professional Land Surveyor, do hereby certify to: Addison Airport, exclusively that: this survey was made on the ground, that this drawing correctly represents the facts found at the time of survey and that this professional service conforms to the current Texas Society of Professional Land Surveyors Standards and Specifications for a Category 1B, Condition II Survey.

Brad Sparr
Registered Professional
Land Surveyor No. 3701



Sparr Surveys
2553 C.R. 722
McKinney, Texas 75069
(214) 544-2257

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3.554 ACRE TRACT
BEING A PART OF THE
ADDISON AIRPORT
SITUATED IN THE
EDWARD COOK SURVEY, ABSTRACT NO. 326
CITY OF ADDISON
DALLAS COUNTY, TEXAS

DRAWN BY: B.D.S./CAD
CHECKED BY: B.D.S.
SCALE: 1" = 40'
DATE: MARCH 19, 2007
REVISED 04-19-2007
JOB NO. 19000D

This survey was performed for the
ADDISON AIRPORT
THIS PLAN IS INVALID UNLESS IT BEARS AN
ORIGINAL SIGNATURE AND THE
CERTIFICATION ATTACHED HERETO DOES NOT
APPLY TO ANY COPIES.

NOTE:
THIS SURVEY WAS COMPLETED WITHOUT THE BENEFIT OF A
CURRENT TITLE COMMITMENT AND ONLY REFLECTS THE
AS SHOWN ON THE FINAL PLAN OF ADDISON AIRPORT
RECORDED IN Vol. 2005131, Pg. 82 DRDCT.

NOTES:
HORIZONTAL AND VERTICAL CONTROL BASED ON ADDISON
AIRPORT CONTROL MONUMENTATION.
FIR BEWETES A FOUND IRON ROD.
AS SHOWN ON THE FINAL PLAN OF ADDISON AIRPORT
STAMPED "SPARR SURVEYS".

ATTACHMENT 3 (CONT)

EXHIBIT 2

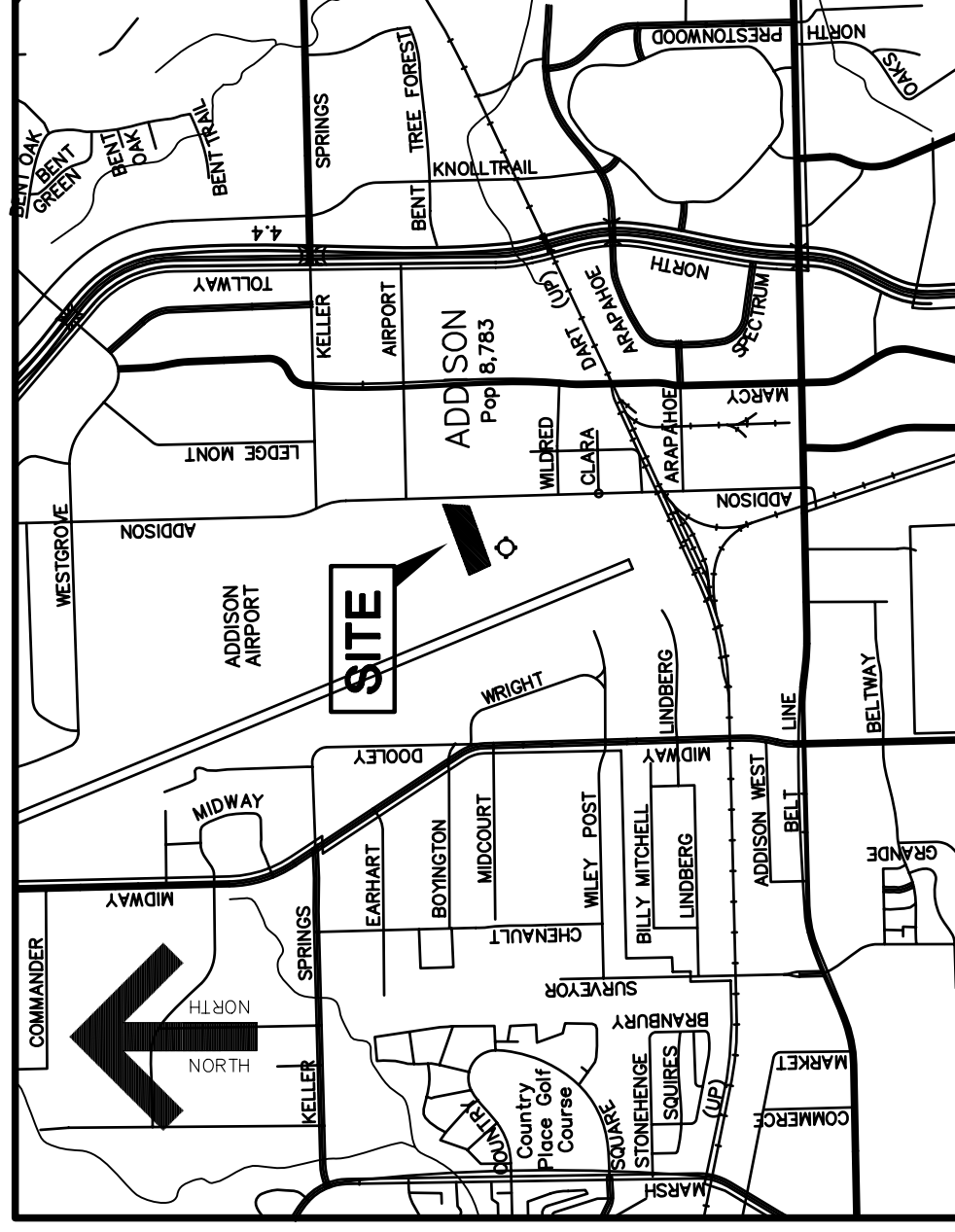
[DESCRIPTION OF THE TAXIWAY IMPROVEMENTS]

HANGAR ADDITION PLANS FOR: EHOAA - EXECUTIVE HANGAR OWNERS ASSOCIATION OF ADDISON

ADDISON AIRPORT
ADDISON, TEXAS

APRIL 2008

PREPARED FOR:
MSF PROPERTIES
TWO LEGACY TOWN CENTER
6900 N. DALLAS PARKWAY, SUITE 730
PLANO, TEXAS 75024
PHONE: (972) 403-0909
CONTACT: RICHARD FRENCH

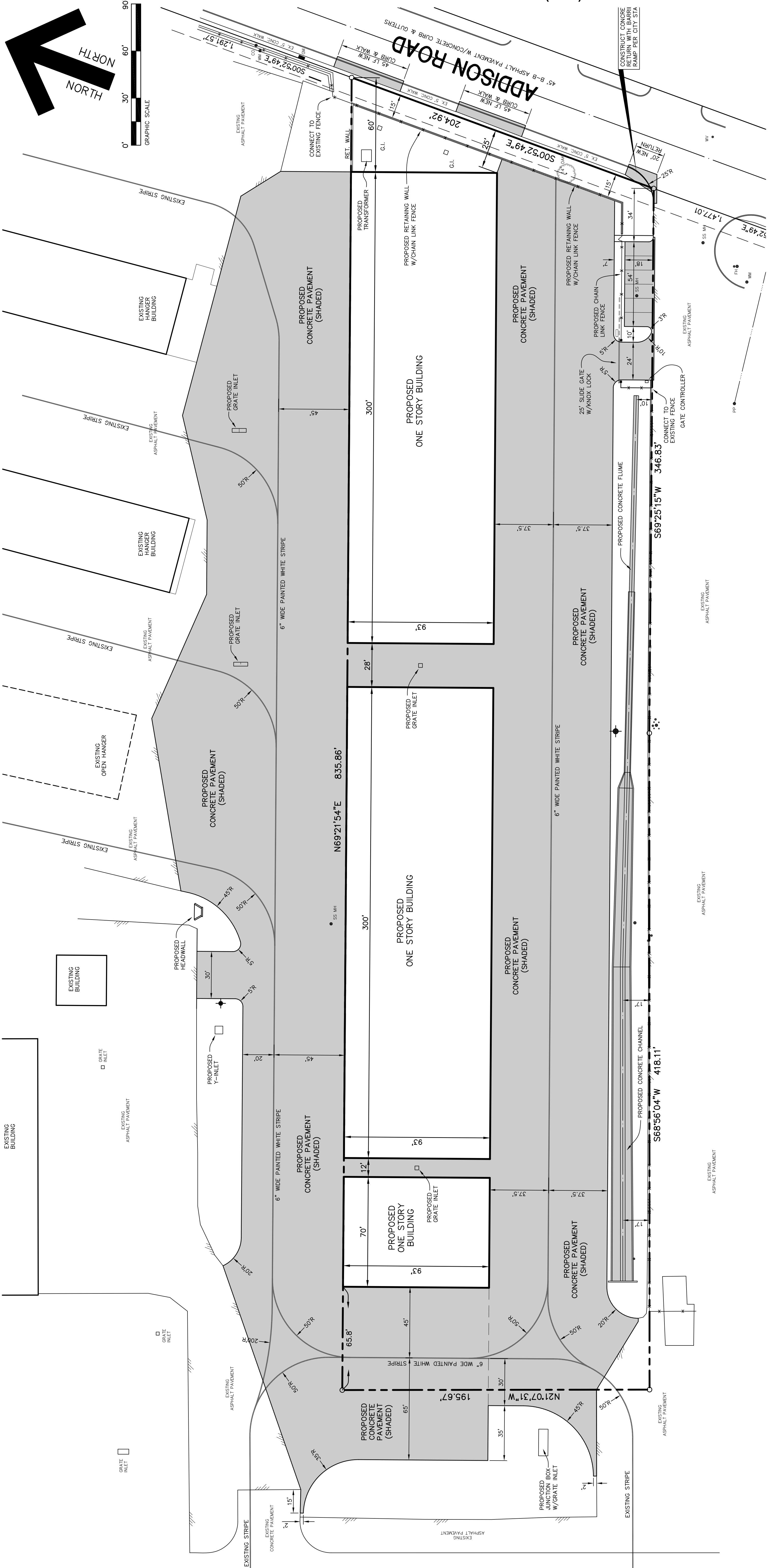


LOCATION MAP
SCALE: 1"=2000'

SHEET INDEX

| | |
|------------|-------------------------------|
| COVERSHEET | |
| PLAT | |
| C1 | SITE DIMENSIONAL CONTROL PLAN |
| C2 | DEMOLITION PLAN |
| C3 | GRADING AND DRAINAGE PLAN |
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| C8 | STORM DRAIN DETAILS |
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|--------------------------------------------------------------------------------------------|---------------------------------------|
| JDJR | ENGINEERS AND CONSULTANTS, INC. |
| | ENGINEERS • SURVEYORS • LAND PLANNERS |
| 2500 Texas Drive Suite 100 Irving, Texas 75062 Tel 972-252-5357 (JDJR) Fax 972-252-8958 | |



REVISIONS:

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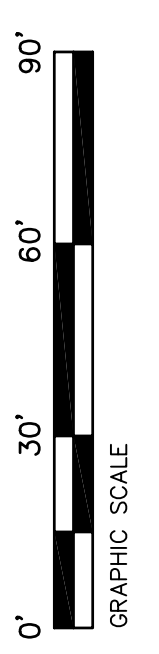
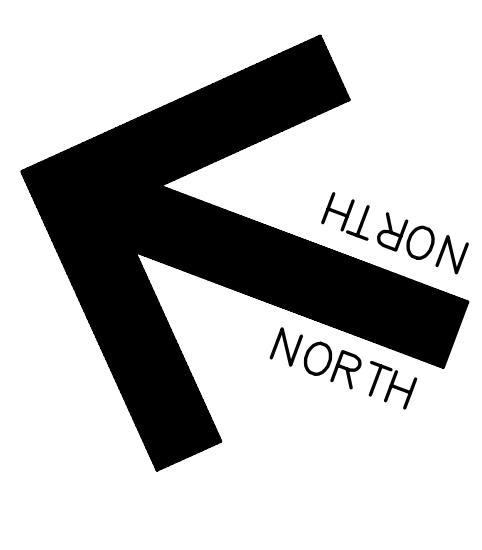
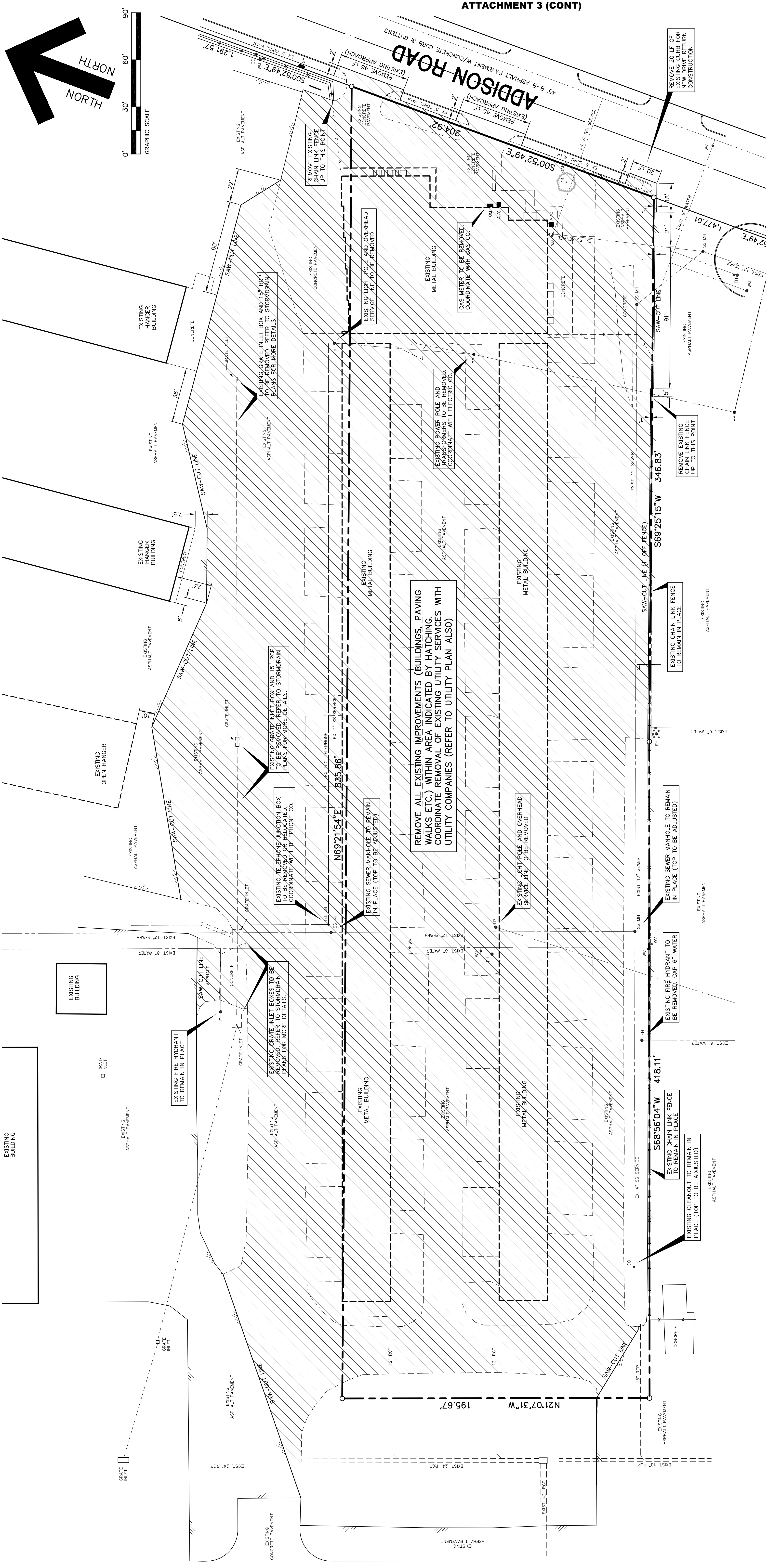
SITE DIMENSIONAL CONTROL PLAN
HANGER ADDITION PLANS FOR
EXECUTIVE HANGAR OWNERS ASSOCIATION OF ADDISON
ADDISON AIRPORT
ADDISON, TEXAS

PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS

ENGINEERS SURVEYORS LAND PLANNERS
2800 Texas Drive Suite 100 Irving, Texas 75062
Tel 972-262-6397 Fax 972-262-8689

DATE: APR. 8, 2008 DRAWN BY: SAS CHECKED BY: JDJR SHEET NO. C1 of 10
SCALE: 1" = 30'

- NOTES:
1. ALL CONSTRUCTION TO BE DONE IN STRICT ACCORDANCE TO THESE PLANS AND ALL APPLICABLE MUNICIPAL CODES AND STANDARDS.
 2. SEE ARCHITECTURAL PLANS FOR ALL BUILDING DIMENSIONS AND DETAILS.
 3. SEE SHEET C-2 FOR ALL SITE DEMOLITION PLAN.
 4. SEE SHEET C-3 FOR ALL PAVING AND GRADING PLANS.
 5. SEE SHEET C-9 FOR EROSION CONTROL PLAN OF THE SITE.
 6. SEE SHEET C-10 FOR LOCATIONS AND DETAILS OF UTILITY SERVICES.



| NO. | REVISIONS |
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DEMOLITION PLAN
 HANGER ADDITION PLANS FOR
 EXECUTIVE HANGAR OWNERS ASSOCIATION OF ADDISON
 ADDISON AIRPORT
 ADDISON, TEXAS

PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS

ENGINEERS SURVEYORS LAND PLANNERS
 2800 Texas Drive Suite 100 Irving, Texas 75062
 Tel 972-252-5357 Fax 972-252-9699

DATE: APR. 8, 2008 DRAWN BY: SAS CHECKED BY: JDJR SHEET NO. C2 of 10
 SCALE: 1" = 30'

- NOTES:
1. DEMOLITION CONTRACTOR TO BE FAMILIAR WITH ALL PROPOSED CONSTRUCTION PLANS BEFORE ANY SITE DEMOLITION COMMENCES.
 2. COORDINATE ALL SITE DEMOLITION WITH THE ARCHITECT AND ALL UTILITY CONTRACTORS.
 3. DEMOLITION CONTRACTOR TO LOCATE ALL UNDERGROUND UTILITIES PRIOR TO ANY DEMOLITION WORK. CONTACT UTILITY COMPANIES AT LEAST 2 WORKING DAYS PRIOR TO ANY DEMOLITION WORK.

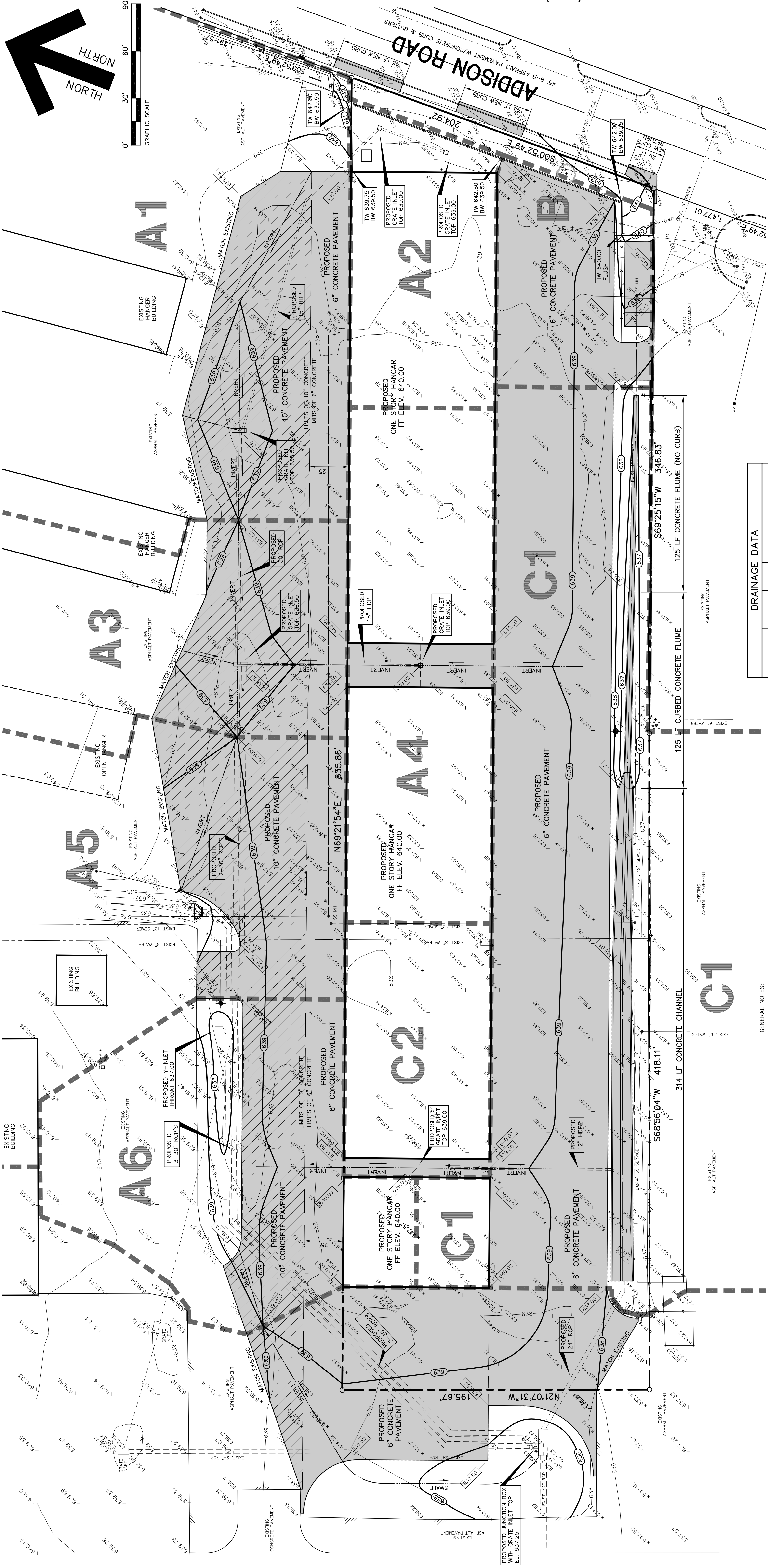




SHEET TITLE:
GRADING AND DRAINAGE PLAN
 HANGER ADDITION PLANS FOR
 EXECUTIVE HANGER OWNERS ASSOCIATION OF ADDISON
 ADDISON, TEXAS

PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS
 ENGINEERS SURVEYORS LAND PLANNERS
 2800 Texas Drive Suite 100 Irving, Texas 75062
 Tel 972-252-8587 Fax 972-252-8669

DATE: APR. 8, 2008 **DRAWN BY:** SAS **SHEET NO.:** C3 OF 10
SCALE: 1" = 30' **CHECKED BY:** JDJR



REVISIONS:

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DRAINAGE DATA

| AREA NO. | ACRES | T _c MIN | I ₂ IN/HR | Q ₂ CFS |
|----------|-------|--------------------|----------------------|--------------------|
| A1 | 3.42 | 1.0 | 5.04 | 17.24 |
| A2 | 0.39 | 1.0 | 5.04 | 1.97 |
| A3 | 3.33 | 1.0 | 5.04 | 16.78 |
| A4 | 0.71 | 1.0 | 5.04 | 3.58 |
| A5 | 2.62 | 1.0 | 5.04 | 13.20 |
| A6 | 0.80 | 1.0 | 5.04 | 4.03 |
| B | 0.29 | 1.0 | 5.04 | 1.46 |
| C1 | 2.85 | 1.0 | 5.04 | 14.36 |
| C2 | 0.35 | 1.0 | 5.04 | 1.76 |

LEGEND

- 624 ——— EXISTING CONTOUR LINE
- + 480.25 ——— EXISTING SPOT ELEVATION
- PROPOSED SPOT ELEVATION
- PROPOSED CONTOUR LINE
- INVERT OR FLOWLINE
- DRAINAGE DIVIDE LINE
- INDICATES 6" CONCRETE PAVEMENT
- INDICATES 10" CONCRETE PAVEMENT

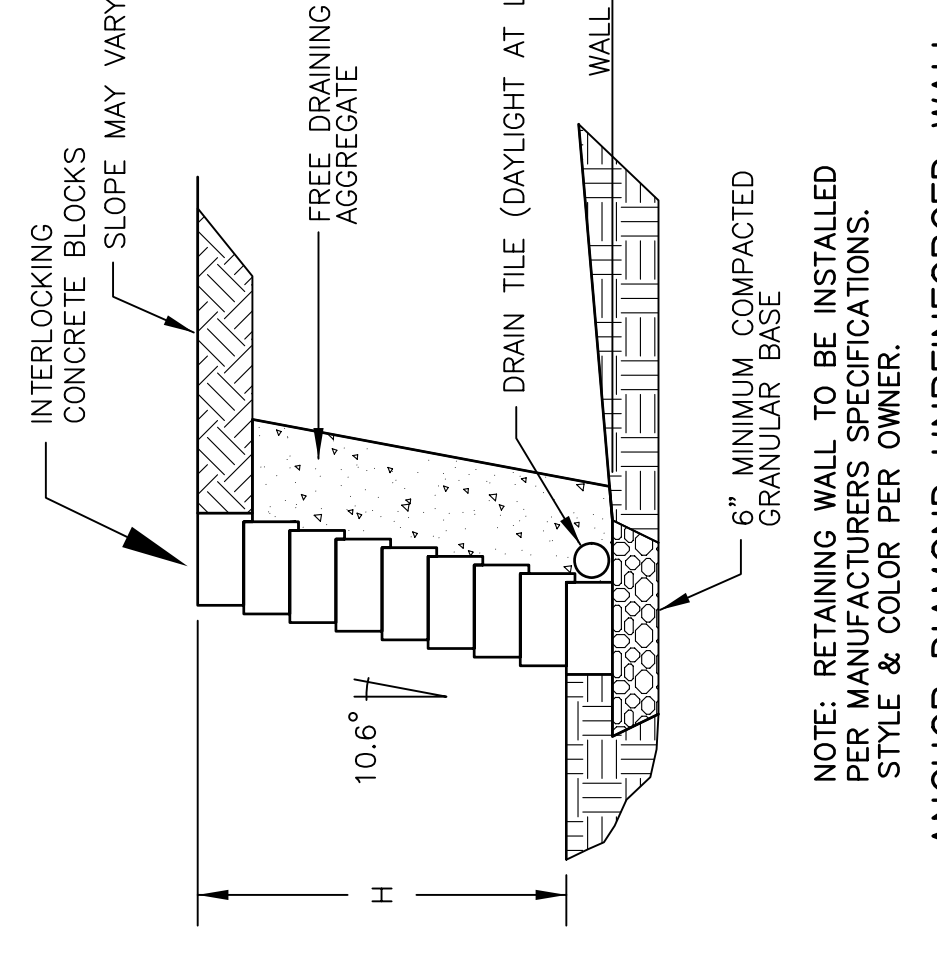
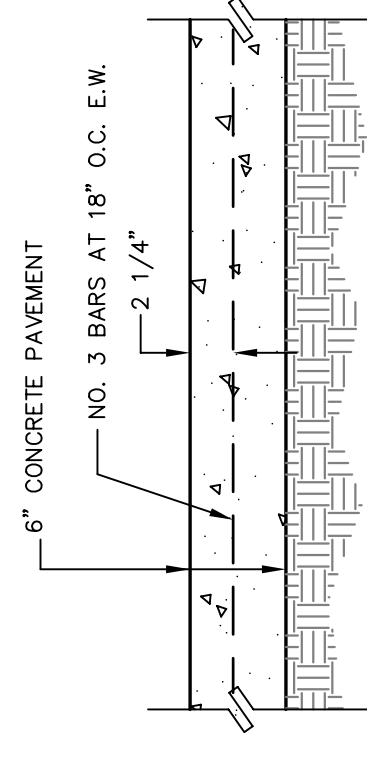
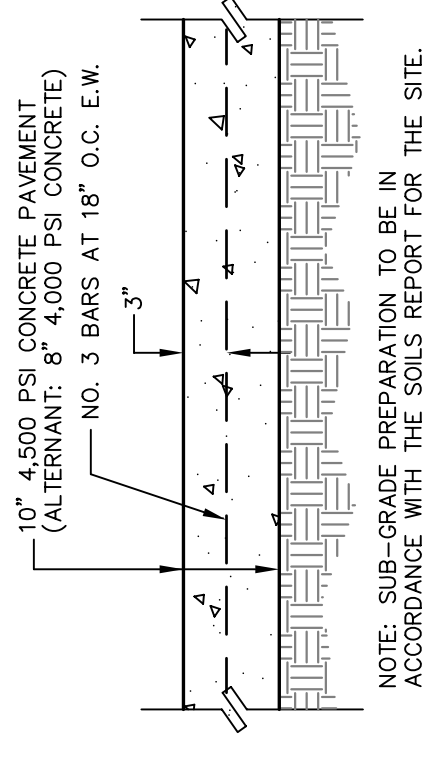
GENERAL NOTES:

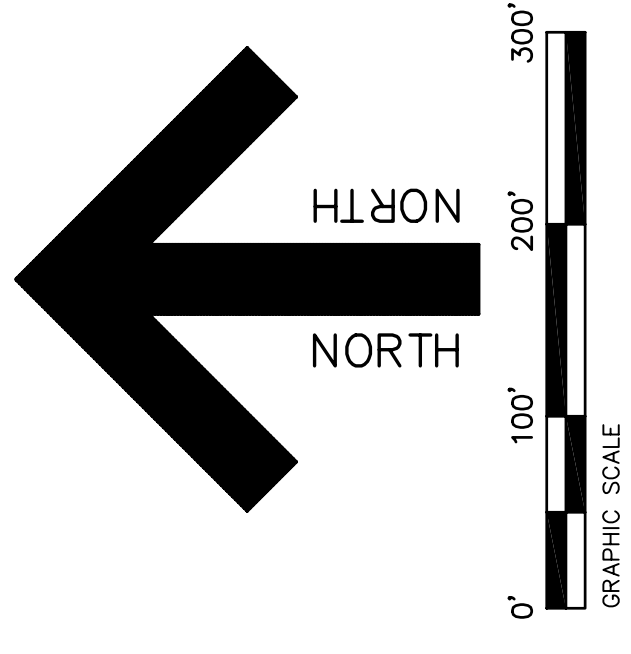
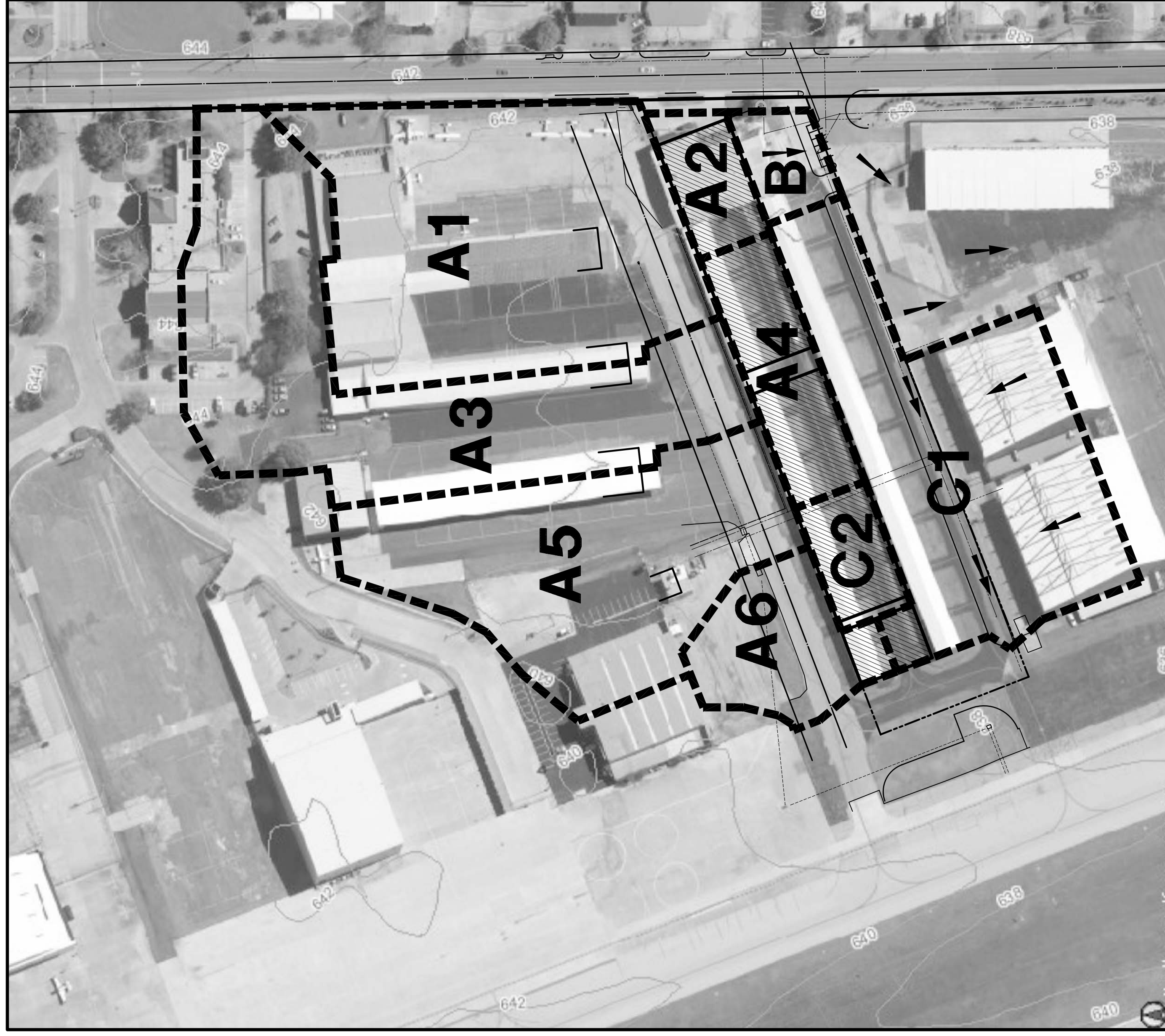
- ALL CONSTRUCTION SHALL BE DONE IN STRICT CONFORMANCE TO THESE PLANS AND ALL APPLICABLE MUNICIPAL CODES AND STANDARDS.
- SEE SHEET C-1 FOR ALL HORIZONTAL CONTROL DIMENSIONS.
- SEE SHEET C2 FOR SITE DEMOLITION PLAN.
- SEE SHEET C4 FOR OFF-SITE DRAINAGE AREA MAP.
- SEE SHEET C5 THRU C8 FOR STORM DRAIN PLAN, PROFILES AND DETAILS.
- SEE SHEET C9 FOR EROSION CONTROL PLAN OF THE SITE.
- SEE SHEET C10 FOR UTILITY SERVICES PLAN FOR THE SITE.
- ALL SPOT ELEVATIONS ADJACENT TO CURBS ARE GUTTER ELEVATIONS UNLESS OTHERWISE SHOWN.
- ALL WALKWAYS TO HAVE A MAXIMUM OF 1/4" PER FOOT CROSSFALL SLOPE AWAY FROM THE BUILDING.
- ALL SITE PAVING TO BE DONE IN ACCORDANCE TO THE RECOMMENDATIONS AS OUTLINED IN THE SOILS REPORT FOR THIS SITE.
- ALL SITE GRADING AND SUBGRADE PREPARATION SHALL BE DONE IN ACCORDANCE TO THE RECOMMENDATIONS AS OUTLINED IN THE SOILS REPORT FOR THIS SITE.
- ALL LANDSCAPED AREAS TO BE UNIFORMLY GRADED AS SHOWN.

EXISTING UTILITIES NOTES:

- THE LOCATION OF ALL UNDERGROUND FACILITIES AS INDICATED ON THE PLANS ARE TAKEN FROM PUBLIC RECORDS. ENGINEERS & CONSULTANTS ASSUME NO RESPONSIBILITY FOR THE ACCURACY OF SUCH RECORDS. ANY CONCEALED UTILITIES ARE SHOWN OR ARE LOCATED.
- IT IS THE RESPONSIBILITY OF THE CONTRACTOR TO MAKE ARRANGEMENTS WITH THE OWNERS OF SUCH UNDERGROUND FACILITIES PRIOR TO WORKING IN THE AREA TO CONFIRM THEIR EXACT LOCATION AND TO DETERMINE WHETHER ANY ADDITIONAL FACILITIES OTHER THAN THOSE SHOWN ON THE PLANS MAY BE PRESENT.
- THE CONTRACTOR SHALL PRESERVE AND PROTECT ALL UNDERGROUND FACILITIES FOUND.
- NOTIFY JDJR ENGINEERS & CONSULTANTS IF ANY UNDERGROUND UTILITIES ARE NOT IN THE LOCATIONS INDICATED ON THESE PLANS (HORIZONTAL AND VERTICAL) OR CONFLICT WITH ANY PROPOSED IMPROVEMENTS ASSOCIATED WITH THESE PLANS.

10" CONCRETE PAVEMENT SECTION DETAIL





| DRAINAGE DATA | | | | | | |
|---------------|-------|-----|--------------------|----------------------|--------------------|--|
| AREA NO. | ACRES | C | T _c MIN | I ₂ IN/HR | Q ₂ CFS | |
| A1 | 3.42 | 1.0 | 10 | 5.04 | 17.24 | |
| A2 | 0.39 | 1.0 | 10 | 5.04 | 1.97 | |
| A3 | 3.33 | 1.0 | 10 | 5.04 | 16.78 | |
| A4 | 0.71 | 1.0 | 10 | 5.04 | 3.58 | |
| A5 | 2.62 | 1.0 | 10 | 5.04 | 13.20 | |
| A6 | 0.80 | 1.0 | 10 | 5.04 | 4.03 | |
| B | 0.29 | 1.0 | 10 | 5.04 | 1.46 | |
| C1 | 2.85 | 1.0 | 10 | 5.04 | 14.36 | |
| C2 | 0.35 | 1.0 | 10 | 5.04 | 1.76 | |

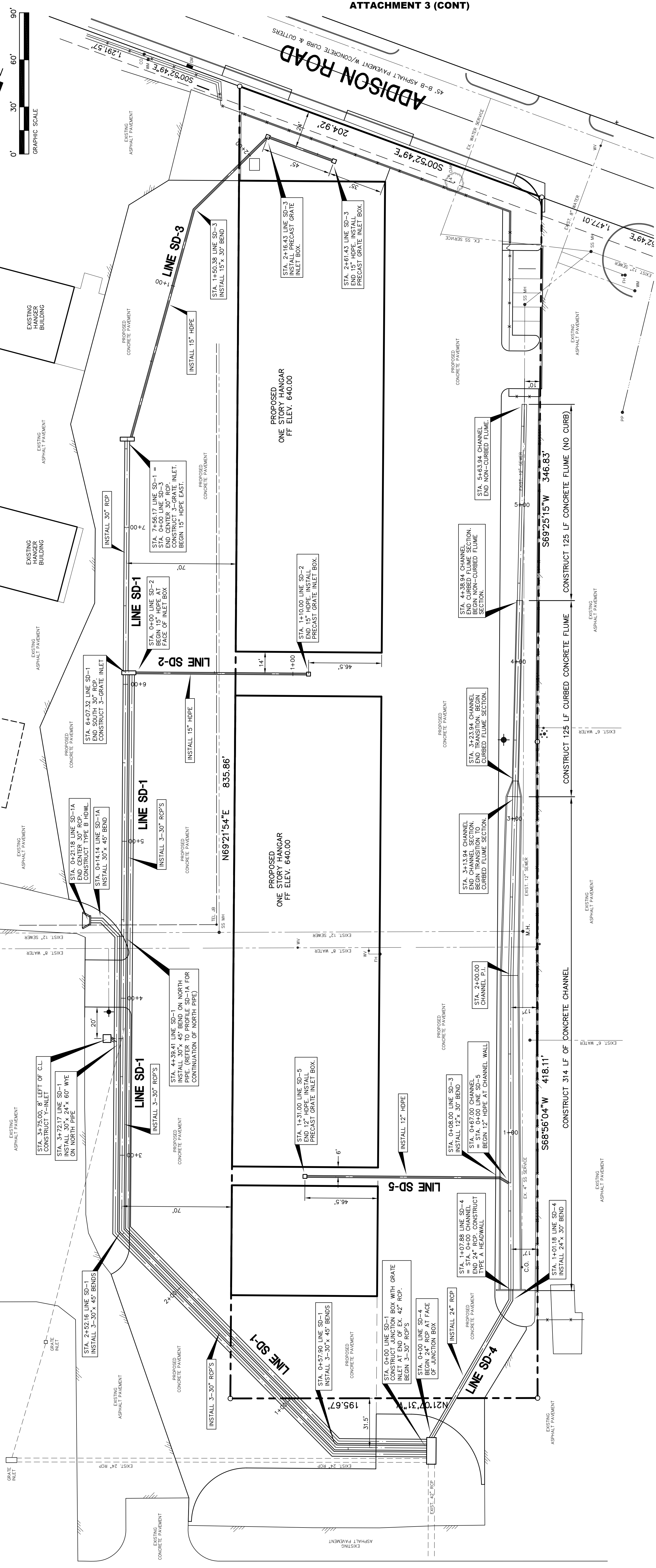
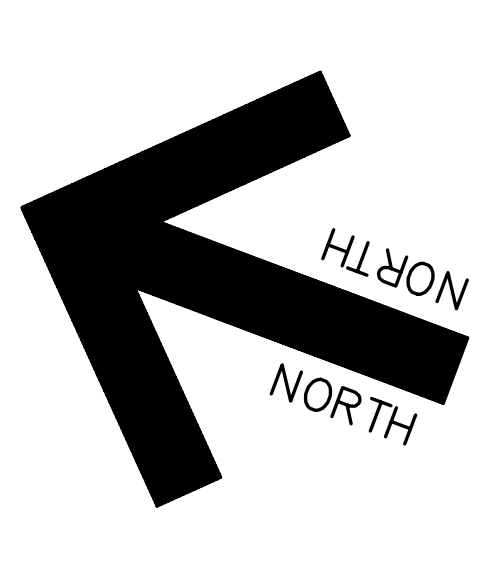
| REVISIONS: |
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SHEET TITLE:
OFF-SITE DRAINAGE AREA MAP
 HANGER ADDITION PLANS FOR
 EXECUTIVE HANGAR OWNERS ASSOCIATION OF ADDISON
 ADDISON AIRPORT
 ADDISON, TEXAS

PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS
 ENGINEERS SURVEYORS LAND PLANNERS
 2800 Texas Drive Suite 100 Irving, Texas 75062
 Tel 972-262-6357 Fax 972-262-8669

DATE: APR. 6, 2008 DRAWN BY: SAS SHEET NO. **C4** of **10**
 SCALE: 1" = 100' CHECKED BY: JDJR



| NO. | REVISIONS |
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SHEET TITLE:
STORMDRAIN PLAN
 HANGER ADDITION PLANS FOR
 EXECUTIVE HANGER OWNERS ASSOCIATION OF ADDISON
 ADDISON AIRPORT
 ADDISON, TEXAS

PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS
 ENGINEERS SURVEYORS LAND PLANNERS
 2800 Texas Drive Suite 100 Irving, Texas 75062
 Tel 972-252-8387 Fax 972-252-8689

DATE: APR. 8, 2008 **DRAWN BY:** SAS **CHECKED BY:** JDJR **SHEET NO. C5** of **10**

- GENERAL NOTES:**
- ALL CONSTRUCTION SHALL BE DONE IN STRICT CONFORMANCE TO THESE PLANS AND ALL APPLICABLE MUNICIPAL CODES AND STANDARDS.
 - SEE SHEET C1 FOR ALL HORIZONTAL CONTROL DIMENSIONS.
 - SEE SHEET C3 AND C4 FOR GRADING PLAN AND DRAINAGE AREA MAP.
 - SEE SHEET C6 AND C7 FOR STORM DRAIN PROFILES.
 - SEE SHEET C8 FOR STORM DRAIN DETAILS.
 - SEE SHEET C9 FOR EROSION CONTROL PLAN OF THE SITE.
 - SEE SHEET C10 FOR UTILITY SERVICES PLAN FOR THE SITE.

- EXISTING UTILITIES NOTES:**
- THE LOCATION OF ALL UNDERGROUND FACILITIES AS INDICATED ON THE PLANS ARE TAKEN FROM PUBLIC RECORDS. JDJR ENGINEERS & CONSULTANTS ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF SUCH RECORDS AND DOES NOT GUARANTEE THAT ALL UNDERGROUND UTILITIES ARE SHOWN OR ARE LOCATED PRECISELY AS INDICATED.
 - IT IS THE RESPONSIBILITY OF THE CONTRACTOR TO MAKE ARRANGEMENTS WITH THE OWNERS OF SUCH UNDERGROUND FACILITIES PRIOR TO WORKING IN THE AREA TO CONFIRM THEIR EXACT LOCATION AND TO DETERMINE WHETHER ANY ADDITIONAL FACILITIES OTHER THAN THOSE SHOWN ON THE PLANS MAY BE PRESENT.
 - THE CONTRACTOR SHALL PRESERVE AND PROTECT ALL UNDERGROUND FACILITIES FOUND.
 - NOTIFY JDJR ENGINEERS & CONSULTANTS IF ANY UNDERGROUND UTILITIES ARE NOT IN THE LOCATIONS INDICATED ON THESE PLANS (HORIZONTALLY AND VERTICALLY) OR CONFLICT WITH ANY PROPOSED IMPROVEMENTS ASSOCIATED WITH THESE PLANS.



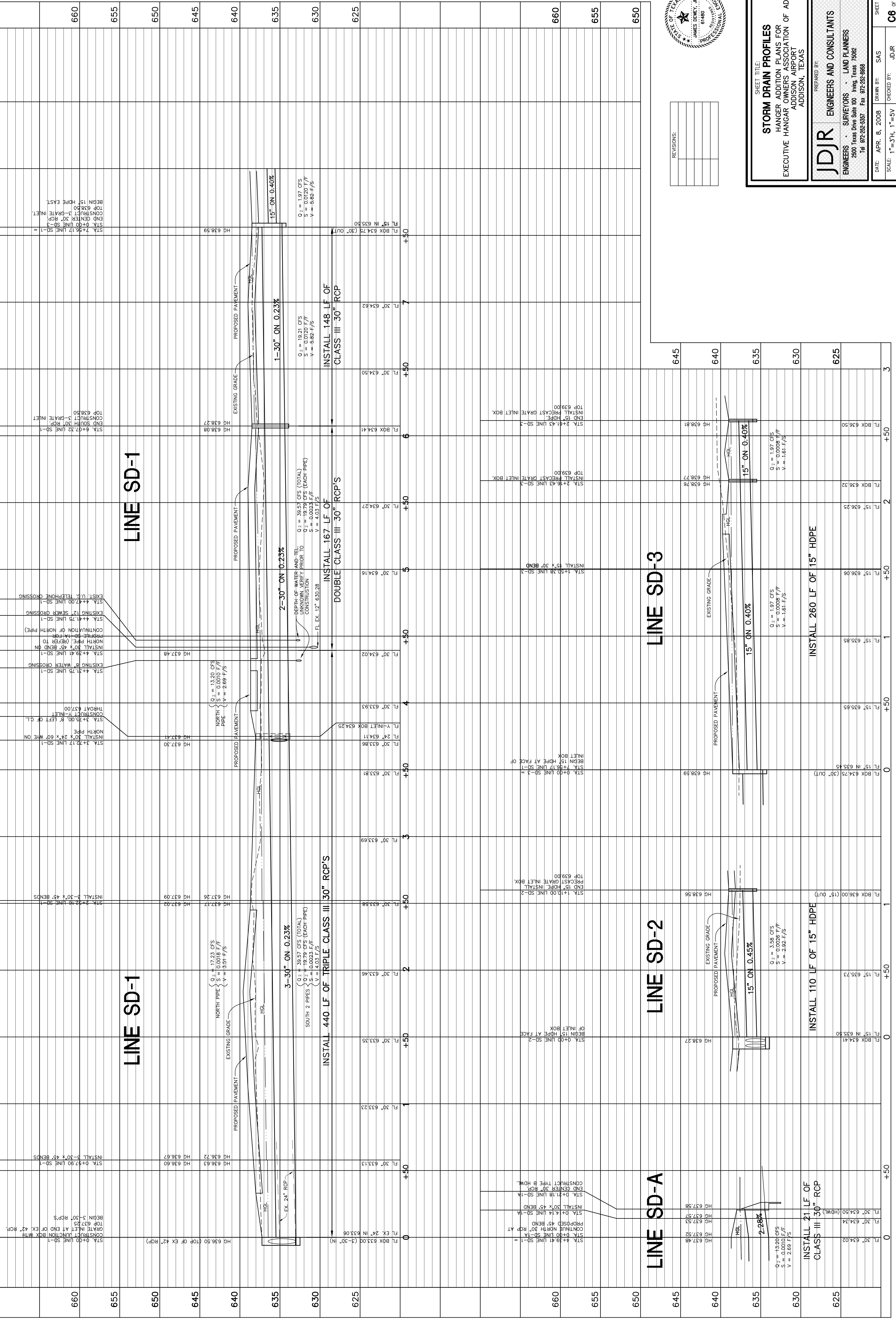
STORM DRAIN PROFILES
 HANGER ADDISON PLANS FOR
 EXECUTIVE HANGER OWNERS ASSOCIATION OF ADDISON
 ADDISON AIRPORT
 ADDISON, TEXAS

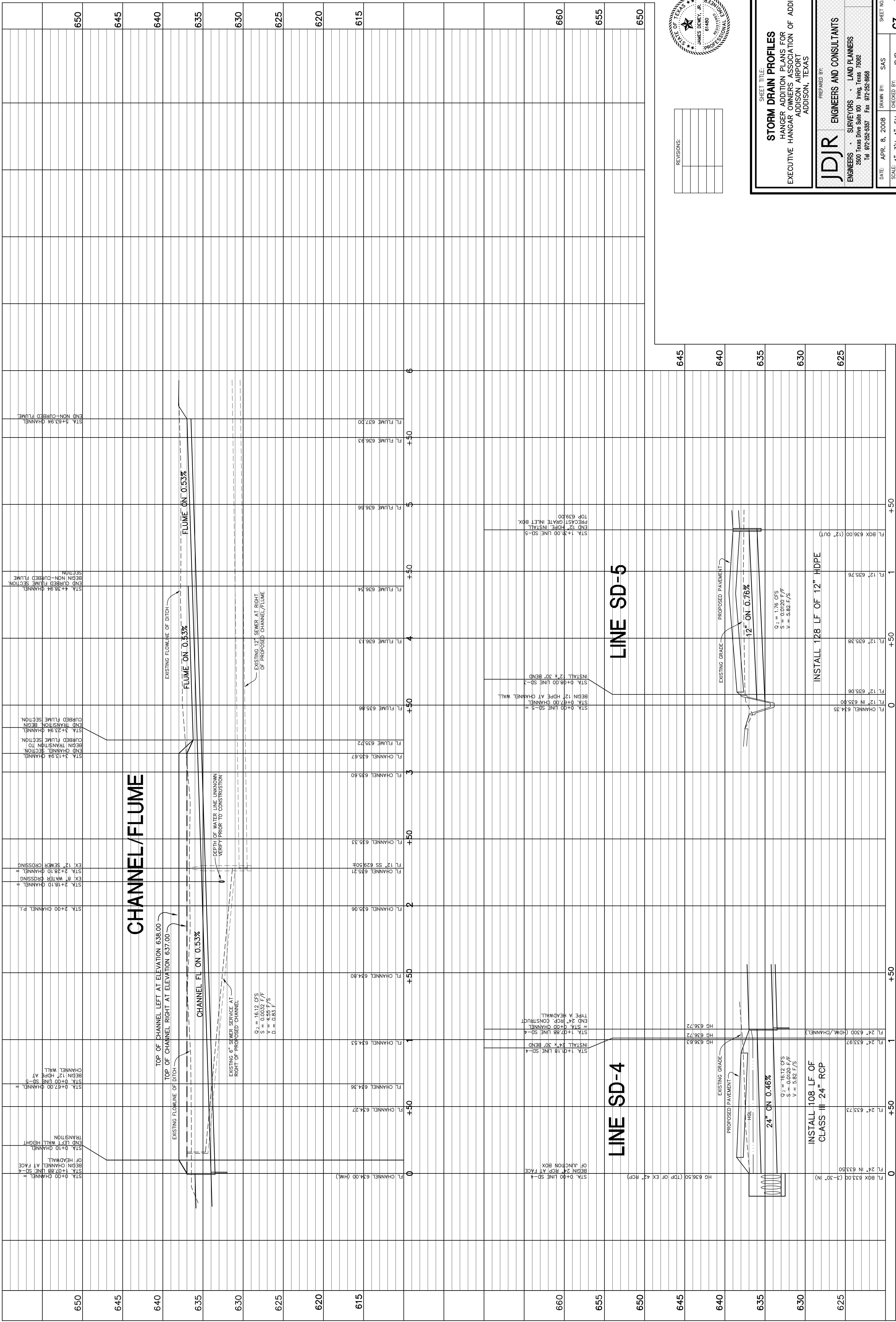
PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS
 ENGINEERS SURVEYORS LAND PLANNERS
 2800 Texas Drive Suite 100 Irving, Texas 75062
 Tel 972-252-6357 Fax 972-252-8669

DATE: APR. 8, 2008 DRAWN BY: SAS CHECKED BY: JDJR SHEET NO. C6 of 10
 SCALE: 1"=3'H, 1"=5'V

REVISIONS:

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REVISIONS:

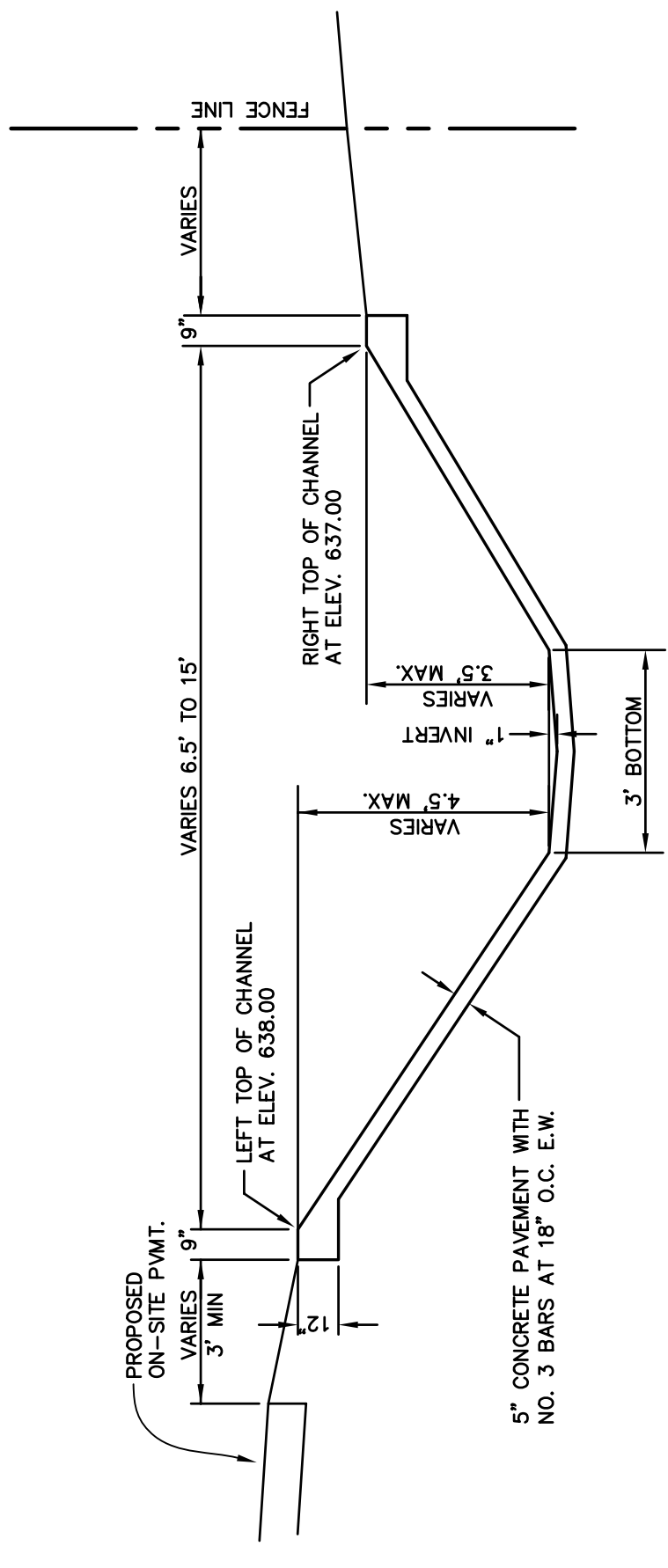
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SHEET TITLE:
STORM DRAIN PROFILES
 HANGER ADDITION PLANS FOR
 EXECUTIVE HANGER OWNERS ASSOCIATION OF ADDISON
 ADDISON AIRPORT
 ADDISON, TEXAS

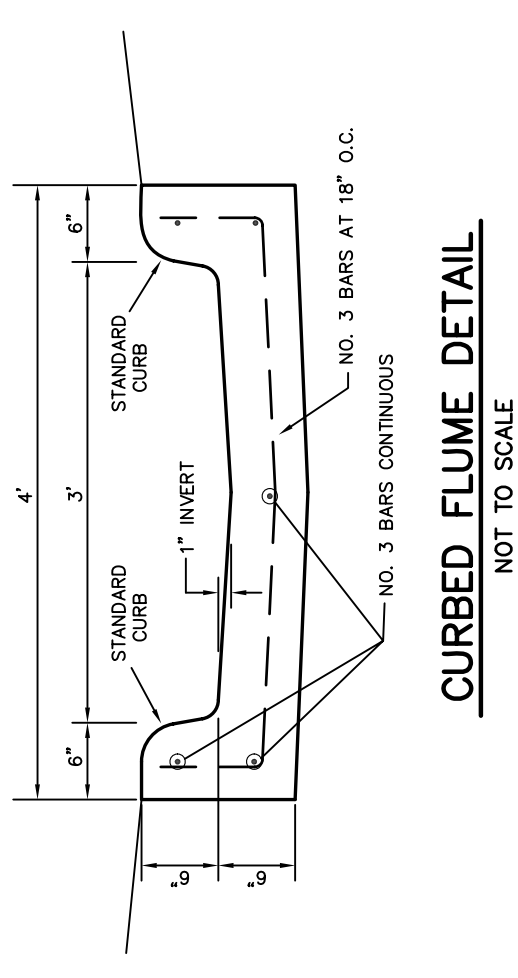
PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS
 ENGINEERS SURVEYORS LAND PLANNERS
 2800 Texas Drive Suite 100 Irving, Texas 75062
 Tel 972-252-6357 Fax 972-252-8669

DATE: APR. 8, 2008 **DRAWN BY:** SAS **CHECKED BY:** JDJR **SHEET NO. C7 of 10**

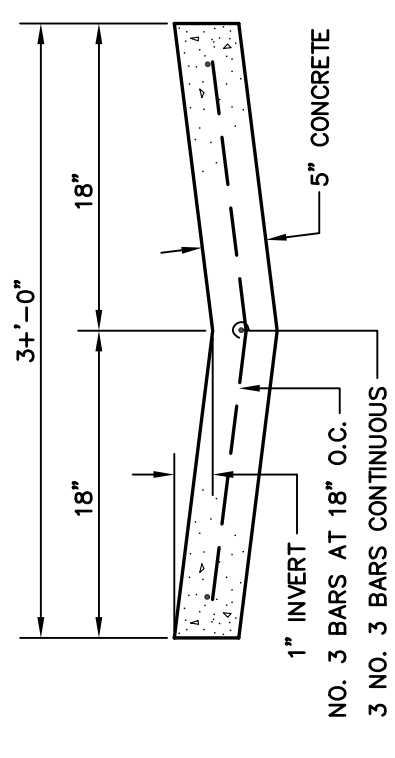
SCALE: 1"=3'H, 1"=5'V



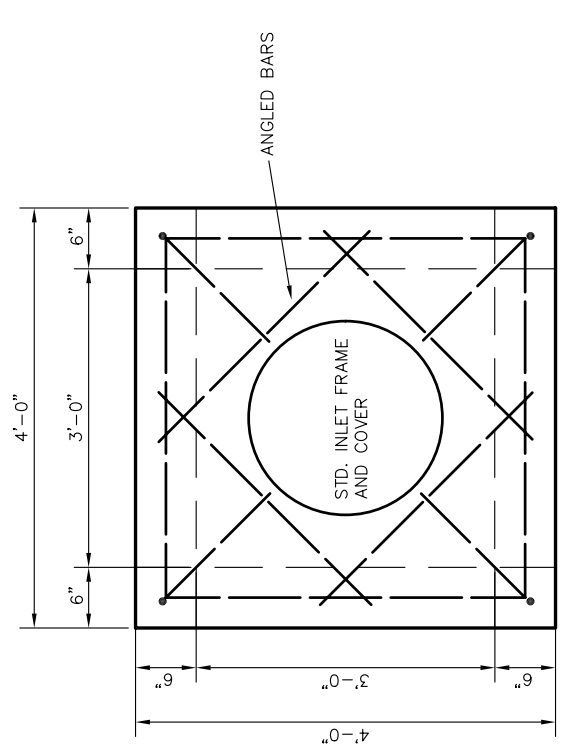
CONCRETE CHANNEL LINER SECTIONAL DETAIL
NOT TO SCALE



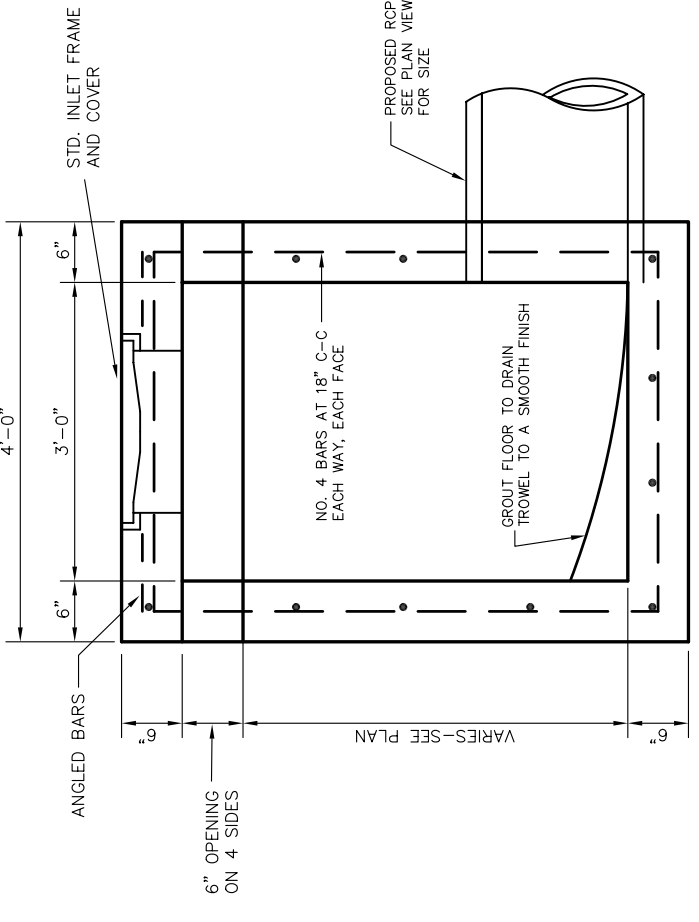
CURBED FLUME DETAIL
NOT TO SCALE



CONCRETE FLUME DETAIL
NOT TO SCALE



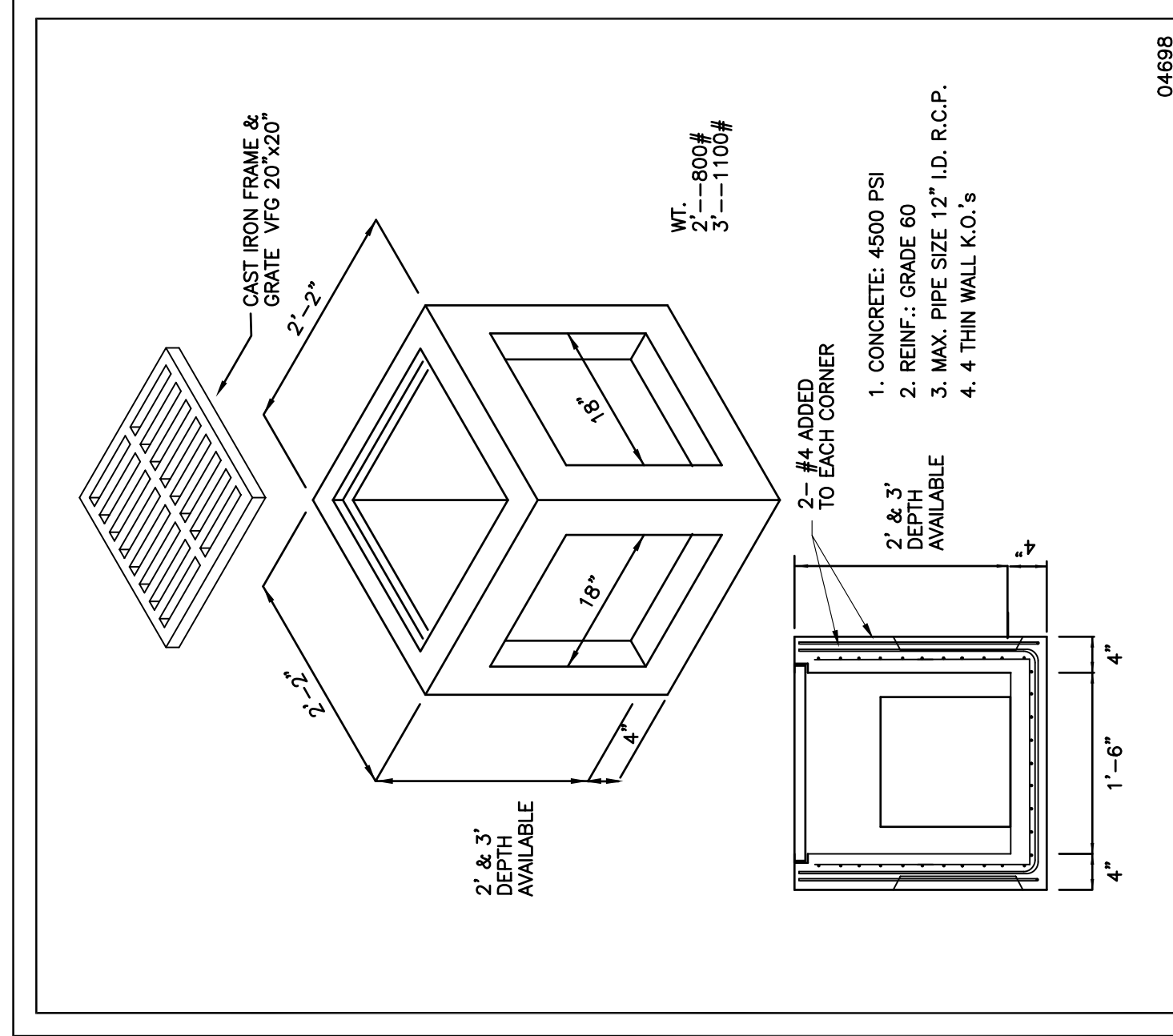
PLAN VIEW



SECTION VIEW

- NOTES:
1. ALL CONCRETE SHALL BE CLASS "A"
 2. LATERAL PIPE MAY ENTER AT ANY LOCATION

Y-INLET DETAILS

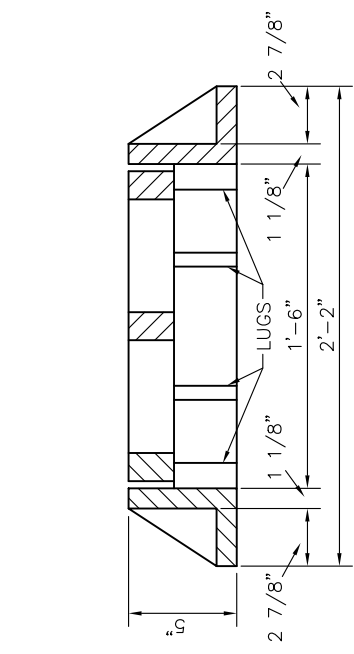


A

CATCH BASIN
NO. 20

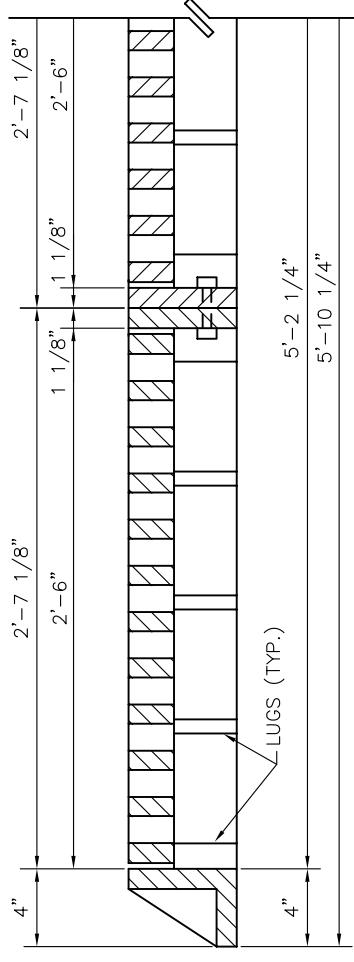
04698

American Industrial Pre-Cast Products, Inc.
P.O. BOX 966 ALVARADO, TEXAS 76008 METRO: 817-477-5286
501 EAST BAXTER SEGUIN, TEXAS 78155 210-401-0555

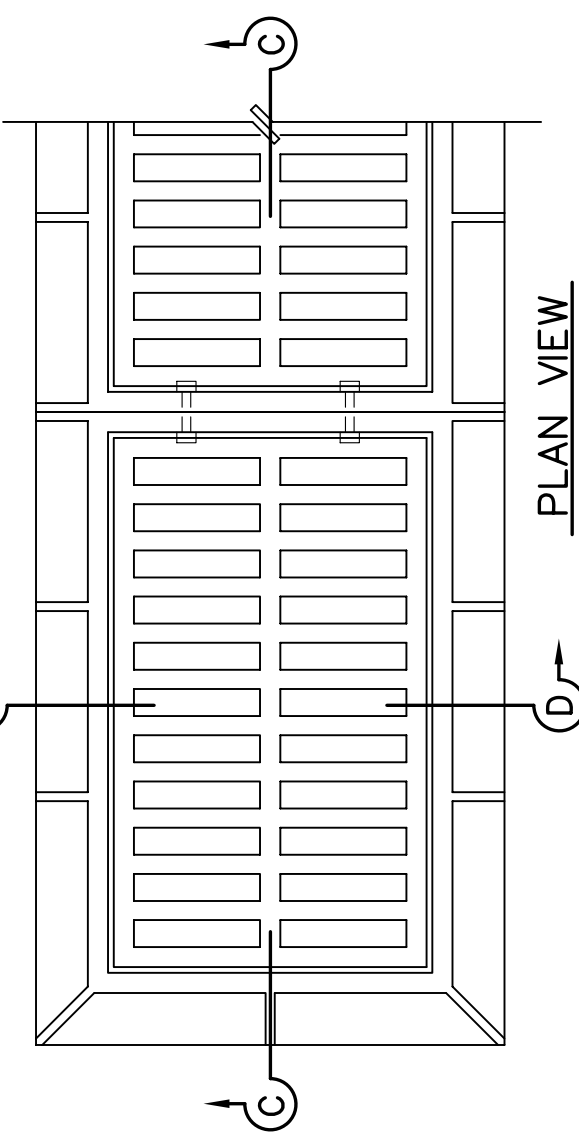


SECTION D-D

FRAME AND GRATE SHALL BE PATTERN MADE AND GRANITE FINISHED BY GLASS & HAYS FOUNDRY, OR APPROVED EQUAL



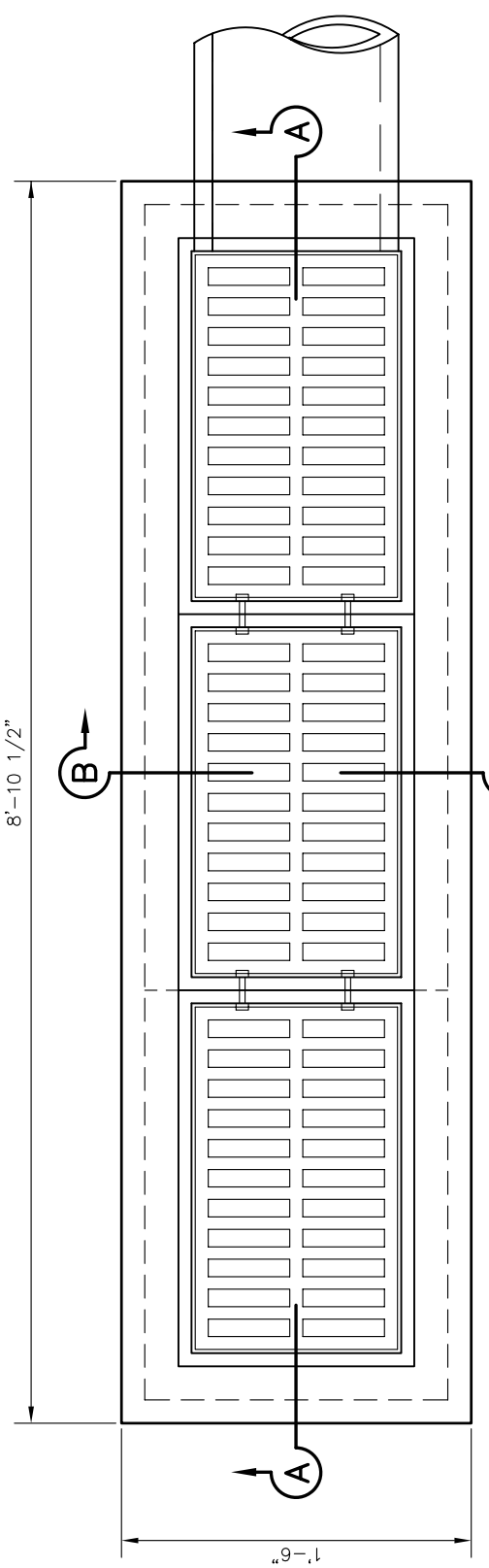
SECTION C-C



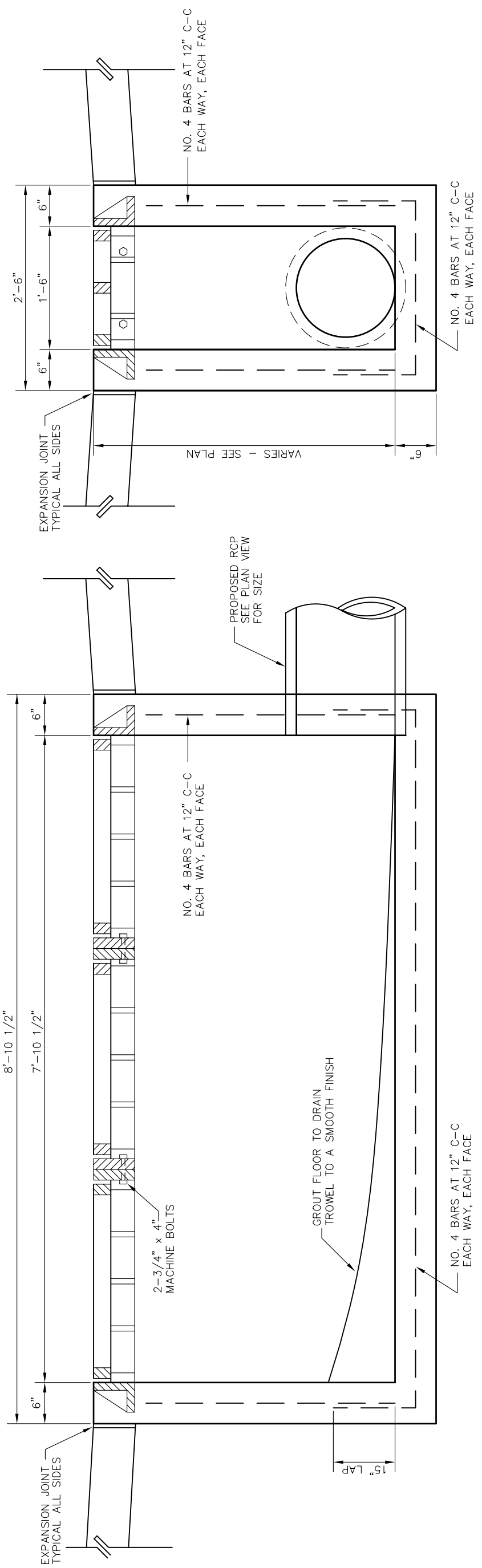
PLAN VIEW

GRATE DETAILS

- NOTES:
1. ALL LAPS AND EXTENSIONS OF REINFORCING BARS SHALL BE 30 BAR DIAMETERS UNLESS NOTED OTHERWISE.
 2. TACK WELD GRATES IN PLACE OR USE GRATE LOCK.
 3. PIPE MAY BE PLACED IN ANY WALL, BUT SHALL NOT ENTER ANY CORNER, OR BOTTOM.
 4. CONCRETE TO BE A MINIMUM OF 4200 P.S.I.



SECTION A-A

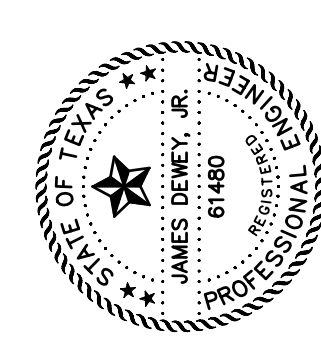


SECTION B-B

GRATE INLET DETAILS

REVISIONS:

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SHEET TITLE:
STORM DRAIN DETAILS
HANGER ADDITION PLANS FOR
EXECUTIVE HANGAR OWNERS ASSOCIATION OF ADDISON
ADDISON AIRPORT
ADDISON, TEXAS

PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS
ENGINEERS SURVEYORS LAND PLANNERS
2800 Texas Drive Suite 100 Irving, Texas 75062
Tel 972-252-5357 Fax 972-252-8669

DATE: APR. 8, 2008 DRAWN BY: SAS
SCALE: AS SHOWN CHECKED BY: JDJR

SHEET NO. **C8** OF **10**



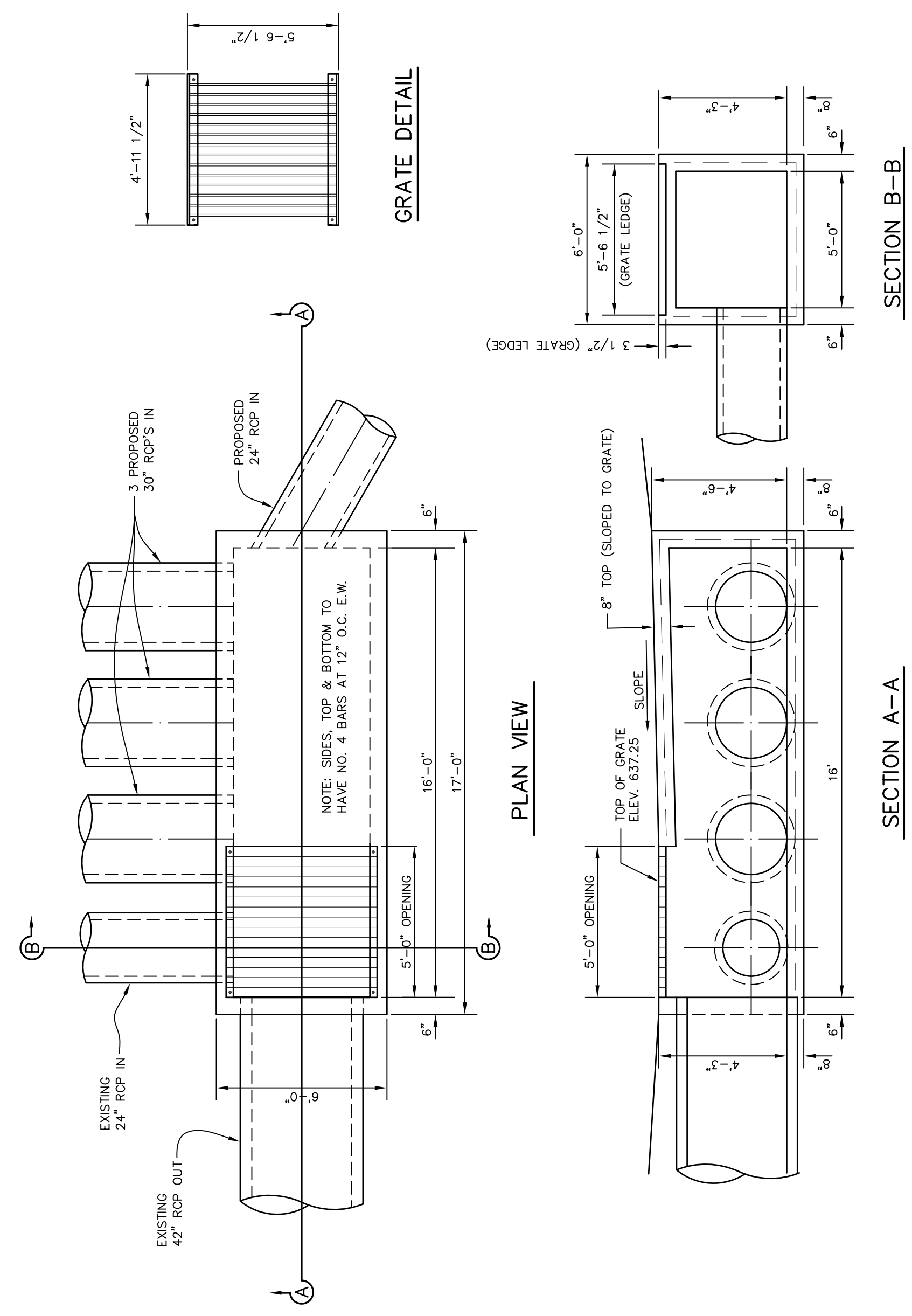
SHEET TITLE:
STORM DRAIN DETAILS
 HANGER ADDITION PLANS FOR
 EXECUTIVE HANGAR OWNERS ASSOCIATION OF ADDISON
 ADDISON AIRPORT
 ADDISON, TEXAS

PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS
 ENGINEERS SURVEYORS LAND PLANNERS
 2800 Texas Drive Suite 100 Irving, Texas 75062
 Tel: 972-252-5357 Fax: 972-252-8669

DATE: APR. 6, 2008 DRAWN BY: SAS SHEET NO. **C8A** OF **10**
 SCALE: AS SHOWN CHECKED BY: JDJR

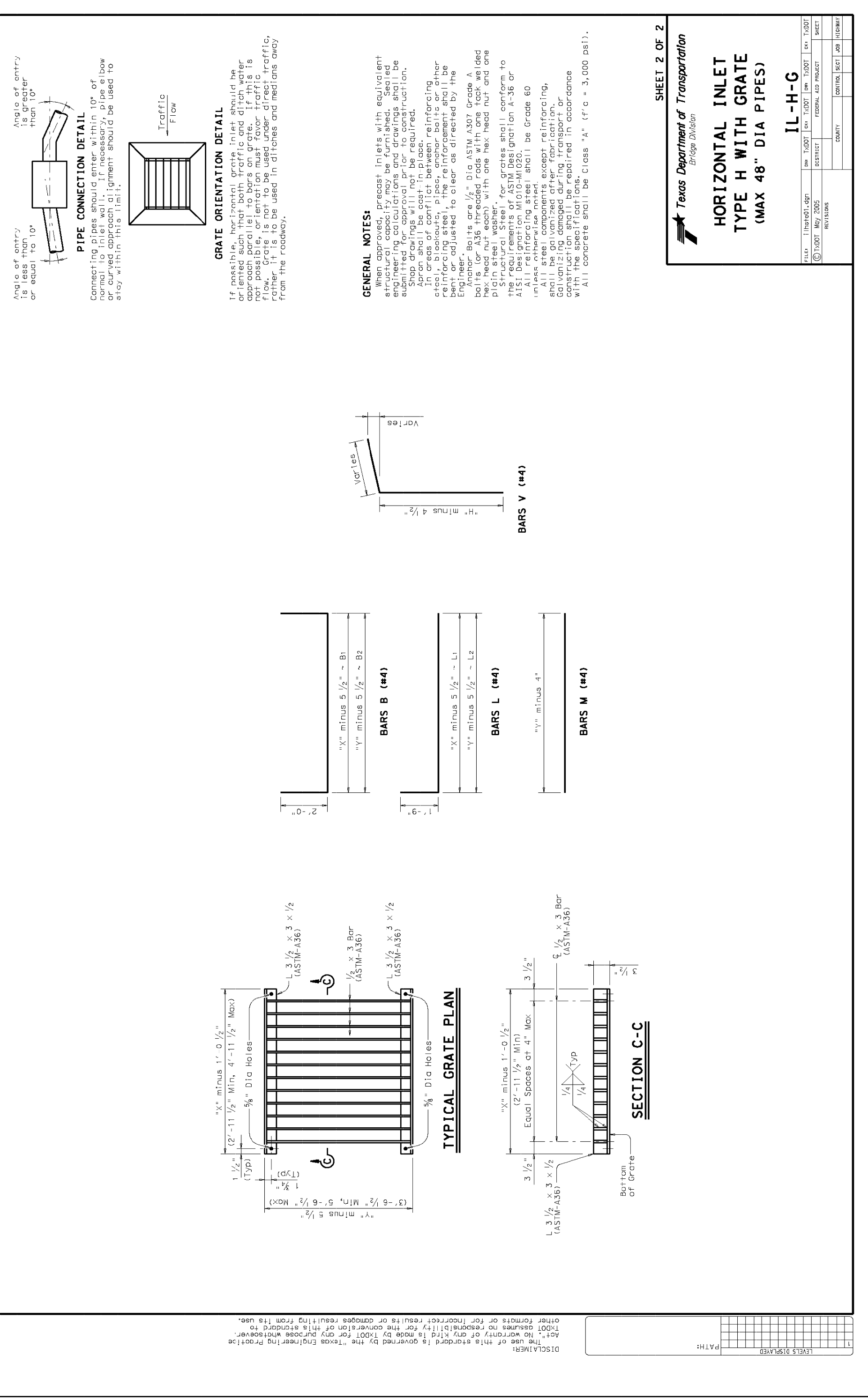
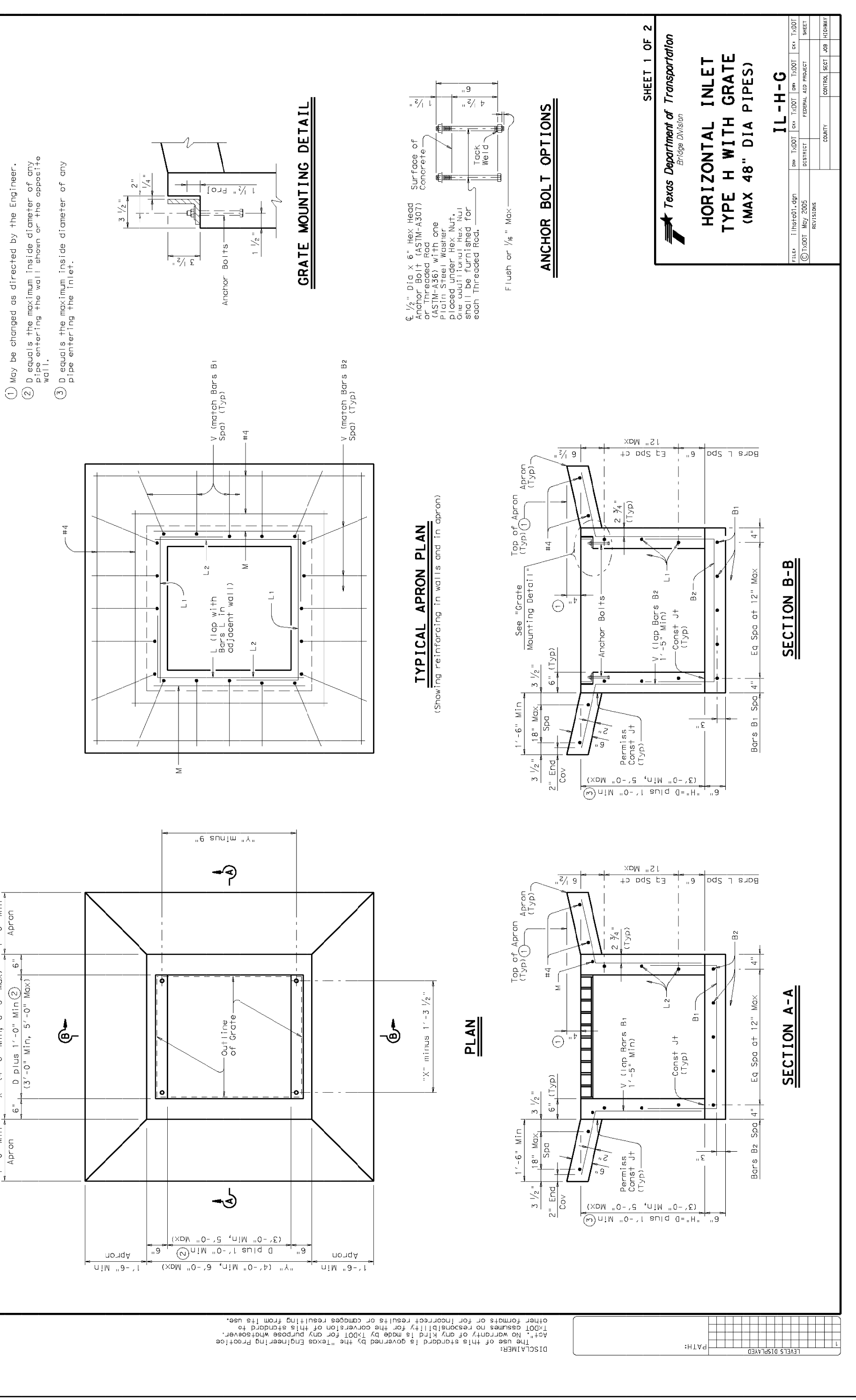
REVISIONS:

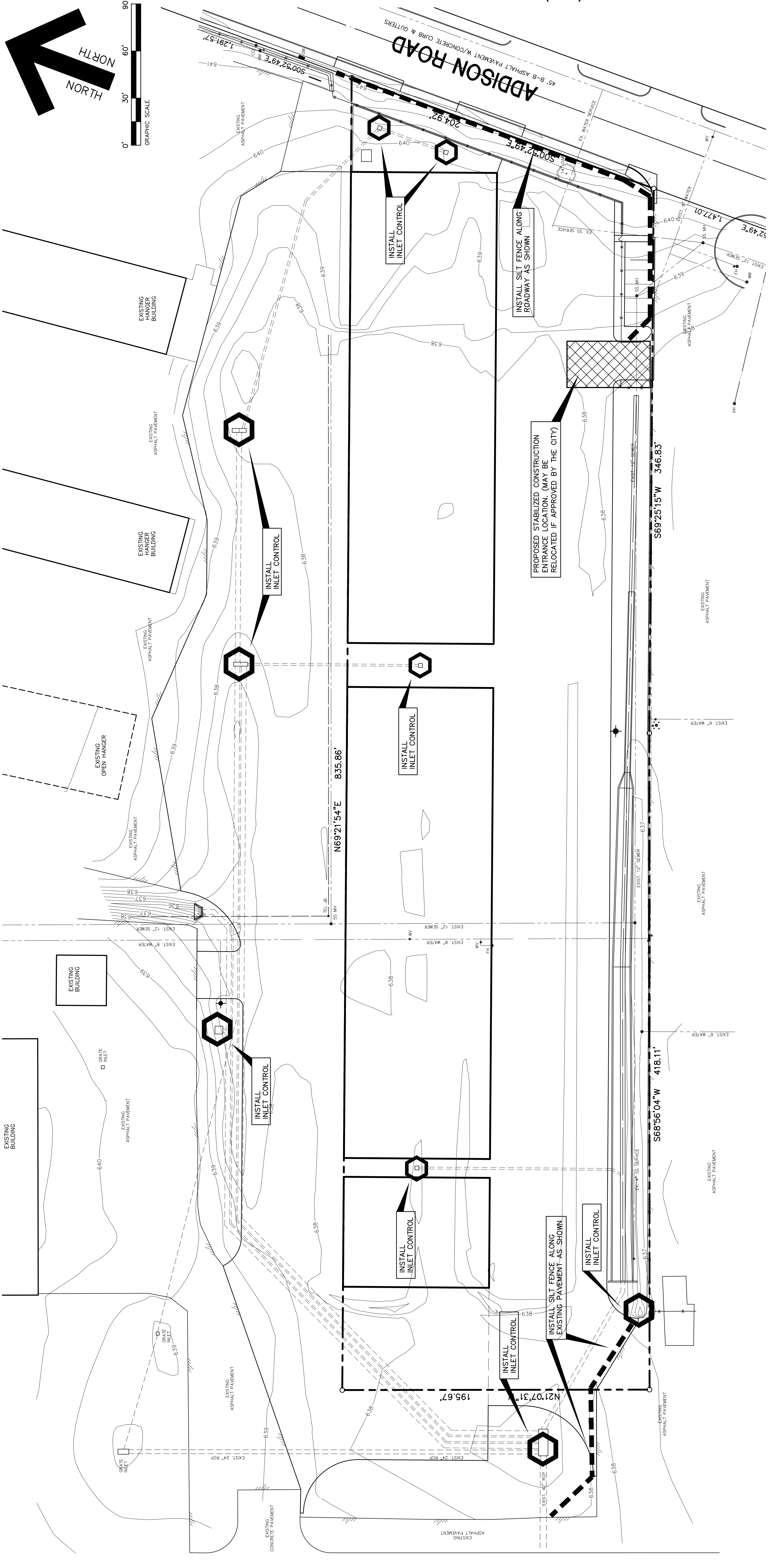
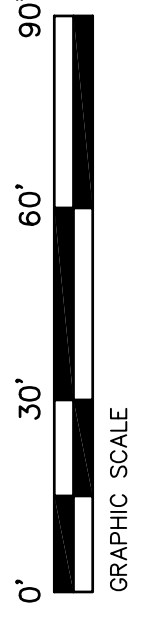
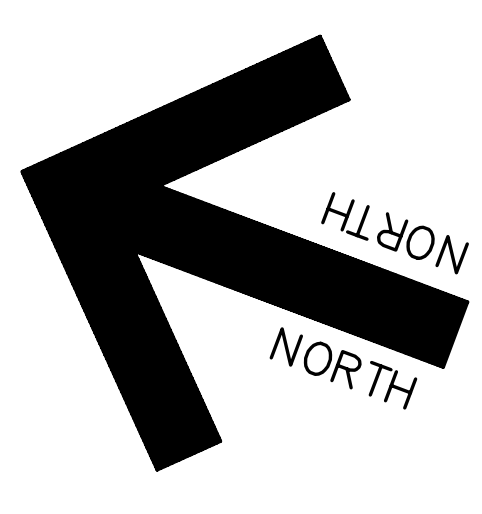
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- NOTES:
1. JUNCTION BOX TO BE CONSTRUCTED TO DIMENSIONS SHOWN HERE. REFER TO TYPICAL DETAILS FOR GRATE AND ANCHOR DETAILS.
 2. REINFORCING STEEL IN SIDES, TOP & BOTTOM TO BE NO. 4 BARS AT 12" O.C. E.W.

JUNCTION BOX DETAIL WITH TYPE H GRATE INLET
 NOT TO SCALE





| NO. | REVISIONS |
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LEGEND

- 545 — EXISTING CONTOUR LINE
- PROPOSED SILT FENCE
- [Hatched Box] PROPOSED STABILIZED CONSTRUCTION ENTRANCE
- [Hexagon] INLET CONTROL - SILT FENCE CONSTRUCTED 5' MAX. AROUND INLET

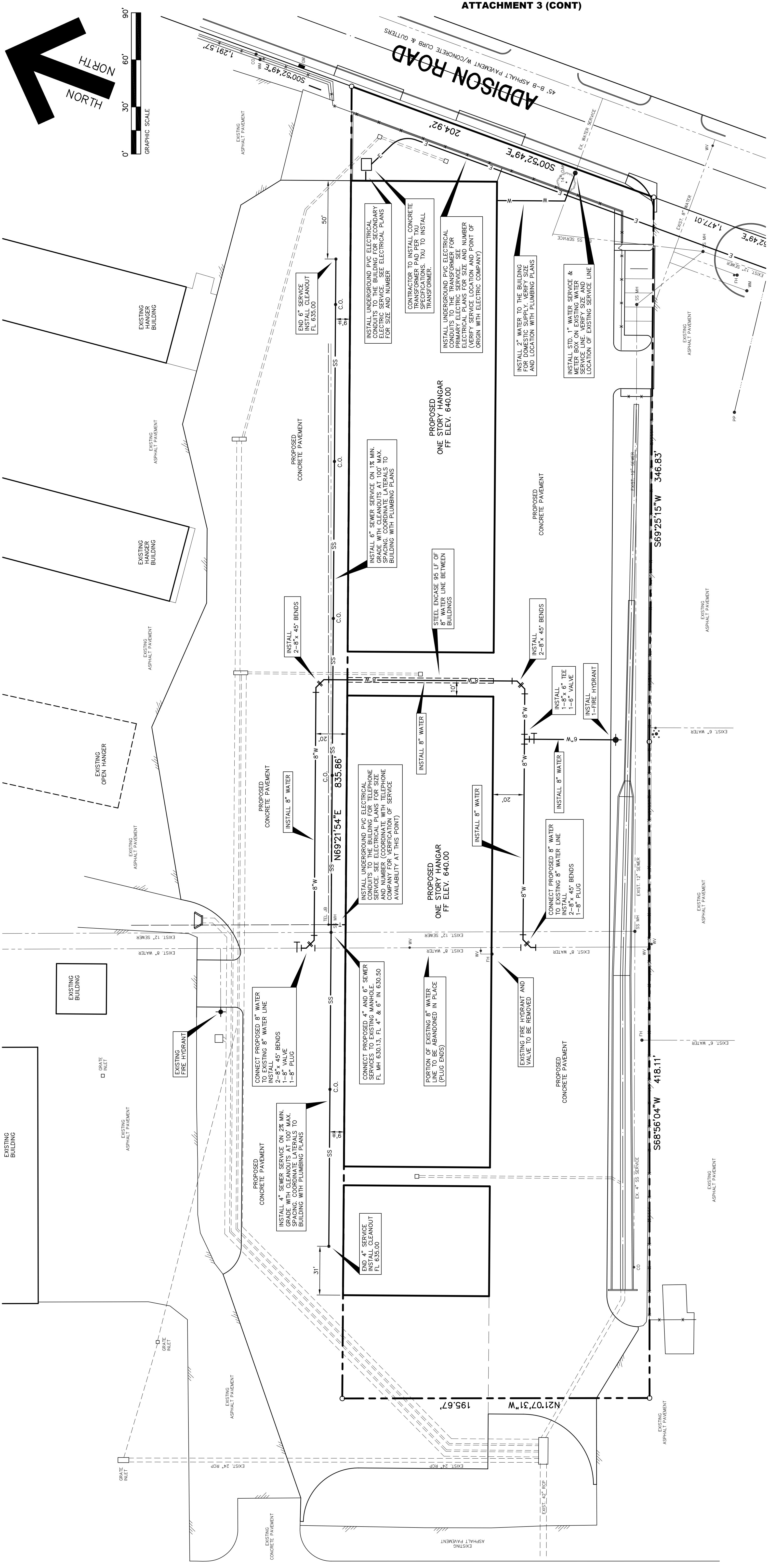
- GENERAL NOTES:**
- THE GENERAL CONTRACTOR AND OWNER RESPONSIBLE FOR PREVENTING SEDIMENT AND OTHER POLLUTANTS FROM LEAVING THE SITE. CARE SHALL BE EXERCISED TO PREVENT THE FLOW OR OFF-SITE TRACKING OF SEDIMENT AND OTHER POLLUTANTS TO ADJACENT PAVED DRIVEWAYS, LAKEVIEW PARKWAY, INLETS AND STORM DRAIN SYSTEM.
 - ALL LOCATIONS USED AS AN EXIT MUST HAVE ROCK STABILIZATION 50' MINIMUM LENGTH, 3" DIAMETER STONE OVER GEOTEXTILE FABRIC.
 - THE STABILIZED CONSTRUCTION ENTRY/EXIT SHALL BE USED AS A WHEEL WASH AREA FOR ALL TRUCKS LEAVING THE SITE.
 - A BURN OR OTHER SOIL PROTECTION MEASURE SHALL BE CONSTRUCTED FOR ANY TEMPORARY FUEL STORAGE TANKS ON SITE DURING CONSTRUCTION.
 - ALL TRASH SHALL BE CONTAINED IN AN ENCLOSURE UNTIL PROPER DISPOSAL AT OFF-SITE FACILITIES.
 - VEHICLE PARKING AREAS, STORAGES, STOCKPILES, ETC. SHALL BE LOCATED SUCH THAT THEY DO NOT AFFECT STORM DRAINAGE. STORM DRAINAGE SHALL BE MAINTAINED THROUGH THE AREAS WITH PROTECTIVE MEASURES SHALL BE NECESSARY.
 - A DENSITY OF TEMPORARY OR PERMANENT GROUND COVER (I.E., VEGETATION, EROSION CONTROL, AND SINGLES, ETC.) SUFFICIENT TO PREVENT EROSION SHALL BE ESTABLISHED ON ALL EXPOSED AREAS IN A TIMELY MANNER IN ORDER TO PREVENT EROSION PROBLEMS FROM DEVELOPING IN THESE AREAS.
 - ALL SURFACE AREAS DISTURBED WITHIN OR ADJACENT TO THE CONSTRUCTION LIMITS MUST BE PERMANENTLY STABILIZED. STABILIZATION IS OBTAINED WHEN THE SITE IS COVERED WITH IMPERVIOUS STRUCTURES, PAVING OR A UNIFORM PERENNIAL VEGETATIVE COVER. THE PERENNIAL VEGETATION MUST HAVE A COVERAGE DENSITY OF AT LEAST 70 PERCENT. STABILIZATION IS REQUIRED BEFORE TERMINATING MAINTENANCE AND REMOVAL OF EROSION CONTROL MEASURES.
 - ALL PERIMETER EROSION CONTROL MEASURES AND A ROCK STABILIZED ENTRY/EXIT MUST BE IN PLACE BEFORE STARTING SOIL DISTURBING ACTIVITIES.
 - EROSION CONTROL MEASURES THAT PROVE TO BE INEFFECTIVE SHALL BE REPLACED WITH MORE EFFECTIVE MEASURES OR ADDITIONAL MEASURES.

- A MAINTENANCE PROGRAM FOR ALL PROPOSED EROSION CONTROL MEASURES SHALL BE ESTABLISHED.
- TO PREVENT ENTRY OF SEDIMENT INTO PROPOSED STORM SEWERS DURING CONSTRUCTION, INSTALL PIPE SEDIMENT FILTER OR SEDIMENT BARRIER AT THE END OF EACH WORK DAY.
- CONTRACTOR TO CONSTRUCT A PIT OR WASH BASIN ON-SITE FOR WASH-OUT OF CONCRETE TRUCKS.
- PUMPS ARE USED TO REMOVE WATER FROM POUNDED AREAS. FILTER THE DISCHARGE TO PREVENT EROSION. DO NOT BYPASS SILT BARRIERS OR INLET SEDIMENT FILTERS WITH THE DISCHARGE.
- TO PREVENT DAMAGE TO VEGETATION IN DOWNSTREAM WATER COURSES, LIMIT ANY PROPOSED LINE STABILIZATION OPERATIONS TO THAT WHICH CAN BE MIXED AND COMPACTED BY THE END OF EACH WORK DAY. A SILT FENCE IS NOT EFFECTIVE IN FILTERING LINE SINCE THE GRAIN SIZE IS SIGNIFICANTLY SMALLER THAN THE OPENING IN THE FABRIC.
- THE CONTRACTOR(S) SHALL INSPECT EROSION CONTROL MEASURES AT LEAST ONCE EACH WEEK AND WITHIN 24 HOURS AFTER A STORM EVENT OF 1/2 INCH OR GREATER. REPAIR OR REPLACE EROSION CONTROL MEASURES THAT PROVE TO BE INEFFECTIVE SHALL BE REPLACED WITH MORE EFFECTIVE MEASURES OR ADDITIONAL MEASURES WITHIN SEVEN (7) CALENDAR DAYS.
- FOR ALTERNATIVE STABILIZATION AND EROSION CONTROL MEASURES, REFER TO THE CONSTRUCTION BEST MANAGEMENT PRACTICES (BMP) MANUAL PUBLISHED BY NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS.
- CONTRACTOR TO CHECK AREAS ADJACENT TO PROPERTY DAILY FOR CONSTRUCTION WASTE MATERIALS AND DEBRIS THAT HAVE BLOWN OR WASHED OFF-SITE AND REMOVE IMMEDIATELY.
- CONTAIN ALL RUNOFF FROM MATERIALS USED IN THE SUBGRADE STABILIZATION PROCESO EACH US.
- INLET PROTECTION TO REMAIN IN PLACE UNTIL DRAINAGE AREAS CONTRIBUTING TO EACH INLET IS ESTABLISHED WITH VEGETATION (LAWN).

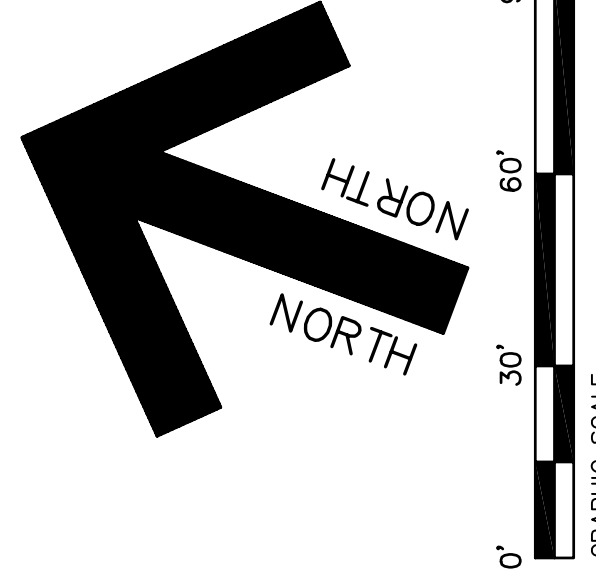
EROSION CONTROL PLAN
 HANGER ADDITION PLANS FOR
 EXECUTIVE HANGER OWNERS ASSOCIATION OF ADDISON
 ADDISON AIRPORT
 ADDISON, TEXAS

PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS
 ENGINEERS SURVEYORS LAND PLANNERS
 2800 Texas Drive Suite 100 Irving, Texas 75062
 Tel 972-252-8387 Fax 972-252-8669

DATE: APR. 8, 2008 DRAWN BY: SAS CHECKED BY: JDJR SHEET NO. **C9** of **10**
 SCALE: 1" = 30'



ATTACHMENT 3 (CONT)



| NO. | REVISIONS |
|-----|-----------|
| | |
| | |
| | |
| | |

UTILITY SERVICES PLAN
 HANGER ADDITION PLANS FOR
 EXECUTIVE HANGAR OWNERS ASSOCIATION OF ADDISON
 AIRPORT
 ADDISON, TEXAS

PREPARED BY:
JDJR ENGINEERS AND CONSULTANTS

ENGINEERS SURVEYORS LAND PLANNERS
 2800 Texas Drive Suite 100 Irving, Texas 75062
 Tel 972-252-5357 Fax 972-252-9699

DATE: APR. 8, 2008 DRAWN BY: SAS CHECKED BY: JDJR SHEET NO. **C10** of **10**
 SCALE: 1" = 30'

- GENERAL NOTES:
1. ALL CONSTRUCTION SHALL BE DONE IN STRICT CONFORMANCE TO THESE PLANS AND ALL APPLICABLE MUNICIPAL CODES AND STANDARDS.
 2. THE CONTRACTOR SHALL MAKE APPLICATION FOR SERVICES, OBTAIN ALL PERMITS, AND PAY ALL CHARGES, FEES, AND CONNECTION COSTS REQUIRED FOR EACH UTILITY SERVICE. (THESE COSTS AND FEES SHALL NOT BE INCLUDED IN THE BASE BID).
 3. SEE PLUMBING AND ELECTRICAL PLANS FOR EXACT LOCATIONS AND DETAILS OF SERVICES INTO BUILDING.
 4. CONTRACTOR TO VERIFY THE LOCATION AND DEPTH OF ALL EXISTING UTILITIES PRIOR TO CONSTRUCTION.

- EXISTING UTILITIES NOTES:
1. THE LOCATION OF ALL UNDERGROUND FACILITIES AS INDICATED ON THE PLANS ARE TAKEN FROM PUBLIC RECORDS. JDJR ENGINEERS & CONSULTANTS ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF SUCH RECORDS AND DOES NOT GUARANTEE THAT ALL UNDERGROUND UTILITIES ARE SHOWN OR ARE LOCATED PRECISELY AS INDICATED.
 2. IT IS THE RESPONSIBILITY OF THE CONTRACTOR TO MAKE ARRANGEMENTS WITH THE OWNERS OF SUCH UNDERGROUND FACILITIES PRIOR TO WORKING IN THE AREA TO CONFIRM THEIR EXACT LOCATION AND TO DETERMINE WHETHER ANY ADDITIONAL FACILITIES OTHER THAN THOSE SHOWN ON THE PLANS MAY BE PRESENT.
 3. THE CONTRACTOR SHALL PRESERVE AND PROTECT ALL UNDERGROUND FACILITIES FOUND.
 4. NOTIFY JDJR ENGINEERS & CONSULTANTS IF ANY UNDERGROUND UTILITIES ARE NOT IN THE LOCATIONS INDICATED ON THESE PLANS (HORIZONTALLY AND VERTICALLY) OR CONFLICT WITH ANY PROPOSED IMPROVEMENTS ASSOCIATED WITH THESE PLANS.
 5. ANY EXISTING UTILITY APPURTENANCES (MH, VALVES, METER BOXES, ETC.) TO BE ADJUSTED TO MATCH THE PROPOSED FINISHED GRADES AS INDICATED ON THESE PLANS. NOTIFY JDJR ENGINEERS & CONSULTANTS, INC. IF THERE IS A PROBLEM MAKING SAID ADJUSTMENTS.

ITEM #R12

Please see Ordinance attached to #R11.

Council Agenda Item: #R13

SUMMARY:

Consideration of a resolution authorizing the City Manager to accept and enter into a RAMP (Routine Airport Maintenance Program) Grant Agreement between the Texas Department of Transportation and the Town of Addison, for airport improvements at Addison Airport.

FINANCIAL IMPACT:

| | |
|---------------|----------|
| Airport Fund: | \$50,000 |
| RAMP Grant | \$50,000 |

BACKGROUND:

The Town of Addison annually receives a RAMP (Routine Airport Maintenance Program) grant administered by the Texas Department of Transportation, Aviation Department under the State Block Grant program. The grant is eligible for maintenance projects on the airport such as, pavement repairs, pavement markings, general maintenance, etc. This year staff has earmarked the grant to be used for taxiway and drainage improvements associated with a new hangar development. The grant will be a 50/50 matching grant, \$50,000 TXDOT Funds and \$50,000 Town of Addison Airport Funds.

Funds required for the Town's share is budgeted and available in the Airport fund.

RECOMMENDATION:

Staff recommends approval.

MA

Council Agenda Item: #R14

SUMMARY:

Presentation and discussion of the revised Employee Handbook

FINANCIAL IMPACT:

N/A

BACKGROUND:

The Town of Addison's Employee Handbook had not been updated in a number of years. Therefore, the Town contracted with former Human Resources Director, Judy Stafford, in conjunction with Bettye Lynn, Attorney at Law, to review and ensure that the Town's current policies and practices are reflected in the handbook. In addition, staff, including the City Attorney, Department Directors and the Human Resources staff, has had the opportunity to review and suggest changes.

On April 22, 2008, the Employee Handbook was presented to Council for discussion. After further consultation with Bettye Lynn, the attached policies have been revised and staff would like to present the Employee Handbook for adoption.

RECOMMENDATION:

Staff recommends adoption of the revised Employee Handbook.

Department of Financial & Strategic Services
Quarterly Review

For the Period and Year March 31, 2008

*Town of Addison
May 2008*

Quarter Ended 3/31/08

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| Attachments: | |
| First Southwest Portfolio Report | Attached |

Executive Dashboard – 2nd Quarter, 2008 Fiscal Year

Financial Indicators

Key Revenue Sources:

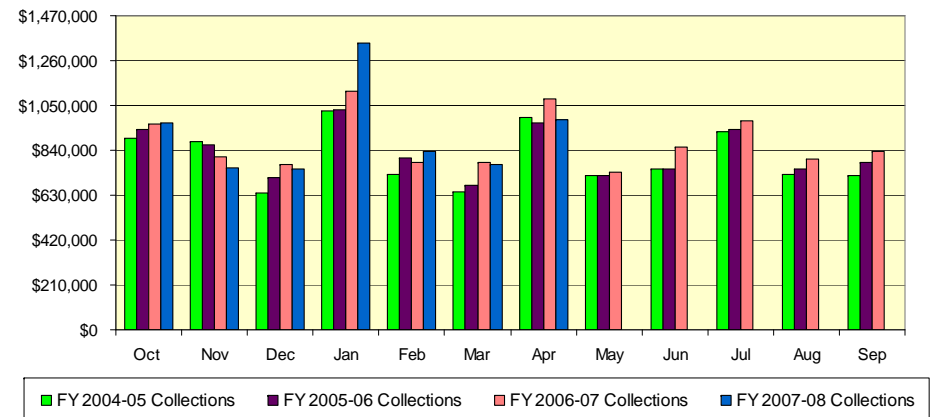
| | FY08 Budget | FY08 Projection* | Outlook/Variance |
|-------------------------|--------------|------------------|------------------|
| Ad Valorem Taxes | \$10,244,110 | \$10,280,000 | \$35,890 |
| Sales Taxes | \$10,732,900 | \$10,773,000 | \$40,100 |
| Franchise Fees | \$2,590,000 | \$2,650,000 | \$60,000 |
| Licenses and Permits | \$557,900 | \$625,000 | \$67,100 |
| Court Fines | \$1,143,000 | \$1,250,000 | \$107,000 |
| Hotel Tax | \$5,400,000 | \$5,200,000 | (\$200,000) |
| Fuel Flowage Fees | \$975,000 | \$835,000 | (\$140,000) |
| Water and Sewer Charges | \$9,826,800 | \$8,500,000 | (\$1,326,800) |

Key Expenditures:

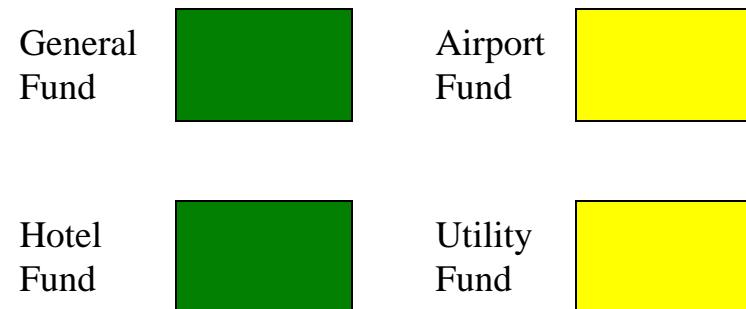
| | FY08 Budget | FY08 Projection* | Outlook/Variance |
|--------------------|--------------|------------------|------------------|
| General Fund | \$28,987,270 | \$28,300,000 | \$687,270 |
| Hotel Fund | \$6,763,490 | \$6,670,000 | \$93,490 |
| Airport Operations | \$3,394,320 | \$3,250,000 | \$144,320 |
| Utility Dept. | \$2,589,040 | \$2,431,000 | \$158,040 |

*Using data through December 31, 2007

Addison Sales Tax Collections



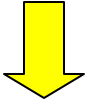

Overall Fund Outlook:



Executive Dashboard – 2nd Quarter, 2008 Fiscal Year



Economic Indicators

Office Occupancy Indicators:

North Dallas / Addison  Down from 83.05% to 83.01% Dallas/Fort Worth Metroplex  Up from 77.46% to 80.92%



Source: Blacks Guide, Summer/Fall 2007 vs Winter/Spring 2008

Hotel Indicators:

Hotel Occupancy  2008 down 0.4% from 2006 RevPAR  2008 up \$3.03 from 2007

Source: STR Report – March 2007 vs. March 2008

Area Economic Indicators:

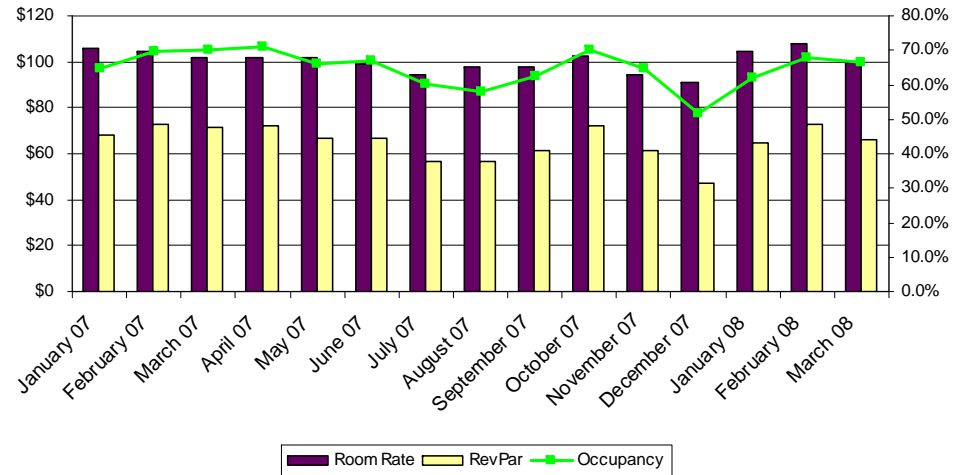
Area Employment  2008 up 0.4% from 2007 Texas Leading Indicators Index  2008 up 1.21 points from 2007

Source: Dallas Federal Reserve

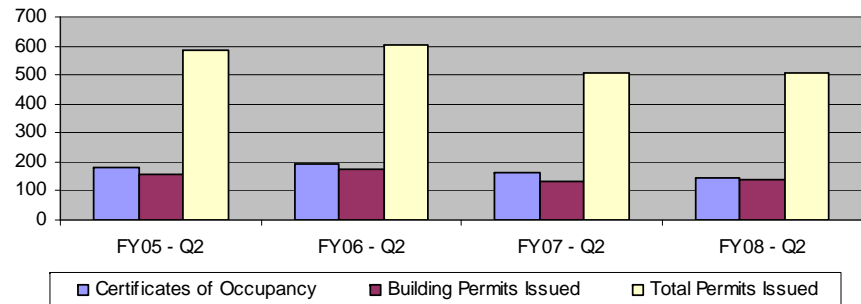
Building Permit Activity:

| | FY 2007 (thru March 31st) | FY 2008 (thru March 31st) |
|---------------------------|------------------------------|------------------------------|
| Certificates of Occupancy | 133 | 147 |
| Building Permits Issued | 162 | 140 |
| Total Permits Issued | 508 | 506 |
| Total Valuation | \$40,265,178 | \$47,891,800 |

Hotel Industry Statistics



Comparison of Permit Activity



Contract Summary Dashboard - 2nd Quarter, 2008 Fiscal Year

For the period ended March 31, 2008

Status of Current Contracts

Type of Service

Key Maintenance / Services Contracts

| <u>Contract</u> | <u>Vendor/Contractor</u> | <u>Contract Amount</u> | <u>Paid Amount YTD</u> | <u>% of Contract</u> | <u>Status</u> | <u>Comments</u> |
|----------------------------------------|----------------------------|------------------------|------------------------|----------------------|---------------|---------------------------|
| General Services - HVAC Maintenance | Brothers A/C & Heating | \$89,652 | \$44,826 | 50% | | |
| General Services - Janitorial Services | Jani-King of Dallas | \$102,480 | \$64,216 | 63% | | |
| Parks Mowing | Blade Turner | \$146,000 | \$23,381 | 16% | | New Contract Began 2/1/08 |
| Street Sweeping | Sweeping Services of Texas | \$53,000 | \$25,909 | 49% | | Contract expires 9/30/08 |
| Solid Waste Pick-Up | Waste Management | \$224,160 | \$107,031 | 48% | | |

Key Construction Contracts





| <u>Contract</u> | <u>Vendor/Contractor</u> | <u>Contract Amount*</u> | <u>Paid Amount YTD</u> | <u>% of Contract</u> | <u>Status</u> | <u>Comments</u> |
|---------------------------------|--------------------------|-------------------------|------------------------|----------------------|---------------|--------------------------------------------------------------------------------------------------|
| Addison Road Widening | JRJ Paving | \$2,182,499 | \$1,111,073 | 51% | | Final Payment scheduled for May 08 |
| Easement Park Playground Repair | Maffco Construction | \$75,000 | \$43,890 | 59% | | Project complete - cost differential from renovating existing structure vs. purchasing a new one |
| Airport Paving Improvements | Northstar | \$770,000 | \$462,026 | 60% | | Final Payment scheduled for June 08 |

Key Maintenance / Services Contracts

| <u>Contract</u> | <u>Vendor/Contractor</u> | <u>Contract Amount**</u> | <u>Paid Amount YTD</u> | <u>% of Contract</u> | <u>Status</u> | <u>Comments</u> |
|----------------------|--------------------------|--------------------------|------------------------|----------------------|---------------|------------------------------------------------|
| Legal Services | Cowles and Thompson | \$466,500 | \$323,117 | 69% | | Through midyear, legal fees typically run high |
| Investment Services | First Southwest | \$49,000 | \$23,143 | 47% | | |
| Advertising Services | Krause | \$948,430 | \$343,282 | 36% | | |
| Sponsorship Services | PPI and Cavanaugh | \$86,000 | \$22,500 | 26% | | |
| Airport Management | Washington Staubach | \$1,014,670 | \$429,879 | 42% | | |

*Includes all change orders

**Because contract amounts are based on different variables (hourly rate, percentage of funds invested, etc), contract amount represents amount budgeted for 2008 fiscal year

| | |
|--------------|---------------------------------------------------------------------------------------|
| Completed |  |
| No issues |  |
| Some issues |  |
| Major issues |  |

To: Ron Whitehead, City Manager

From: Randy Moravec, Director

Re: Second Quarter FY 2008 Financial Report

Date: May 21, 2008

**Financial & Strategic
Services Department**

M E M O

Included in this report for the first time is a contract “dashboard” developed to give council and staff an idea of how well contracts with private entities are performing. The Council is invited to share their comments as to whether this representation is helpful to their understanding of the Town’s service contracts.

GENERAL FUND

- Revenues for the first half of the year totaled \$19.2 million, which is \$1.4 million, or 7.8% more than received this time a year ago.
- Property tax collections are up \$1.1 million due to a higher levy.
- Sales tax through March is up 4%, compared to 4.6% recorded by Dallas County and 6% enjoyed by the State of Texas.
- Through six months, operating expenditures (excluding budgeted purchase of parking lot long-term lease) total over \$12.3 million, which is 42.5% of budget and \$833k more than spent this time last year. Much of the increase is attributed to the extensive scope of maintenance projects that were included in the 2008 budget.
- Because of increasing fuel prices, special attention is given to fuel and electricity purchases. Through March, total fuel prices of \$102k represent 60% of budget and are 23.6% more than last year. Electric power expenditures to date total \$335k, which is only 9.1% more than budget. However, CAPP, the aggregation group of which the Town is a member, had to renew its power contract beginning June 1 at 10.85¢ kWh compared to the 8.57¢ kWh price currently under contract. CAPP is working to obtain a long-term pricing contract that will protect its member cities from future price increases.

HOTEL FUND

- Revenues through the second quarter totaled \$3.2 million, up \$33k from last year. Hotel occupancy taxes fell one percent compared with the same quarter last year, but are up one percent year-to-date. The Town’s three full-service hotels experienced a 2% decline that was offset by increases in other hotel categories. All other revenues are performing within budget parameters for this time of year.
- Through half the year, operating expenditures amounted to \$2.6 million, up \$173k from last year.

AIRPORT FUND

- Operating revenue through six months totaled \$1.7 million, a 4.6% decline from last year. Income from rentals is down \$48k and fuel flowage fees are down \$33k. Although the

decline in income is relatively minor, there is concern that rising fuel prices will dampen general aviation travel.

- Year-do-date operating expenses amounted to \$1.4 million, contributing to net income of \$283k. However, with the retirement of debt and capital expenditures, working capital (fund balance) declined \$303k.
- As noted in the last few quarterly reviews, the long-term trend for airport working capital is one of caution. With declining, or even stable income sources, the Town will have limited abilities to make needed capital improvements to the facilities.

UTILITY FUND

- Operating revenues through the second quarter total \$3.4 million, which represents a 5.4% decline from a year ago. The decline is directly related to the reduced volume of water sold to Addison's customers. Water consumption of 608 million gallons through six months is down 12.1% from a year ago. Much of the decline is attributed to the removal of xxx apartments in the Brookhaven Club area to make ready for the UDR development. Operating expenses total \$2.8 million, representing a \$340k decline from a year ago.
- Net income of \$499k is offset by \$1.1 million in debt retirement and capital expenditures, contributing to a \$555k decline in fund working capital.
- The general outlook for this fund is one of caution. It is interesting to note that despite the relatively cool, wet spring, water sales from irrigation meters is slightly up. The declines in water volume have come from other customer categories, notably multi-family. For example, water sales to the Town's hotels is down 8.5%, that may be a result of water conservation efforts by these businesses.

CASH AND INVESTMENT REPORT

- Cash for all funds as of March 31, 2008 totaled \$44.4 million, a net increase of \$4.4 million from last quarter. The increase is due to the collection of property taxes that were due January 31. Typically, the end of the second quarter is when the Town records its highest cash balances.
- The Town's average investment yield to maturity as of 03/31/08 was 3.66%, down significantly from the 5.0% of the previous quarter and 5.2% same time last year. The average weighted maturity increased 17 days to 229 days.
- Despite the decline in interest rates, the Town's return is 69 basis points above the benchmark Texpool return due to the long-term investments made before the decline in interest rates. We concur with the investment strategy recommended by First Southwest and will continue to keep investments relatively short in the six to nine month range during this period of low interest rates.

TOWN OF ADDISON

EXECUTIVE SUMMARY OF MAJOR OPERATING FUNDS FOR THE QUARTER ENDED MARCH 31, 2008 UNAUDITED ACTUAL AMOUNTS COMPARED TO THE 2008 ADOPTED BUDGET AND PREVIOUS YEAR ACTUAL FOR SAME PERIOD

All Amounts Expressed in Thousands of Dollars

| | General Fund | | | Hotel Fund | | | Airport Fund | | | Utility Fund | | | Total Major Operating Funds* | | |
|---------------------------------------|-------------------|-----------------|---------------|-----------------|---------------|---------------|-----------------|-----------------|---------------|-------------------|-----------------|--------------|------------------------------|-----------------|---------------|
| | Budget | Actual | PY Actual | Budget | Actual | PY Actual | Budget | Actual | PY Actual | Budget | Actual | PY Actual | Budget | Actual | PY Actual |
| RESOURCES | | | | | | | | | | | | | | | |
| Ad Valorem Tax | \$ 10,272 | \$ 10,187 | \$ 9,136 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,272 | \$ 10,187 | \$ 9,136 |
| Non-Property Tax | 11,699 | 5,675 | 5,464 | 5,400 | 2,593 | 2,569 | - | - | - | - | - | - | 17,099 | 8,268 | 8,033 |
| Franchise Fees | 2,590 | 1,365 | 1,314 | - | - | - | - | - | - | - | - | - | 2,590 | 1,365 | 1,314 |
| Service/Permitting/License Fees | 1,825 | 941 | 940 | 1,456 | 208 | 217 | 1,010 | 369 | 403 | 9,887 | 3,432 | 3,629 | 14,178 | 4,950 | 5,189 |
| Rental, Interest and Other Income | 1,900 | 1,033 | 952 | 854 | 420 | 401 | 3,237 | 1,403 | 1,470 | 200 | 124 | 129 | 6,191 | 2,980 | 2,952 |
| Transfers and Other Sources | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Resources | 28,285 | 19,201 | 17,807 | 7,710 | 3,221 | 3,187 | 4,247 | 1,773 | 1,873 | 10,087 | 3,555 | 3,758 | 50,329 | 27,750 | 26,625 |
| APPLICATION OF RESOURCES | | | | | | | | | | | | | | | |
| Personal Services | 18,778 | 8,376 | 8,264 | 1,558 | 708 | 582 | 284 | 197 | 126 | 1,362 | 667 | 623 | 21,981 | 9,948 | 9,595 |
| Supplies and Materials | 1,181 | 592 | 515 | 120 | 55 | 39 | 24 | 8 | 6 | 119 | 51 | 55 | 1,444 | 707 | 615 |
| Maintenance | 3,606 | 910 | 580 | 540 | 178 | 180 | 1,616 | 527 | 523 | 486 | 139 | 86 | 6,248 | 1,754 | 1,369 |
| Contractual Services | 4,329 | 1,885 | 1,611 | 4,212 | 1,199 | 1,154 | 1,471 | 681 | 806 | 5,055 | 1,934 | 2,367 | 15,067 | 5,698 | 5,938 |
| Capital Equipment Amortization | 1,078 | 539 | 524 | 61 | 30 | 11 | - | - | - | 18 | 9 | 9 | 1,157 | 578 | 544 |
| Capital Equipment/Projects | 15 | 30 | 5 | 273 | 51 | 78 | 988 | 469 | 62 | 1,751 | - | 102 | 3,026 | 550 | 247 |
| Transfers and Other Uses** | 1,500 | - | - | 1,200 | 350 | 353 | 389 | 194 | 193 | 2,623 | 1,311 | 1,305 | 5,711 | 1,856 | 1,851 |
| Total Application of Resources | 30,487 | 12,332 | 11,499 | 7,963 | 2,571 | 2,397 | 4,770 | 2,076 | 1,716 | 11,414 | 4,111 | 4,547 | 54,636 | 21,091 | 20,159 |
| Net Change in Fund Balances | \$ (2,202) | \$ 6,869 | 6,308 | \$ (253) | \$ 649 | \$ 790 | \$ (523) | \$ (303) | \$ 157 | \$ (1,328) | \$ (556) | (789) | \$ (4,307) | \$ 6,659 | 6,466 |

Notes:

* Totals may not exactly match due to rounding.

** Transfers and other uses includes interfund transfers and and retirement of debt in the Airport and Utility funds.

TOWN OF ADDISON
GENERAL FUND
FY 2008 QUARTERLY STATEMENT OF REVENUES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

| Category | 2007-08 FY | | | | 2006-07 | |
|-------------------------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Budget | 2nd Quarter | Year-to-Date | YTD as % of Budget | Year-to-Date | YTD as % of Budget |
| Advalorem taxes: | | | | | | |
| Current taxes | \$ 10,244,110 | \$ 8,517,740 | \$ 10,158,127 | 99.2% | \$ 9,148,451 | 97.6% |
| Delinquent taxes | 3,450 | (7,971) | 13,657 | 395.9% | (40,587) | -403.9% |
| Penalty & interest | 24,130 | 11,172 | 15,332 | 63.5% | 28,409 | 121.1% |
| Non-property taxes: | | | | | | |
| Sales tax | 10,732,900 | 2,949,383 | 5,433,316 | 50.6% | 5,226,742 | 51.1% |
| Alcoholic beverage tax | 966,400 | 241,906 | 241,906 | 25.0% | 237,179 | 25.6% |
| Franchise / right-of-way use fees: | | | | | | |
| Electric franchise | 1,600,000 | 448,971 | 816,683 | 51.0% | 841,373 | 50.4% |
| Gas franchise | 225,000 | 241,907 | 241,907 | 107.5% | 229,347 | 101.9% |
| Telecommunication access fees* | 631,800 | 230,703 | 230,703 | 36.5% | 183,358 | 27.6% |
| Cable franchise | 110,700 | 32,073 | 63,723 | 57.6% | 51,254 | 46.3% |
| Wireless network fees | 15,000 | 8,000 | 8,000 | 53.3% | 5,691 | 37.9% |
| Street rental fees | 7,500 | 1,250 | 3,500 | 46.7% | 3,383 | 42.3% |
| Licenses and permits: | | | | | | |
| Business licenses and permits | 146,800 | 10,588 | 45,933 | 31.3% | 64,884 | 43.4% |
| Building and construction permits | 411,100 | 174,683 | 248,904 | 60.5% | 276,015 | 73.5% |
| Intergovernmental revenue | - | - | - | 0.0% | - | 0.0% |
| Service fees: | | | | | | |
| General government | 600 | 79 | 129 | 21.5% | 315 | 35.0% |
| Public safety | 724,700 | 197,726 | 372,035 | 51.3% | 309,399 | 44.8% |
| Urban development | 4,600 | 4,105 | 5,415 | 117.7% | 3,370 | 71.9% |
| Streets and sanitation | 296,900 | 81,425 | 146,656 | 49.4% | 172,869 | 63.7% |
| Recreation | 58,400 | 16,061 | 31,006 | 53.1% | 30,828 | 44.7% |
| Interfund | 181,650 | 45,414 | 90,828 | 50.0% | 82,506 | 50.0% |
| Court fines | 1,143,000 | 303,630 | 604,368 | 52.9% | 578,842 | 64.8% |
| Interest earnings | 561,000 | 182,688 | 297,688 | 53.1% | 240,174 | 70.6% |
| Rental income | 146,500 | 48,834 | 85,458 | 58.3% | 70,750 | 49.1% |
| Other | 49,000 | 38,944 | 45,786 | 93.4% | 62,459 | 166.6% |
| Total Revenues | \$ 28,285,240 | \$ 13,779,311 | \$ 19,201,060 | 67.9% | \$ 17,807,011 | 67.5% |

NOTES:

* Telecommunication fees are due 45 days following the end of the quarter. First quarter report completed prior to deadline which explains disparity compared to previous year.

TOWN OF ADDISON
GENERAL FUND
FY 2008 QUARTERLY STATEMENT OF EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

| Category | 2007-08 FY | | | | 2006-07 | |
|--------------------------------|----------------------|---------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Budget | 2nd Quarter | Year-to-Date | YTD as % of Budget | Year-to-Date | YTD as % of Budget |
| General Government: | | | | | | |
| City manager | \$ 1,379,920 | \$ 260,823 | \$ 602,666 | 43.7% | \$ 600,894 | 53.7% |
| Financial & strategic services | 1,032,450 | 113,488 | 327,462 | 31.7% | 434,136 | 45.1% |
| General services | 931,620 | 140,758 | 318,909 | 34.2% | 348,940 | 46.3% |
| Municipal court | 457,320 | 109,540 | 201,478 | 44.1% | 196,795 | 46.2% |
| Human resources | 450,730 | 63,598 | 130,531 | 29.0% | 193,190 | 49.9% |
| Information technology | 1,573,200 | 363,711 | 552,027 | 35.1% | 511,727 | 46.3% |
| Combined services | 912,550 | 191,380 | 357,404 | 39.2% | 290,892 | 45.1% |
| Council projects | 284,380 | 40,244 | 203,905 | 71.7% | 212,092 | 77.4% |
| Public safety: | | | | | | |
| Police | 7,435,230 | 1,860,153 | 3,395,209 | 45.7% | 3,129,100 | 45.6% |
| Emergency communications | 1,057,820 | 208,292 | 525,372 | 49.7% | 504,393 | 53.5% |
| Fire | 6,138,000 | 1,564,725 | 2,845,832 | 46.4% | 2,761,074 | 48.7% |
| Development services | | | | | | |
| Streets | 937,680 | 239,454 | 457,917 | 48.8% | 358,604 | 45.8% |
| Parks and Recreation: | | | | | | |
| Parks | 2,089,910 | 426,192 | 812,392 | 38.9% | 530,328 | 31.4% |
| Parks | 2,637,690 | 477,747 | 1,012,459 | 38.4% | 911,260 | 35.4% |
| Recreation | 1,668,770 | 320,049 | 588,884 | 35.3% | 515,418 | 40.2% |
| OTHER FINANCING USES | | | | | | |
| Parking lot long-term lease | 1,500,000 | - | - | 0.0% | - | 0.0% |
| Total Expenditures | \$ 30,487,270 | \$ 6,380,157 | \$ 12,332,446 | 40.5% | \$ 11,498,844 | 45.1% |

NOTES:

1) N/A - Not Applicable

TOWN OF ADDISON

HOTEL FUND

FY 2008 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET

With Comparative Information from Prior Fiscal Year

| Category | 2007-08 FY | | | | 2006-07 | |
|-------------------------------------|---------------------|---------------------|---------------------|--------------------|---------------------|--------------------|
| | Budget | 2nd Quarter | Year-to-Date | YTD as % of Budget | Year-to-Date | YTD as % of Budget |
| Revenues: | | | | | | |
| Hotel/Motel occupancy taxes | \$ 5,400,000 | \$ 1,389,106 | \$ 2,592,567 | 48.0% | \$ 2,568,905 | 55.0% |
| Intergovernmental | - | - | - | 0.0% | - | 0.0% |
| Proceeds from special events | 1,456,000 | 198,430 | 208,447 | 14.3% | 216,740 | 19.3% |
| Conference centre rental | 516,000 | 120,123 | 239,950 | 46.5% | 242,325 | 48.5% |
| Theatre centre rental | 88,000 | 21,122 | 44,419 | 50.5% | 53,193 | 65.7% |
| Interest and miscellaneous | 250,000 | 65,164 | 135,288 | 54.1% | 105,942 | 62.8% |
| Total Revenues | 7,710,000 | 1,793,945 | 3,220,671 | 41.8% | \$ 3,187,105 | 48.0% |
| Expenditures and other uses: | | | | | | |
| Visitor services | 1,103,260 | 236,916 | 398,708 | 36.1% | 374,796 | 45.2% |
| Marketing | 1,216,480 | 260,038 | 409,751 | 33.7% | 379,794 | 35.2% |
| Special events | 2,655,940 | 375,471 | 599,582 | 22.6% | 528,842 | 20.6% |
| Conference centre | 1,097,370 | 251,357 | 479,408 | 43.7% | 435,386 | 45.6% |
| Performing arts | 690,440 | 20,496 | 333,874 | 48.4% | 325,375 | 52.0% |
| Capital projects | 500,000 | - | - | 0.0% | - | 0.0% |
| Other financing uses: | | | | | | |
| Transfer to debt service fund | 700,000 | 175,000 | 350,000 | 50.0% | 353,355 | 50.0% |
| Total Expenditures and Other | \$ 7,963,490 | \$ 1,319,278 | \$ 2,571,323 | 32.3% | \$ 2,397,548 | 35.5% |

NOTES:

- 1) N/A - Not Applicable
- 2) Amounts spent by special project:

| | | | | | | |
|--------------------------------------------|---------------------|-------------------|-------------------|--------------|-------------------|--------------|
| Public Relations | \$ 716,770 | \$ 138,733 | \$ 247,692 | 34.6% | \$ 244,320 | 33.7% |
| Oktoberfest | 525,000 | 3,525 | 31,268 | 6.0% | 9,455 | 1.8% |
| Kaboom Town | 197,500 | 2 | 192 | 0.1% | 8,865 | 4.9% |
| Calendar | 50,000 | 21,888 | 44,030 | 88.1% | 44,094 | 98.2% |
| Hotel Support Program | 260,000 | 40,874 | 76,615 | 29.5% | 128,699 | 49.5% |
| Taste Addison | 635,000 | 76,168 | 79,063 | 12.5% | 25,956 | 4.4% |
| International festival (prior year Italia) | 20,000 | - | 965 | 4.8% | - | 0.0% |
| Jazz Festival | 198,100 | 45,801 | 55,045 | 27.8% | 108,658 | 43.8% |
| Shakespeare Festival | 31,000 | - | 18,762 | 60.5% | 17,950 | 57.9% |
| Summer Jazz Festival | 40,000 | - | 214 | 0.5% | - | 0.0% |
| Cinema in the Circle | 20,000 | - | 1,140 | 5.7% | 10,000 | 50.0% |
| Spoletto | 35,000 | - | - | 0.0% | - | 0.0% |
| Weekend to Wipe Out Cancer | 15,000 | - | 169 | 1.1% | 2,969 | 22.8% |
| TOTAL | \$ 2,743,370 | \$ 326,991 | \$ 555,155 | 20.2% | \$ 600,966 | 21.7% |

TOWN OF ADDISON
STREET CAPITAL PROJECT FUND
FY 2008 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

| Category | 2007-08 FY | | | | 2006-07 | |
|-----------------------------|---------------------|-------------------|---------------------|--------------------|------------------|--------------------|
| | Budget | 2nd Quarter | Year-to-Date | YTD as % of Budget | Year-to-Date | YTD as % of Budget |
| Revenues: | | | | | | |
| Intergovernmental grants | \$ 972,000 | \$ 264,047 | \$ 452,434 | 46.5% | \$ - | 0.0% |
| Interest income and other | 100,000 | 179,147 | 224,753 | 224.8% | 103,455 | 103.5% |
| Total Revenues | 1,072,000 | 443,194 | 677,187 | 63.2% | 103,455 | 12.1% |
| Expenditures: | | | | | | |
| Personal services | 8,000 | 13,982 | 22,329 | 279.1% | 10,081 | 126.0% |
| Design and engineering | 15,000 | 77,374 | 85,187 | 567.9% | 4,373 | 9.7% |
| Construction and equipment: | 2,514,000 | 796,534 | 951,559 | 37.9% | - | 0.0% |
| Total Expenditures | \$ 2,537,000 | \$ 887,890 | \$ 1,059,075 | 41.7% | \$ 14,454 | 0.5% |

NOTES:

- 1) N/A - Not Applicable

TOWN OF ADDISON
PARKS CAPITAL PROJECT FUND
FY 2008 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

| Category | 2007-08 FY | | | | 2006-07 | |
|-------------------------------------------|-------------|---------------|---------------|--------------------|---------------|--------------------|
| | Budget | 2nd Quarter | Year-to-Date | YTD as % of Budget | Year-to-Date | YTD as % of Budget |
| Revenues: | | | | | | |
| Interest income and other | \$ - | \$ 11,733 | \$ 23,124 | N/A | \$ 17,319 | 86.6% |
| Developer contributions | - | - | - | 0.0% | \$ - | 0.0% |
| Transfer from street capital project fund | - | - | - | 0.0% | - | 0.0% |
| Total Revenues | - | 11,733 | 23,124 | #DIV/0! | 17,319 | 86.6% |
| Expenditures: | | | | | | |
| Personal services | - | - | - | 0.0% | - | 0.0% |
| Design and engineering | - | - | - | 0.0% | - | 0.0% |
| Construction and equipment: | - | - | - | 0.0% | - | 0.0% |
| Total Expenditures | \$ - | \$ - | \$ - | 0.0% | \$ - | 0.0% |

NOTES:

- 1) N/A - Not Applicable

TOWN OF ADDISON
2002 CAPITAL PROJECT FUND
FY 2008 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

| Category | 2007-08 FY | | | | 2006-07 | |
|-------------------------------------|-------------------|------------------|-------------------|-----------------------|-------------------|-----------------------|
| | Budget | 2nd Quarter | Year-to-Date | YTD as % of Budget | Year-to-Date | YTD as % of Budget |
| Revenues: | | | | | | |
| Interest earnings and other | \$ 60,000 | \$ 25,736 | \$ 51,727 | 86.2% | \$ 51,193 | 85.3% |
| Total Revenues | 60,000 | 25,736 | 51,727 | 86.2% | 51,193 | 85.3% |
| Expenditures and other uses: | | | | | | |
| Personal services | 25,000 | 12,500 | 12,500 | 0.0% | 25,000 | 100.0% |
| Design and engineering | 430,000 | 10,812 | 36,820 | 8.6% | 4,146 | 2.1% |
| Arbitrage rebate | - | - | 56,681 | N/A | - | N/A |
| Construction and equipment | - | - | - | 0.0% | 96,900 | N/A |
| Total Expenditures | \$ 455,000 | \$ 23,312 | \$ 106,001 | 23.3% | \$ 126,046 | 56.0% |

NOTES:

1) N/A - Not Applicable

TOWN OF ADDISON
2004 CAPITAL PROJECT FUND
FY 2008 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

| Category | 2007-08 FY | | | | 2006-07 | |
|-------------------------------------|------------------|--------------|---------------|-----------------------|------------------|-----------------------|
| | Budget | 2nd Quarter | Year-to-Date | YTD as % of Budget | Year-to-Date | YTD as % of Budget |
| Revenues: | | | | | | |
| Intergovernmental grants | \$ - | \$ - | \$ - | N/A | \$ 72,847 | N/A |
| Interest earnings and other | 20,000 | 5,376 | 10,597 | 53.0% | 14,187 | 141.9% |
| Total Revenues | 20,000 | 5,376 | 10,597 | 53.0% | \$ 87,034 | 870.3% |
| Expenditures and other uses: | | | | | | |
| Personal services | - | - | - | 0.0% | - | 0.0% |
| Design and engineering | 70,000 | - | - | 0.0% | - | 0.0% |
| Construction and equipment | - | - | - | N/A | 86,332 | N/A |
| Total Expenditures | \$ 70,000 | \$ - | \$ - | N/A | \$ 86,332 | N/A |

NOTES:

1) N/A - Not Applicable

TOWN OF ADDISON
2006 CAPITAL PROJECT FUND
FY 2008 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

| Category | 2007-08 FY | | | | 2006-07 | |
|-------------------------------------|---------------|--------------|--------------|-----------------------|------------------|-----------------------|
| | Budget | 2nd Quarter | Year-to-Date | YTD as % of Budget | Year-to-Date | YTD as % of Budget |
| Revenues: | | | | | | |
| Interest earnings and other | \$ 15,000 | \$ 4,324 | \$ 8,522 | N/A | 9,394 | N/A |
| Total Revenues | 15,000 | 4,324 | 8,522 | N/A | 9,394 | N/A |
| Expenditures and other uses: | | | | | | |
| Bond sale costs | - | - | - | 0.0% | - | N/A |
| Design and engineering | - | - | - | 0.0% | 4,902 | N/A |
| Construction and equipment | - | - | - | 0.0% | 61,956 | N/A |
| Total Expenditures | \$ - | \$ - | \$ - | 0.0% | \$ 66,858 | N/A |

NOTES:

- 1) N/A - Not Applicable

AIRPORT FUND

FY 2008 QUARTERLY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES TO WORKING CAPITAL COMPARED TO BUDGET

With Comparative Information from Prior Fiscal Year

| Category | 2007-08 FY | | | | 2006-07 | |
|---------------------------------------------------|--------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|
| | Budget | 2nd Quarter | Year-to-Date | YTD as % of Budget | Year-to-Date | YTD as % of Budget |
| Operating revenues: | | | | | | |
| Operating grants | \$ 50,000 | \$ - | \$ - | 0.0% | \$ - | 0.0% |
| Fuel flowage fees | 975,000 | 196,244 | 355,007 | 36.4% | 388,104 | 37.0% |
| Rental | 3,012,000 | 829,580 | 1,338,705 | 44.4% | 1,386,551 | 44.3% |
| User fees | 35,000 | 7,354 | 14,197 | 40.6% | 14,848 | 42.4% |
| Total operating revenues | 4,072,000 | 1,033,178 | 1,707,909 | 41.9% | 1,789,503 | 42.2% |
| Operating expenses: | | | | | | |
| Town - Personal services | 283,610 | 165,328 | 196,507 | 69.3% | 125,577 | 44.1% |
| Town - Supplies | 23,800 | 3,980 | 8,241 | 34.6% | 5,642 | 25.3% |
| Town - Maintenance | 26,970 | 7,843 | 15,440 | 57.2% | 13,332 | 50.8% |
| Town - Contractual services | 526,620 | 139,852 | 250,921 | 47.6% | 264,123 | 61.2% |
| Grant - Maintenance | 100,000 | 2,988 | 2,988 | 3.0% | - | 0.0% |
| Operator operation & maintenance | 1,488,720 | 313,260 | 508,662 | 34.2% | 509,910 | 27.3% |
| Operator service contract | 944,600 | 230,685 | 429,879 | 45.5% | 542,197 | 55.1% |
| Total operating expenses | 3,394,320 | 863,936 | 1,412,638 | 41.6% | 1,460,781 | 39.7% |
| Net operating income | 677,680 | 169,242 | 295,271 | 43.6% | 328,722 | 58.1% |
| Non-Operating revenues (expenses): | | | | | | |
| Interest earnings and other | 175,000 | 31,531 | 64,792 | 37.0% | 83,013 | 106.4% |
| Interest on debt, fiscal fees & other | (153,670) | (38,417) | (76,835) | 50.0% | (80,635) | 50.0% |
| Total non-operating revenues (expenses) | 21,330 | (6,886) | (12,043) | -56.5% | 2,378 | -2.9% |
| Net income (loss) (excluding depreciation) | \$ 699,010 | \$ 162,356 | \$ 283,228 | 40.5% | \$ 331,100 | 68.6% |
| CHANGES IN WORKING CAPITAL | | | | | | |
| Net income (excluding depreciation) | \$ 699,010 | \$ 162,356 | \$ 283,228 | 40.5% | 331,100 | 68.6% |
| Sources (uses) of working capital: | | | | | | |
| Retirement of long-term debt | (235,000) | (58,750) | (117,500) | 50.0% | (112,500) | 50.0% |
| Net additions to fixed assets with grants | (200,000) | 1,521 | (340) | 0.0% | - | 0.0% |
| Other net additions to fixed assets | (787,500) | (443,209) | (468,372) | 0.0% | (61,692) | 4.4% |
| Net sources (uses) of working capital | (1,222,500) | (500,438) | (586,212) | 48.0% | (174,192) | 10.6% |
| Net increase (decrease) in working capital | (523,490) | (338,082) | (302,984) | 57.9% | 156,908 | -13.6% |
| Beginning fund balance | 1,346,060 | 1,728,601 | 1,693,503 | 125.8% | 1,981,507 | 107.6% |
| Ending fund balance | \$ 822,570 | \$ 1,390,519 | \$ 1,390,519 | 169.0% | \$ 2,138,415 | 310.7% |

NOTES:

1) Operating income and portions of operating expenses are underreported by one month due to transactions being accounted for by operator one month and not reported to Town until following month.

UTILITY FUND

FY 2008 QUARTERLY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES TO WORKING CAPITAL COMPARED TO BUDGET

With Comparative Information from Prior Fiscal Year

| Category | 2007-08 FY | | | | 2006-07 | |
|-------------------------------------------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|
| | Budget | 2nd Quarter | Year-to-Date | YTD as % of Budget | Year-to-Date | YTD as % of Budget |
| Operating revenues: | | | | | | |
| Water sales | \$ 4,726,800 | \$ 740,002 | \$ 1,583,826 | 33.5% | \$ 1,654,192 | 35.2% |
| Sewer charges | 5,100,000 | 991,187 | 1,795,758 | 35.2% | 1,891,246 | 41.5% |
| Tap fees | 5,000 | 570 | 14,355 | 287.1% | 4,700 | 94.0% |
| Penalties | 55,000 | 16,283 | 37,704 | 68.6% | 79,129 | 143.9% |
| Total operating revenues | 9,886,800 | 1,748,042 | 3,431,643 | 34.7% | 3,629,267 | 39.0% |
| Operating expenses: | | | | | | |
| Water purchases | 2,500,300 | 375,762 | 754,059 | 30.2% | 1,037,824 | 40.0% |
| Wastewater treatment | 1,951,200 | 404,898 | 951,591 | 48.8% | 1,070,930 | 49.9% |
| Utility operations | 2,589,040 | 700,700 | 1,094,107 | 42.3% | 1,031,501 | 46.1% |
| Total operating expenses | 7,040,540 | 1,481,360 | 2,799,757 | 39.8% | 3,140,255 | 45.0% |
| Net operating income | 2,846,260 | 266,682 | 631,886 | 22.2% | 489,012 | 21.0% |
| Non-Operating revenues (expenses): | | | | | | |
| Interest income and other | 200,000 | 54,237 | 123,787 | 61.9% | 128,923 | 128.9% |
| Interest on bonded debt and fiscal charges | (512,800) | (128,200) | (256,400) | 50.0% | (289,530) | 50.0% |
| Total non-operating revenues (expenses) | (312,800) | (73,963) | (132,613) | 42.4% | (160,607) | 33.5% |
| Net income (excluding depreciation) | \$ 2,533,460 | \$ 192,719 | \$ 499,273 | 19.7% | \$ 328,405 | 17.7% |
| CHANGES IN WORKING CAPITAL | | | | | | |
| Net income (loss) | 2,533,460 | 192,719 | 499,273 | 19.7% | 328,405 | 17.7% |
| Sources (uses) of working capital: | | | | | | |
| Retirement of long-term debt | (2,110,000) | (527,500) | (1,055,000) | 50.0% | (1,015,460) | 50.0% |
| Net additions to fixed assets | (1,751,000) | 22,378 | - | 0.0% | (101,804) | 10.4% |
| Net sources (uses) of working capital | (3,861,000) | (505,122) | (1,055,000) | 27.3% | (1,117,264) | 37.1% |
| Net increase (decrease) in working capital | (1,327,540) | (312,403) | (555,727) | 41.9% | (788,859) | 68.1% |
| Beginning fund balance | 3,749,610 | 3,259,437 | 3,502,761 | 93.4% | 3,742,232 | 155.2% |
| Ending fund balance | \$ 2,422,070 | \$ 2,947,034 | \$ 2,947,034 | 121.7% | \$ 2,953,373 | 235.8% |

NOTES:

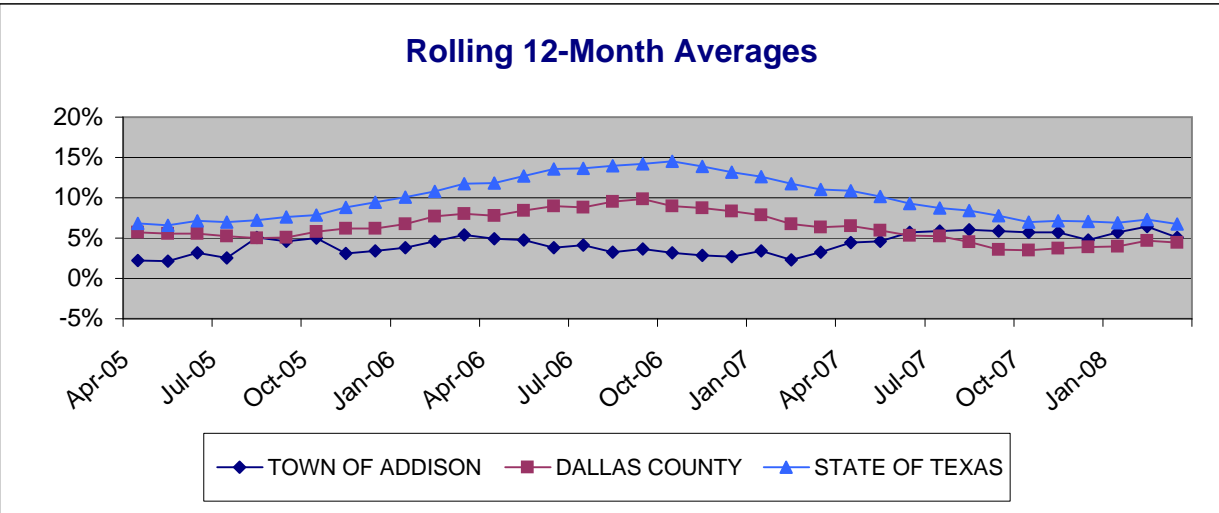
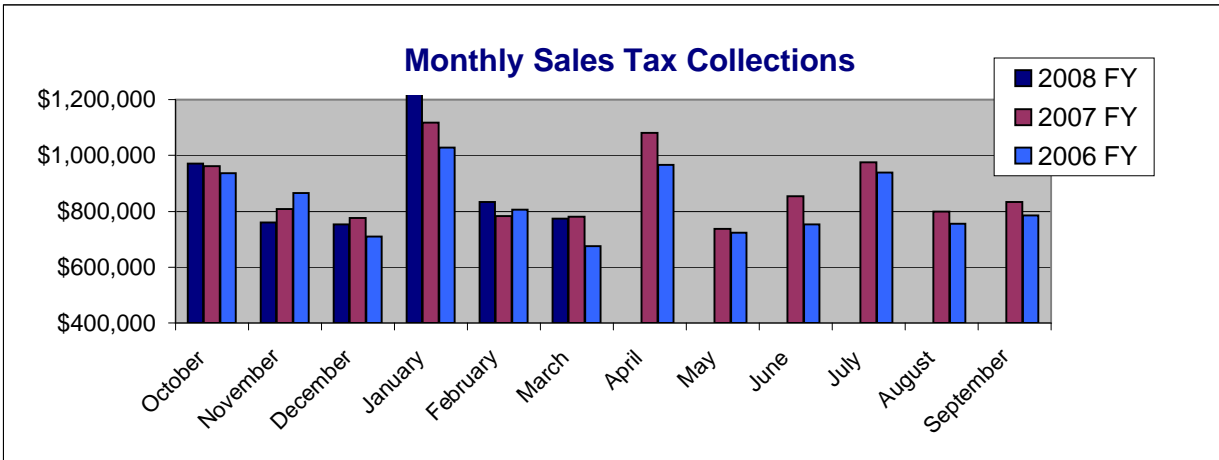
- 1) N/A - Not Applicable
- 2) Purchases of water and wastewater treatment services are underreported by one to two months due to prior year accruals and delay in receiving billings from Dallas Water Utilities.

TOWN OF ADDISON

Schedule of Sales Tax Collections and Related Analyses

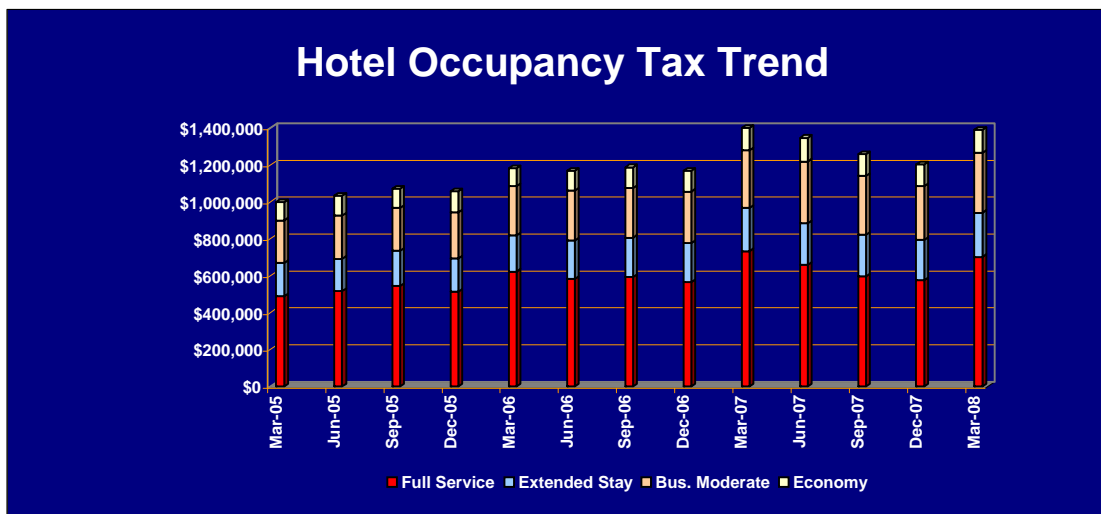
For the fiscal year ending September 30, 2008

| | TOWN OF ADDISON | | | | DALLAS COUNTY | | STATE OF TEXAS | |
|--------------------|---------------------|---------------|-----------------------------|------------|-----------------------------|------------|-----------------------------|------------|
| | 2007-08 Collections | | % Change from Prior Year | | % Change from Prior Year | | % Change from Prior Year | |
| | Monthly | Cumulative | Monthly | Cumulative | Monthly | Cumulative | Monthly | Cumulative |
| October | \$ 970,520 | \$ 970,520 | 0.8% | 0.8% | 0.0% | 0.0% | 3.0% | 3.0% |
| November | \$ 760,005 | \$ 1,730,525 | -6.0% | -2.3% | 7.6% | 3.2% | 9.9% | 6.0% |
| December | \$ 753,408 | \$ 2,483,933 | -2.8% | -2.4% | 6.7% | 4.3% | 7.4% | 6.5% |
| January | \$ 1,342,045 | \$ 3,825,978 | 20.1% | 4.4% | 3.4% | 4.0% | 4.8% | 5.9% |
| February | \$ 832,902 | \$ 4,658,880 | 6.4% | 4.8% | 9.7% | 4.9% | 9.2% | 6.5% |
| March | \$ 774,436 | \$ 5,433,316 | -0.9% | 4.0% | 2.8% | 4.6% | 3.2% | 6.0% |
| April | | | | | | | | |
| May | | | | | | | | |
| June | | | | | | | | |
| July | | | | | | | | |
| August | | | | | | | | |
| September | | | | | | | | |
| Budget 07-08: | | \$ 10,732,900 | | | | | | |
| Projected Year-End | | \$ 10,773,000 | | | | | | |



TOWN OF ADDISON HOTEL OCCUPANCY TAX COLLECTION
Hotels By Service Type for the Quarter and Year-To-Date Ended March 31, 2008
With Comparisons to Prior Year

| | Rooms | | 2nd Quarter FY 08 | | 08 to 07 % Diff. | YTD FY 08 | | 08 to 07 % Diff. |
|---------------------------|--------------|-------------|---------------------|-------------|---------------------|---------------------|-------------|---------------------|
| | Number | Percentage | Amount | Percentage | | Amount | Percentage | |
| Full Service | | | | | | | | |
| Marriott Quorum | 535 | 14% | \$ 259,942 | 19% | -6% | \$ 492,290 | 19% | -1% |
| Intercontinental | 532 | 13% | 288,280 | 21% | -4% | 486,580 | 19% | -5% |
| Crown Plaza | 429 | 11% | 153,539 | 11% | -1% | 298,978 | 12% | 4% |
| | 1,496 | 38% | 701,760 | 51% | 2% | 1,277,848 | 49% | -2% |
| Extended Stay | | | | | | | | |
| Budget Suites | 344 | 9% | 8,644 | 1% | -9% | 13,497 | 1% | -32% |
| Best Western | 70 | 2% | 18,161 | 1% | 0% | 34,363 | 1% | -2% |
| Marriott Residence | 150 | 4% | 58,555 | 4% | -2% | 113,349 | 4% | 1% |
| Summerfield Suites | 132 | 3% | 43,510 | 3% | 5% | 84,620 | 3% | 10% |
| Homewood Suites | 128 | 3% | 44,869 | 3% | -1% | 88,651 | 3% | 5% |
| Springhill Suites | 159 | 4% | 65,741 | 5% | 9% | 123,280 | 5% | 4% |
| | 983 | 25% | 239,480 | 17% | -7% | 457,760 | 18% | 2% |
| Business Moderate | | | | | | | | |
| Marriott Courtyard Quorum | 176 | 4% | 87,763 | 6% | 11% | 161,127 | 6% | 4% |
| LaQuinta Inn | 152 | 4% | 41,100 | 3% | -8% | 84,375 | 3% | 0% |
| Marriott Courtyard Proton | 145 | 4% | 55,875 | 4% | 10% | 106,327 | 4% | 4% |
| Holiday Inn Express | 102 | 3% | 39,304 | 3% | 15% | 75,144 | 3% | 23% |
| Hilton Garden Inn | 96 | 2% | 48,752 | 4% | 1% | 91,176 | 4% | 2% |
| Holiday Inn - Arapaho | 101 | 3% | 36,335 | 3% | -8% | 70,262 | 3% | 0% |
| Comfort Inn | 86 | 2% | 13,762 | 1% | -4% | 24,566 | 1% | -9% |
| | 858 | 22% | 322,892 | 23% | 4% | 612,978 | 24% | 4% |
| Economy | | | | | | | | |
| Motel 6 | 126 | 3% | 18,351 | 1% | 3% | 36,383 | 1% | 7% |
| Hampton Inn | 159 | 4% | 51,061 | 4% | -5% | 102,839 | 4% | 0% |
| Quality Inn | 115 | 3% | 20,035 | 1% | 21% | 37,345 | 1% | 15% |
| Comfort Suites | 78 | 2% | 22,853 | 2% | -1% | 43,394 | 2% | 6% |
| Super 8 | 78 | 2% | 9,165 | 1% | -8% | 16,727 | 1% | -18% |
| Best Value | 60 | 2% | 3,510 | 0% | -3% | 7,293 | 0% | -13% |
| | 616 | 16% | 124,975 | 9% | 0% | 243,981 | 9% | 2% |
| TOTAL | 3,953 | 100% | \$ 1,389,106 | 100% | -1% | \$ 2,592,567 | 100% | 1% |



TOWN OF ADDISON
INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Quarter Ending March 31, 2008

| Fund | Balance 12/31/2007 | Quarter Receipts | Quarter Disbursements | Balance 3/31/2008 |
|--------------------------------|-----------------------|----------------------|--------------------------|----------------------|
| General Fund | \$ 9,372,227 | \$ 22,860,123 | \$ 15,888,146 | \$ 16,344,204 |
| Special Revenue Funds: | | | | |
| Hotel | 5,478,956 | 1,788,016 | 1,902,222 | 5,364,750 |
| Public Safety | 93,141 | 4,373 | 34,347 | 63,167 |
| Municipal Court | 431,450 | 318,729 | 282,856 | 467,323 |
| Arbor | 146,596 | 11,996 | 96 | 158,496 |
| Debt Service Funds: | | | | |
| G. O. Bonds | 2,396,990 | 7,741,316 | 7,961,944 | 2,176,362 |
| Hotel Revenue Bonds | 873,344 | 715,416 | 609,757 | 979,003 |
| Capital Projects Funds: | | | | |
| Streets | 3,539,655 | 443,193 | 848,432 | 3,134,416 |
| Parks | 901,134 | 11,732 | - | 912,866 |
| 2002 G.O. Bonds | 1,990,274 | 25,736 | 23,312 | 1,992,698 |
| 2004 G.O. Bonds | 412,989 | 5,377 | - | 418,366 |
| 2006 G.O. Bonds | 332,102 | 4,323 | - | 336,425 |
| Enterprise Funds: | | | | |
| Utility | 6,088,691 | 2,001,463 | 3,804,407 | 4,285,747 |
| Airport | 2,423,201 | 1,132,303 | 1,608,503 | 1,947,001 |
| Internal Service Funds: | | | | |
| Capital Replacement | 3,223,652 | 222,627 | 94,245 | 3,352,034 |
| Information Services | 2,421,508 | 140,454 | 351 | 2,561,611 |
| TOTAL - ALL FUNDS | \$ 40,125,910 | \$ 37,427,177 | \$ 33,058,618 | \$ 44,494,469 |

Note: Cash inflows and outflows represent revenues, expenditures, and investment transactions.

| INVESTMENTS BY MATURITY AND TYPE | | | | |
|-----------------------------------------|---------------------------|----------------|----------------------|----------------------|
| For the Quarter Ending March 31, 2008 | | | | |
| | Type | % of Portfolio | Yield to Maturity | Amount |
| | Pools | 36.2% | 2.98% | \$ 16,345,284 |
| | Agencies | 38.2% | 3.82% | 17,243,469 |
| | Bank CD's | 4.7% | 5.23% | 2,104,788 |
| | Commercial Paper | 20.9% | 4.23% | 9,404,222 |
| Total Investments | | 100.0% | | 45,097,763 |
| | Accrued Interest Earnings | | | 153,100 |
| | Demand Deposits | | | (756,394) |
| TOTAL | | | | \$ 44,494,469 |

COLLATERAL SUMMARY

The first and most important objective for public funds investments is safety of assets. Therefore, all non-government security investments and bank accounts in excess of FDIC coverage must be secured by collateral. The bank balances and investments are monitored on a regular basis for appropriate coverage by marking the collateral to market. Collateral levels are adjusted to secure the varying levels of receipts throughout the fiscal year.

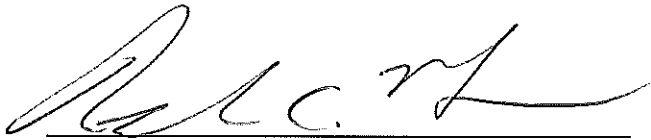
Town of Addison Collateral Analysis Demand Deposit Cash March 31, 2008

| Pledging Institution | Safekeeping Location | Account Title | Pledged Security Description | Security Par Value | Market Value | FDIC Insurance | Ending Bank Balance | Difference Over(Under) |
|----------------------|----------------------|---------------|------------------------------|---------------------|---------------------|-------------------|---------------------|------------------------|
| Frost Bank | Federal Reserve | Operating | GNMA due: | | | | | |
| | | | 20-Feb-28 | \$ 559,209 | \$ 597,151 | | | |
| | | | 20-Jan-23 | \$ 323,657 | \$ 331,009 | | | |
| | | | 15-Oct-35 | \$ 902,999 | \$ 899,291 | | | |
| | | | | <u>\$ 1,785,865</u> | <u>\$ 1,827,451</u> | <u>\$ 100,000</u> | <u>756,394</u> | <u>\$ 1,171,057</u> |

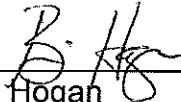
**Quarterly Investment Report
Pooled Investment Funds
Quarter Ended March 31, 2008**

This quarterly investment report has been prepared in compliance with Section 2256.023 "Internal Management Reports", of the Public Funds Investment Act, and in accordance with reporting requirements contained in the Town of Addison Investment Policy as approved by the City Council on September 25, 2007.

Activity in the town's portfolio during this quarter is in compliance with the investment strategy as specified in the Town's Investment Policy. All investments are high-quality securities with no perceived default risk. Securities reflect active and efficient secondary markets in the event of an unanticipated cash requirement. Operating funds require the greatest short-term liquidity. Investment pools have been utilized to provide short-term fund requirements. Investment maturities have been staggered throughout the budget cycle to provide cash flow based on anticipated operating needs of the Town. Diversifying the appropriate maturity structure has reduced market cycle risk. There has been no loss of principal during this quarter of activity, and none is anticipated in the future.



Randolph C. Moravec
Director of Financial & Strategic Services



Brian Hogan
Financial Services Manager



Investment Portfolio Summary
For the Quarter Ended
March 31, 2008

Prepared By

 **First Southwest Asset Management**

First Quarter of Calendar Year 2008 Review

MAJOR EVENTS

The handwriting was already on the wall when 2007 drew to a close. Holiday spending appeared to be the weakest in five years, unemployment claims reached a two-year high the week before Christmas and oil prices were approaching \$100 per barrel. Although the preliminary GDP estimates for the fourth quarter would not be tabulated until late January, many experts were speculating that the U.S. may have already entered recession. According to the WSJ, private sector economists put the odds at 38%. But that recession was generally expected to be mild. Following a disappointingly small December FOMC cut of only 25 bps, the overnight funds rate ended the year at 4.25% while the two-year Treasury-note yield closed at 3.05%. Most dealers expected the Fed to wrap up their easing campaign with another 75 to 100 basis points of total rate cuts by the May FOMC meeting, but the severity of the economic problems and the urgency to fix them quickly ramped up as 2008 began. In fact, while the fourth quarter economic news was peppered with the occasional upbeat number, the first quarter of the new year produced almost entirely bad news. According to the Mortgage Bankers Association, mortgage defaults had risen to the highest level in 28 years. Financial firms both domestic and abroad posted massive sub-prime related losses. The unexpected sub-prime exposure of municipal bond insurers jeopardized claims-paying ability and threatened wide-scale downgrades. The equity markets plummeted and fueled a flight-to-quality which at one point drove the three-month Treasury-bill yield to a 54-year low of 0.57%. And, the U.S. dollar continued to get clobbered, reaching an all-time low against the euro and a 13-year low against the yen. All of this, combined with continued lack of liquidity in the financial markets forced the Fed into full crisis mode. The Fed's acknowledgement of, and rapid and innovative response to financial problems in the market is probably the most important story of the quarter.

THE FED

On the first day of the new year, the December 11th FOMC minutes were released. It appeared that the Fed's concern over the economy had intensified when they wrote that "...economic outlook is unusually uncertain. Financial stresses could increase further, intensifying the contraction in housing markets and restraining other forms of spending ...such an adverse development could require a *substantial* further easing of policy." *This turned out to be an insightful set of minutes.* While U.S. markets were closed for the Martin Luther King Jr. holiday, fears of recession ignited a huge global equity sell-off. Major indexes fell by 5.5% in England and Hong Kong, 6.8% in France, 7.2% in Germany and 7.4% in India. So, in an emergency move on Jan 22nd, the Fed slashed both the overnight funds rate and the discount rate by 75 basis points. The last time the Fed cut rates between meetings was on Sept 17, 2001, following the terror attacks. Only a week later, on Jan 30th, the Fed cut another 50 bps. But this wasn't nearly enough to restore ample liquidity.

On March 11th, the Fed announced its \$200 billion *Term Securities Lending Facility* (TSLF) plan to lend Treasury securities to Primary Dealers for up to 28-day periods in exchange for less-liquid debt including mortgage-backed securities. Then, on March 17th, Fed officials announced that they had just held an emergency *weekend* meeting to orchestrate the "rescue" (purchase) of Bear Stearns, Wall Street's fifth largest securities dealer, by JP Morgan at a bargain price of \$240 million, less than 1/10th of the bank's book value. At the meeting, Fed officials agreed to provide up to \$30 billion to JPM to help finance the "less liquid assets" of Bear Stearns.

Then, to better ensure that other primary government security dealers didn't meet a similar fate, the Fed took the opportunity to establish what they called the *Primary Credit Dealer Facility* (PCDF), which extended discount window offerings to non-bank primarily dealers. The objective of the PCDF was to offer overnight loans "in exchange for a specified range of collateral including investment grade corporate securities, municipal securities, mortgage-backed and asset-backed securities for which a price is available." The Fed also lowered the discount rate and extended

the maximum maturity of window borrowings from 30 to 90 days. And the very next day, they cut the overnight funds rate by another 50 bps to 2.25%.

On the last day of the quarter, Treasury Secretary Henry Paulson proposed significant structural changes to U.S. banking and financial market regulation that would grant the Fed much broader authority in providing financial market oversight. In addition, under Paulson's plan, the Fed would *formally* gain regulatory authority to act as "Market Stabilizer Regulator" and have the *stated* ability to "take corrective actions when necessary in the interest of overall financial market stability".

Summary of FOMC Monetary Policy

- 1) Jan 22nd (Inter-meeting) – Fed cuts the funds rate by 75 bps from 4.25% to 3.50%
- 2) Jan 30th – Fed cuts by another 50 bps to 3.00%
- 3) March 18th – Fed cuts 75 bps to 2.25%

HOUSING

Existing home sales unexpectedly rose 2.9% in February to an annual rate of 5.03 million units. The first increase in seven months dropped inventories to a 9.6 month supply. Bloated inventories have pushed prices down by 8.2% over the past year, the biggest drop since record keeping began almost 40 years ago. New home sales dropped to the lowest level in 13 years in February, while the inventory of unsold new homes held steady at 9.8 months, the highest in 27 years. Foreclosed property will only add to the massive supply of homes in coming months.

The Mortgage Bankers Association announced that more than 2% of all loans were in the foreclosure process in the fourth quarter, the highest since the industry group started keeping records in 1972, while the delinquency rate for home loans reached 5.82%, the highest since 1985. The WSJ reported that one in five sub-prime loans was past due, while 13% were in the midst of foreclosure.

Housing problems are unlikely to clear up anytime soon, but there's some reason to believe the bottom is near. The regulator for Fannie Mae and Freddie Mac reduced both company's surplus capital requirements from 30 percent to 20 percent to further facilitate liquidity in the mortgage market. Another bright spot was that 30-year mortgage lending rates averaged 5.85% during the week ending March 27, down from 6.24% a month ago. Still, consumers are strapped and credit is less available than it's been in years. Wachovia Securities reported that according to a recent Fed survey, 15% of banks are less willing to make consumer loans, 59% are tightening residential mortgage lending standards and 56% are tightening standards for commercial real estate loans.

EMPLOYMENT

It took a while, but the labor market has finally started to reflect the economic woes of the economy. The unemployment rate jumped from 4.8% to 5.1% in March to the highest level in two-and-a-half years and U.S. businesses cut jobs for the third consecutive month as non-farm payrolls fell by 80k, following revised job losses of 76k in both January and February. During the "dot-com recession" in 2001, payrolls plunged by more than 2 million jobs in a single year. And in many regards, it now seems as though today's sub-prime repercussions could be worse.

MANUFACTURING

Durable goods orders fell by 1.7% in February after a 4.7% plunge in January. The core capital goods component, which figures directly into GDP calculations, fell by 2.6%. The ISM factory index was one of few relative bright spots as it actually rose in March to 48.6, suggesting that manufacturing may be stabilizing. In similar fashion, the non-manufacturing ISM composite rose to 49.6 in March from a record low of 44.6 in January.

CONSUMER CONFIDENCE AND SPENDING

Consumer confidence plummeted in March while the economic outlook index fell to the lowest level in more than 34 years. The percentage of responders expecting their incomes to rise over the next six months dropped to 14.9%, the lowest level since recordkeeping began more than 40 years ago. Usually, the market doesn't pay too much attention to the confidence surveys because

consumers have a tendency to spend money both when they're upbeat and when they need cheering up, but credit-strapped shoppers may not have a choice this time. The amount that Americans spend on debt service, housing, medical costs, and food and energy bills rose to 67% of their total spending, the highest level since record keeping began in 1980. Predictably, retail sales fell by 0.6% in Feb, but government rebate and tax refund checks will (hopefully) boost spending in the second quarter.

INFLATION

Although many speculated that the commodities market might be in the midst of a bubble, prices continued to rise big in the first quarter – crude oil reached \$111 per barrel, topping the inflation adjusted high reached in 1980. Gold hit the \$1,000 mark for the first time. Platinum jumped 33%. Wheat prices, which nearly doubled in 2007, rose another 5% during the first quarter, while both corn and rice approached record highs. Traditionally, the Fed tries to balance economic growth with an acceptable rate of inflation, but it's debatable whether this task can be easily achieved this time around. Although inflation historically declines significantly during downturns, price pressures are actually mounting at the same time the economy is crumbling. Fortunately for Fed officials, they are able to focus on the *core* rate which quite conveniently factors out both food and energy prices ...and core CPI happened to be *unchanged* in February. Although much of the benign core reading can be attributed to a drop in owner-occupied rental prices, it was still the first time in 15 months that the core rate didn't increase.

MARKET MOVEMENT

- Aggressive rate cuts, a rapidly deteriorating economy, and the continuation of the flight-to-quality that began in the 3rd quarter of last year sent short-term yields plummeting. The six-month T-bill yield dropped nearly 200 bps from 3.39% to 1.49% and reached a low of 1.19%. In similar fashion, the two-year T-note yield, which opened the quarter at 3.05%, closed the 1st quarter at 1.59%, a decline of 146 bps.
- The DOW suffered through its worse quarter in 5½ years, falling by 7.6%. The 1002 point decline was the largest in the history of the index. The NASDAQ and S&P fared even worse in percentage terms falling by 14% and 10% respectively during the first quarter, and off 20% and 16% from October highs. The extreme volatility and poor performance of stocks during the quarter contributed to the huge rally in bonds which drove general Treasury yields to the lowest levels in nearly five years.
- The TexPool average rate during the first quarter was 3.55%, down a whopping 118 bps from the prior quarter's 4.73%. TexPool will continue to trend lower as the impact of additional Fed rate cuts works its way through. The fed funds rate currently stands at 2.25%, but at least one more rate cut is generally expected. TexPool's current rate is around 2.45%, but will move toward the fed funds target which is expected to reach 2.00% by the end of April.

INTEREST RATES

| | | Fed Funds | 3 mo T-bill | 6 mo T-bill | 2 yr T-note | 5 yr T-note | 10 yr T-note |
|-------------|----------|------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Last | 12/31/07 | 4.25% | 3.24% | 3.39% | 3.05% | 3.44% | 4.03% |
| High | | | 3.33% | 3.51% | 3.05% | 3.44% | 4.03% |
| Low | | | 0.57% | 1.19% | 1.46% | 2.20% | 3.31% |
| End | 3/31/08 | 2.25% | 1.32% | 1.49% | 1.59% | 2.44% | 3.41% |

PORTFOLIO ACTIVITY SINCE DECEMBER 31st:

- There were a large number of transactions during the quarter as we saw a total of \$14 million in maturities and another \$10.3 million in bonds get called prior to maturity. New purchases totaled \$19.3 million.
- On January 10th maturing commercial paper was reinvested back into commercial paper with \$1.5 million positioned to July-08 at a yield of 4.13%. This was before the Fed's aggressive rate cuts. Another CP maturity in late February was reinvested to Nov-08 at a yield of 2.83%. Both purchases were made in A-1+/P-1 rated GE Capital Services.

- A number of so-called “cushion callable” agency bonds were purchased during the quarter. These high coupon bonds have final maturity dates ranging from Jan-10 to Nov-10 and call dates from Jul-08 to Nov-08. With coupons all above 5.00% we fully expect the bonds to be called at the next call date. Yields to the call dates ranged from 2.40% to 2.74% and offered between 30 and 50 bps of additional yield compared to non-callable bullets to the call date.
- Other non-callable agency purchases during the quarter totaled \$6 million with yields generally in the 2.60%’s and maturities from Aug-08 to Dec-08. One current coupon callable for \$2 million was purchased in February, maturing Feb-09 and callable in Aug-08 at a yield of 2.75%

SUMMARY / OUTLOOK

As the new year began, many experts still believed the U.S. economy would narrowly avoid a recession. Indeed, fourth quarter growth turned out to be slightly positive at up 0.6%. But very quickly the questions have become ...how severe, and how long? Although the determination of whether or not an official recession has occurred is surprisingly subjective and not usually determined until long after a recovery has begun, the economy’s clearly in bad shape. Harvard Economist, Martin Feldstein, a member of the committee that officially determines whether a recession has occurred, said last week that the current recession could be the most severe since WW2. A joint economic report by global consulting firm Oliver Wyman and Morgan Stanley supposed that “the (financial) industry is facing the most severe investment banking crisis in 30-years”. Not to be outdone, retired Chairman Greenspan described the market turmoil as the “most wrenching” since WW2.

Fortunately, the Fed knows it has a problem, and the financial markets know the Fed knows it has a problem. Frederic Mishkin, a Fed governor and a close ally of Bernanke, recently told the National Association for Business Economics that the risks are so great that the economy may not be able to meet even the Fed’s modest forecast, which essentially calls for little or no growth in the first half of the year. Bernanke has assured investors that the Fed was "ready to respond to whatever situation evolves" ...and so far, it has. The Greenspan Fed never cut the funds rate by more than 50 bps at a single meeting, but the Bernanke Fed did it twice in less than two months. They’ve sliced the overnight rate by 200 basis points during the first quarter, bringing the real fed funds rate below zero, cut the discount rate to within a quarter point of the funds target, opened the window to primary dealers and offered several innovative solutions to facilitate liquidity in the markets. Congress and the Administration have pitched in to the cause with promised rebate checks. And of course, income tax refund checks are already appearing in mailboxes. The stimulus is huge, but it hasn’t had a chance to work it’s way through the system. Right now, the market is still trembling from the Bear Stearns collapse and wondering when and where the next bomb will drop.

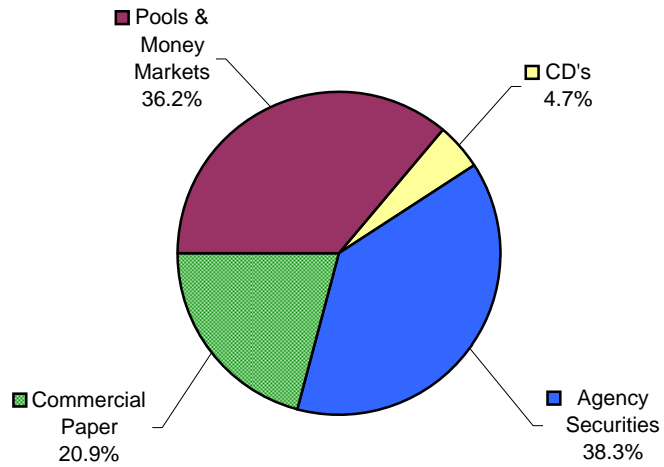
It’s probably safe to assume at this point that the Fed will cut again at the end of April. The best guess is now 25 bps to 2.00%, although 50 is a possibility if the economic news dampens between now and then. After that, the Fed doesn’t meet again for two more months, and by that time, stimulus dollars to consumers will probably have sparked some noticeable GDP growth. A majority of economists are predicting that the Fed concludes easing at 1.50%, but several notable bears including Merrill’s Chief Economist David Rosenberg are forecasting a 1.00% bottom. Regardless of where that bottom turns out to be, the Fed is unlikely to begin *raising* rates before 2009.

PROJECTED STRATEGY FOR THE FIRST QUARTER 2008:

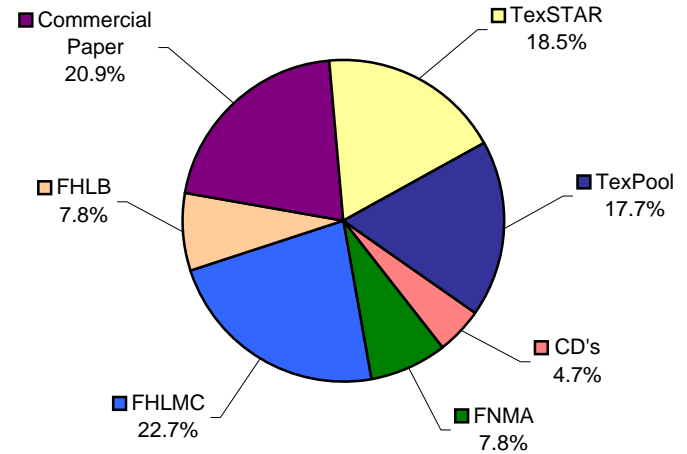
Although at least one more Fed rate cut is widely expected, it is very likely that we are near the bottom of the current rate cycle. The portfolio’s relatively long average maturity has performed well as rates have fallen. We will now want to begin shortening the portfolio’s average maturity and position for the potential of rising rates later this year and into the early part of next year. We will look to keep maturities inside of 12-months and will tend to concentrate in the six-month range. This should offer attractive yields relative to the pools and allow us to ride rates higher as we move into 2009.

Town of Addison
Portfolio Composition
March 31, 2008

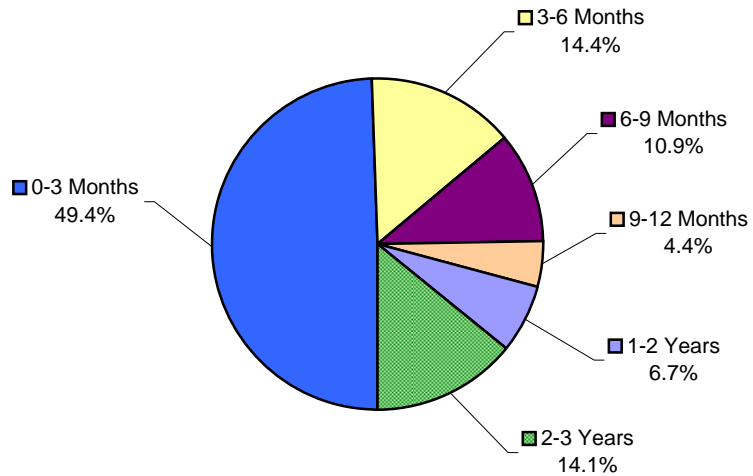
Portfolio Composition by Security Type



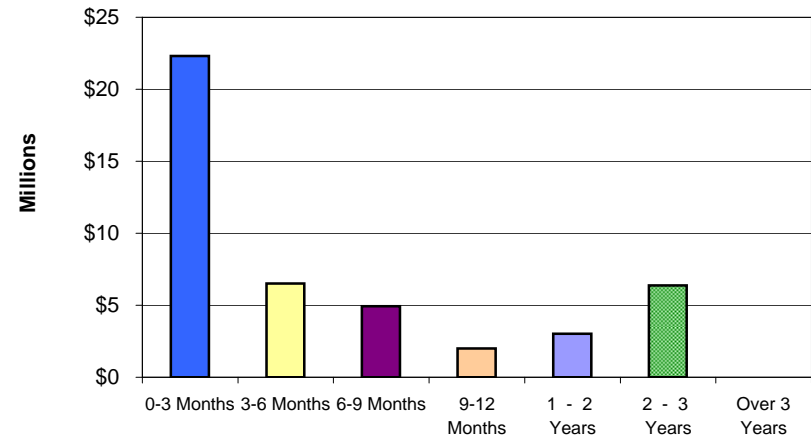
Portfolio Composition by Issuer



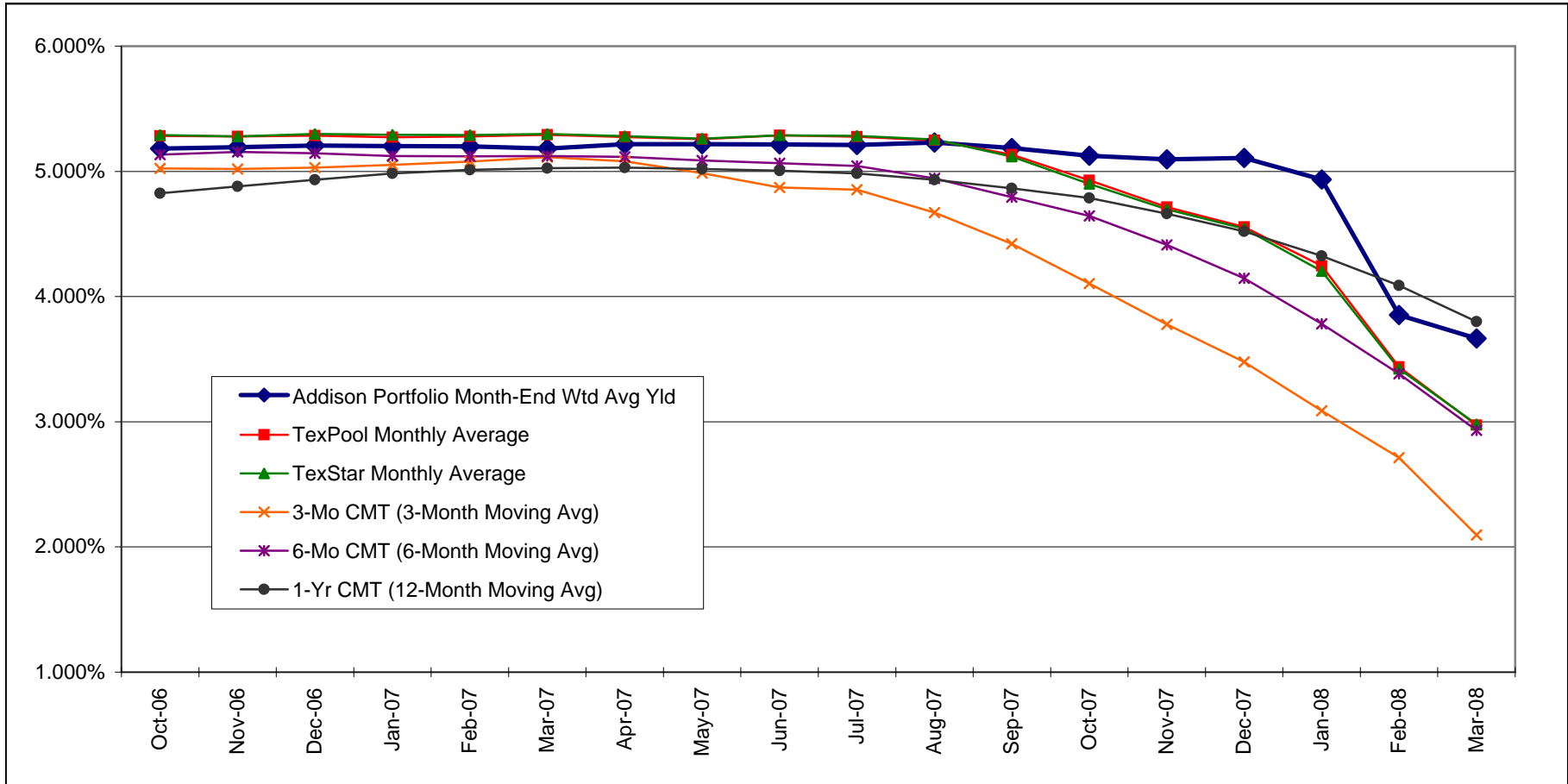
Portfolio Composition by Maturity (Percentage)



Portfolio Composition by Maturity (Amount)



Town of Addison
Benchmark Comparison
March 31, 2008



Notes:

- 1.) Benchmark data for TexPool is the monthly average yield.
- 2.) CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities.
- 3.) The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year CMT is the daily average for the previous 12-months.

Town of Addison
FIXED INCOME DISTRIBUTION
March 31, 2008

Summary Information

| <u>Totals</u> | | <u>Weighted Averages</u> | |
|------------------|---------------|--------------------------|-------|
| Par Value | 45,154,071.57 | Average YTM | 3.665 |
| Market Value | 45,171,073.96 | Average Maturity (yrs) | 0.6 |
| Adjusted Cost | 45,097,762.15 | Average Coupon (%) | 2.823 |
| Net Gain/Loss | 73,311.82 | Average Duration | 0.6 |
| Annual Income | 1,269,787.39 | | |
| Number of Issues | 16 | | |

Distribution by Maturity

| <u>Maturity</u> | <u>Number</u> | <u>Mkt Value</u> | <u>% Bond Holdings</u> | <u>Average Y T M</u> | <u>Average Coupon</u> | <u>Average Duration</u> |
|-----------------|---------------|------------------|------------------------|----------------------|-----------------------|-------------------------|
| 0 - 3 Months | 4 | 22,319,483.73 | 49.4 | 3.445 | 2.180% | 0.044 |
| 3 - 6 Months | 3 | 6,519,387.00 | 14.4 | 3.008 | 3.097% | 0.346 |
| 6 - 9 Months | 3 | 4,942,049.00 | 10.9 | 3.633 | 0.810% | 0.627 |
| 9 - 12 Months | 1 | 2,003,125.00 | 4.4 | 2.754 | 2.750% | 0.833 |
| 1 - 2 Years | 2 | 3,019,218.75 | 6.7 | 4.974 | 5.225% | 1.612 |
| 2 - 3 Years | 7 | 6,367,810.48 | 14.1 | 4.848 | 5.243% | 2.159 |

Town of Addison
DETAIL OF SECURITY HOLDINGS
As of March 31, 2008

| Security Description | Security CUSIP | Coupon | Settlement Date | Maturity Date | Next Call Date | Par Value | Purchase Price | Purchase Cost | Book Value | Market Price | Market Value | Accrued Interest | Days to Maturity | Days to Next Call | Yield to Maturity | Yield to Next Call |
|------------------------|----------------|--------------|-----------------|---------------|----------------|----------------------|----------------|----------------------|----------------------|----------------|----------------------|-------------------|------------------|-------------------|-------------------|--------------------|
| Pooled Funds | | | | | | | | | | | | | | | | |
| TexSTAR | texstar | 2.981 | | | | 8,363,787.66 | 100.000 | 8,363,787.66 | 8,363,787.66 | 100.000 | 8,363,787.66 | 0.00 | 1 | | 2.981 | |
| TexPool | texpool | 2.972 | | | | 7,981,496.07 | 100.000 | 7,981,496.07 | 7,981,496.07 | 100.000 | 7,981,496.07 | 0.00 | 1 | | 2.972 | |
| Morgan Stanley CP | 61745AE54 | 0.000 | 10-24-07 | 05-05-08 | | 3,000,000.00 | 97.440 | 2,923,208.33 | 2,986,541.67 | 99.723 | 2,991,687.00 | 0.00 | 35 | | 4.942 | |
| Toyota Motor Credit | 89233GFR2 | 0.000 | 12-28-07 | 06-25-08 | | 3,000,000.00 | 97.835 | 2,935,050.00 | 2,969,329.17 | 99.417 | 2,982,513.00 | 0.00 | 86 | | 4.487 | |
| GE Capital Services CP | 36959RG82 | 0.000 | 01-10-08 | 07-08-08 | | 1,500,000.00 | 98.000 | 1,470,000.00 | 1,483,666.67 | 99.329 | 1,489,935.00 | 0.00 | 99 | | 4.138 | |
| FHLMC | 3128X1VY0 | 3.690 | 02-26-08 | 08-13-08 | | 3,000,000.00 | 100.465 | 3,013,950.00 | 3,011,060.95 | 100.461 | 3,013,827.00 | 14,760.00 | 135 | | 2.672 | |
| FNMA | 31359MYT4 | 4.500 | 02-20-08 | 08-15-08 | | 2,000,000.00 | 100.882 | 2,017,640.00 | 2,013,553.90 | 100.781 | 2,015,625.00 | 11,500.00 | 137 | | 2.660 | |
| FHLMC | 3128X1R90 | 4.000 | 09-07-07 | 10-14-08 | 04-14-08 | 1,000,000.00 | 98.936 | 989,358.00 | 994,818.99 | 100.033 | 1,000,327.00 | 18,555.56 | 197 | 14 | 5.000 | 5.814 |
| GE Capital Services CP | 36959RLK9 | 0.000 | 02-26-08 | 11-19-08 | | 2,000,000.00 | 97.968 | 1,959,356.67 | 1,964,684.45 | 98.466 | 1,969,322.00 | 0.00 | 233 | | 2.836 | |
| FHLMC Disc Note | 313396S53 | 0.000 | 01-08-08 | 12-08-08 | | 2,000,000.00 | 96.734 | 1,934,675.00 | 1,951,055.00 | 98.620 | 1,972,400.00 | 0.00 | 252 | | 3.679 | |
| FHLB | 3133XPNE0 | 2.750 | 02-08-08 | 02-06-09 | 08-06-08 | 2,000,000.00 | 100.000 | 2,000,000.00 | 2,000,000.00 | 100.156 | 2,003,125.00 | 8,097.22 | 312 | 128 | 2.750 | 2.750 |
| FNMA | 31359M2A0 | 5.200 | 03-20-07 | 11-20-09 | 05-20-08 | 1,500,000.00 | 99.970 | 1,499,550.00 | 1,499,724.30 | 100.344 | 1,505,156.25 | 28,383.33 | 599 | 50 | 5.209 | 5.220 |
| FHLB | 3133XJPB8 | 5.250 | 03-03-08 | 01-22-10 | 07-22-08 | 1,500,000.00 | 100.953 | 1,514,295.00 | 1,511,354.89 | 100.937 | 1,514,062.50 | 15,093.75 | 662 | 113 | 4.713 | 2.739 |
| View Pt Bk CD | VPB-CD 2010 | 5.200 | 04-05-07 | 04-05-10 | | 2,000,000.00 | 100.000 | 2,000,000.00 | 2,000,000.00 | 100.000 | 2,000,000.00 | 285.71 | 735 | | 5.234 | |
| View Pt Bk CD | VPB-CD 2010 | 5.200 | 06-30-07 | 04-05-10 | | 24,504.12 | 100.000 | 24,504.12 | 24,504.12 | 100.000 | 24,504.12 | 3.50 | 735 | | 5.234 | |
| View Pt Bk CD | VPB-CD 2010 | 5.200 | 09-30-07 | 04-05-10 | | 26,534.88 | 100.000 | 26,534.88 | 26,534.88 | 100.000 | 26,534.88 | 3.79 | 735 | | 5.234 | |
| View Pt Bk CD | VPB-CD 2010 | 5.200 | 12-31-07 | 04-05-10 | | 26,882.66 | 100.000 | 26,882.66 | 26,882.66 | 100.000 | 26,882.66 | 3.84 | 735 | | 5.234 | |
| View Pt Bk CD | VPB-CD 2010 | 5.200 | 03-31-08 | 04-05-10 | | 26,866.18 | 100.000 | 26,866.18 | 26,866.18 | 100.000 | 26,866.18 | 3.84 | 735 | | 5.234 | |
| FHLMC | 3128X6JR8 | 5.420 | 03-27-08 | 08-06-10 | 08-06-08 | 2,000,000.00 | 101.028 | 2,020,554.00 | 2,019,775.44 | 101.065 | 2,021,310.00 | 16,561.11 | 858 | 128 | 4.950 | 2.507 |
| FHLMC | 3128X5PV4 | 5.125 | 03-18-08 | 11-24-10 | 11-24-08 | 2,204,000.00 | 101.832 | 2,244,377.28 | 2,242,125.16 | 101.711 | 2,241,712.64 | 39,848.01 | 968 | 238 | 4.391 | 2.401 |
| | | 2.825 | | | | 45,154,071.57 | 99.607 | 44,972,085.85 | 45,097,762.15 | 100.044 | 45,171,073.96 | 153,099.67 | 229 | | 3.665 | |
| GRAND TOTAL | | 2.825 | | | | 45,154,071.57 | 99.607 | 44,972,085.85 | 45,097,762.15 | 100.044 | 45,171,073.96 | 153,099.67 | 229 | | 3.665 | |

Town of Addison
Pooled Funds
INVESTMENT TRANSACTIONS
From 01-01-08 To 03-31-08

| Settle Date | Security | CUSIP | Coupon | Mature Date | Call Date | Quantity | Unit Price | Amount |
|-------------------|-------------------------|-------------|--------|-------------|-----------|-----------|------------|---------------|
| PURCHASES | | | | | | | | |
| 01-08-08 | FHLMC Disc Note | 313396S53 | 0.000 | 12-08-08 | | 2,000,000 | 96.734 | 1,934,675.00 |
| 01-10-08 | GE Capital Services CP | 36959RG82 | 0.000 | 07-08-08 | | 1,500,000 | 98.000 | 1,470,000.00 |
| 01-17-08 | FFCB | 31331QY35 | 3.700 | 04-07-10 | 02-12-08 | 1,000,000 | 99.969 | 999,687.50 |
| | Accrued Interest | | | | | | | 10,277.78 |
| 02-08-08 | FHLB | 3133XPNE0 | 2.750 | 02-06-09 | 08-06-08 | 2,000,000 | 100.000 | 2,000,000.00 |
| 02-20-08 | FNMA | 31359MYT4 | 4.500 | 08-15-08 | | 2,000,000 | 100.882 | 2,017,640.00 |
| | Accrued Interest | | | | | | | 1,250.00 |
| 02-26-08 | GE Capital Services CP | 36959RLK9 | 0.000 | 11-19-08 | | 2,000,000 | 97.968 | 1,959,356.67 |
| 02-26-08 | FHLMC | 3128X1VY0 | 3.690 | 08-13-08 | | 3,000,000 | 100.465 | 3,013,950.00 |
| | Accrued Interest | | | | | | | 3,997.50 |
| 03-03-08 | FHLB | 3133XJPB8 | 5.250 | 01-22-10 | 07-22-08 | 1,500,000 | 100.953 | 1,514,295.00 |
| | Accrued Interest | | | | | | | 8,968.75 |
| 03-18-08 | FHLMC | 3128X5PV4 | 5.125 | 11-24-10 | 11-24-08 | 2,204,000 | 101.832 | 2,244,377.28 |
| | Accrued Interest | | | | | | | 35,769.08 |
| 03-27-08 | FHLMC | 3128X6JR8 | 5.420 | 08-06-10 | 08-06-08 | 2,000,000 | 101.028 | 2,020,554.00 |
| | Accrued Interest | | | | | | | 15,356.67 |
| 03-31-08 | View Pt Bk CD | VPB-CD 2010 | 5.200 | 04-05-10 | | 26,866 | 100.000 | 26,866.18 |
| | | | | | | | | 19,277,021.41 |
| CALLS | | | | | | | | |
| 02-01-08 | FFCB | 31331TWM9 | 3.600 | 03-16-09 | 02-01-08 | 3,000,000 | 100.000 | 3,000,000.00 |
| | Accrued Interest | | | | | | | 40,500.00 |
| 02-07-08 | FHLMC | 3128X1HJ9 | 3.150 | 06-04-08 | 02-07-08 | 1,100,000 | 100.000 | 1,100,000.00 |
| | Accrued Interest | | | | | | | 6,063.75 |
| 02-10-08 | FHLB | 3133X9L40 | 4.000 | 06-10-08 | 02-10-08 | 2,000,000 | 100.000 | 2,000,000.00 |
| | Accrued Interest | | | | | | | 13,333.33 |
| 02-12-08 | FFCB | 31331QY35 | 3.700 | 04-07-10 | 02-12-08 | 1,000,000 | 100.000 | 1,000,000.00 |
| | Accrued Interest | | | | | | | 12,847.22 |
| 02-24-08 | FHLB | 3133X9C32 | 4.250 | 11-24-09 | 02-24-08 | 3,100,000 | 100.000 | 3,100,000.00 |
| | Accrued Interest | | | | | | | 32,937.50 |
| | | | | | | | | 10,305,681.80 |
| MATURITIES | | | | | | | | |
| 01-10-08 | UBS FINANCE (DE) LLC CP | 90262CAA5 | 0.000 | 01-10-08 | | 1,500,000 | 100.000 | 1,500,000.00 |
| 02-08-08 | FNMA | 3136F7TB3 | 4.960 | 02-08-08 | | 3,000,000 | 100.000 | 3,000,000.00 |
| | Accrued Interest | | | | | | | 74,400.00 |
| 02-25-08 | FNMA | 3136F6YB9 | 4.000 | 02-25-08 | 11-25-07 | 3,000,000 | 100.000 | 3,000,000.00 |
| | Accrued Interest | | | | | | | 60,000.00 |
| 02-26-08 | GE CAPITAL CORP CP | 36959HBS5 | 0.000 | 02-26-08 | | 2,000,000 | 100.000 | 2,000,000.00 |

Town of Addison
Pooled Funds
INVESTMENT TRANSACTIONS
From 01-01-08 To 03-31-08

| Settle Date | Security | CUSIP | Coupon | Mature Date | Call Date | Quantity | Unit Price | Amount |
|--------------------|--------------------------|--------------|---------------|--------------------|------------------|-----------------|-------------------|---------------------------|
| 03-03-08 | FHLB Accrued Interest | 3133X4E49 | 3.200 | 03-03-08 | 02-03-08 | 1,500,000 | 100.000 | 1,500,000.00 24,000.00 |
| 03-17-08 | FFCB Accrued Interest | 31331TWH0 | 3.240 | 03-17-08 | 03-10-08 | 3,000,000 | 100.000 | 3,000,000.00 48,600.00 |
| | | | | | | | | 14,207,000.00 |

ITEM #R16

There are no attachments for this Item.