

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.

NOVEMBER 10, 2009

TOWN HALL

5300 BELT LINE ROAD

WORK SESSION

Item #WS1 - Discussion regarding Texas Municipal Retirement System (TMRS).

Item #WS2 - Discussion regarding Airport management and operations contracts (proposed new structure).

REGULAR SESSION

Pledge of Allegiance

Item #R1 - Consideration of Old Business.

Introduction of Employees

Discussion of Upcoming Events

Item #R2 - Consent Agenda (Items #2a through #2e).

Item #2a - Approval of the Minutes for:

October 27, 2009, Regular City Council Meeting and Work Session
November 2, 2009, Special Meeting of the City Council

Item #2b - Approval of a change order to American Landscape System's annual contract, totaling \$15,545.00 for landscape and irrigation maintenance services to include Spruill Park, the Allegro Development street trees and planting beds, and the Fairfield Development street trees and planting beds.

Item #2c - Approval of the award of bid to Southwest Industrial Surfaces, Inc., in the amount of \$31,696.00 for the purchase and installation of Tennant Floor Coating at the Addison Police Department, Detention Center area (Jail).

Item #2d - Approval of purchasing five (5) chemical monitoring stations from TRS Environmental in an amount not to exceed \$37,138.90.

Item #2e - Approval of a Resolution for the appointment of Michael Hurtt to the Dallas Central Appraisal District (DCAD) Board of Directors.

Item #R3 - PUBLIC HEARING Case 1587-SUP/Patton's Christmas Trees.
Requesting approval of an ordinance approving a Special Use Permit for a Christmas tree lot, located at 14639 Dallas Parkway, on application from Mr. Jeff Patton of Patton's Corner.

Attachments:

1. Docket Map
2. Staff report
3. Plans

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on October 22, 2009, voted to recommend approval of the request for a Special Use Permit for a Christmas Tree Lot, with the permit to expire on January 30, 2011, subject to no conditions.

Voting Aye: DeFrancisco, Doherty, Hewitt, Oliver, Resnik, Wheeler, Wood

Voting Nay: None

Absent: None

Administrative Recommendation:

Administration recommends approval.

Item #R4 - Presentation, discussion and consideration of approval of the City Manager's recommended incentive compensation to Washington Staubach Addison Airport Venture for 2009 in the amount of \$50,000.

Attachments:

1. Council Agenda Item Overview
2. Mark Acevedo – Recommendation Memorandum
3. 2009 Annual Report – Addison Airport
4. Joel Jenkinson – WSAAV Financial Incentive Memorandum
5. Third Amendment to the Operating Agreement
6. "Exhibit 3" from Operating Agreement

Administrative Recommendation:

Administration recommends approval.

Item #R5 - Presentation, discussion and consideration of approval of the Blue Cross/Blue Shield Health Insurance Renewal Contract.

Attachment:

1. Council Agenda Item Overview

Administrative Recommendation:

Administration recommends approval.

Item #R6 - Presentation, discussion and consideration of approval of the rejection of bids submitted for the construction of certain public infrastructure (Ponte Avenue and Bella Lane Vehicular Bridges and Pedestrian Bridge) within that area of the Town generally known as Vitruvian Park (Vitruvian Park Public Infrastructure Phase 1D).

Attachment:

1. Council Agenda Item Overview

Administrative Recommendation:

Administration recommends approval.

Item #R7 - Presentation, discussion and consideration of approval of a Resolution regarding the appointment of a Charter Review Commission and process for City Charter review.

Attachments:

1. Council Agenda Item Overview
2. Resolution

Administrative Recommendation:

Administration recommends approval.

Adjourn Meeting

Posted:
November 6, 2009 at 5:00 P.M.
Lea Dunn - City Secretary

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

Council Agenda Item #WS1

There are no attachments for this Item.

Council Agenda Item #WS2

There are no attachments for this Item.

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

October 27, 2009
6:00 P.M. – Town Hall
5300 Belt Line Road
Upstairs Conference Room

Council Members Present:

Mayor Chow, Councilmembers Braun, Clemens, Daseke, Lay, Mellow and Noble

Absent: None

Work Session

Item #WS1 - Discussion regarding review of the Addison City Charter.

Ron Whitehead led the discussion regarding review of the Addison City Charter.

There was no action taken.

Item #WS2 - Discussion with Judge Dwight regarding the conducting of weddings by Addison municipal court judges.

Judge Dwight led the discussion regarding the conducting of weddings by Addison municipal court judges.

There was no action taken.

Item #WS3 - Discussion regarding amending a lease agreement with Twin City Hotels, LLC of the Clay Pit restaurant site (located at 4460 Belt Line Road).

The applicant requested this Item be withdrawn from the agenda.

There was no action taken.

Mayor-Joe Chow

Attest:

City Secretary-Lea Dunn

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

October 27, 2009
7:30 P.M. – Town Hall
5300 Belt Line Road
Council Chambers

Present: Mayor Chow, Councilmembers Braun, Clemens, Daseke, Lay, Mellow and Noble

Absent: None

Regular Session

Item #R1 - Consideration of Old Business.

The following employees were introduced to the Council: John Tisdale with the Fire Department, Lynn Chandler with the Development Services Department and Lisa Lester with the Police Department.

Mayor Chow recognized David Smith, who is considering a run for U.S. Congress.

Item #R2 - Consent Agenda (Items #2a through #2g).

#2a - Approval of the Minutes for:

October 13, 2009, Regular City Council Meeting and Work Session

Item #2b - Approval of the final payment to Ratliff Landscaping for Spruill Park landscaping improvements.

Item #2c - Approval of an agreement with The Margulies Communications Group (MCG) to assist the Town with media communications in the amount of \$42,000.00, subject to the final review and approval of the City Manager and the City Attorney.

Item #2d - Approval of an agreement with Liz Oliphant & Associates to assist the Town with special projects as specified, subject to the final review and approval of the City Manager and the City Attorney.

Item #2e - Approval of an agreement with Rodney Hand & Associates Marketing Communications, LP, to advertise in the November 2009, February 2010, May 2010 and August 2010 editions of the Addison/North Dallas Corridor Guide publication, subject to the final review and approval of the City Manager and the City Attorney.

Item #2f - Approval of an agreement with Shiroma Southwest to provide public relations and media publicity programs to promote Addison Perks and certain special events in the Town of Addison, subject to the final review and approval of the City Manager and the City Attorney.

Item #2g - Approval of a Private Easement Without Warranty for Equipment Station and Underground Lines from the Town to Southwestern Bell Telephone Company adjacent to Brookhaven Club Drive in that are of the Town generally known as Vitruvian Park, subject to the final review and approval of the City Manager and the City Attorney.

Councilmember Clemens moved to approve Items #2a through #2g.

Councilmember Braun seconded the motion. Motion carried.

Voting Aye: Chow, Braun, Clemens, Daseke, Lay, Mellow and Noble
Voting Nay: None
Absent: None

Item #R3 - Presentation and discussion regarding economic development.

Councilmember Daseke made the presentation and led the discussion regarding economic development.

There was no action taken.

Item #R4 - Presentation, discussion and consideration of approval of a Resolution approving a Shopping Center Lease between the Town, as tenant, and G & I v VOP, LP, a Delaware Limited Partnership, as landlord, for the lease by the Town of certain space within the Village on the Parkway shopping center for visitor information center and other uses, and of a Resolution approving a sublease or subleases of a portion of such space.

Councilmember Lay moved for this Item to be tabled until a Special City Council Meeting on November 2, 2009.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Clemens, Daseke, Lay, Mellow and Noble
Voting Nay: None
Absent: None

Item #R5 - Presentation, discussion and consideration of approval of a STEP (Selective Traffic Enforcement Program) grant for 2010.

Councilmember Lay moved to approve a STEP (Selective Traffic Enforcement Program) grant for 2010.

Councilmember Clemens seconded. Motion carried.

Voting Aye: Chow, Braun, Clemens, Daseke, Lay, Mellow and Noble
Voting Nay: None
Absent: None

Item #R6 - Presentation, discussion and consideration of approval of the annual contract for Fiscal Year 2009-2010 with the Trinity River Authority to provide inspection, sampling and laboratory analysis on certain industries in Addison to comply with wastewater pretreatment laws as required by EPA.

Councilmember Daseke moved to approve the annual contract for Fiscal Year 2009-2010 with the Trinity River Authority to provide inspection, sampling and laboratory analysis on certain industries in Addison to comply with wastewater pretreatment laws as required by EPA.

Councilmember Clemens seconded. Motion carried.

Voting Aye: Chow, Braun, Clemens, Daseke, Lay, Mellow and Noble
Voting Nay: None
Absent: None

Item #R7 - Presentation, discussion and consideration of approval of the annual contract with Dallas County Health & Human Services (DCHHS) for the Town of Addison to participate in the cost of providing selected public health services at reduced prices to Addison residents.

Councilmember Noble moved to approve the annual contract with Dallas County Health & Human Services (DCHHS) for the Town of Addison to participate in the cost of providing selected public health services at reduced prices to Addison residents.

Councilmember Daseke seconded. Motion carried.

Voting Aye: Chow, Braun, Clemens, Daseke, Lay, Mellow and Noble
Voting Nay: None
Absent: None

Item #R8 - Presentation, discussion and consideration of approval of an ordinance Amending Chapter 18, Article IV, Section 18-246 (relating to the National Electrical Code) of the Code of Ordinances of the Town of Addison, Texas, to provide minimum standards to safeguard life or limb, property, and public welfare by regulating the design, construction, quality of materials, use and occupancy, location and maintenance of buildings and structures.

Councilmember Daseke moved to approve Ordinance 009-037, Amending Chapter 18, Article IV, Section 18-246 (relating to the National Electrical Code) of the Code of Ordinances of the Town of Addison, Texas, to provide minimum standards to safeguard life or limb, property, and public welfare by regulating the design, construction, quality of materials, use and occupancy, location and maintenance of buildings and structures.

Councilmember Lay seconded. Motion carried.

Voting Aye: Chow, Braun, Clemens, Daseke, Lay, Mellow and Noble
Voting Nay: None
Absent: None

Item #R9 - Presentation, discussion and consideration of approval of an Ordinance of the Town of Addison, Texas, amending various provisions of the Code of Ordinances of the Town, including provisions relating to the International Building Code, International Property Maintenance Code, ICC Electrical Code, International Maintenance Code, International Plumbing Code, International Fire Code, and other Codes, and provisions relating to fences, satellite earth stations, swimming pools and spas, and solar energy systems, by providing for the establishment of a board of appeals comprised of the members of the Zoning Board of Adjustment to hear appeals and other matters in connection with such Codes and other provisions, and providing for other amendments to such Codes.

Councilmember Daseke moved to approve Ordinance 009-038, amending various provisions of the Code of Ordinances of the Town, including provisions relating to the International Building Code, International Property Maintenance Code, ICC Electrical Code, International Maintenance Code, International Plumbing Code, International Fire Code, and other Codes, and provisions relating to fences, satellite earth stations, swimming pools and spas, and solar energy systems, by providing for the establishment of a board of appeals comprised of the members of the Zoning Board of Adjustment to hear appeals and other matters in connection with such Codes and other provisions, and providing for other amendments to such Codes, subject to corrections and City Attorney approval.

Councilmember Lay seconded. Motion carried.

Voting Aye: Chow, Braun, Clemens, Daseke, Lay, Mellow and Noble
Voting Nay: None
Absent: None

Item #R10 - Presentation, discussion and consideration of approval of an amendment to a lease between the Town and Twin City Hotels, LLC of the Clay Pit Restaurant site located at 4460 Belt Line Road.

The applicant requested this Item be withdrawn from the agenda.

There was no action taken.

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

Attest:

Mayor-Joe Chow

City Secretary-Lea Dunn

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

November 2, 2009
6:00 P.M.
Council Chambers
5300 Belt Line Road

Council Members Present:

Mayor Chow, Councilmembers Braun, Clemens, Daseke, Lay, Mellow and Noble

Absent: None

Item #S1 - Presentation, discussion and consideration of approval of a Resolution approving a Shopping Center Lease between the Town, as tenant, and G & I V VOP, LP, a Delaware Limited Partnership, as landlord, for the lease by the Town of certain space within the Village on the Parkway shopping center for visitor information center and other uses, and of a Resolution approving a sublease or subleases of a portion of such space.

Councilmember Mellow moved to approve Resolution R09-021 approving a Shopping Center Lease between the Town, as tenant, and G & I V VOP, LP, a Delaware Limited Partnership, as landlord, for the lease by the Town of certain space within the Village on the Parkway shopping center for visitor information center and other uses, and Resolution R09-022 approving a sublease agreement with The Craft Guild of Dallas, Inc., as subtenant, for the sublease of a portion of such space, and Resolution R09-023 approving a sublease agreement with Metrocrest Chamber of Commerce, as subtenant, of a portion of such space; provided, however, that the motion to approve each of the Resolutions and the respective Lease and subleases is conditioned on and subject to further discussion and negotiations between the respective parties to the Lease and subleases and to the final review and approval of the City Manager and the City Attorney of all of the same; and upon the Lease and each of the respective subleases being placed into final form, each shall be attached to the appropriate Resolution approving the same.

Councilmember Daseke seconded. Motion carried.

Voting Aye: Chow, Braun, Clemens, Daseke, Lay, Mellow and Noble
Voting Nay: None
Absent: None

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

Mayor-Joe Chow

Attest:

City Secretary-Lea Dunn

Council Agenda Item: #2b

SUMMARY:

Staff is requesting that the Council approve a Change Order to American Landscape System's annual contract totaling \$15,545.00 for additional landscape and irrigation services in the Addison Circle District for Spruill Park, and the Fairfield and Allegro development street trees and tree well planting beds.

FINANCIAL IMPACT:

| | |
|---|--|
| Original 2004 Annual Contract Amount: | <u>\$68,496.00</u> |
| Annual Contract Increases to Date: | <u>\$11,700.00</u> |
| Revised Annual Contract Amount: | <u>\$80,196.00 = 17% increase</u> |
| Total Recommended Change Order: | <u>\$15,545.00</u> |
| New Annual Contract Amount: | <u>\$95,741.00</u> |
| 25% Threshold Amount Requiring Council Approval: | <u>\$86,857.00</u> + |
| <i>(The new annual contract amount will exceed the \$86,857.00 threshold amount.)</i> | |

Project Manager: Slade Strickland

In 2004 the town awarded an annual contract to American Landscape Systems totaling \$68,496.00 for turnkey landscape and irrigation maintenance for Addison Circle Park, Bosque Park and Beckert Park. In addition the contract also included maintenance of all street trees and the tree well planting beds below each tree on Quorum Drive, Addison Circle Drive, as well as, all other internal mews and street trees within the district.

Over the past four years Parkview Park (Cityhomes Development) and the Cityhomes streetscape landscaping were added to the contract increasing the total contract amount by 17 percent to \$80,196.00. Spruill Park and the Fairfield and Allegro development street trees and tree well planting beds need to be added to the present contract; however, the addition of the \$15,545 will exceed the 25 percent threshold of the original contract amount, which requires the Council's approval.

BACKGROUND:

The area maintained under the present contract is approximately 451,282 square feet, or 10.36 acres of turf grass, planting beds, tree wells and trees. The new areas to be added will increase American's maintenance responsibilities by 72,819 square feet, or 1.67 acres, leaving a total of 12.03 acres. The town is paying 15.5 cents per square foot under this contract, which according to industry standards is a great deal for the town.

Various landscape companies have indicated that 22 cents per foot is a good starting number for highly maintained properties similar to the Addison Circle District. Staff spoke with a past property manager with Trammell Crow who was responsible for overseeing the maintenance contracts, and she could not believe what a good deal the town was getting from American.

RECOMMENDATION:

Staff is very satisfied with American's level of service and pricing, so we recommend approval. This is the fifth and final year of the annual renewable contract with American. Staff will re-bid the services again in 2010.

Council Agenda Item:#2c

SUMMARY:

Council approval is requested for the award of bid to Southwest Industrial Surfaces, Inc., in the amount of \$31,696.00 for the purchase and installation of Tennant Floor Coating at the Addison Police Department, Detention Center area (Jail).

FINANCIAL IMPACT:

Funds Available: Budgeted Item - Police Department Budget

Cost: \$31,696.00

Budgeted Amount: \$170,000.00

BACKGROUND:

The Police Departments' Jail area encompasses approximately 3,300+ square feet (cells, hallways, office). The current flooring is a vinyl coated tile (VCT) floor that is original from the facilities construction in 1984. As part of this year's budgeted maintenance improvements to the Police facility, bids were solicited for the removal of the current VCT floor and replace with a Tennant Double Quartz Broadcast Polyseal Epoxy Coating floor.

The present floor is worn and difficult to clean do to its age. Additionally, matching replacement tiles for the current VCT is difficult and the maintenance and cost associated with stripping and waxing and replacing the VCT tiles is increasing.

The application of the two-part epoxy flooring will provide:

- Much higher level of durability and safety
- Low maintenance and virtually no replacement issues
- Improve the aesthetics of the detention area
- We currently have to paint the cell floors every several years, as they are not tiled. Using the epoxy flooring this expense will be eliminated

Three quotes were received ranging from \$31,696 (Southwest) to \$37,870.

RECOMMENDATION:

Staff recommends the Council award the purchase and installation to Southwest Industrial Surfaces, Inc.

Council Agenda Item:#2d

SUMMARY:

This item is for the approval of purchasing five (5) chemical monitoring stations from TRS Environmental in the amount not to exceed \$37,138.90.

FINANCIAL IMPACT:

Budgeted Amount: \$40,000.00

Cost: \$37,138.90

Project Manager: Jerry Davis

Funds are available in the Special Services portion of the Utility Budget.

BACKGROUND:

The Town of Addison contracted with Freese and Nichols, Inc., to evaluate aspects of the water distribution system in order to develop a strategy for optimizing water quality. One of the key elements of this project includes developing an enhanced water quality sampling plan that if implemented, would help improve the water quality in the Town of Addison's distribution system. Chemical monitoring stations are the most effective way to proactively monitor the quality of the water through continuous monitoring tied into SCADA. They allow operators to observe real time trends in water quality and identify water quality degradation in its early stages.

Since the Town of Addison receives its water from DWU and does not control the quality of water coming into its system and poor water quality events have been experienced in the past, it is recommended that the Town monitor some additional water quality parameters. Chemical monitoring stations are recommended on the suction and discharge sides of Celestial and Surveyor Pump Stations as well as one at the Addison Circle Elevated Storage Tank. The monitoring stations are recommended to measure chlorine, free ammonia and pH. Staff has received quotes from three vendors and TRS Environmental is the lowest bid for \$37,138.90.

RECOMMENDATION:

Staff recommends approval to purchase five (5) chemical monitoring stations from TRS Environmental in an amount not to exceed \$37,138.90.

November 4, 2009

The following quotes were received for the purchase of five (5) chemical monitoring stations:

- | | | |
|----|----------------------|-------------|
| 1. | TRS Environmental | \$37,138.90 |
| 2. | Omega Controls, Inc. | \$37,469.32 |
| 3. | Hach | \$38,748.00 |



#2e
RECEIVED
OCT 23 2009
MAYOR/CITY COUNCIL

Dallas Central Appraisal District

Date: October 21, 2009

To: Joe Chow, Mayor, Town of Addison

From: W. Kenneth Nolan, Executive Director/Chief Appraiser

Re: Election of Suburban Cities' Representative to Dallas Central Appraisal District Board of Directors

In accordance with state law, the nomination process for persons to serve on the Dallas Central Appraisal District Board of Directors has been completed. By state law, your agency is required to vote by official ballot resolution, which is enclosed. **You must do so no later than December 15, 2009. If your entity chooses to abstain from voting, please notify me.**

The nominee is as follows. Also included are the names of the nominating cities.

| Nominee | Entity(s) Nominating |
|-------------------|-----------------------------|
| Mr. Michael Hurtt | DeSoto, Sachse |

Please act on this election process by official ballot resolution and return the ballot resolution to my office in the enclosed envelope by December 17, 2009. **The 1979 resolution adopted by the taxing units participating in Dallas Central Appraisal District, which governs board elections, requires that a candidate receive a majority of the votes in order to be elected to the Board of Directors. Therefore it is imperative that your taxing unit cast its vote before the December 15, 2009 deadline.**

We appreciate your interest in this very important process and look forward to receiving your vote.

WKN/vgh

Enclosure (Official Ballot Resolution/Return Envelope)

cc: Ron Whitehead, City Manager
Lea Dunn, City Secretary
Katie Roller, Tax Department

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF _____, DALLAS COUNTY, TEXAS, CASTING ITS VOTE FOR THE FOURTH MEMBER OF THE BOARD OF DIRECTORS OF THE DALLAS CENTRAL APPRAISAL DISTRICT.

WHEREAS, Dallas County eligible taxing entities have expressed and approved an option which allows for representation to the Appraisal District Board of Directors (in accordance with Section 6.03 of the Texas Property Tax Code) as follows:

1. The City of Dallas shall appoint one (1) member to the Board.
2. The Dallas Independent School District shall appoint one (1) member to the Board.
3. The Dallas County Commissioners Court shall appoint one (1) member to the Board. The member appointed by the Dallas County Commissioners Court shall not be a resident of either the City of Dallas or the Dallas Independent School District.
4. Each of the incorporated cities and towns, except for the City of Dallas, shall have the right to nominate by an official resolution one (1) candidate as the fourth member of the Board of Directors. The said cities and towns shall, from the nominations received, elect by a majority vote, with each city and town being entitled to one (1) vote, the fourth member of the Board of Directors.
5. Each of the independent school districts, except for the Dallas Independent School District, shall have the right to nominate by an official resolution one (1) candidate as the fifth member of the Board of Directors. The said independent school districts shall, from the nominations received, elect by a majority vote, with each independent school district being entitled to one (1) vote, the fifth member of the Board of Directors.

The votes required for election to the Board of Directors in 4 and 5 hereof shall be by a majority of those authorized to vote in 4 and 5 respectively and not by a majority of the quorum, and

WHEREAS, the City of _____ does hereby cast its vote by marking the ballot below:
(Check one only)

Michael Hurtt

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of _____ does hereby confirm its one (1) vote for the election of _____ as the suburban cities' representative to the Board of Directors of the Dallas Central Appraisal District.

PASSED AND APPROVED, this the _____ day of _____, 2009

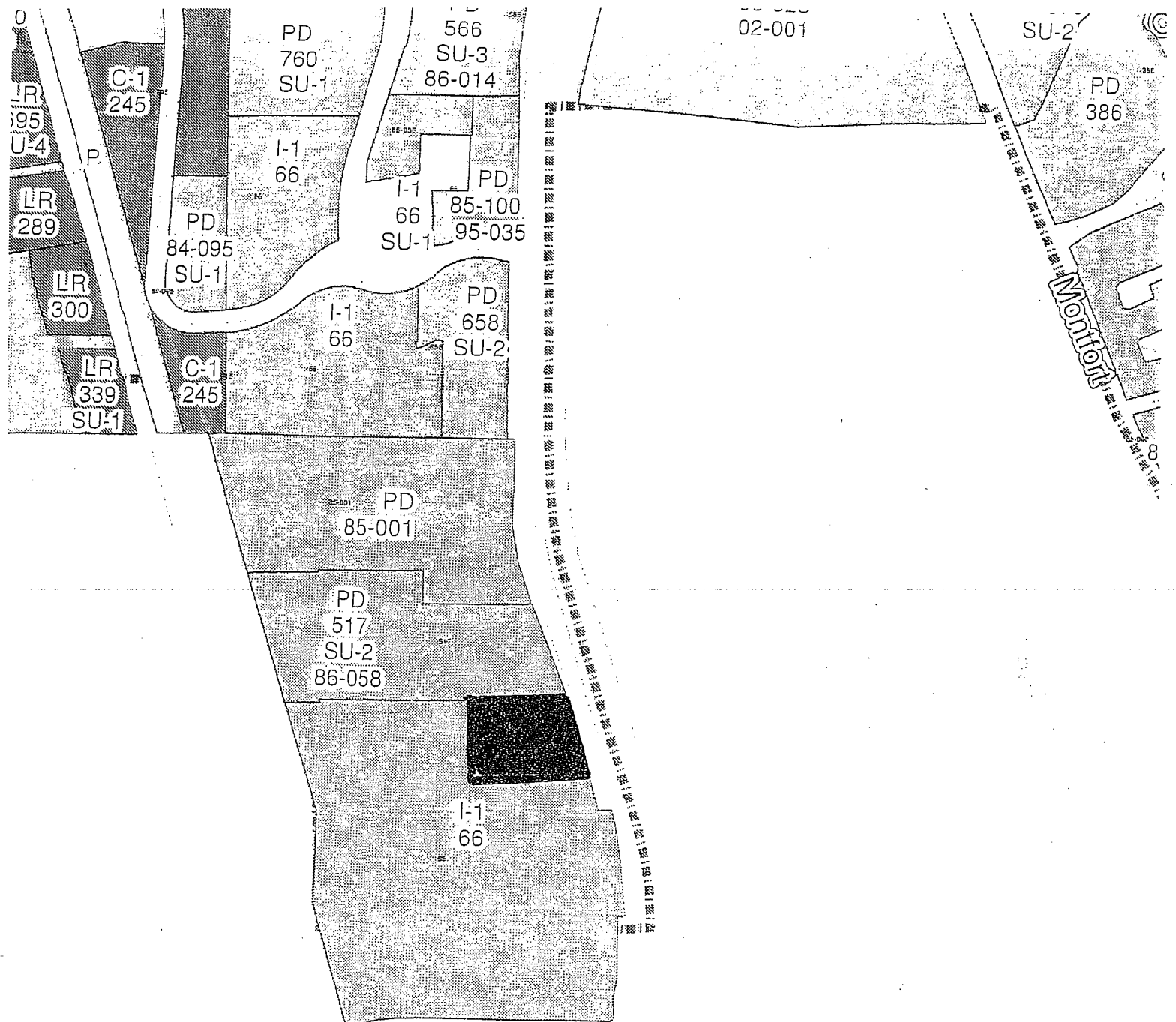
MAYOR

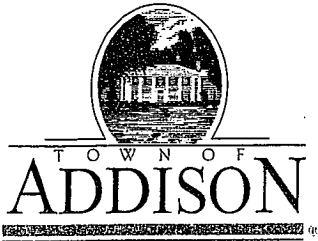
ATTEST: _____
CITY SECRETARY

SEAL:

1587-SUP

PUBLIC HEARING Case 1587-SUP/Patton's Christmas Trees. Requesting approval of an ordinance approving a Special Use Permit for a Christmas tree lot, located at 14639 Dallas Parkway, on application from Mr. Jeff Patton of Patton's Corner.





DEVELOPMENT SERVICES

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

16801 Westgrove

Post Office Box 9010 Addison, Texas 75001-9010

October 14, 2009

STAFF REPORT

RE: Case 1587-SUP/Patton's Corner
LOCATION: 14639 Dallas Parkway
REQUEST: Requesting approval of a Special Use Permit for a Christmas tree lot
APPLICANT: Mr. Jeff Patton

DISCUSSION:

In Addison Christmas tree lots are required to obtain a Special Use Permit. The applicant seeks to operate a Christmas tree lot on the former Ewing Mitsubishi site at 14639 Dallas Parkway. Mr. Patton has had a Christmas tree lot at this location last year, and has had lots for the past six years on either this property or the Ewing property to the south of this site. Mr. Patton typically has done a good job cleaning up the lot.

The staff feels, given Mr. Patton's track record as a good operator, that the permit could be issued for a period of two years. This would save Mr. Patton having to go back through the process next year if he chooses to have a lot in the same location.

RECOMMENDATION:

Staff recommends approval of this request for a Special Use Permit for a Christmas Tree Lot for two years. The permit will expire on January 30, 2011.

Respectfully submitted,

Carmen Moran
Director of Development Services

Case 1587-Z/Patton's Christmas Trees
October 23, 2009

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on October 22, 2009, voted to recommend approval of the request for a Special Use Permit for a Christmas Tree Lot, with the permit to expire on January 30, 2011, subject to no conditions.

Voting Aye: DeFrancisco, Doherty, Hewitt, Oliver, Resnik, Wheeler, Wood

Voting Nay: None

Absent: None

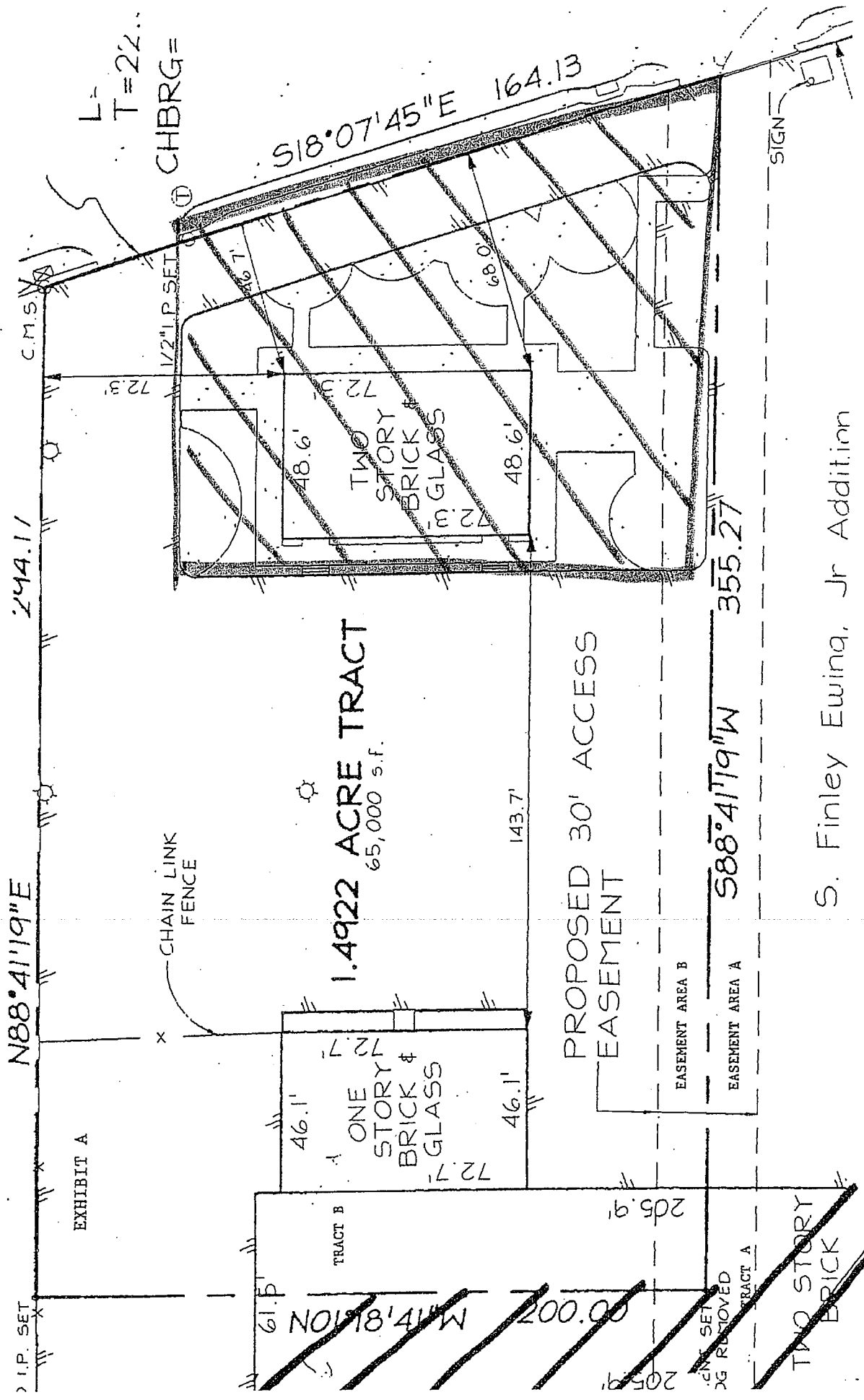
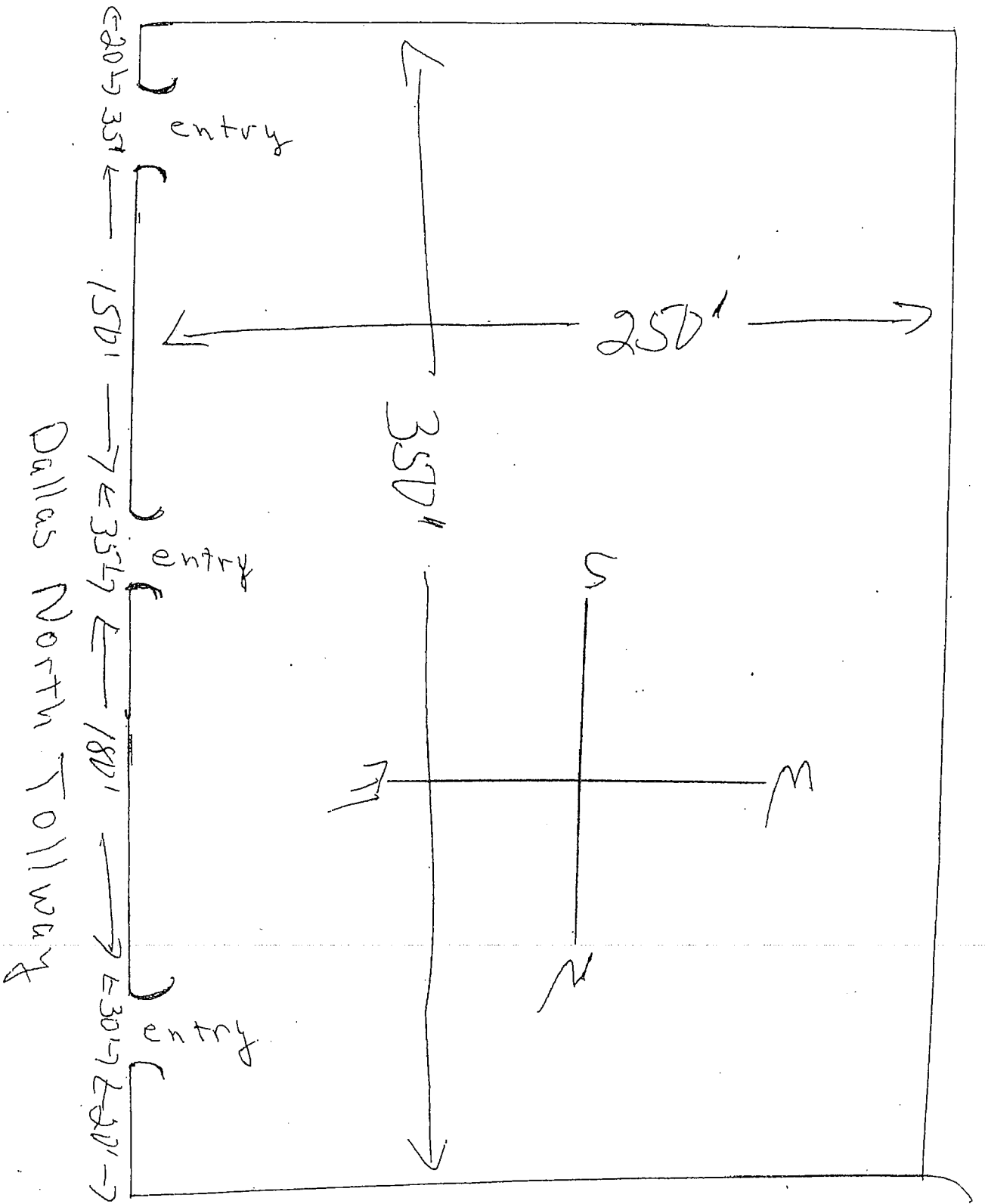


EXHIBIT A
 TO RECIPROCAL EASEMENT AGREEMENT
 PROPERTY OWNED BY EWING



Council Agenda Item: #R4

SUMMARY:

Consideration and approval of the City Managers recommended incentive compensation to Washington Staubach Addison Airport Venture for 2009 in the amount of \$50,000.

FINANCIAL IMPACT:

Cost: \$50,000

Funds are available in the Airport Fund.

BACKGROUND:

In accordance with the Third Amendment and Exhibit 3 of the Operating Agreement between the Town of Addison and Washington Staubach Addison Airport Venture, WSAAV has the ability to earn incentive compensation each year of the agreement for performance that exceeds the Town's expectations. There are two components of the incentive compensation; financial incentive and management incentive. The finance incentive portion includes certain financial performance based incentives, including an incentive based on the annual growth in Gross Revenue and an incentive based on revenue from through the fence operations.

The management incentive is based upon certain non-financial performance incentives, and may be awarded to the Operator based upon the Town's assessment of the Operator's performance and achievements during the applicable contract year. To aide the Town in its assessment of the Operator's performance and achievements, the Operator submitted to the Town an annual management report which is intended to be limited in scope but sufficient enough to summarize the Operator's accomplishments and performance over the applicable contract year.

RECOMMENDATION:

Staff met on several occasions to consider our evaluation and is in concurrence with the following recommendation of \$50,000 management incentive. The Operator did not earn a financial incentive as there was no increase in gross revenue. Staff recommends a total of \$50,000 for WSAAV incentive compensation for 2009.

Attachments:

- Mark Acevedo – Recommendation Memorandum
- 2009 Annual Report – Addison Airport
- Joel Jenkinson – WSAAV Financial Incentive Memorandum
- Third Amendment to the Operating Agreement
- “Exhibit 3” from Operating Agreement

INTEROFFICE MEMO

DATE: NOVEMBER 2, 2009
TO: RON WHITEHEAD, CITY MANAGER
CC: CHRIS TERRY, ASSISTANT CITY MANAGER
RANDY MORAVEC, CHIEF FINANCIAL OFFICER
FROM: MARK ACEVEDO, DIRECTOR OF GENERAL SERVICES
RE: WASHINGTON STAUBACH INCENTIVE COMPENSATION
RECOMMENDATION

BACKGROUND:

In accordance with the Operating Agreement between the Town of Addison and Washington Staubach Addison Airport Venture, WSAAV has the ability to earn incentive compensation each year of the agreement for performance that exceeds the Town's expectations. The Operator will be rewarded with incentive compensation commensurate with financial performance of the Airport based on the annual increase in Airport Gross Revenue. Financial Performance is divided into two sub-categories: a) Gross Revenue Increase and b) Other Financial Incentives. As airport revenue increases, the percentage for incentive amounts increase as well. Likewise, any decrease in revenue will result in a lesser percentage for incentive. Per the Exhibit 3 of the Operating agreement, if gross revenue is 3.5% or greater than the previous year, the Operator will earn a financial incentive. Gross revenue was 0.00% greater in 2009 therefore; the Operator has not earned a financial incentive in either category a) Gross Revenue Increase or in category b) Other Financial Incentives. For the management incentive, town staff met on several occasions to consider our evaluation and is in concurrence with recommending **\$50,000** for the management portion of the incentive program for a total of **\$50,000**. In 2008 WSAAV did not earn a financial incentive in either category. They were awarded \$50,000 for the management incentive, for a total incentive compensation of \$50,000.

In making this recommendation, staff utilized the methodology as identified in "Exhibit 3" of the operating agreement. This methodology of incentive compensation as outlined in the Third Amendment to the Operating Agreement is comprised of two components; the finance incentive and the management incentive. The Finance Incentive portion includes certain financial performance based measures, including an incentive based on the annual growth in Gross Revenue and an incentive based on revenue from through the fence operations. The Management Incentive portion is based upon certain non-financial performance incentives, and may be awarded to the Operator based upon the Town's assessment of the Operator's performance and achievements during the applicable contract year. To aide the Town in its assessment of the Operator's performance and achievements, the Operator submitted to the Town an annual management report which is intended to be limited in scope but sufficient enough to summarize the Operator's accomplishments and performance over the applicable contract year. Staff also met with WSAAV to share our assessment of their performance and discuss operational activities for the operating team to focus their attention on in the coming year.

Staff's philosophical approach to this performance incentive process was two-fold. One, we attempted to recognize work or accomplishments that went beyond expectations. Merely

performing at expected levels does not merit a bonus; rather, the accomplishment should exceed the normal expected performance both in task and in quality. In fact, "Exhibit 3" of the operating contract states:

"While the City expects a high level of performance from the Operator, the provision of increasingly challenging levels of performance with commensurate financial rewards is intended to stimulate the Operator to higher levels of excellence for the Airport and the City."

Second, this process should identify for the operating team those areas of concern that need additional attention in the coming year. Identifying areas for improvement is an important means to providing adequate feedback for future performance and rewarding exceptional future performance.

The recommended monetary amounts are identified with each category in this memorandum.

RECOMMENDATIONS:

Financial Incentive

Earned Amount \$ -0-

The amount for this category is commensurate with the financial performance of the Airport based on the annual increase in Airport Gross Revenue (Category A) and or Other Financial Incentives (Category B). During fiscal year 2009, expected increases in collected revenue were adversely impacted due to extraordinary circumstances as outlined in the attached memorandum from Joel Jenkinson, Airport Director, dated October 30, 2009. Therefore, WSAAV did not earn a financial incentive bonus for 2009.

Management Incentive

Recommended Amount \$50,000

The recommended amount for this category relates to the Operators performance in the areas outlined below from the Annual Report and staff's own assessment. *These are areas which staff has determined to have been accomplished with a higher degree of quality and at a level that exceeds the routine daily expectations of managing an airport facility.*

Operations & Maintenance – (Incursions) An incursion is the improper presence of a person, vehicle, or aircraft on a runway or taxiway; incursions are a serious safety issue and is an area that the FAA watches closely. In 2008 Addison recorded 18 incursions; in 2009, there were 12 incursions recorded a 33% reduction. This is a very difficult issue to manage. The airport management team continues working to reduce these incursions by educating airfield users and pilots on the rules and regulations, using training, safety meetings, and distributed information such as flyers and posters. **(Vector Airport Solutions Traffic Study)** In an effort to look for inovative ways to increase revenue and obtain greater knowledge of who our flying customer base is, airport management contracted with Vector Airport Solutions to install an aircraft tracking system for a three-month trial period. The system utilized cameras and other electronic means to identify aircraft using the airport; the system was actually in place for longer than the contracted trial period, and we obtained eight months of arrival and departure data. We used the data to support our based aircraft counts, identify regular transient visiting aircraft, and support our engineers in their runway pavement design process. The system was also used to evaluate the potential value of instituting a Landing Fee for larger transient aircraft as both a means to enhance security and generate additional revenue.

- **Communications and Tenant Relations** – The Operator continues to be very successful in building strong tenant relationships. This has been accomplished through good communication and accessibility with the tenants. The Operator continues to successfully host tenant appreciation breakfasts twice a year where the tenants have an opportunity to visit with other tenants and ask airport management questions about what is going on at the airport. Approximately 150 airport tenants and their guests attend each of the breakfasts on a regular basis. This is an unusual practice at most general aviation airports, but has become a tradition at Addison Airport that has opened the lines of communication and trust between the tenants and the Operator. The airport also hosted an Addison Business Association luncheon with Colonel Rich Gram, former SR-71 pilot who was the featured speaker. Not a regular event at other GA airports, but once again our airport team did an exemplary job of coordinating the airport side of Kaboom Town and hosting a very successful air show this past July 3rd.

- **Community Service** – Locally, the management team is very active in community service and maintains memberships in local organizations such as the Addison Midday Rotary, the Metrocrest Chamber, the North Texas Commission, and the Addison Business Association. Additionally, the management team is very involved with state and national aviation affiliations. The management team not only belongs and attends their conferences, but hold leadership roles in those organizations and actively promote Addison Airport and the Town of Addison. This past year, Darci Neuzil, Deputy Director was elected president of the Texas Airports Council. In her capacity as President, Darci was invited to deliver a briefing on General Aviation to a group of Congressional caucus staff members Washington, DC. The briefing was so well received that she was asked to travel to Austin to give her presentation to the Texas Department of Transportation's Executive Director. The opportunities to meet with policymakers on the State and National levels and to represent the interests of GA and Addison Airport underscore the value of airport managements' ongoing involvement with aviation professionals and trade organizations. In April of this past year, airport management hosted the 2009 American Association of Airport Executives (AAAE) General Aviation Conference here in Addison. 150 airport professionals nationwide attended the conference and were greeted by Mayor Chow at the opening session. The conference brought room nights and guests to our Town and was a great success.

- **Property Management** – As with last years' incentive compensation, staff continues to express a high satisfaction with the daily operations, and the level of customer service that is provided by the Operator with respect to property management. This excellent level of customer service continues to be the way the Operator performs property management today. **(Redevelopment)** The Operator is to be commended for their extensive hard work over the past year with the completion of the **MSF Partners** project as well as bringing several other deals to closure. MSF Partners completed the construction of the Executive Hangar Owners Association of Addison (EHOAA) executive hangar condominium development on Taxiway Romeo. This redevelopment project included the demolition of 40 obsolete flood-prone hangars that were replaced with 23 executive hangars at a construction value of over \$5 million with approximately \$100,000 in annual rental to the Airport. In connection with this project, MSF reconstructed Taxiway Romeo under a Developer Participation Agreement with the Town wherein the Town contributed 30% of the cost, not to exceed \$150,000, this represents as much as \$1 million in scheduled capital improvement costs savings.

Property Management (con't) – Airport staff work extensively with **ExecHangar**, a redevelopment project first agreed to in late 2007, ExecHangar provided notice of its intent to commence construction of its corporate flight department/executive hangar co-operative facility. Phase I will include 24,000 square feet of expansive hangar and office space with nearly 28-foot-high door clearance representing over \$50,000 in additional annual rental and potentially \$3 million in new airport investment. Construction is expected to be completed by mid-2010. **PlaneSmart! Aviation**, a growing aircraft management and fractional ownership service provider, acquired the ground lease interests at 15841 Addison Road. The company has committed to invest at least \$500,000 in various long-over-due capital and building improvements on the property scheduled to be completed by February 2010. **Eagle Land & Cattle (American Flyers)** has successfully operated its flying school at Addison Airport for 20 years. Its recent acquisition of 4650 Airport Parkway will allow it to expand its international flight school and relocate its corporate headquarters and national aircraft maintenance operations to Addison. Economic benefits to the Town of Addison and the airport from this acquisition, expansion and relocation are numerous. Such as: Increased payroll of over \$1.1 million with the majority of 35 employees relocating to Addison from Ft. Worth, Santa Monica and Chicago. Increased fuel flowage fees attributed to additional 200,000 gallons of fuel annually dispensed from their non-public Avgas fuel facility leased from the Town. 125+ additional students will train at Addison and will require short-term or temporary housing. American Flyers plans to spend \$450,000 per year in domestic and international advertising promoting the attributes and amenities of Addison and its state-of-the-art flight school. Added hotel/motel and restaurant revenue during American Flyers' employee training

Staff continues to work with both parties of Washington Staubach Addison Airport Venture to finalize new separate agreements for the operational and real estate functions on Addison Airport. These negotiations are nearing completion and the new management contracts will be presented for Council consideration at the December 8th regular City Council meeting.

Attachments: 2009 Annual Report – Addison Airport
Joel Jenkinson – WSAAV Financial Incentive Compensation Memorandum
Third Amendment to the Operating Agreement
“Exhibit 3” from Operating Agreement

2009

Annual Report

ADDISON AIRPORT



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Letter from the Director: Year in Review

October 30, 2009

To Our Client and Partner, The Town of Addison:



The past Fiscal Year 2009 was undoubtedly the most difficult and challenging year for the aviation industry in recent memory, and Addison Airport was not immune to these tough conditions. The economy was in the deepest recession since the Great Depression, and business aviation suffered through a disastrous public relations fiasco that directly resulted in a sharp curtailment of business flying and even the closure of a number of corporate flight departments. Here is an excerpt from the ABC News story that appeared on November 19, 2008:

The CEOs of the big three automakers flew to the nation's capital yesterday in private luxurious jets to make their case to Washington that the auto industry is running out of cash and needs \$25 billion in taxpayer money to avoid bankruptcy.

The CEOs of GM, Ford and Chrysler may have told Congress that they will likely go out of business without a bailout yet that has not stopped them from traveling in style, not even First Class is good enough.

All three CEOs - Rick Wagoner of GM, Alan Mulally of Ford, and Robert Nardelli of Chrysler - exercised their perks Tuesday by flying in corporate jets to DC. Wagoner flew in GM's \$36 million luxury aircraft to tell members of Congress that the company is burning through cash, asking for \$10-12 billion for GM alone.

The failure of these top executives to understand and vigorously defend their use of business aviation was inexcusable. The media and many politicians – including certain members of Congress and the Executive Branch who are regular users of government and business aircraft and really should know better – we're only too quick to pile on in vilifying the alleged excesses of these auto industry executives. The negative publicity from this event caused significant additional damage to a general aviation industry that was already struggling with the economic downturn. It literally cost people their jobs ... people who had nothing to do with the woes of the auto industry, and whose own industry had not sought any extraordinary assistance from the federal government.

Business and general aviation interests have recently begun to do a better job promoting the benefits of the industry and explaining its economic and societal value. The Aircraft Owners and Pilots Association (AOPA) sponsors the "GA Serves America" website, while the National Business Aviation Association (NBAA) has its own "No Plane, No Gain" marketing and educational promotion highlighting the value of

business aviation. A recently released (Fall 2009) study performed by NEXA Advisers, LLC and sponsored mainly by NBAA and the General Aviation Manufacturers Association (GAMA) "carries a powerful message to company boards, government policy-makers and industry leaders: business aviation is a tool that provides a unique competitive benefit to America's businesses, manifesting in higher shareholder and enterprise value." Primarily examining financial measures of S&P 500 companies, the study found that companies that are business aircraft users outperformed non-users. Finally, the industry is beginning to effectively make the point that the company aircraft is not an expensive and wasteful perk for top executives, but a critical competitive tool for enhancing the productivity and effectiveness of key company personnel.

Both the difficult economic climate and the negative publicity that was heaped on users of business jets had negative effects on Addison, worsening a recent decline in fuel flowage volumes and also resulting in a decrease in aircraft operations (jet traffic in particular). Addison was not alone in experiencing these hardships, as other similarly situated GA airports across the country (see Appendix A) saw similar declines in jet traffic and fuel flowage volumes.

Against this backdrop of poor economic conditions, Addison Airport still managed to fare remarkably well. Our real estate staff, through a lot of creativity and hard work, secured a number of development and redevelopment deals including the Executive Hangar Owners Association of Addison (EHOAA) project and the accompanying reconstruction of Taxiway Romeo; consolidation of American Flyers flight training and maintenance operations at Addison; the ExecHangar development on Taxiway Victor; and the PlaneSmart! redevelopment of the former Henley property on Addison Road. Development of a heliport on the northwest corner of the airport by Sky Helicopters is also pending. In addition, we formally established a \$0.20 per gallon flowage fee for non-public fuelers.

The operations and maintenance staff oversaw a number of significant airfield construction projects, including completion of improvements to the north runway safety area (RSA); reconstruction of the west fuel farm ramp; reconstruction of Taxiway Romeo; removal of the concrete containment and equipment pads from the old fuel farm area, and replacement of 900 feet of perimeter fence on Addison Road; emergency stabilization of the side slopes of the drainage channel north of the Million Air ramp; and installation of a water main extension to serve tenants on the north side of Taxiway Romeo.

We received a \$1.37 million FAA / TX-DOT FY09 grant for the design phase – now well underway – of our runway rehabilitation project. In addition, we succeeded in making our case with TX-DOT that our Capital Improvement Program (CIP) projects for FY10 through FY12 needed to be funded from TX-DOT's block grant rather than relying on the much less certain FAA discretionary funds. This was really a huge success for us: our CIP projects include \$12.69 million in FY10 for the runway repairs and resurfacing; \$2.81 million in FY11 for runway signage and lighting upgrades, plus drainage and grading improvements

in the lateral runway safety areas and in the taxiway safety areas on the north end of Taxiway Alpha; and \$4.545 million in FY12 for the complete reconstruction of Taxiway Quebec and the associated aircraft parking ramps. These will all be 90% FAA / TX-DOT funded with a 10% local matching share. In addition, we secured a TX-DOT grant in FY10 (75% TX-DOT funds, with a 25% local match) in the amount of \$60,000 to upgrade our automated weather observing system to the AWOS-IV standard by the addition of runway pavement condition sensors and a sophisticated new precipitation sensor. We are still programmed to receive \$6 million in FAA discretionary funds in FY12 to construct an Engineered Materials Arresting System (EMAS), an important safety enhancement that will compensate for the lack of a standard runway safety area at the south end of the runway.

Because our CIP projects will require over \$2 million in matching funds over the next three years, we have worked hard to maintain a high level of efficiency in the airport operating budget and minimize expenditures to preserve capital to meet the matching fund needs. We recognized this need two years ago, and by deferring non-essential maintenance and improvement projects reduced expenditures to approximately \$250,000 below our approved FY08 budget. Beginning FY09 with a leaner budget, we again reduced expenditures to \$198,000 below our approved budget. We accomplished this by performing certain tasks using in-house labor (*e.g.*, fence repairs and gate upgrades), again deferring non-critical projects (*e.g.*, Midway Road perimeter fence replacement), and we also benefitted from generally lower costs for construction on certain smaller projects (concrete panel replacements and an extension of the service road north from the Million Air ramp inlet). We recognize that we will need to spend the money to accomplish these deferred projects in the future, but the top priority must be to ensure that we will have the grant matching funds needed for our critical CIP projects.

An ongoing concern with respect to timely obtaining our grant funding from FAA and TX-DOT is the continuing failure of Congress to pass a multi-year FAA reauthorization bill. FAA is being funded through a ninth consecutive – soon to be a tenth – continuing resolution. This has a disastrous effect on planning and CIP funding, as FAA is unable to commit funds for the full fiscal year when their authorization to operate runs out at the end of the month or the quarter. We did not receive our FY09 grant money until August of this year ... less than six weeks before the end of the fiscal year! In order to reconstruct our runway in the summer of 2010 (construction must be done in the summer season) we will need to have our grant approved and funding in hand no later than March 2010. Super Bowl XLV will be coming to North Texas in February 2011, and we would really like to have our runway resurfaced before we welcome all of those visitors. We really need a multi-year reauthorization bill to pass in order for that to happen, and we have made this point to Senator Cornyn's staff by both telephone and e-mail.

At present, airport revenues are derived from just two primary sources: real estate and fuel flowage fees. This past year, we studied some potential revenue enhancement opportunities, including a Landing Fee for transient aircraft above a certain weight, and a U.S. Customs User Fee. For the landing fee study, we

contracted with Vector Airport Solutions to install a taxiway camera system to evaluate the revenue potential. We derived significant additional benefits from the Vector study in the form of a lot of very useful data on aircraft that use Addison Airport: the data helped us identify based aircraft and transient customers, and it is also being used in support of the runway rehabilitation design work. While we concluded that the current economic conditions were not right for the imposition of any new fees, this is something that we may wish to revisit in the future when conditions improve.



The Airport Staff: standing (left-to-right) – Joe McAnally, Lou Warren, Mecca Smith, Larry Cowden, Dave Foster, Tom Walsh, Steve Finn, and Bill Dyer; seated (left-to-right) – Melissa Newman, Joel Jenkinson, Darci Neuzil, and Angela Winkler.

September 30 marked the end of my first full year as your Airport Director. Addison Airport is recognized as one of the premier GA airports in the country and it is truly a privilege and a pleasure to serve in this capacity. For an airport the size of Addison, our staff is relatively small and we recognize that we could not do all that we do without the support of the Town and its remarkable employees: from General Services and the vehicle fleet maintenance, to the engineering support of Public Works, to the public safety services provided by the Fire and Police departments, and the assistance we receive from other Town staff on a near-daily basis, we are most appreciative. While our staff is small, we are confident in

our abilities and take a lot of pride in the work we do. Our staff has a complementary set of skills; we have an unusual variety of talents and training that enable us to tackle the wide variety of tasks that crop up in the management of such a busy and diverse airport. One of our greatest strengths is our ability to function as a team, and I would like to take this opportunity to note the addition of a new team member – Operations Manager Joe McAnally – who joined us in November 2008. We hired Joe away from Houston Hobby Airport, and are very pleased with the way he has fit in and contributed right from the start.

We work hard to maintain and improve the capabilities of our staff through offering numerous employee development opportunities, with a heavy emphasis on safety. Everyone participates in some form of continuing professional education. In this regard, I would like to recognize Maintenance Manager Dave Foster for obtaining the “Airport Certified Employee” or “ACE” designation in Airfield Lighting Maintenance through the American Association of Airport Executives (AAAE) in August 2009, and Joe McAnally for obtaining the “Certified Member” or “C.M.” designation, also through AAAE, in April 2009. These are significant professional achievements that will enable these employees to make even greater contributions to this project.

In this year’s Annual Report, we introduce a new format incorporating more pictures with bullet points in place of lengthy text to detail what we have accomplished this past year. We hope that you will find it to be an improvement. So, once again our Joint Venture staff is pleased to present Addison Airport's 2009 Annual Report, which illustrates our ongoing commitment to the airport's Mission Statement:

“To provide the best self-sustaining general aviation airport facilities and services while returning a significant economic benefit to the citizens of Addison, and to be a good neighbor to the surrounding community.”

We believe there are six goals that support this mission:

- Ensure full compliance with all applicable federal regulations
- Host and support special events to benefit the airport and the surrounding community
- Communicate the advantages of Addison Airport through our marketing and community outreach programs
- Upgrade airport facilities and infrastructure
- Continue to manage facilities in a superior manner
- Explore development and redevelopment opportunities for the airport

As always, it is our privilege and honor to serve as the management team for the Town of Addison at your airport. We take our responsibility of representing you very seriously. We trust that this report will adequately illustrate this commitment.

Respectfully Submitted,

A handwritten signature in black ink that reads "Joel Jenkinson". The signature is written in a cursive style with a large initial "J".

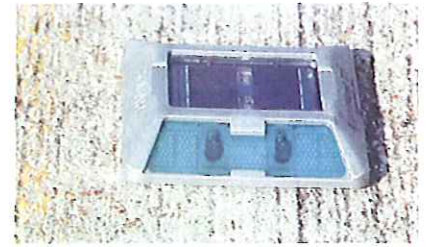
Joel P. Jenkinson, Ph.D., C.M.
Director, Addison Airport



Operations and Maintenance

Airfield Lighting Maintenance

- Installed solar-powered LED edge reflectors/lights along Taxiways Uniform and Victor.
- Began comprehensive checking of runway edge lighting circuit wiring for insulation condition and transformer leakage / failures.
- Repaired primary failure on Taxiway Alpha South circuit; wire was blown in two at the transformer connection.
- Assisted FAA in re-wiring the 1000-foot bar on the MALSR (approach lighting) system for Runway 15.
- Concrete mow strip was placed around 1000-foot bar on MALSR to keep grass from growing around the lights.
- Painted and repaired all wooden low-profile airfield barricades after Taxiway Romeo reconstruction project ended.
- Removed the guard light and sign on the south service road so vehicles will no longer be required to contact the control tower for access to and from the west side of the airport.
- Painted designations and numbers on all airfield light and sign bases to aid maintenance tracking.



Runway and Taxiway Paint Markings and Crack Sealing

- Re-painted runway centerline and runway designation (numbers) markings (July 3-4 overnight).
- Re-painted all non-movement area boundary markings on the east side of Taxiway Alpha, increasing the size from 6" to 12" markings.
- Crack-sealed various areas on the field (south service road, west side T-hangars, Taxiway Sierra T-hangars, edge of Taxiway Alpha to non-movement area boundary marking, all west side lead-ins to Taxiway Bravo, Taxiway Papa, east side access road).



Fencing and Gates

- Removed old 6-foot chain link fencing at the old fuel farm site and had a contractor install a new 8-foot black vinyl chain link fence.
- Removed concrete containment pads and graded area at old fuel farm to allow for moving new fencing 25 feet off Addison Road for future landscaping; hauled concrete to Dooley Road storage area.
- Installed larger pulleys on all gate operator motors to enable faster gate operation (opening / closing).
- Installed a new square tubing slide gate to replace the damaged chain link gate at the Wiley Post airfield entrance.



- Installed a new hydraulic gate operator at the fuel farm entrance due to failure to get parts for the older system; also replaced the safety loop detector system.
- Replaced loop system on Gate 7 (Jimmy Doolittle Drive), due to false detections.
- Repaired three sections of fence by the west side (Taxiway Bravo) T-hangers that were cut or otherwise damaged by trespassers coming through the fence onto the airport.
- Repaired two sections of fence along Lindbergh Road that were damaged by vehicles crashing into the fence.
- Built and installed 10 pedestrian gates to replace older, less secure chain-link gates; new gates are built with 2-inch square tubing and have a mechanical cipher lock installed on them.
- Installed new restricted access warning signs on all numbered (vehicle) gates for the airfield perimeter fence.



Airfield Pavement and Service Road Maintenance

- Replaced one concrete panel on Taxiway Victor due to failure.
- Replaced one concrete panel on the airfield service road between Taxiways Romeo and Sierra.
- Extended west gravel access road out of the Runway 15 Glide Slope Critical Area near the north end of the airfield.
- Put out approximately 3,500 pounds of de-icing chemical on the Runway and Taxiway Alpha during the ice storm on January 28th.
- Provided escorts for crews surveying the runway and safety areas for the design phase of the runway rehabilitation project.
- Put down sod/grass on small common area (which airport staff will maintain) at the east end of Taxiway Romeo.

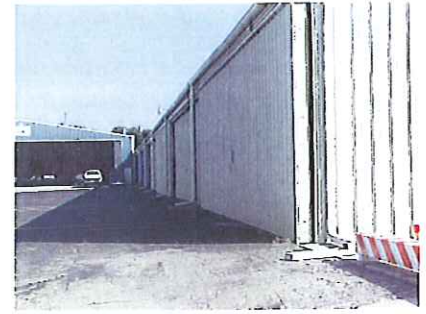


Training and Safety

- Maintenance Manager Dave Foster obtained certification as an Airport Certified Employee (ACE) in Airfield Lighting Maintenance.
- Sent two maintenance technicians to a training seminar on HVAC Troubleshooting and Maintenance.
- Sent two maintenance technicians to a training seminar on Electrical Theory, Troubleshooting and Maintenance.
- Continued training maintenance technicians on gate operator controls and troubleshooting.
- Continued training maintenance technicians on electrical board consisting of standard electrical circuit controls.
- Inspected all circuit breaker boxes in airport-owned hangars and buildings for compliance with NEC and OSHA regulations.

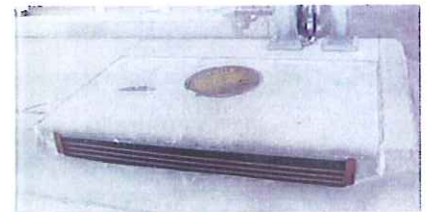


- Maintenance technicians watched two DVDs on proper welding techniques and safety.
- All URS-Washington employees took a required online Defensive Driving course which allows for driving company and client vehicles.
- All maintenance employees attended an airport driver training class instructed by airport operations manager Joe McAnally.



Hangar Maintenance

- Installed new asphalt pad in T-hangar P6-15 due to deteriorated condition.
- Installed gutters on R5 T-hangars to eliminate water from coming into the hangars during rains.
- Extended metal skin inside T-hangar R5-10 to the roofline to help keep excess dirt/dust out of hangar.
- Installed new doors on T-hangars P6-10, P4-15 and P4-5.
- Replaced 3-inch rocks inside T-hangar P4-15 with compacted asphalt millings.
- Installed new LED obstruction lights on the “Collins” hangars; one electric and two solar-powered.
- Installed three security lights on the former Flight Line facility to help illuminate the apron area.
- Tore out the office area inside T-hangar T14-1, converted it back to storage, removed walls, ceiling, and non-compliant electrical wiring.
- Built lockers in the maintenance shop for maintenance technicians to store hand tools, personal protective equipment (PPE), and other miscellaneous items in a single location.



Fuel Farm

- Built and installed guards on fuel farm containment storm drain inlets to help keep trash and debris from entering the oil/water separator.
- Assisted fire alarm technician with quarterly inspections with the bucket truck to reach the overhead flame detector sensors.
- Painted rails and rungs on all the ladders at the fuel farm with an anti-skid coating to give FBO employees a safer climb up to the catwalks over the fuel storage tanks.



West Fuel Farm Ramp Reconstruction

- The asphalt ramp area west of the fuel farm was in very bad shape, well beyond the end of its useful life, with very poor drainage especially at the north end of the fuel farm.
- The fuel farm ramp reconstruction project was funded by using Addison’s “Non-Primary Entitlement” (NPE) funds from FAA / TX-DOT



with a 10% local match; total cost was approximately \$350,000.

- The ramp was reconstructed with ten inches of concrete to support fuel truck traffic.
- Drainage was improved by the addition of a series of trench drains.

Taxiway Romeo Reconstruction

- Taxiway Romeo was reconstructed via a developer participation agreement which limited the Airport's cost share to \$150,000 for a taxiway reconstruction project that cost well over \$500,000 total.
- New sub-surface drainage was added to address chronic flooding.
- Deteriorated asphalt was replaced with ten inches of concrete.

Drainage Channel North of Million Air Ramp

- The south slope of the drainage channel just north of the Million Air ramp was beginning to slump, endangering the Million Air ramp.
- Craig Olden, Inc. was contracted to clean it out the drainage ditch and shotcrete the south side to prevent a washout.
- This is a temporary fix designed to last at least two years until the drainage can be put in a culvert and filled over.

New Water Line Serving North Side of Taxiway Romeo

- In order to comply with current Fire Code requirements, we constructed a water main extension south of Fire Station No. 1 from Addison Road to Airport Parkway; this was needed to serve the PlaneSmart! redevelopment of the former Henley property.
- This water main extension will allow tenants on the north side of Taxiway Romeo to tap into the new main and install sprinkler systems in buildings and hangars as may be required to comply with fire codes.

Completion of the North RSA

- The North Runway Safety Area (RSA) improvements were completed this year with the exception of a few small outstanding issues.
- It is now a proper safety area meeting current FAA safety standards, capable of supporting the weight of an aircraft in case of a runway overrun and free of potentially hazardous obstructions or variations in the surface such as ruts, ditches, or humps.

Incursions

- An incursion is the improper presence of a person, vehicle, or aircraft on a runway or taxiway; incursions are a serious safety issue.
 - In 2008 Addison recorded 18 incursions; in 2009, there were 12 incursions recorded.



**Addison Airport (ADS)
Runway Incursion Risk Areas**

Blade pay close attention to hold line location and RFL (obscured)

Runway 15-33 and Taxiway Alpha have less than the FAA standard (400 ft) separation

Holding position east of Run 15-33 may block traffic on Taxi Alpha. This is OK. ADS Ground is aware of the situation and compensates for it.

Aircraft holding short of Run 15-33 may block traffic on Taxi Alpha. This is OK. ADS Ground is aware of the situation and compensates for it.

Aircraft cleared Run 15-33 must taxi past the hold line onto Taxi A unless otherwise instructed by ATIS.

The diagram shows Runway 15-33 and Taxiway Alpha with a 350-foot separation. A hold line is marked on Runway 15-33, and a 325-foot distance is indicated between the hold line and Taxiway Alpha.

- We continue working to reduce these incursions by educating airfield users and pilots on the rules and regulations, using training, safety meetings, and distributed information such as flyers and posters.



Wildlife Management

- Unfortunately, wildlife at an airport always causes hazards. This year in one single event, 18 doves were struck by a departing aircraft. Luckily no persons were injured and there was no damage to the aircraft in this incident.
- We have begun to reduce these occurrences by the use of scare pistols designed to scare the birds away from the active part of the runway. We also work to modify the habitat near the aircraft operating areas to make it less attractive to birds and animals.



Aircraft Accidents and Incidents

- We continue to offer fast and efficient service for all aircraft emergencies.
- Throughout the year there are numerous precautionary ("Alert-1" and "Alert-2") emergencies declared that ended with no injuries to people or damage to aircraft.
- In a few incidents, aircraft were slightly damaged or disabled requiring closure of the runway (in one instance) or a section of taxiway until the aircraft could be removed. Disruptions to airport operations were kept to a minimum.
- There was one occurrence this year in which an aircraft did crash (an "Alert-3") on the airport; the aircraft was damaged beyond repair and the two pilot occupants were seriously injured, but fortunately there was no loss of life. A great deal of credit is due the Addison Fire Department for a rapid and highly professional accident response, and to the Addison Police as well for their assistance at the scene.



Vector Airport Solutions Traffic Study

- We contracted with Vector Airport Solutions to install an aircraft tracking system for a three-month trial period.
- The system utilized cameras and other electronic means to identify aircraft using the airport; the system was actually in place for longer than the contracted trial period, and we obtained eight months of arrival and departure data.
- We used the data to support our based aircraft counts, identify regular transient visiting aircraft, and support our engineers in their runway pavement design process.
- The system was also used to evaluate the potential value of instituting a Landing Fee for larger transient aircraft.



Marketing and Community Outreach

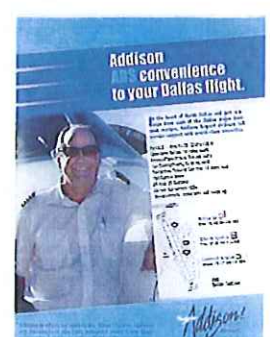
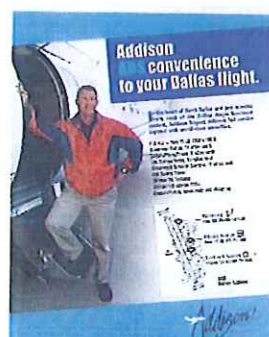
Conferences

- Addison Airport hosted the American Association of Airport Executives conference April 26-28, 2009. Highlights included:
 - Mayor Joe Chow addressed the attendees at the opening session.
 - 150 airport employees from around the nation attended.
 - Addison Airport hosted a dinner for the attendees at Cavanaugh Flight Museum.
 - The dinner included a sunset flight in Cavanaugh's Stearman bi-plane.
 - Airport management hosted a tour of Addison Airport.
- TxDOT Aviation Conference in Austin, Texas
 - Airport staff participated in conference planning.
 - Texas Airports Council briefing.
 - Darci Neuzil serving as current president of Texas Airports Council.
- National Business Aviation Conference in Orlando, Florida
 - Addison Airport participated in North Texas Commission Aviation's booth which included 12 airports marketing aviation and airports in the North Texas region.



Marketing/Community Outreach

- Launched a new print advertising campaign in 2009
 - Interviewed and photographed arriving airplanes.
 - Developed ads featuring based and itinerant customers.
 - Full page ads ran in Pro Pilot magazine.
 - Full page ads ran in Auto Pilot magazine.



Events

- Parade of Planes - March 26-28, 2009
 - General Aviation static display featuring new and previously owned airplanes.
 - Hosted at Addison Airport for third consecutive year.
 - Attended by 400 general aviation enthusiasts.
- Airport Business Breakfast for Airport Businesses - May 28, 2009
 - City Manager Ron Whitehead was the featured speaker.
 - Attended by airport business owners and tenants
 - Provided an update on the Town of Addison to Addison Airport businesses.
- Addison Business Association Luncheon - May 2009
 - Colonel Rich Gram, was our featured speaker.
 - Presentation about the Air Force SR-71 program.
 - The luncheon was hosted in the Landmark FBO facility.
 - Approximately 90 ABA members attended the event.
- Kaboom Town! and Wings Over Addison - July 3, 2009
 - Performers included Corkey Fornoff, Gene Soucy, Jan Collmer and Cavanaugh Flight Museum
 - Thousands of airport tenants, employees and customers enjoyed the show at various watching parties.
 - Commemorative Air Force provided ramp marshalling services.
 - Air boss services were provided by Jim Tucciarone of Air Boss & Consulting International.
 - DVDs of the air show were provided upon request to 120 airport tenants and businesses.
- Super Bowl XLV Aviation Action Team
 - Convened by the Super Bowl Host Committee to coordinate air transportation services supporting Super Bowl XLV
 - Addison Airport and FBOs actively participating in this effort
- Dallas Independent School District's Flight for Engineering the Future
 - Hosted at Frontiers of Flight Museum.
 - Addison Airport exhibited at the one-day event.
 - Attended by 900 middle-school and high-school engineering students.



- Clay Barnett of Public Works joined us at the airport booth and represented the Town of Addison.
- Safety Committee Meetings
 - We initiated quarterly tenant safety luncheons and briefings.
 - Airport business tenants are invited to discuss safety and address potential hazards.
 - FAA safety representatives are active participants on the committee.
 - Attended by 30, representing various businesses on the field.
- Fallen Soldiers
 - Three fallen soldiers arrived at Addison Airport this year.
 - Police, fire and patriot guard riders participated in all three events.
 - Local FBOs, elected officials and the general public attended.
- Tex-21 Legislative Briefing Washington DC, September 16, 2009
 - Darci Neuzil was invited to provide a general aviation overview
 - Presented economic benefits of general aviation.
 - Provided information on general aviation's federal and state role in transportation infrastructure.



- Website Re-design
 - Web development initiative to serve as the cornerstone of the airport's marketing plan.
 - New site with updated and forward-thinking solutions.
 - Organization of content with quick link automation, making the site easier to use.
 - Business and service directory with detailed information for each airport business.
 - One-stop collection of the most crucial and frequently requested data.
 - Built-in tools for user intelligence and tracking.



Real Estate Portfolio

Real Estate Development / Redevelopment

- EHOAA Executive Condominium Hangars
 - MSF Partners completed the construction of the Executive Hangar Owners Association of Addison (EHOAA) executive hangar condominium development on Taxiway Romeo.
 - This redevelopment project included the demolition of 40 obsolete flood-prone hangars that were replaced with 23 executive hangars at a construction value of over \$5 million with approximately \$100,000 in annual rental to the Airport.
 - In connection with this project, MSF reconstructed Taxiway Romeo under a Developer Participation Agreement with the Town wherein the Town contributed 30% of the cost, not to exceed \$150,000,
 - This represents as much as \$1 million in scheduled capital improvement costs savings.



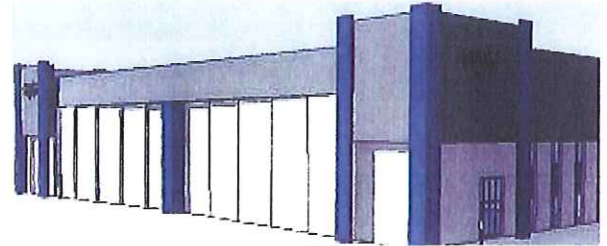
On June 13, 2009 MSF Partners held their ribbon-cutting ceremony marking the grand opening of the Executive Hangar Owners Association of Addison (EHOAA). Pictured (l-r): Bill Dyer, Real Estate Manager, Addison Airport; Darci Neuzil, Deputy Director, Addison Airport; Councilman Blake Clemens; Mayor Joe Chow; Richard French, President, MSF Properties; Councilman Roger Mellow; Mark Acevedo, Director of General Services; and Mark Goode, Vice President - Sales, MSF Partners.



- PlaneSmart! Aviation
 - PlaneSmart! Aviation, a growing aircraft management and fractional ownership service provider, acquired the ground lease interests at 15841 Addison Road.
 - The company has committed to invest at least \$500,000 in various long-over-due capital and building improvements on the property scheduled to be completed by February 2010.
 - In consideration of these improvements and certain modifications made to the terms and conditions of the ground lease, PlaneSmart! holds a five-year option to lease adjacent property to build an 8,000 square-foot hangar to allow for further expansion, if needed.



- ExecHangar
 - A redevelopment project first agreed to in late 2007, ExecHangar provided notice of its intent to commence construction of its corporate flight department/executive hangar co-operative facility.
 - Phase I will include 24,000 square feet of expansive hangar and office space with nearly 28-foot-high door clearance representing over \$50,000 in additional annual rental and potentially \$3 million in new airport investment.
 - Construction is expected to be completed by mid-2010.



- Eagle Land & Cattle (American Flyers)
 - American Flyers has successfully operated its flying school at Addison Airport for 20 years.
 - Its recent acquisition of 4650 Airport Parkway will allow it to expand its international flight school and relocate its corporate headquarters and national aircraft maintenance operations to Addison.



Economic benefits to the Town of Addison and the airport from this acquisition, expansion and relocation are numerous. Such as:

- Increased payroll of over \$1.1 million with the majority of 35 employees relocating to Addison from Ft. Worth, Santa Monica and Chicago.
- Increased fuel flowage fees attributed to additional 200,000 gallons of fuel annually dispensed from their non-public Avgas fuel facility leased from the Town.
- 125+ additional students will train at Addison and will require short-term or temporary housing.
- American Flyers plans to spend \$450,000 per year in domestic and international advertising promoting the attributes and amenities of Addison and its state-of-the-art flight school.
- Added hotel/motel and restaurant revenue during American Flyers' employee training



Lease Administration

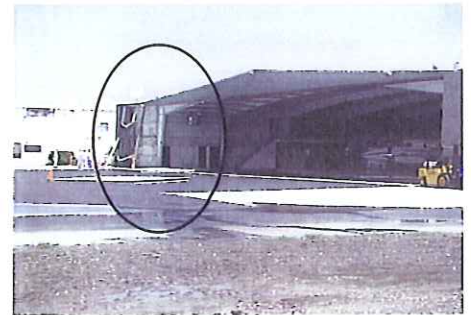
The following cases were presented to Town Council by Airport Management and were approved:

- Turbine Aircraft Services – Approval of Third Amendment to Ground Lease that includes certain structural improvements to the leased premises; increased land area; and extension of the lease term.
- Victory Jet, Inc. – Approval of Second Amendment to Hangar Lease to revert six of seven T-hangars back to the Airport.
- Victory Jet, Inc. / PlaneSmart! Properties, LLC – Approval of the sale and assignment by Victory Jet to PlaneSmart! of Victory Jet’s ground lease and hangar lease relating to airport property located at 15841 Addison Road.
- PlaneSmart! Properties, LLC – Approval of Amendment of Ground lease to bring this 20+ year-old lease up to current lease standards and to ensure certain repairs and upgrades to the leased premises are made by Tenant within a specified time frame.
- Seaking Investments / Eagle Land & Cattle – Approval of Assignment of Ground Lease to Eagle Land & Cattle of Seaking’s ground lease relating to airport property located at 4650 Airport Parkway.
- Eagle Land & Cattle – Approval of Second Amendment to Ground Lease which extends the term of the lease and updates provisions of the ground lease to meet current lease standards.
- Eagle Land & Cattle – Also in connection to the above-referenced transactions, approval of Third Amendment to Ground Lease extending the term of the ground lease for airport property located at 16151 Addison Road.
- ExecHangar – Amendment to the Ground Lease extending critical dates that had expired such as taking possession of the property, notice of intent, delivery date, start of construction, etc.; changing the description of the building improvements; and updating various provisions of the original ground lease and Tenant’s Prospectus.
- 4532 Glen Curtiss Associates – Approval of ownership interest and change in control of the ground lease from Oppel Family Partnership to Colbyco Industries, LLC.
- Airport Management recommended, and the Town Council approved, the use of a Master Landlord’s Consent to Sublease Agreement as a standard form to be attached to airport subleases:
 - Intended to reduce unnecessary legal costs;
 - Alert subtenants to underlying minimum standards and ground lease requirements;
 - Eliminate the need for Council to review each and every airport sublease; and provide for a quicker turnaround.



Storm Casualty Damage Administration

- Certain ground-leased properties experienced extensive storm damage in 2008. Over the past year we have been overseeing the progress of the repairs to these buildings.
 - Turbine Aircraft Services (4550 Jimmy Doolittle) – Loss of \$1.4 million; design work is in progress to demolish and reconstruct and enlarge the hangar.
 - Aviation Services Elite (4500 Claire Chennault) – nearly \$500,000 in roof, siding and door damage occurred to each of the three buildings. All repairs and upgrades have since been completed and the insurance proceeds released to the tenant accordingly.
 - Addison Aircraft Storage (4584 Claire Chennault) – \$140,000 in roof and door damage. Tenant continues to be slow in making the required repairs. We continue to work with the tenant to ensure compliance with their ground lease.
 - American Flyers (16151 Addison Road) – Building sign and metal awning damage. They have removed the awning and plan on replacing it with a stucco parapet roofline to update its street appeal and install updated signage.



Fuel Farm License Agreements

- Performed review of the fuel farm utilization since it commenced operation in October 2007. Determined the facility was being under utilized and not covering its cost of operation. As a result of the review, Airport Management recommended the following:
 - Make limited fueling facilities available for non-public fueling operations thereby increasing occupancy:
 - Modify minimum performance requirements for non-public fuelers to more accurately reflect the nature of their use.
 - Increase fuel flowage fees for non-public fuelers to mitigate the economic advantage and benefit that could be associated with such operations.



Non-Public Fueling Operations:

- In association of the above-referenced Assignment of Ground Lease, the Town approved a Fuel Farm License Agreement for Eagle Land & Cattle as a non-public fueler.
- Exec Hangar's non-public Fuel Farm License Agreement was amended to release to the Town one fuel tank and adjust the gallon capacity, base fee and additional fee proportionately.
- Our other non-public fueler, Cherry Air, relinquished its license as part of their Chapter 11 bankruptcy filing in 2009.



16151 Addison Road

Looking Ahead

Looking ahead in FY10 and beyond, we expect to see a modest recovery in airport activity in 2010, but we anticipate fuel flowage volumes will be below our ten-year average of 8 million gallons annually. Total airport operations are projected to be close to 120,000 for FY10, with only 12,000 Local operations in that total. By the end of FY11, we expect to be fully recovered to our 'normal' annual levels of 8 million gallons of fuel and close to 135,000 total operations. Real estate activity on the airport will continue to provide a stable, albeit slow-growing, source of revenue; fuel flowage revenue will rebound; and the airport should have no trouble in meeting its grant-matching obligations for the programmed FAA / TX-DOT-funded Capital Improvement Program projects. In sum, the economic picture of Addison Airport will improve, but not very quickly: it will take a couple of years to get back to where we were two years ago.

As we move ahead, one of the main goals of our team is to find ways to work more closely with Town staff for the benefit of the community, and the business community in particular. We envision this to include both airport- and non-airport business interests. Airport staff values the excellent working relationships we have developed with Town staff over the years and we believe we can find even more ways to coordinate our efforts toward new and exciting projects. For example, we have invited Visitors Services staff to join us at next year's National Business Aviation Association (NBAA) Schedulers and Dispatchers conference to be held in San Antonio. We believe this is a great opportunity to highlight to prospective visitors that there is much more to Addison than just the airport ... and who better to help us do that than someone who is intimately familiar with all that Addison has to offer?

We anticipate more development and redevelopment projects on the airport and we are committed to working closely with the Town's Public Works, Building Inspection and other departments involved in the process, and will seek their guidance and ongoing participation throughout each project to ensure a successful outcome. We are excited by the Town's new emphasis on economic development, and look forward to the opportunity to lend our support and expertise to these efforts.

Airport staff is actively involved with the Super Bowl XLV Host Committee's Aviation Action Team planning and preparations to support the air transportation needs for that event. A great foundation of cooperation is being built through this process, and we believe it will yield benefits for the entire region lasting well beyond Super Bowl XLV (game day is February 6, 2011). It will help the region attract additional Super Bowl games and other large sporting and entertainment events. We expect Addison to reap a significant share of the economic benefits from these events because of our very strong combination of a great location, a great airport, and a strong hospitality industry.

Our FBOs will also be heavily involved in the Super Bowl XLV planning process, and we will continue to work with and support them in their efforts and facilitate coordination with Town staff (Visitor Services) as needed. One key task we must perform will be to secure (and fairly allocate among our three FBOs) as

much ramp space for parking visiting aircraft as we possibly can. Additionally, we will be looking for creative and low-cost ways to support and assist other existing businesses on the airport. This may be as simple as coordinating our marketing efforts with theirs, or bringing with us informational brochures or other materials promoting our tenant businesses when we travel to conferences and trade shows.

By the end of this calendar year, airport staff will develop a green initiatives / sustainability plan for the airport, which will again require some degree of coordination with the Town. We have already worked with Town staff, supporting the Town's consultant survey of recycling needs and practices for airport businesses. The installation of solar-powered edge lights on Taxiways Sierra, Uniform, and Victor is a good example of a green initiative that the airport has already implemented.

Airport staff, seeking new ways to be a good neighbor in our community in accordance with our mission statement, will hold a staff volunteer service day at Anne Frank Elementary School in December. If this is successful, it will almost certainly become a regular event. A related issue for us is that the airport is not really very accessible to members of the general public who just want to come out and watch airplanes come and go. This is an activity we want to encourage by developing a public-use space that could accommodate it. At a recent conference, we learned that Dekalb-Peachtree Airport in Atlanta built a public-use park next to their airport using donations and volunteer labor. We think this was a great idea: the park is very popular and a great public relations tool for that airport. Airport staff will explore ways to adapt this idea for Addison. Peachtree's approach of gaining community support through donated funds, materials, and labor was very effective in helping them forge closer ties with their community.

Finally, we are looking forward to concluding new contracts for the continued provision of superior management of operations, maintenance, and real estate services for the airport. We believe the proposed new contract structure with its attendant transparency will be beneficial both for the Town and the airport management team. We look forward to the opportunity to continue serving the Town and the Airport in this capacity. We will continue to strive to improve our services, through continuing our employee development and training programs to enhance the capabilities of our staff and by bringing innovative new ideas. Working together with the Town, our team will help both the Airport and the Town to prosper. The recession appears to be ending, the Airport is well positioned to take advantage of new opportunities, and the staff is eager to keep working to make good things happen here.

Appendix A: Airport Comparisons

Introduction

Comparing airports can be an unexpectedly difficult task. There is a cliché in the airport industry, “if you’ve seen one airport, you’ve seen one airport.” The meaning is obvious: every airport is different, and in drawing comparisons among airports you may not be making an “apples-to-apples” comparison or even an “apples-to-oranges” comparison. What you may be doing is comparing apples to oranges, bananas, grapes, pineapples, and raspberries ... and of course they are all fruit but they sure aren’t very much alike. Notwithstanding the difficulty involved, there are good reasons to compare one airport to another or several others ... particularly if you are the owner or operator of an airport, there is a lot of value to be derived from a “how am I doing?” check of your airport against other airports. The key to making a useful comparison lies in selecting appropriate airports for the exercise.

In this document, we make two distinctly different comparisons to “benchmark” Addison Airport. In the first comparison, we look at other GA Relievers in the Dallas – Fort Worth metropolitan area: this is the Regional comparison. Most of the airports in this comparison differ from Addison in several key characteristics, as they serve (in combination or separately) a variety of different segments of the local GA market. This makes our Regional comparison the “bowl-of-fruit” variety, with a lot of different things mixed in. One airport (Fort Worth Meacham) is actually quite similar to Addison in many respects, with one of the main differences being geographic in that it serves the west side of the Dallas-Fort Worth metropolitan area while Addison serves the east side. Note also that by limiting the “Regional Comparison” to GA Reliever airports, we exclude a significant number of smaller aviation facilities. We further limit this comparison to the eight other airports served by an air traffic control tower, for two reasons: eight is a sufficient number for comparisons, and without an air traffic control tower there is no reliable and readily available source of airport operational data.

In the second comparison, we look at a number of GA airports across the country, selected on the basis of sharing certain key characteristics with Addison: this is the “National Comparison”. Again, this comparison is limited to a selection of eight airports that are most similar to Addison based on these shared key attributes. Because these airports are generally similar, this is closer to an “apples-to-apples” comparison (which still includes several different varieties of apple).

Before beginning the comparisons, it is necessary to provide some background information on the source and meaning of airport operations data used in the comparisons. Also included is a section examining the relationship between aircraft operations and fuel flowage volumes.

Airport Operations Data

Airport activity is frequently gauged by the number of aircraft operations, most often by total annual aircraft operations. Airports served by air traffic control towers report operations data to the Federal Aviation Administration (FAA) on a monthly basis. FAA in turn publishes this data on the Air Traffic Activity Data System (ATADS) website. As noted in our introduction, there are no reliable and readily available sources of aircraft operations data for any airport without an air traffic control tower, and this is a major reason why we limit our airport comparisons to airports with towers. Generally speaking, a towered airport is a busy airport, while a non-towered airport is not; this is another reason why it makes sense to limit our comparisons to towered airports.

Before we continue this discussion we need to define some terms, beginning with the term "aircraft operation". An aircraft operation is either one landing or one take-off (departure) of an aircraft. (The term "aircraft operation" is often used interchangeably with the term "airport operation".) The following definitions are taken from the "Glossary" page of FAA's ATADS website.

Airport Operations: The number of arrivals and departures from the airport at which the airport traffic control tower is located. There are two types of operations: **local** and **itinerant**.

1. **Local operations** are those operations performed by aircraft that remain in the local traffic pattern, execute simulated instrument approaches or low passes at the airport, and the operations to or from the airport and a designated practice area within a 20-mile radius of the tower.

2. **Itinerant operations** are operations performed by an aircraft, either IFR [Instrument Flight Rules], SVFR [Special Visual Flight Rules], or VFR [Visual Flight Rules], that lands at an airport, arriving from outside the airport area, or departs an airport and leaves the airport area.

Air Carrier (AC): An aircraft with seating capacity of more than 60 seats or a maximum payload capacity of more than 18,000 pounds carrying passengers or cargo for hire or compensation. This includes US and foreign flagged carriers.

Air Taxi (AT): An aircraft designed to have a maximum seating capacity of 60 seats or less or a maximum payload capacity of 18,000 pounds or less carrying passengers or cargo for hire or compensation.

General Aviation (GA): Takeoffs and landings of all civil aircraft, except those classified as air carriers or air taxis.

Military: All classes of military takeoffs and landings at FAA and FTC facilities.

Instrument Flight Rules (IFR): Rules governing the procedures for conducting instrument flight.

Visual Flight Rules (VFR): Rules that govern the procedures to conducting flight under visual conditions. The term is also used in the US to indicate weather conditions that are equal to or

greater than minimum VFR requirements. In addition, it is used by pilots and controllers to indicate type of flight plan.

Touch-and-go: An operation by an aircraft that lands and departs on a runway without stopping or exiting the runway.

It is worth noting that a “touch-and-go” is counted as two aircraft operations (a landing followed by a departure). A “low approach” or “low pass” over the runway (“low” meaning less than 500 feet above the runway) is counted the same as a touch-and-go (two operations) even though the aircraft does not actually contact the runway. A touch-and-go is a maneuver common in pilot training: it is the most effective way to practice landing an aircraft. Typically, a student pilot learning to land an aircraft will perform several touch-and-go maneuvers in the course of a single training flight. This is the most common type of Local operation. Airports with heavy flight training activity will have a correspondingly large number of Local operations. Addison is usually too busy to permit touch-and-go operations, so even though we have a lot of flight training activity that originates here a very high percentage (over 85%) of our operations is Itinerant. Student pilots at our flight schools begin and end their training flights here, but they go to outlying airports (*e.g.*, Mesquite Metro, Collin County Regional, or Denton Municipal) for touch-and-go practice.

While Local operations are usually associated with flight training activity, other types of flights within the immediate vicinity of the airport (*e.g.*, sight-seeing flights such as those offered by the Cavanaugh Flight Museum in their PT-17 Stearman biplane or AT-6 Texan WW2 trainer, or maintenance check flights) are also considered Local operations.

Itinerant operations generally start at one airport and end at another, although this does not always have to be the case. For example, a student pilot may depart Addison and head up to Denton (an Itinerant operation for Addison), perform six touch-and-go passes and one low approach at Denton (fourteen Local operations for Denton), and return to Addison (another Itinerant operation for Addison) all on a one single training flight. Also, whether an operation is counted as Itinerant or Local does not depend at all on where the aircraft is based. If an aircraft flies from Addison to Wiley Post Airport in Oklahoma City one day and returns to Addison the next, that counts as two Itinerant operations for Addison and two Itinerant operations for Wiley Post Airport. If the aircraft is based at Addison, then it is regarded as a “transient” at Wiley Post (or any other airport it may visit). In other words, Itinerant operations should not be confused with transient aircraft: while Addison has a very high percentage of Itinerant operations, more than half of those Itinerant operations are conducted by aircraft that are based here at Addison Airport.

Total operations are a commonly-used measure of airport activity, but all operations are not equal and total operations do not correlate very well with economic activity. In the training flight example from the preceding paragraph, our student pilot logged fourteen Local operations at Denton and two Itinerant operations at Addison. In this example, Denton got seven times the number of total operations, but all of

the economic benefit accrued to Addison: the flight instructor pay, aircraft rental, fuel sale, etc. The level of Itinerant operations and the relative proportion of Itinerant to Local operations provide a better measure of airport activity. As you might expect, greater detail on the nature of an airport's operations provides a better picture of the activity and its economic value.

The size of the aircraft conducting the operation is also an important factor; as a rule of thumb, the larger the aircraft, the greater the economic value of the activity associated with that aircraft (because it carries more fuel and people and/or cargo). In the FAA airport operations data, it is possible to get some indication of the size of aircraft using an airport because the sub-categories "Air Carrier (AC)" and "Air Taxi (AT)" have more to do with aircraft size than how the aircraft is being used. In fact, this is frequently a source of confusion even among people in the aviation industry. In the aviation industry, the term "Air Carrier" usually refers to a commercial passenger airline. Airlines operate under the authority of a section of the Federal Aviation Regulations (FAR) called Part 121, so when the term "air carrier operation" is used, we normally think of "scheduled passenger aircraft operating under FAR Part 121". However, in the context of FAA's airport operations data, and "air carrier operation" is simply an operation by a big (airliner-sized: more than 60 seats or 18,000 pounds of cargo capacity) airplane. This is why Addison's air traffic data shows about 150 annual "air carrier" operations even though Addison does not serve any passenger airlines. In fact, no airport can legally serve airline operations without being certificated under FAR Part 139. Addison has never had a Part 139 certificate, nor is there any intent ever to seek one.

Just as is the case with air carrier operations, so it is with "Air Taxi" operations: the term means something different in the context of airport operations data than it does in "typical" aviation industry usage. The usually-understood meaning of "air taxi" is an on-demand or scheduled charter operation conducted in accordance with FAR Part 135. In the airport operations context, an "air taxi operation" does include a "for compensation or hire" requirement (which is consistent with a Part 135 operation), but again it describes an operation by an aircraft below a certain size (60 or fewer passenger seats, or a cargo capacity less than 18,000 pounds). So an "air taxi" operation at a given airport could be a scheduled (Part 121 airline passenger) flight of a 50-seat regional jet. It could also be a Part 135 charter, which in the usually understood sense is general aviation.

These differences in the meaning of "Air Carrier" and "Air Taxi" are what make it impossible – in FAA's ATADS database – to separate airline activity from general aviation activity at Dallas Love Field and other airports that have a similar mix of GA and airline activity. Love Field serves some very large private aircraft – Boeing 727s and 757s – that are used to conduct private flights (under FAR Part 91) or charter flights (FAR Part 135) but are counted as "Air Carrier" operations in the ATADS database because of the size of the aircraft. Love Field also handles quite a bit of regional jet traffic (Part 121 scheduled airline flights) and Part 135 charters that are all lumped into the "Air Taxi" operations category.

The “general aviation” operations category in the ATADS data really does count GA operations, but as noted above it does not count **all** GA operations.

In general aviation, the most valuable traffic with the largest economic impact is usually the corporate jet traffic, including charter and fractional ownership operations. Speed, efficiency, and convenience drive the business aviation market: the people who use business aircraft do so to minimize travel times and maximize productivity. Business aviation users choose to use an airport based primarily upon its location (proximity to offices, manufacturing plants, and even the residences of key company personnel) and secondarily on the level of services and amenities provided. Anyone whose time is important enough that they have a need to use business aircraft is going to use whatever airports are closest to wherever they are and wherever they need to go, as long as those airports can accommodate their aircraft. Fuel prices are so far down on their list of concerns as to be a complete non-factor. Convenience and efficiency are at the top of the list.

Jets operate most efficiently at higher altitudes, and to operate at 18,000 feet or above (in the “flight levels” ... “Flight Level 350” is at 35,000 feet altitude) requires that the aircraft be on an IFR flight plan: jet traffic is essentially always IFR traffic. Turbo-prop aircraft customarily fly IFR as well, while the majority of piston-engine aircraft are usually operated under Visual Flight Rules (VFR). This is an important point with respect to understanding and comparing airport operations data: the breakdown of an airport’s operations (itinerant / local; air carrier / air taxi / GA / military; IFR / VFR) provides valuable information on the airport’s traffic mix. A lot can be inferred about what segments of the aviation market an airport serves just by looking at the airport operations data.



Regional Comparison

The Dallas-Fort Worth area GA Reliever Airports with air traffic control towers (which are the airports included in this comparison) are:

- ✧ ADS – Addison
- ✧ AFW – Fort Worth Alliance
- ✧ DTO – Denton Municipal
- ✧ FTW – Fort Worth Meacham
- ✧ FWS – Fort Worth Spinks
- ✧ GKY – Arlington Municipal
- ✧ GPM – Grand Prairie Municipal
- ✧ RBD – Dallas Executive
- ✧ TKI – Collin County Regional Airport at McKinney

Other significant GA Reliever Airports in the area (non-towered):

- ✧ HQZ – Mesquite Metro
- ✧ LNC – Lancaster
- ✧ 52F – Northwest Regional (Roanoke) Airport

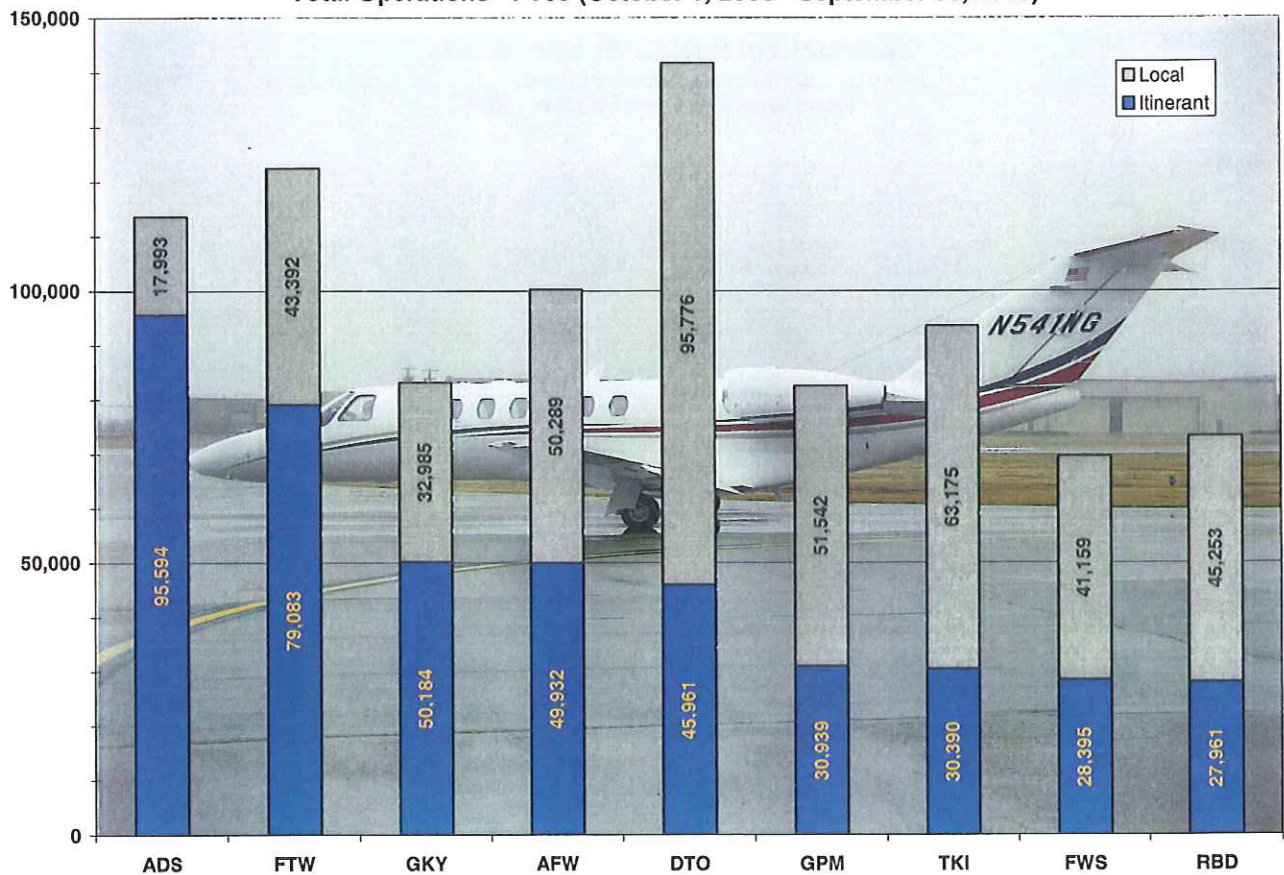
These three airports are not included in the comparison: without a tower, there is no reliable and readily available source for aircraft operations data.

While Dallas Love Field (DAL) is a busy Air Carrier Airport, it also serves a very high volume of GA traffic, particularly jet and turbo-prop aircraft. However, for reasons noted in the preceding section, it is not possible to separate air carrier activity from general aviation activity in the airport operations data published by FAA. Therefore, Dallas Love Field's GA activity is also omitted from this comparison. DFW International Airport is of course the primary Air Carrier Airport in the region and while they do serve a limited volume of GA traffic it is not particularly significant and will not be included in this comparison.

Runway lengths and configurations are important factors affecting airport capacity. Of the towered DFW-area GA relievers, Addison, Denton, Fort Worth Spinks, Arlington, Grand Prairie, and Collin County are all single-runway airports (Spinks actually has a second runway, but it is unpaved). Grand Prairie's runway (at only 4,000 feet in length) is too short to handle most jets; a runway length of 5,000 feet is widely regarded as the minimum required to support business jet traffic. All of the other airports in this group have runways of 6,000 feet or longer. Dallas Executive has two intersecting runways, Fort Worth Alliance has two parallel runways, and Fort Worth Meacham has two parallel runways with a third (shorter) intersecting runway. Parallel runways can handle simultaneous operations, so airports with parallel runways obviously have greater capacity for traffic than airports with single or intersecting runways.

Runway load-bearing capacity is another important factor. Addison's runway is designed to support aircraft weighing up to 160,000 pounds, which is adequate to handle all but the largest versions of the Boeing 737. Denton's runway can support aircraft up to 100,000 pounds ... adequate for the largest business jets including the Bombardier Global Express and Gulfstream G550. Fort Worth Meacham's Runway 16/34 can accommodate aircraft weighing up to 350,000 pounds (easily handling a Boeing 757), and Fort Worth Alliance is built to handle very heavy aircraft: up to 870,000 pounds, which includes everything up to the Boeing 747-400 series. Of course, Alliance was conceived and built as a cargo airport, so it is no surprise that they can (and do) accommodate very large cargo aircraft. In a 2005 study, TX-DOT put the annual economic impact of Alliance Airport at \$8.7 billion ... considerably greater than Addison's own formidable \$610 million annual economic impact. Alliance also has a significant amount of Military traffic, which accounts for about 14% of their total operations. The point is that the region's GA airports serve different segments of the GA market, and their design, capabilities, and levels of activity reflect that fact. Where significant demand exists, an airport will usually grow to accommodate it.

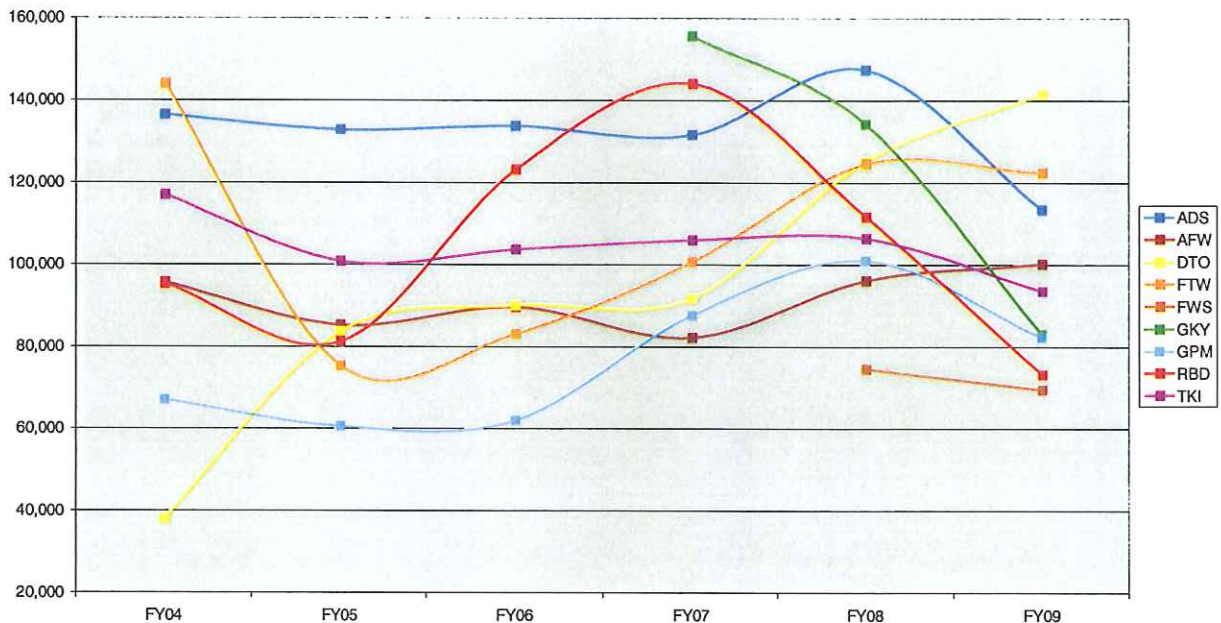
DFW Area GA-Relievers
Total Operations - FY09 (October 1, 2008 - September 30, 2009)



The graph at the bottom of the preceding page shows FY09 total operations for the towered GA reliever airports in our region, broken down by itinerant and local. Addison ranks first by itinerant operations (and IFR operations as well, though that is not shown in the above graph) but only third by total operations, behind Denton and Meacham. (In FY08, Addison ranked first in total, itinerant, and instrument operations.) Denton has had a large increase in total operations over the past two years, much of which seems to be attributable to a large flight school (US Aviation); their growth in itinerant operations over the same time period has been far more modest.

The graph immediately below shows total operations for the regional GA airports over the past six fiscal years. Some notes about this data and the graphs that follow: (1) Denton's control tower started operating in May 2004, so FY04 includes only five months of operations; (2) Arlington's control tower began operating in October 2006, so there are only three full years of data available for GKY; and (3) data from Fort Worth Spinks (which has a city-operated tower) has only been available through ATADS since November 2007, so FY08 includes only 11 months of data. If this graph shows anything, it shows that there has been quite a bit of variation in total operations at some of the region's airports over the past six years. It offers few (if any) clues to the reasons for the variations.

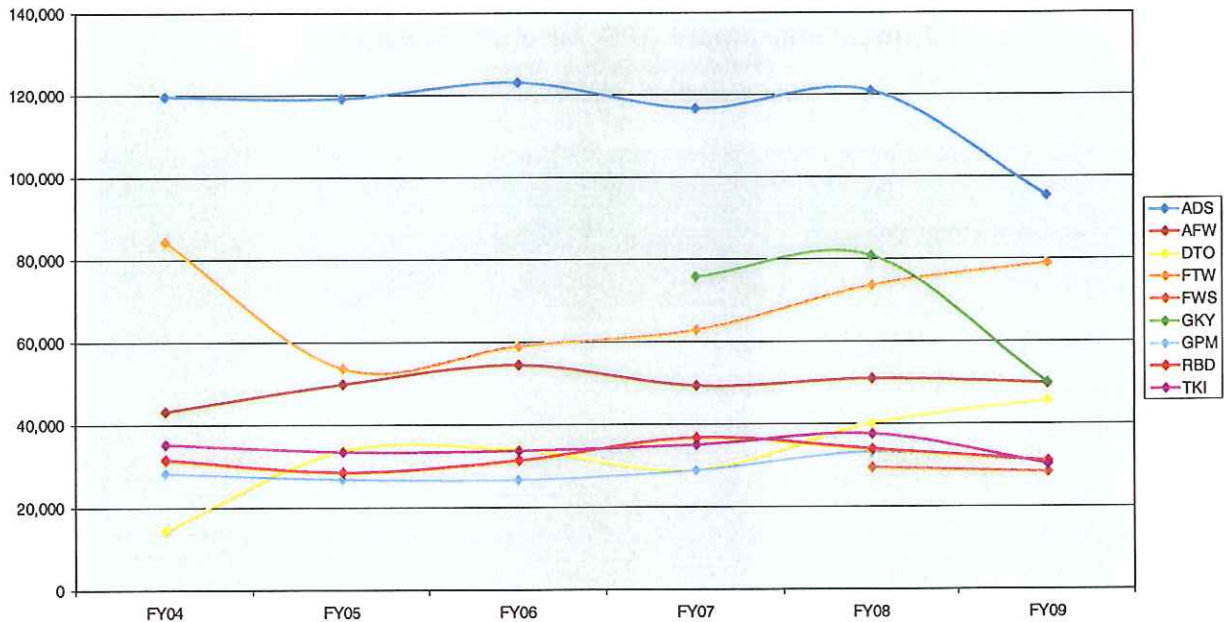
Annual Total Aircraft Operations
 DFW Area GA Reliever Airports
 Fiscal Years (Oct 1 - Sept 30) 2004 - 2009



In Addison's case, air traffic levels held steady FY04 through FY07, with a significant increase in FY08 followed by a sharp decline in FY09. The increase in FY08 can be attributed almost entirely to an increase in Local flight operations due to the presence of a helicopter flight school that was doing well at

that time. As we will see in subsequent graphs, this partially masked a decline in instrument operations in FY08 and FY09.

Annual Itinerant Aircraft Operations DFW-Area GA Reliever Airports Fiscal Years (Oct 1 - Sept 30) 2004 - 2009



This next chart shows itinerant operations for the past six years. In this category, Addison is by far the busiest GA Reliever airport in the region. As a general rule, itinerant traffic has greater economic value than local traffic: it is people (and goods) coming and going, often to do business. Note that the year-to-year variations in itinerant traffic are not as pronounced as the year-to-year variations in total operations. Total operations of course include local operations, and it is fairly common to see large variations in local traffic from year to year and airport to airport.

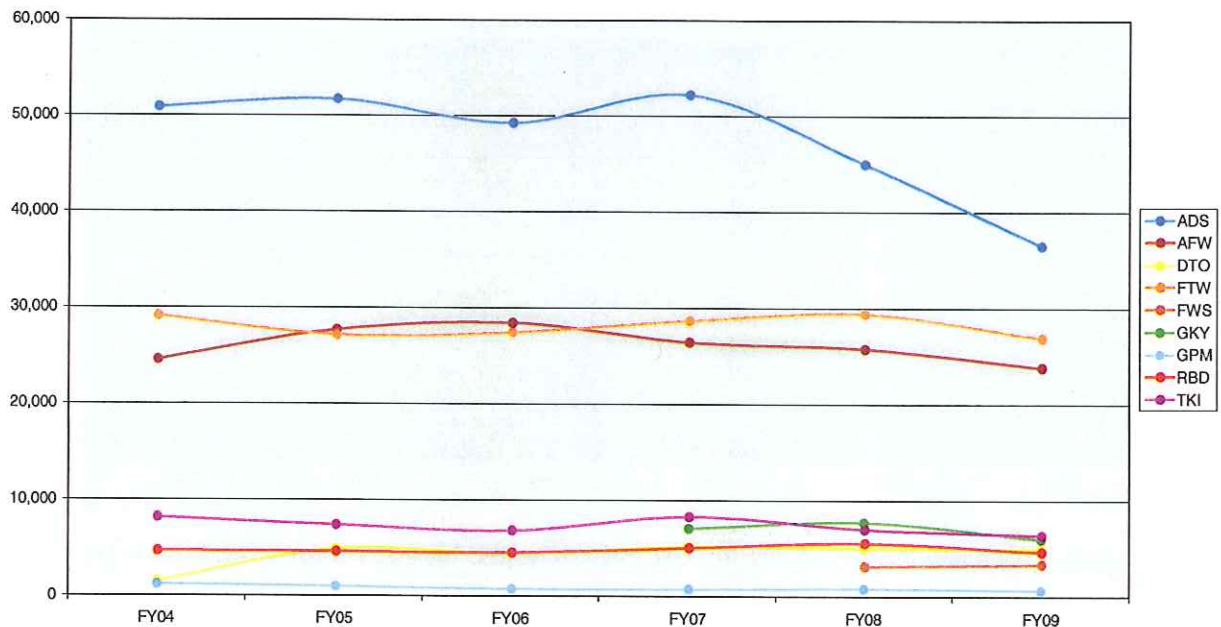
From FY08 to FY09, both Addison and Arlington had significant declines in itinerant traffic, while Denton and Meacham had modest gains. At Addison, the decline can be attributed to the current poor economic conditions and a corresponding drop in light cargo and business flying. Meacham and Denton both have income from gas wells, which is likely to be helping those airports prosper in these otherwise tough times. The downturn at Arlington will prove to be a temporary set-back: with the opening of the new Dallas Cowboys stadium six miles away, Arlington will be – actually already is – doing very well with traffic brought in by events (especially football games) at the stadium. Fort Worth Alliance is doing very well as the major logistics airport for this region, and should do even better as the economy recovers.

The final chart in this series shows instrument (IFR) operations at our area GA Relievers for the past six years. Again, Addison is far and away the busiest GA airport in the area by this measure. Fort Worth

Meacham has a traffic mix that is very similar to the mix at Addison; it is actually quite comparable to Addison in many respects, it is just not quite as busy. On the other hand, Meacham has more room to grow. While Meacham and Alliance have nearly identical levels of IFR traffic, their traffic mixes are very different. Meacham, like Addison, has a lot of business jet and turbo-prop traffic, while Alliance's traffic includes a significant amount of military operations and a large number of large jet cargo operations.

Annual Instrument (IFR) Aircraft Operations

DFW-Area GA Reliever Airports
Fiscal Years (Oct 1 - Sept 30) 2004 - 2009



While Addison has the most IFR traffic among the area GA airports, we have also suffered the greatest drop in that traffic over the past two years. This is because two of the market segments we serve have been among the hardest hit in this recession. Most obvious is the light cargo operations that supported the auto industry, flying parts from manufacturing plants on the Texas-Mexico border to assembly plants in Michigan. This market has all but ceased to exist – no great surprise given the state of the domestic auto industry – and one of our tenants that was very dependent on this market (Cherry Air) is now in bankruptcy as a result. Second is a sharp decline in business aviation, particularly among users of large corporate jets. While the poor economy is the primary cause of this decline, the situation was greatly (and unnecessarily) exacerbated by the adverse publicity that arose after the CEOs of Ford, GM, and Chrysler flew to Washington, DC on their large corporate jets to ask Congress for billions of dollars in assistance for their industry in November 2008. Ultimately, we believe this will prove beneficial for business aviation (and Addison Airport) over the long run, as it has forced business aviation users to examine, understand, and defend the value of business aviation in the conduct of their business.

Instrument (IFR) Operations and Fuel Flowage Volumes

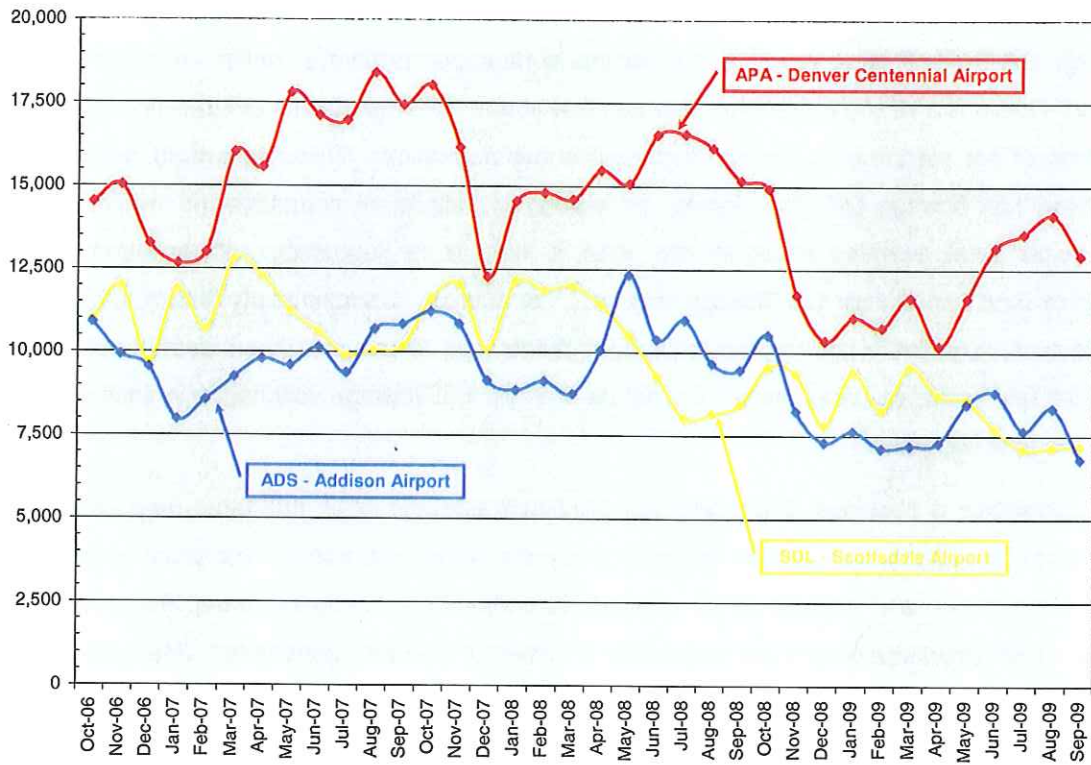
At large GA Reliever airports with a high volume of jet and/or turbo-prop traffic – and Addison is one such airport – there is a strong correlation between instrument (IFR) operations and fuel flowage volumes. The purpose of this section is to illustrate and explain this correlation. This is important, because it is difficult to obtain fuel flowage data for airports, so looking at instrument operations (for which there is readily accessible data) provides a way to infer what is likely to be happening with an airport's fuel flowage volumes (and hence their fuel flowage revenue). At Addison, approximately 90% of the fuel sold by our FBOs is Jet-A, which is fairly typical for airports of this type. If you look at our instrument operations over the past few years, you may correctly conclude that our fuel flowage volumes have declined substantially over the past two years.

This correlation is strongest at airports with significant amounts of jet and turbo-prop traffic, and may be very weak at airports with smaller volumes of jet and turbo-prop traffic. The reasons are quite simple: most turbo-prop – and virtually all jet – aircraft operations are conducted under Instrument Flight Rules (IFR). (Instrument operations are essentially a subset of itinerant operations.) Jets and turbo-props are collectively referred to as “turbine aircraft”, and turbine-powered aircraft burn turbine fuel, which for all practical (GA) purposes means Jet-A. Turbine-powered aircraft are generally larger (and have larger fuel tanks) than piston-powered aircraft. A typical single-engine piston aircraft may hold 40-50 gallons of fuel (AvGas) in its tanks, while a large business jet (such as a Gulfstream IV) may hold 4,000 gallons or more. The larger (turbine) aircraft burn more fuel, and they fly IFR. Thus, at an airport that serves a high volume of turbine aircraft, there will be a strong correlation between IFR operations and fuel flowage volumes.

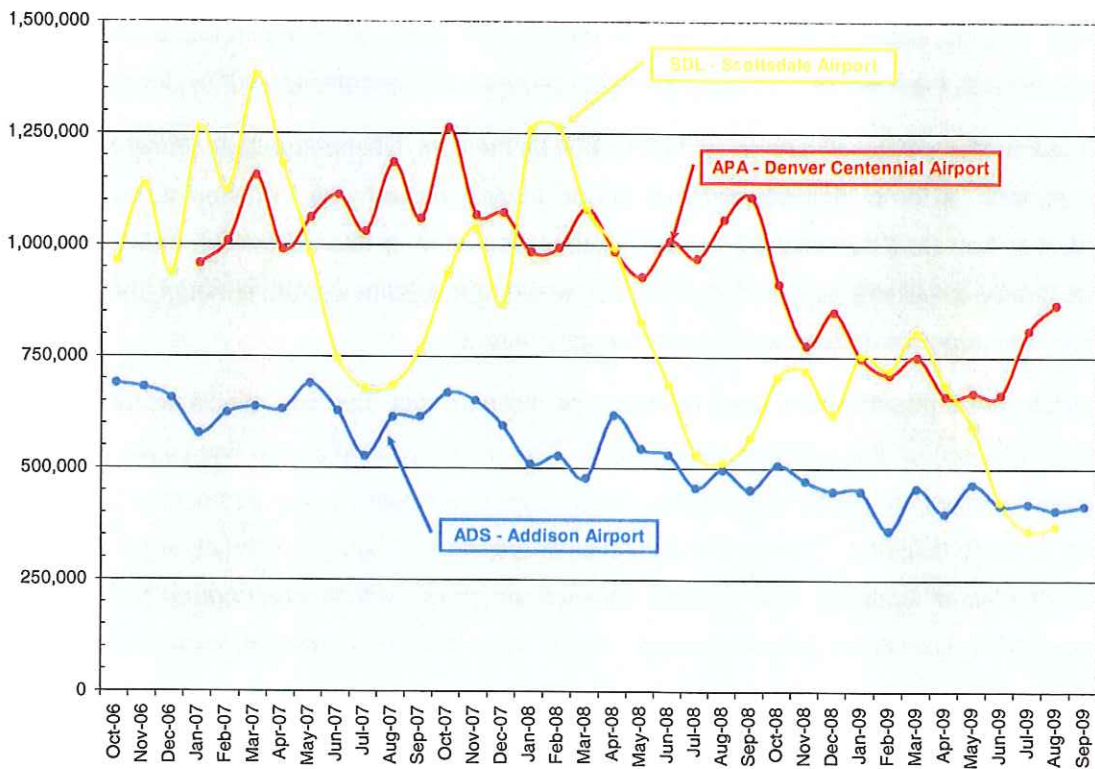
While it is true that almost all turbine aircraft fly IFR all the time, it is not true that almost all IFR flights are turbine aircraft. A lot of high-performance piston aircraft regularly fly IFR, and at an airport such as Addison they can (and do) account for a significant proportion of the instrument traffic. However, they tend not to burn anywhere near as much fuel as the average turbine aircraft, although they usually do use more fuel than non-instrument-capable piston-engine aircraft.

To illustrate the correlation, we used monthly fuel flowage data that was available from three airports (including Addison) for the past three fiscal years. The other two airports are Scottsdale (SDL) in Arizona and Denver Centennial (APA) in Colorado. Scottsdale is a single-runway airport that is quite similar to Addison in many respects. Denver Centennial is also similar, although it is much larger and busier than either Scottsdale or Addison. Fuel flowage volumes are shown with itinerant operations (next page) and instrument (IFR) operations (following page). While there is some correlation between fuel flowage and itinerant operations, the correlation between fuel flowage and instrument operations is much stronger. This is particularly true for Scottsdale, with its strong seasonal variations in instrument traffic.

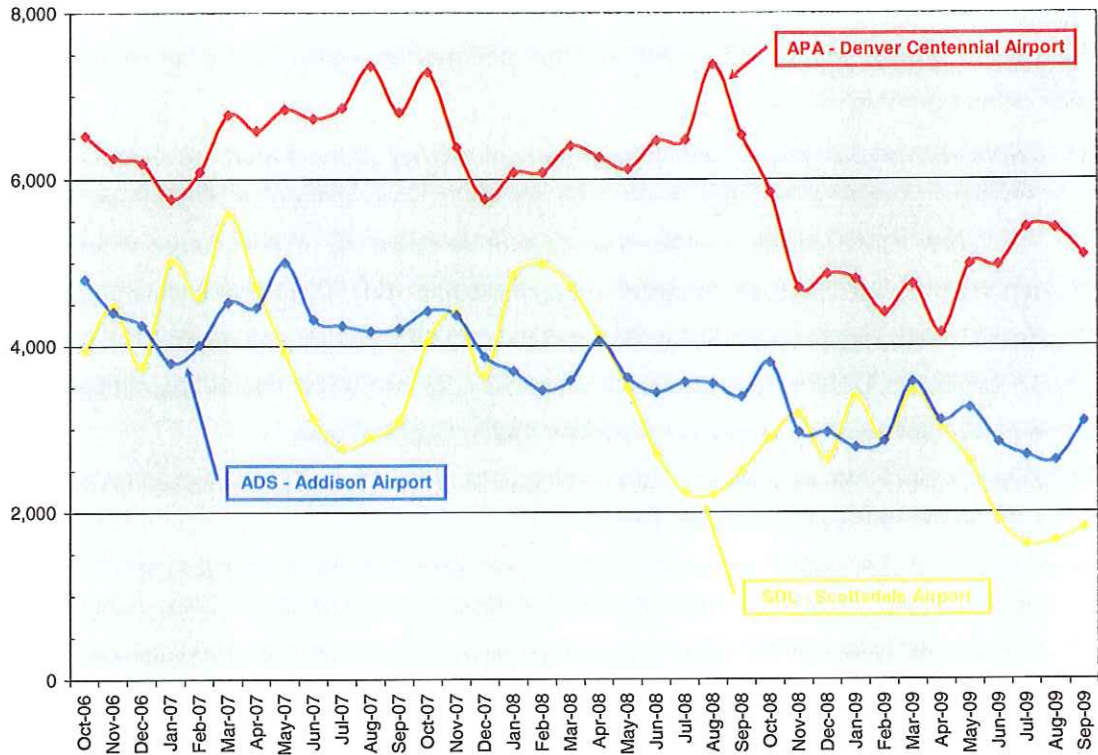
**Monthly Itinerant Operations
FY07 - FY09**



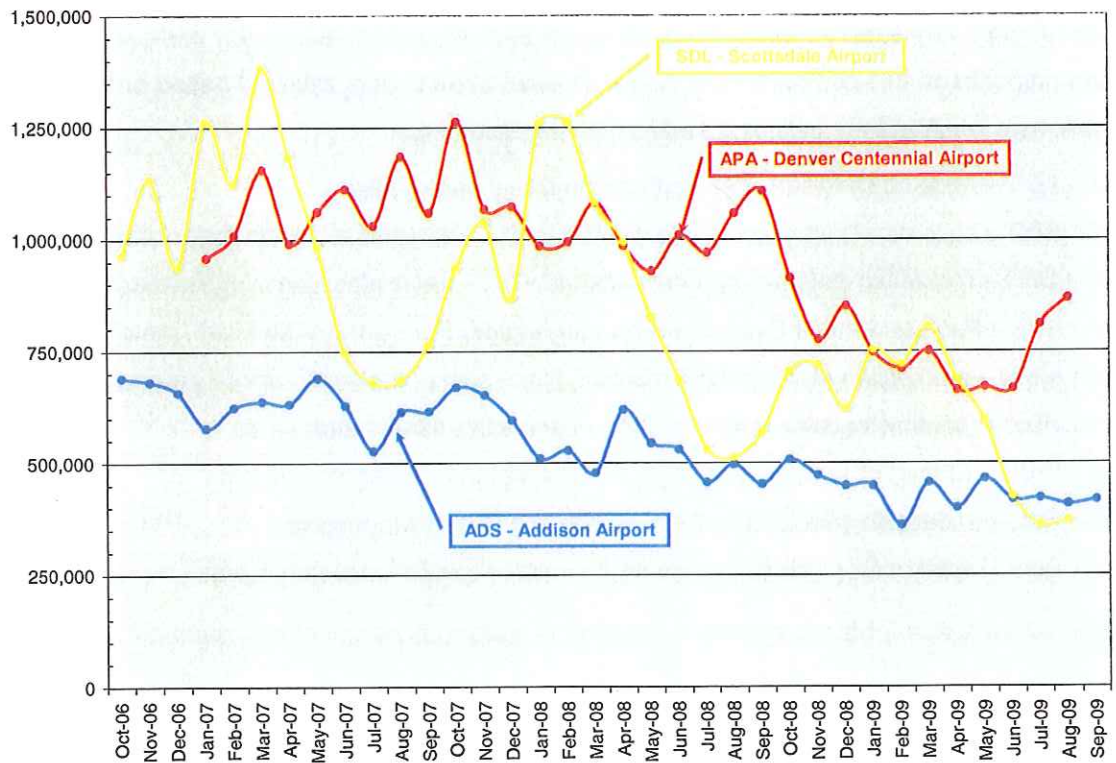
**Monthly Fuel Flowage
FY07 - FY09**



**Monthly Instrument (IFR) Operations
FY07 - FY09**



**Monthly Fuel Flowage
FY07 - FY09**



National Comparison

Air traffic activity was compared among a number of GA selected on the basis of certain shared characteristics. These airports are located in large metropolitan areas from all around the nation. The selection criteria were as follows:

- ➔ Airport serves primarily (or exclusively) general aviation; if the airport has commercial passenger service, it must be limited and account for less than 1% of total annual aircraft operations.
- ➔ Airport has limited Military activity accounting for less than 2% of total annual aircraft operations.
- ➔ Airport must average (over the last 6 years) more than 100,000 total annual aircraft operations.
- ➔ Airport must average (over the last 6 years) over 30,000 annual instrument (IFR) operations.
- ➔ Of the airport's total annual operations, more than 60% must be Itinerant operations.
- ➔ Airport must be served by an on-airport Air Traffic Control Tower.
- ➔ Airport must be located within a large metropolitan area, ranked in the top 25 (by total population) metropolitan areas in the United States.
- ➔ Airport must be located within the "Mode C veil" (within 30 nautical miles) of a large commercial service airport; in effect, this requires that the airport be located below Class B airspace.
- ➔ Airport must have a minimum of 30 based jet aircraft, and more than 100 total based aircraft.
- ➔ Airport must serve international flights, which requires that U.S. Customs services be available. In effect, this requires that the airport be a U.S. Customs User Fee or a Landing Rights airport.

There are about two dozen airports across the country that meet most if not all of the above criteria. These criteria were used because they represent what may be regarded as defining characteristics for Addison Airport; any airport sharing these characteristics should be reasonably comparable to Addison. For the purposes of this comparison, a subset of eight airports was selected based on a judgment that they are most like Addison. Including Addison, these airports are:

- ✦ ADS – Addison (Addison, TX) – serves the Dallas metro area
- ✦ BED – Laurence G Hanscom Field (Bedford, MA) – serves the Boston metro area
- ✦ CRQ – McClellan-Palomar Airport (Carlsbad, CA) – serves the San Diego metro area
- ✦ FXE – Fort Lauderdale Executive (Fort Lauderdale, FL) – serves the Miami metro area
- ✦ MMU – Morristown Municipal (Morristown, NJ) – serves the New York City metro area
- ✦ PDK – Dekalb-Peachtree (Atlanta, GA) – serves the Atlanta metro area
- ✦ PWK – Chicago Executive (Chicago, IL) – serves the Chicago metro area
- ✦ SDL – Scottsdale (Scottsdale, AZ) – serves the Phoenix metro area
- ✦ SUS – Spirit of St. Louis (St. Louis, MO) – serves the St. Louis metro area

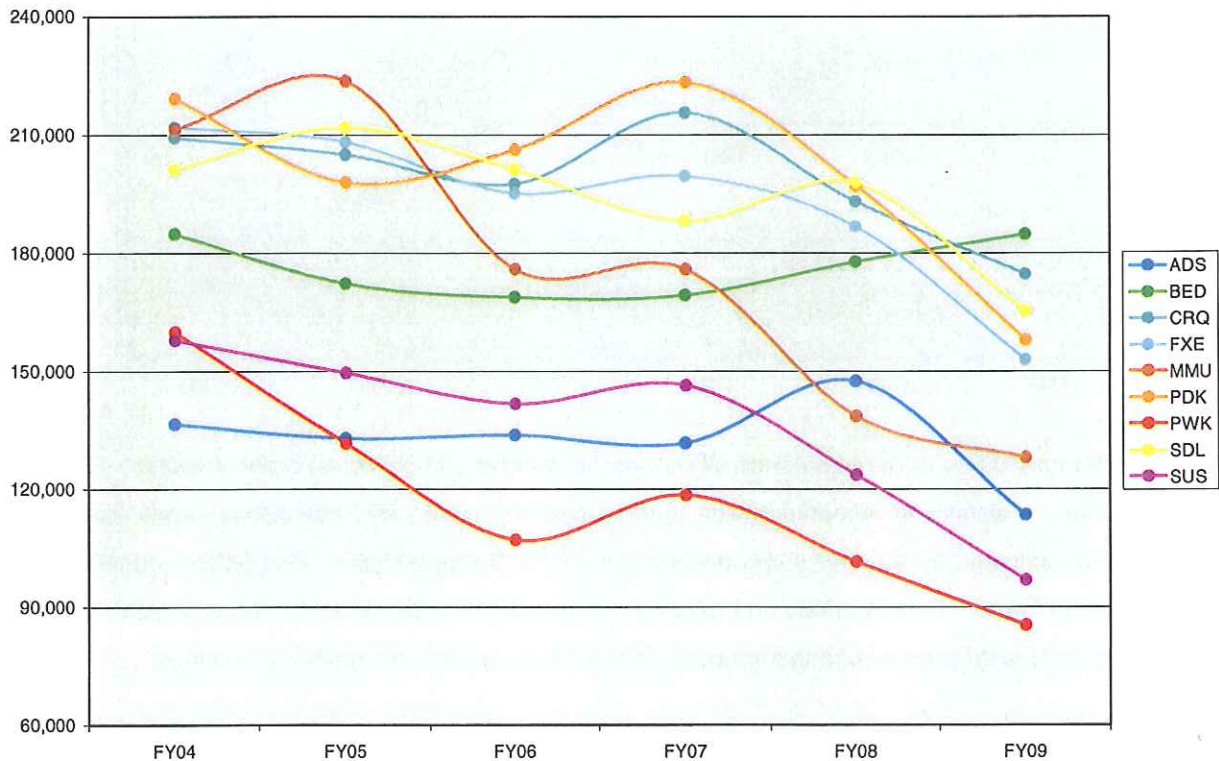
Selection criteria data for these airports is provided in a table at the end of this appendix.

Three airports not on our list of "comparables" are worthy of mention: Van Nuys (VNY) in the Los Angeles area; Teterboro (TEB) in the New York City metropolitan area; and Denver Centennial (APA). These are

generally considered to be the top three GA airports in the country. Van Nuys serves an enormous volume of traffic, over 400,000 annual operations in a typical year, about 70% of which is itinerant. Teterboro's traffic – typically over 200,000 operations annually – is essentially 100% itinerant, and 85% to 90% IFR: the airspace around New York City is the busiest in the world. Denver's Centennial Airport averages more than 300,000 annual operations, of which 55% to 60% is itinerant. While these three airports meet most if not all of our selection criteria, they are just too large and too busy to be considered comparable to Addison, and in many respects, each of those three is unique in some way.

The chart below shows annual total operations over the past six fiscal years for our selected group of airports. Most of the airports had fairly stable traffic levels FY04 through FY07, and all save Hanscom Field (BED) had significant declines in total operations from FY07 to FY09. Again, this graph is not particularly informative; even among these airports selected for their similarities, there is quite a bit of variation. Most notable is the overall downward trend in traffic, especially over the past two years.

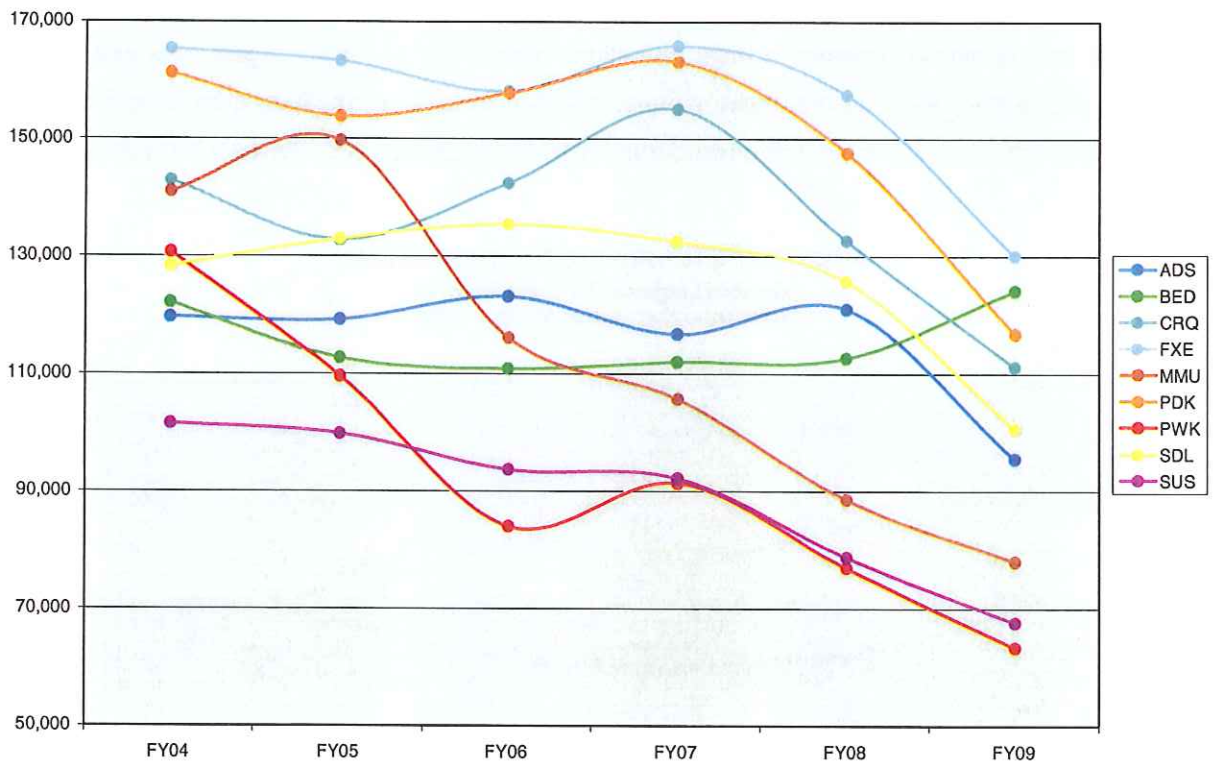
Annual Total Aircraft Operations
 Selected Large GA Reliever Airports
 Fiscal Years (Oct 1 - Sept 30) 2004 - 2009



The next two charts show annual itinerant and instrument (IFR) operations respectively, also over the same six-year time frame. Itinerant operations – which make up over 60% of the total operations at all of

these airports, as specified in our selection criteria – show downward trends similar to that seen in total operations. Again, the past two years have seen significant traffic declines, and again Hanscom Field (BED) is the one airport running counter to the general trend in the past two years. Itinerant operations still show a significant amount of variability even among this select group of GA airports, though not nearly as much as was seen among the GA airports in the Dallas-Fort Worth region.

Annual Itinerant Aircraft Operations
 Selected Large GA Reliever Airports
 Fiscal Years (Oct 1 - Sept 30) 2004 - 2009

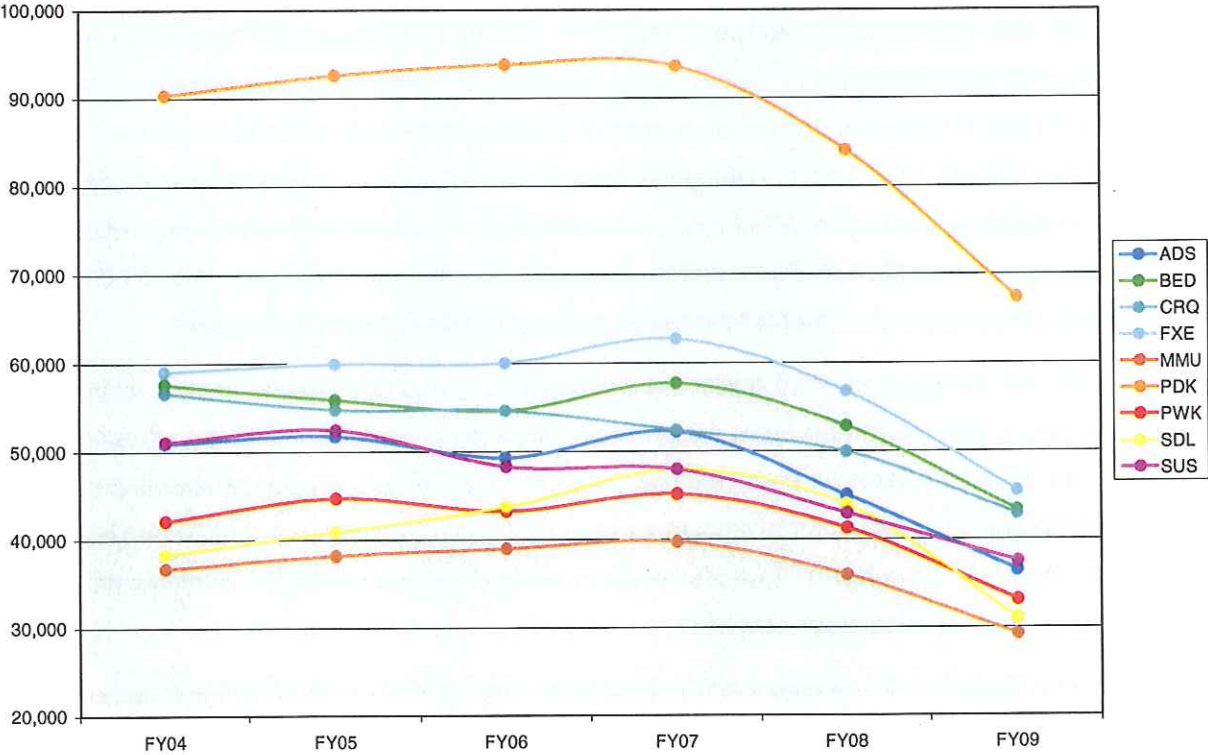


What is most interesting is the instrument (IFR) operations chart, in which all of the airports – including Hanscom Field – display an almost-identical trend: relatively stable IFR operations levels from FY04 through FY07, followed by a rather steep decline from FY07 through FY09. This pattern confirms what we have been hearing at conferences and reading in the aviation trade press for the past year: jet traffic and by inference, fuel flowage volumes are down 20% to 30% or more all across the country.

Prior to the recession, fuel flowage revenues accounted for close to 25% of Addison Airport's total annual revenues. The remaining 75% was generated from real estate leases and rentals. In FY09, the proportion of airport revenue generated from fuel flowage fees fell to just 16%. Again, as we have heard at conferences and read in the trade press, this pattern has been repeated at GA airports across the country – which we can also conclude from the instrument operations chart on the following page. The

level of distress felt by each of these airports will be greater or less in proportion to their reliance on fuel flowage revenues as opposed to other revenue sources (primarily real estate) and whether the recession has been severe enough locally to cause a loss of rent-paying tenants. At Addison, we have been fortunate to have stable real estate revenues; in fact, real estate revenues have increased slightly year-over-year, and to this point at least, we have not lost any major tenants. The relative strength of Addison's real estate portfolio performance speaks well to the competence and creativity of our real estate management staff.

Annual Instrument (IFR) Aircraft Operations
 Selected Large GA Reliever Airports
 Fiscal Years (Oct 1 - Sept 30) 2004 - 2009



Returning our attention to the instrument operations graph, we note that Addison's IFR traffic levels fall in the middle of the pack. This provides us with a certain degree of comfort regarding our selection of comparable airports. Even though Atlanta's Dekalb-Peachtree Airport (PDK) has much higher levels of IFR operations than the rest of the group, the trends in its IFR operations are consistent with those of the other airports. By this measure, Addison has fared no better than have comparable airports across the country, but neither has it fared any worse. The fact that these airports have all been similarly affected indicates that these are nationwide patterns that are well beyond the abilities of local airport management teams to control.

Conclusion

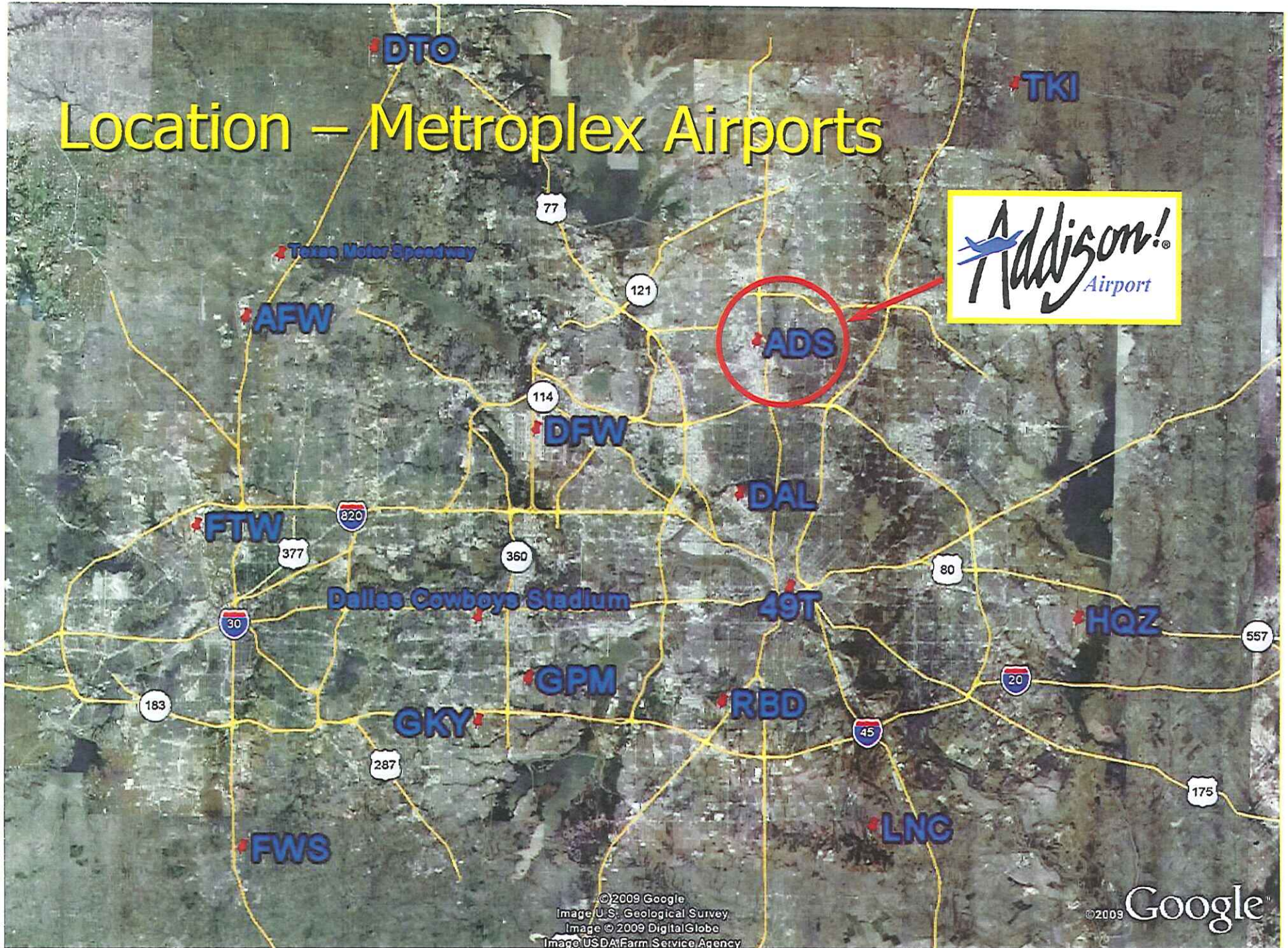
Measured on the basis of annual itinerant and instrument operations, Addison is solidly positioned as the premier business aviation oriented GA Reliever airport in the Dallas-Fort Worth metropolitan area. This leadership position will not be seriously challenged within the next decade. While Fort Worth's Meacham Airport serves a similar mix of traffic as Addison and can be expected to grow, Meacham's geographical separation from Addison makes it unlikely that Meacham will attract tenants that are currently based at Addison. In fact the reverse has happened, as American Flyers has chosen to consolidate their flight training and maintenance operations in Addison, moving a significant training operation here from Meacham along with the maintenance operation from Santa Monica and the headquarters from Chicago. Airport management's creative leveraging of the underutilized fuel storage facility was the deciding factor in securing the American Flyers consolidation for Addison, and the non-public fuel flowage fee of \$0.20 per gallon will add significantly to Addison's revenues. Arlington Municipal will experience significant growth owing to its proximity to the new Dallas Cowboys stadium. Collin County Regional and Denton will also grow, but none of these airports enjoys Addison's advantage of close proximity to no fewer than five major business centers. The airport management team will continue to promote these advantages at aviation trade shows (e.g., the NBAA Schedulers and Dispatchers conference), on our new website, and by continuing to work closely with Town staff on economic development initiatives. We will continue to perform well in comparison with other GA Reliever airports in the Dallas-Fort Worth region.

The recession has adversely affected Addison and comparable large GA Reliever airports all across the country, causing a reduction in business aviation operations and a corresponding drop in fuel flowage volumes. The effects on Addison have been very similar to the effects on comparable airports. Fuel flowage volumes (and the attendant revenues) can be expected to recover to pre-recession levels after the economy begins to grow again. Business aviation tends to lag the rest of the economy and will not likely recover to pre-recession levels until 2011.

Addison is well positioned for recovery and may recover more quickly than comparable airports. Our successes in real estate development and redevelopment projects over the past two years will significantly aid recovery to pre-recession fuel flowage levels, as there is a very reasonable expectation that these projects – particularly the ExecHangar development – will attract additional based jet aircraft as they are completed. Again, the institution of a non-public fuel flowage fee of \$0.20 per gallon will have a significant positive effect on airport revenues. Addison Airport has come through this recession in good shape by reducing operating expenses, aggressively pursuing state and federal grant funding for airport capital improvements, and successfully attracting development and redevelopment projects through the hard work and creativity of our management team. We have done well in comparison with other airports and are in good position to capitalize as the economy recovers.

| 3-Letter Identifier | Airport Name | Metro Area Served | Metro Area Pop. Rank | Nearest Air Carrier Airport(s) (distance and direction) | Cert. Status | Customs | Operations | | | | | Based Aircraft | |
|---------------------|---------------------------|-------------------|----------------------|--|-----------------|----------------|------------|----------|-------|------|-------|----------------|-------|
| | | | | | | | Avg. Ann. | Avg. IFR | %itin | %mil | %comm | Jets | Total |
| ADS | Addison | Dallas | 4 | 7.3nm N of DAL (Dallas Love Field) 11.0nm NE of DFW (Dallas-Fort Worth International) | GA | User Fee | 132,780 | 47,667 | 87.3 | < 1% | < 1% | 225 | 710 |
| BED | Hanscom Field | Boston | 10 | 14.1nm NW of BOS (Boston Logan International) | Class I Index A | User Fee | 176,523 | 53,735 | 65.6 | 1% | < 1% | 71 | 390 |
| CRQ | McClellan-Palomar | San Diego | 17 | 24.1nm N of SAN (San Diego International) | Class I Index A | User Fee | 199,414 | 51,943 | 68.4 | < 1% | < 1% | 82 | 341 |
| FXE | Fort Lauderdale Executive | Miami | 7 | 7.5nm N of FLL (Fort Lauderdale) 25.0nm N of MIA (Miami International) | GA | Landing Rights | 192,659 | 57,411 | 81.4 | < 1% | < 1% | 171 | 627 |
| MMU | Morristown Municipal | New York City | 1 | 12.9nm NW of EWR (Newark Liberty International) 24.7nm W of LGA (New York La Guardia) 30.5nm W of JFK (New York John F Kennedy International) | GA | User Fee | 175,621 | 36,483 | 64.5 | < 1% | < 1% | 58 | 234 |
| PDK | Dekalb-Peachtree | Atlanta | 8 | 15.7nm NE of ATL (Hartsfield-Jackson Atlanta International) | GA | Landing Rights | 200,351 | 86,982 | 74.9 | < 1% | < 1% | 39 | 345 |
| PWK | Chicago Executive | Chicago | 3 | 8.0nm N of ORD (Chicago O'Hare International) 20.8nm NE of MDW (Chicago Midway International) | GA | User Fee | 117,341 | 41,610 | 79.0 | < 1% | < 1% | 50 | 265 |
| SDL | Scottsdale | Phoenix | 12 | 12.4nm NE of PHX (Phoenix Sky Harbor International) | GA | User Fee | 194,551 | 41,087 | 64.8 | < 1% | < 1% | 117 | 392 |
| SUS | Spirit of St. Louis | St. Louis | 18 | 14.2nm W of STL (Lambert-St. Louis International) | GA | Landing Rights | 136,016 | 46,709 | 65.4 | < 1% | < 1% | 98 | 382 |

Location – Metroplex Airports





To: Mark Acevedo

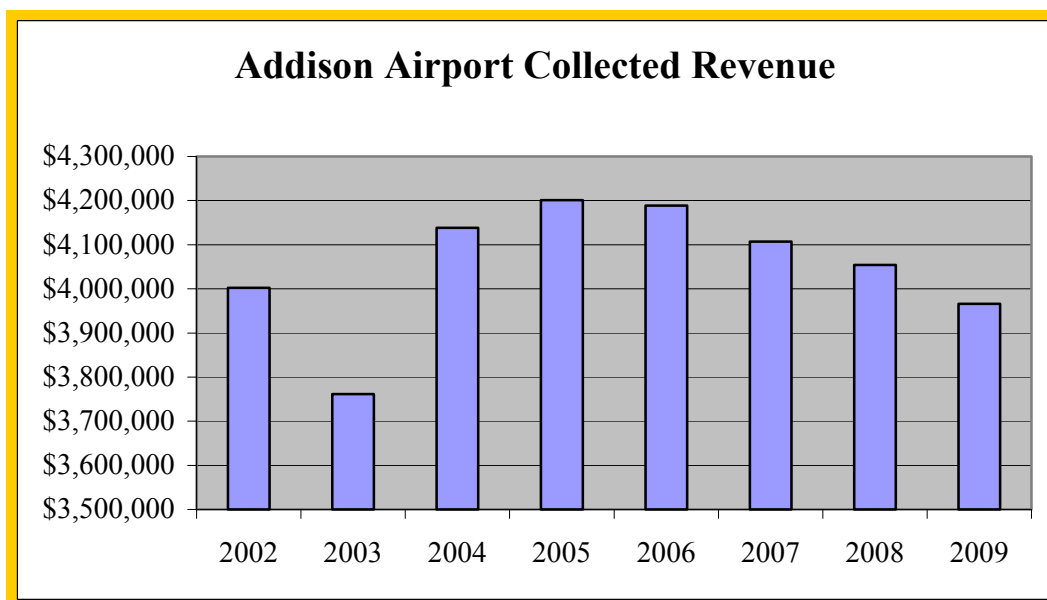
From: Joel Jenkinson, Airport Director

Date: October 30, 2009

CC: WSAAV Board of Directors
Joel Jenkinson, Airport Director
Bill Dyer, Real Estate Manager

Re: WSAAV Financial Incentive Compensation Award - Fiscal Year 2009

Please find attached Washington Staubach Addison Airport Venture's (WSAAV) calculation of its financial incentive award for Fiscal Year 2008-2009.



Under the Operating Agreement, WSAAV's financial incentives are to be based upon actual collections (as compared to revenue billed) for the reported period compared to the preceding year. For the fourth straight year, collected revenue for the airport has declined largely due to the decrease in fuel flowage fees. Since 2005, fuel flowage fees have declined on the average nearly 15% each year. Over the same period, Airport revenue, net of fuel flowages fees, has increased about 1% per annum. As a consequence of these results, WSAAV *does not qualify* for a financial incentive award for the fiscal year ending September 2009.

In spite of these disappointing results, there have been many successes and accomplishments achieved by Airport Management over the past year as we are pleased to report in our forthcoming annual report. As always, we appreciate your continued support and direction in all our endeavors. We look forward to a more prosperous 2009 and further achievements. Should you have any questions or require additional information, please let me know.

**Calculation of WSAAV Fiscal Year 2009
Financial Incentive Compensation**
(In accordance with the 3rd Amendment to the Operating Agreement)

Section 6.C of the Agreement for the Operation and Management of Addison Airport, as amended, (“Operating Agreement”) outlines the parameters of incentive compensation, as a supplement to the management fee, to be paid to the Airport Operator for achieving desired financial, operational and management objectives.

Exhibit 3 to the Operating Agreement (see 3rd Amendment) defines the purpose of the Financial Incentive is to encourage the creative and aggressive marketing and promotion of Addison Airport. The Operator will be rewarded with incentive compensation commensurate with its financial performance at the Airport based on the increase in Airport Gross Revenue. Financial performance is divided into two sub-categories: a) Gross Revenue Increase and b) Other Financial Incentives.

A – Gross Revenue Increase

When the annual Gross Revenue for the Contract Year exceeds the actual Prior Year Gross Revenue by 3.5% or more, Operator will be rewarded with an increasingly higher percentage of the revenue increase as given in Table 1 below.

Table 1
Finance Incentive Bonus – Gross Revenue Increase

| Growth Percentage from Prior Year | Finance Incentive Bonus % |
|--|----------------------------------|
| < 0 | 0% |
| > 0% and <=3.5% | 0% |
| 3.5% and <=5.0% | 20% |
| 5.0% and <=6.5% | 24% |
| 6.5% and <=8.0% | 28% |
| 8.0% and above | 32% |

The Yearly Calculation of Fees for **Fiscal Year Ending September 30, 2009** (attached hereto as Exhibit “A”) shows revenue collected for the period a total of **\$3,965,943**. The Yearly Calculation of Fees for **Fiscal Year Ending 2008** (attached hereto as Exhibit “B”) shows revenue collected for the period a total of **\$4,054,067**.

The percentage of Gross Revenue Growth for Fiscal Year 2009 is 0.00%. Based upon the above table, WSAAV does not qualify for a financial incentive based upon Gross Revenue Increase under Section 6.C (as amended) of the Operating Agreement for Fiscal Year 2009.

Table 2
Calculation of Gross Revenue Increase Incentive

| | FY 2008 | FY 2009 |
|---|----------------|----------------|
| Adjusted Airport Revenues | 4,054,067 | 3,965,943 |
| % Increase Over Prior Year | | 0.00% |
| Change In Revenue From Prior Year | | (88,124) |
| Eligible Bonus Percentage | | 0.0% |
| Financial Growth Incentive Bonus | | \$0 |

B – Other Financial Incentives

Through the Fence Operations – The Operator shall receive a Finance Incentive for either the improvement in revenues associated with securing City-approved Through-the-Fence agreements with existing Through-the-Fence users or, securing new Through-the-Fence agreements with businesses wanting access to the Airport (“TTF Incentive”). The amount of the TTF Incentive is shall be equal to 25% of any portion that is in excess of the original fee, when a TTF agreement is renegotiated or modified (for the first Annual Permit Fee of the modified agreement only) and, 25% of the first year Annual Permit Fee for each new Addison Airport Access Permit Agreement (“Access Agreement”). This TTF Incentive award shall be deemed earned, due and payable in a lump sum to Operator immediately upon the City’s acceptance of the Annual Permit Fee related to the increase or new Access Agreement.

No new permits were granted by the Town during Fiscal Year 2009. Therefore, WSAAV’s Other Financial Incentives under this heading are calculated in the following table.

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

**THIRD AMENDMENT TO AGREEMENT
FOR THE OPERATION AND MANAGEMENT OF ADDISON AIRPORT**

THIS THIRD AMENDMENT to Agreement for the Operation and Management of Addison Airport (“Third Amendment”) between the Town of Addison, Texas (“City”) and Washington Staubach Addison Airport Venture (“Operator”) is made and entered into this the ____ day of _____, 2004.

Recitals:

1. The City is the owner of Addison Airport (the “Airport”). On or about August 8, 2000 the City and Operator, together with the entities which formed the Operator as a joint venture, Raytheon Infrastructure, Inc. (a wholly owned subsidiary of Washington Group International, Inc.) and Staubach Airport Management, Inc. (a subsidiary of The Staubach Company), entered into an agreement for the operation and management of the Airport entitled “Agreement for the Operation and Management of Addison Airport” which was amended by that (a) First Amendment to Agreement for the Operation and Management of Addison Airport made and entered into on September 27, 2000, and by that (b) Second Amendment to Agreement for the Operation and Management of Addison Airport (the “Second Amendment”) made and entered into on or about February 2002 (the said Agreement for the Operation and Management of Addison Airport, as amended, being referred to herein as the “Airport Management Agreement” or “Agreement”). The Airport Management Agreement has an effective or commencement date of January 1, 2001 (“Commencement Date”).

2. The Airport Management Agreement provides in Section 4.B.2(c) thereof that the Operator shall at all times provide security for the Airport in cooperation with the City’s Police and Fire Departments. The City acting through its Police and Fire Departments has provided public safety for the Airport at all times since the Commencement Date of the Agreement and acknowledges that City has not looked to the Operator to provide the same at the Airport since the Commencement Date.

3. The Airport Management Agreement provides in Section 6.C. and in Exhibit 3 thereof, as amended by the Second Amendment, that the Operator has the ability to earn incentive compensation as described therein.

4. The City and the Operator desire to amend the Airport Management Agreement to reflect accurately the operations of the City and Operator in regards to the above referenced items and to clarify and amend other provisions of the Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and obligations set forth herein, the benefits flowing to each of the parties hereto, and other good and valuable consideration, the Town of Addison, Texas and Washington Staubach Addison Airport Venture 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 of this Third Amendment for all purposes.

Section 2. Amendments. The Airport Management Agreement is amended as follows:

A. Section 4.B.2(b) is amended so that the last sentence of such Section shall hereafter read in its entirety as follows:

“Operator shall perform background checks or require background checks to be performed on personnel hired to the positions of the Airport Director and Assistant Airport Director, and the City shall have the right to review such background checks.”

B. Section 4.B.2(c) is amended so that it shall hereafter read in its entirety as follows:

“(c) Public Safety. The City shall provide Airport public safety at all times, and shall utilize the City’s Police Department and Fire Department in providing such public safety. The City’s public safety personnel shall patrol the Airport at times as determined by the City. Any unauthorized use of structures, equipment, or property, or unauthorized entry upon Airport premises, or unlawful activity at the Airport, shall be promptly reported by the Operator to the City police or such other authority designated in writing by the City. The City will notify the Operator of any specific public safety issues or concerns of which the City has actual knowledge which may be necessary for the performance of its duties as Operator. ”

C. Section 4.E.2. is amended so that it shall hereafter read in its entirety as follows:

“2. Capital Improvement Plan. In connection with the City budget process each year during the term of this Agreement, Operator shall submit in writing to the City proposed amendments to the 10-year Capital Improvement Plan, a component of the Airport Master Plan. The proposed amendments shall be consistent with the continuing development of the Airport in accordance with federal and state funding.”

D. Section 4.E.3. is amended so that it shall hereafter read in its entirety as follows:

“3. Operating Budget. In connection with the City budget process each year during the term of this Agreement, Operator shall submit in writing to the City, for the City’s review and consideration of approval, an Operating Budget (“Operating Budget”) for the Airport for the Fiscal Year following the date of the submission. The Operating Budget shall include, but not be limited to: (i) projected costs necessary for the upkeep of the Airport, to maintain safety standards and to keep the airport in compliance with applicable federal, state, and local laws and regulations for the Fiscal Year following submission; and (ii) a schedule of proposed fees.

Operator shall also provide to the City, upon request: (i) a schedule of all leases, concessions, contracts and agreements to be negotiated or renegotiated; (ii) recommendations, if any, for non-capital improvements of Airport facilities and acquisition of equipment; (iii) a three (3) year projection of anticipated revenues and expenses; and (iv) a schedule of proposed staffing levels of full, part-time, and seasonal employees. Appropriate modification of the Airport Operating Budget shall be made as required to conform to the Approved Operating Budget (as defined in Section 4.G.2.) as adopted or amended. Operator shall manage and operate the Airport in accordance with the Operating Budget approved by the City.

- E. Section 4.E.4. is amended so that it shall hereafter read in its entirety as follows:
- “4. Lease Plan. Operator shall, in connection with the City budget process each year during the term of this Agreement, provide to the City for its review and consideration of approval an Airport lease renewal and extension plan for the Fiscal Year following the date of the submission.”
- F. Section 4.E.5. is amended so that it shall hereafter read in its entirety as follows:
- “5. Marketing Plan. Operator shall, in connection with the City budget process each year during the term of this Agreement, provide to the City for its review and consideration of approval an Airport marketing plan (“Marketing Plan”) for the Fiscal Year following the date of the submission. Operator shall market and promote the Airport in accordance with the Marketing Plan approved by the City.”
- G. Section 4.E.6. is amended so that it shall hereafter read in its entirety as follows:
- “6. Airport Emergency Plan. Operator shall, in connection with the City budget process each year during the term of this Agreement, recommend to the City for its review and consideration of approval, amendments to the City’s Emergency Preparedness Plan, if any (the “City’s Emergency Preparedness Plan”). Additionally, Operator shall prepare and implement its own emergency plan for the Airport which shall be submitted to the City for its review and consideration at the time the Operating Budget is submitted each year (the ‘Operator’s Emergency Plan’).”
- H. Section 4.E.8. is amended so that it shall hereafter read in its entirety as follows:
- “8. Property Development and Management Plan. Operator shall, together with the City, coordinate the development and preparation (and updating, as may be deemed necessary by the City) of a comprehensive plan which addresses the future development and redevelopment of the Airport, taking proper consideration for the vicinity surrounding the Airport (including, without limitation, commercial development along Addison Road, City facilities and property adjacent to the Airport, the Addison Circle area, and the area adjacent to and west of the Airport), for a period of 10 years (the “Property Development and Management Plan”). The Property Development and Management Plan shall be consistent with the Airport Master Plan and FAA and TxDOT rules and regulations, and shall be submitted to the City in connection with its budget process each year during the term of this Agreement, for its review and consideration of approval.”
- I. The Agreement is hereby amended such that all references in the Agreement to the delivery of budgets and/or plans by the Operator in connection with the City budget process shall be deemed to be due following the written notification of the budget delivery deadline by the City each Contract Year.
- J. Section 4.G.1(b) is amended so that it shall hereafter read in its entirety as follows:
- “(b) Contract Years. In connection with the City budget process each year during the term of this Agreement, Operator shall submit to the City a proposed operating budget for the

operation, repair, maintenance, and development of the Airport for the Fiscal Year following the date of the submittal. The said budgets shall be submitted in conformance with the City Charter and any applicable rules, regulations, policies, or practices of the City. In the proposed operating budget, Operator shall show all Operating Costs (including, without limitation, all such costs which, in Operators' judgment, are (i) mandated as a result of safety considerations, and (2) are mandated by applicable federal certifications, standards and grant agreement requirements), and may, but shall not be required, to show Real Estate Costs, Marketing Costs, or General Administrative Costs."

K. Section 4.K.1.b. is amended so that it shall hereafter read in its entirety as follows:

"(b) Leasing Activity. A leasing activity report including the following:

- (i) Leasing activity (including new leases, lease renewals, lease extensions, new prospects, vacated tenants, and lease expirations);
- (ii) Tenant retention;
- (iii) Information regarding the use of the Airport by aviation trade groups; and
- (iv) Such other information as the City (by and through the City Manager) may reasonably request."

L. Section 4.K.1.c. is amended so that it shall hereafter read in its entirety as follows:

"(c) Rent Roll. A report showing with respect to each lease or through-the-fence agreement the name of each tenant or user, as the case may be, the space occupied, the rent (or other fee) payable, the date rent (or other fee) is paid through, the commencement date, the term, the termination date, the amount of security deposit held, and any other information reasonably requested by the City (including a statement identifying changes from previous rent roll if requested by the City and not appearing in the activity report). Commencing August, 2004, the rent roll report shall not be required to be submitted monthly by the Operator, but shall be delivered within ten (10) days following the City's request for same."

M. Section 4.P.3 is amended so that it shall hereafter read in its entirety as follows:

3. Emergency Preparedness. Operator shall have available personnel to respond to emergencies, such as fires, aircraft incidents, or disasters. Operator shall implement the Operator's Emergency Plan and the City's Emergency Preparedness Plan as may be prudent and necessary and respond to all emergencies at the Airport in a manner consistent with such Plans.

N. Section 5.C.4. is amended to add the following to the end of such section:

"Notwithstanding the foregoing, commencing August 1, 2004, the City shall have no obligation to purchase or replace computer equipment for use by the Operator."

O. Section 6.B.1 is amended so that it shall hereafter read in its entirety as follows:

"1. In addition to the payment for Operating Costs, Operator shall retain a management fee ("Management Fee") in an amount equal to 21.5144% of Gross Revenue equal to or less than \$3,346,596 each Contract Year plus 18% of all Gross Revenue in excess of

\$3,346,596 each Contract Year, which Fee is intended to compensate Operator for, among other things, Real Estate Costs, Marketing Costs, and General Administrative Costs incurred by Operator in the management, operation, and development of the Airport. In the event the City has not made sufficient funds available to allow Operator to retain the Management Fee, the City shall pay same to the Operator no later than the 15th day of the applicable month.

Example:

| Fiscal Year | Gross Revenue | Management Fee |
|-------------|---------------|---|
| 2002 | \$4,002,268 | $(3,346,596 \times .21544) + (655,672 \times .18) = 720,000.05 + 118,020.96 = 838,021.01$ |
| 2003 | \$3,761,868 | $(3,346,596 \times .21544) + (415,272 \times .18) = 720,000.05 + 74,748.96 = 794,749.01$ |

In addition, if a delay in performance is caused by reasons described in Section 15. Force Majeure, and such delay causes the anticipated Gross Revenues collected in the applicable fiscal year to be less than \$2,000,000.00, the Management Fee shall be suspended and deferred until such time that such anticipated Gross Revenues equal or exceed \$2,000,000.00.

- P. Section 6.C. is amended so that it shall hereafter read in its entirety as follows:
- “C. Incentive Compensation. It is contemplated by the City and Operator that the Operator will be awarded incentive compensation (“Incentive Compensation”) each year during the Term of this Agreement. The amount of potential Incentive Compensation that may be earned shall be established following the end of each Contract Year. Incentive Compensation provided for under this Amendment is the total monetary consideration paid by the City and awarded to Operator for achieving (a) certain financial accomplishments specifically set forth in Exhibit 3, attached hereto and fully incorporated herein, and (b) non-financial performance incentives. Non-financial performance incentives (the “Management Incentive”) is the monetary consideration which may be awarded to Operator, as a percentage of Gross Revenue, based upon the City’s assessment of the Operator’s overall performance and achievements during the applicable Contract Year. To aide the City in this evaluation, Operator shall submit to the City on or before October 31 of each year an annual report (the “Annual Management Report”), which is intended to be limited in scope but sufficient enough to summarize the Operator’s accomplishments and performance over the applicable Contract Year. The City shall timely evaluate the Annual Management Report and determine, based on its review of the Operator’s performance, the appropriate Management Incentive to be awarded to the Operator for such Contract Year. The amount of the Management Incentive determined by the City to be payable shall be paid to Operator within (10) days following such determination, but in no event later than December 15 following the applicable Contract Year.”

Q. Section 14 is amended to change the notice address previously reflected as Raytheon Infrastructure, Inc. as follows:

“Washington Group International, Inc.
510 Carnegie Center
Princeton, NJ 08540
Attn: President
Telecopy: 609-720-2050”

R. Exhibit 3 to the Agreement, as previously amended and modified, shall be amended to read in its entirety as attached hereto and Attachment 1 and Attachment 2 to the Second Amendment to the Agreement are hereby deleted.

Section 3. No Other Amendment. Except as set forth in Section 2 above, nothing in this Third Amendment is intended to nor shall be construed to modify, alter, or change the Airport Management Agreement, and all other terms, conditions and obligations of the Airport Management Agreement shall remain unchanged and in full force and effect.

Section 4. No Benefit to Third Parties. The provisions of this Third Amendment are solely for the benefit of the City and Operator and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

Section 5. Authority to Execute; Effective Date; Counterparts. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Third Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect. This Third Amendment shall be effective as of the date first set forth above. This Third Amendment may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A facsimile signature by a party hereto shall be treated as an original signature for purposes of this Third Amendment.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date first set forth above.

| | |
|---|--|
| TOWN OF ADDISON, TEXAS | WASHINGTON STAUBACH ADDISON AIRPORT VENTURE |
| By: _____ Ron Whitehead, City Manager | By: WASHINGTON GROUP INTERNATIONAL, INC. |
| ATTEST: | By: _____ Kurt Goddard, Vice President |
| By: _____ Carmen Moran, City Secretary | By: STAUBACH AIRPORT MANAGEMENT, INC. |
| | By: _____ Larry B. Kimbler, President |

EXHIBIT 3 - INCENTIVE COMPENSATION AGREEMENT FOR THE OPERATION AND MANAGEMENT OF ADDISON AIRPORT

I. OVERVIEW:

Section 6.C. of the Agreement for the Operation and Management of Addison Airport, as amended or modified (the "Airport Management Agreement" or "Agreement") provides that it is anticipated that the Operator will be awarded Incentive Compensation each year during the Term of this Agreement. Incentive Compensation is the total monetary consideration paid by the City and awarded to Operator at the end of each Contract Year for achieving (a) certain financial accomplishments specifically set forth below, and (b) non—financial performance incentives as described in Section 6.C. of the Agreement (as Section 6.C. is amended by the Third Amendment to Agreement for the Operation and Management of Addison Airport). This Exhibit 3 establishes guidelines for implementing and administering the financial performance incentives ("the Financial Incentive") portion of Incentive Compensation as provided for in Section 6.C. of the Airport Management Agreement.

While the City expects a high level of performance from the Operator, the provision of increasingly challenging levels of performance with commensurate financial rewards is intended to stimulate the Operator to higher levels of excellence for the Airport and the City.

II. DEFINITIONS (for Financial Performance Incentive Compensation Issues)

Base Management Fee – The Base Management Fee is an amount equal to 10% of the actual Gross Revenue received in a contract year.

Gross Revenue – Gross Revenue is as defined in Section 2 of the Agreement.

Prior Year Gross Revenue – The Prior Year Gross Revenue shall mean the amount of Gross Revenue for the Fiscal Year immediately preceding the then applicable Contract Year under the Airport Management Agreement.

Illustration / Example Tables Used in Exhibit 3 – The illustrative tables used in this Exhibit are intended to serve as examples only. The initial and projected financial calculations are illustrative of the manner in which the Financial Incentive provision is to be applied, but are not intended to be indicative of the actual amount of Financial Incentive for any specific year. Amounts shown are hypothetical projections.

FINANCIAL INCENTIVE

The purpose of the Financial Incentive is to encourage the creative and aggressive marketing and promotion of Addison Airport. The Operator will be rewarded with incentive compensation commensurate with financial performance of the Airport based on the annual increase in Gross Revenue. Financial Performance is divided into two sub-categories: a) Gross Revenue Increase, and b) Other Financial Incentives.

A. Gross Revenue Increase

When the Gross Revenue for the then applicable Contract Year (the "Current Year Gross Revenue") exceeds the Prior Year Gross Revenue by 3.5% or more, Operator will be rewarded with a percentage of such excess in accordance with Table 1 below. Table 2 illustrates an example of the calculation of the Management Fee (as defined in Section 6.B.1. of the Airport Management Agreement) and the Gross Revenue Increase portion of the Finance Incentive over a five-year period. In actuality, the incentive may be lower or higher than illustrated in Table 2. Table 2 merely serves as an illustration of the calculation of the Gross Revenue Increase portion of the Finance Incentive and how it will be determined.

Table 1
Financial Incentive -
Gross Revenue Increase

| Growth Percentage between Current Year Gross Revenue and Prior Year Gross Revenue | Financial Incentive Bonus (%of the difference (excess) between Current Year Gross Revenue and Prior Year Gross Revenue) |
|--|--|
| <0 | 0% |
| >0% and <=3.5% | 0% |
| >3.5% and <= 5% | 20% |
| >5% and <=6.5% | 24% |
| >6.5% and <=8% | 28% |
| > 8% | 32% |

Table 2
Management Fee & Financial Incentive Calculation
Based On Change of Gross Revenue

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|----------------|----------------|----------------|----------------|----------------|
| Adjusted Airport Revenues | 4,002,268 | 3,761,868 | 4,007,000 | 4,159,266 | 4,379,707 |
| % Increase Over Prior Year | NA | 0.0% | 6.52% | 3.80% | 5.03% |
| Change in Revenue From Prior Year | NA | -0- | 245,132 | 152,266 | 220,441 |
| Eligible Incentive % (from Table 1) | NA | 0.0% | 23.0% | 20.0% | 24.0% |
| Gross Revenue Increase portion of Financial Incentive | -0- | -0- | 68,637 | 30,543 | 52,906 |
| Mgmt. Fee (21.544% of Gross Revenue equal to or less than \$3,346,596) | 720,000 | 720,000 | 720,000 | 720,000 | 720,000 |
| Mgmt. Fee (18% of Gross Revenue in excess of \$3,346,596) | 118,021 | 74,749 | 118,872 | 146,280 | 185,960 |
| Total Management Fee | 838,021 | 794,749 | 838,872 | 866,280 | 905,960 |
| Total – Gross Revenue Increase portion of Financial Incentive + Total Management Fee | 838,021 | 794,749 | 907,509 | 896,733 | 958,866 |

B – Other Financial Incentives

This category is reserved for other non-discretionary annual goals or objectives, which may arise as a result of new or revised City priorities and whereby the Operator shall be eligible for certain one-time incentives that benefit either the City or the Airport on a recurring basis. Each goal or objective is to be clearly stated and the means by which the non-discretionary financial incentive is to be determined. An example of the award calculation should be given where possible.

Off-Airport Access Permit Agreements – The Operator shall receive an incentive for securing new off-Airport access agreements with businesses wanting access to the Airport. The incentive amount is equal to 25% of the first year annual permit fee set forth in each new agreement permitting off-Airport access to the Airport (“Access Agreement”). This non-discretionary incentive award shall be considered earned and payable to Operator immediately upon the City’s execution of a new Access Agreement and actual receipt and acceptance of the first year annual permit fee from the applicant. A new Access Agreement is defined herein to be any Access Agreement entered into, assigned, transferred or otherwise conveyed and consented to by the City. This incentive award does not apply or extend to subsequent annual permit fees earned by the City for any one Access Agreement, or to any adjustment made to the annual permit fee as provided for in the Access Agreement. Table 3 below provides an example of the calculation of the incentive amount for a new Access Agreement.

Table 3
Incentive Compensation
Financial - Other Revenue

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---------|---------|---------|------|---------|
| Through the Fence | | | | | |
| # of New Access Agreement | 2 | 1 | 1 | 0 | 3 |
| 1 st Yr. Annual Permit Fee Total | \$5,000 | \$3,500 | \$1,300 | \$0 | \$7,400 |
| Incentive - 25% | \$1,250 | \$875 | \$325 | \$0 | \$1,850 |
| | | | | | |

Council Agenda Item: #R5

SUMMARY:

Council approval is requested authorizing the City Manager to renew the Town's health insurance contract with Blue Cross/Blue Shield of Texas (BCBSTX).

BACKGROUND:

In 2004, the Town entered into a contract with BCBSTX to provide group health insurance coverage for its employees. Over the last several years, Town staff and BCBSTX have worked together closely in monitoring trends and medical claim history data.

In 2006, the Town decided to pursue a proactive wellness strategy to promote active and healthy lifestyles for its employees through the A-HIT (Addison Health Information Team) Wellness Program. The program has had a significant impact on increasing awareness and promoting wellness for Town employees. Also, it has increased the Town's ability to negotiate with BCBSTX to keep medical insurance cost coverage down. In fact, the Town has not seen a rate increase for the last two calendar years.

However, over the last year BCBSTX and the Town have seen an increase in the number of large medical claims. After several meetings with BCBSTX, the Town was able to negotiate the proposed rate increase of 17% to 10% for calendar year 2010.

History of Renewal Increases

| | |
|------|-------------------------------|
| 2005 | 14.33% |
| 2006 | 23.80% |
| 2007 | 7% |
| 2008 | 0% |
| 2009 | 5.3%; negotiated down to 0% |
| 2010 | 17.0%; negotiated down to 10% |

The Town is committed to promoting active and healthy lifestyles for Town employees and will work to minimize the possibility of future renewal increases.

FINANCIAL IMPACT:

The financial impact of the renewal increase is approximately \$150,000 for the 2010 calendar year. The impact will be absorbed by staff vacancies and the fund balance.

RECOMMENDATION:

Staff recommends that Council authorize the City Manager to renew the Town's health insurance contract with Blue Cross/Blue Shield of Texas (BCBSTX).

Council Agenda Item:#R6

SUMMARY:

This item is for the rejection of bids submitted for the construction of certain public infrastructure (Ponte Avenue and Bella Lane Vehicular Bridges and pedestrian bridge) within that area of the Town generally known as Vitruvian Park (Vitruvian Park Public Infrastructure Phase 1D).

FINANCIAL IMPACT:

None at this time

PROJECT MANAGER:

Clay Barnett, P.E.

BACKGROUND:

The Master Facilities Agreement with UDR, Inc., which was approved by Council on October 9, 2007, outlined the funds available for Phase 1. This phase of construction, labeled Vitruvian Park Public Infrastructure, Phase 1C, includes the two vehicular bridges and one pedestrian bridge in the base bid and a second pedestrian bridge as an add alternate. The Town received bids on July 1, 2009. Due to the complexity of the project, staff recognized the need to verify the details of the design and confirm the contractor's ability to successfully complete the project. In order to allow additional time to consider the bids, the City Council authorized an extension of the bids to November 8, 2009 on September 22, 2009. Staff engaged the services of HNTB, Inc. to review the plans and make recommendation and revisions on the plans. Staff received comments from HNTB, Inc. on October 8, 2009. After review of these comments, it is apparent that the modifications needed to the bridge would require that the plans be revised to address the comments and subsequently publicly bid.

RECOMMENDATION:

It is recommended that the Council reject all bids submitted for the construction of certain public infrastructure (Ponte Avenue and Bella Lane Vehicular Bridges and pedestrian bridge) within that area of the Town generally known as Vitruvian Park (Vitruvian Park Public Infrastructure Phase 1D).

Council Agenda Item:#R7

SUMMARY:

Consideration and approval of a resolution providing for the establishment of a Charter Review Commission, the appointment of the commission and procedural matters regarding the commission.

FINANCIAL IMPACT:

Not applicable

BACKGROUND:

Based on Council direction, the resolution provides that a Charter Review Commission will be established for the purpose of reviewing the Town's Charter and making recommendations to the City Council. The Commission's final report will be due to Council no later than August 10, 2010. The Commission will consist of 15 members who must be citizens. Each Councilmember will have two appointments and the Mayor will have three appointments. The resolution provides that the Council will complete the appointments no later than January 12, 2010.

RECOMMENDATION:

Staff recommends approval.

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS PROVIDING FOR THE ESTABLISHMENT OF A CHARTER REVIEW COMMISSION, THE APPOINTMENT OF COMMISSION MEMBERS, CERTAIN PROCEDURAL MATTERS REGARDING THE COMMISSION, AND OTHER MATTERS RELATED TO THE COMMISSION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Addison, Texas (“City”) is a home rule municipality pursuant to Article 11, Section 5 of the Texas Constitution, certain provisions of the Texas Local Government Code (including, without limitation, Section 5.004, Chapter 9, and Section 51.072(a)), and its Home Rule Charter (“Charter”), and possesses the full power of local self-government; and

WHEREAS, the City Charter provides in Section 11.29 thereof that, whenever allowed by law, the City may appoint a Charter Review Commission composed of citizens of the City, and further provides in Section 11.29 that the City Council must appoint a Charter Review Commission at least every 10 years to review the Charter and make recommendations as to any suggested changes; and

WHEREAS, as set forth herein, the City Council desires to appoint a Charter Review Commission to review the City Charter and to make recommendations to the City Council as to any suggested changes.

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

Section 1. Charter Review Commission; Purpose; Membership; Report; Termination; Other Matters. The City Council does hereby establish a Charter Review Commission (“Commission”). The sole purpose of the Commission is to review the City Charter and to make recommendations to the City Council as to any suggested changes; such recommendations shall be submitted in a written and oral final report (“Final Report”) to the City Council by no later than August 10, 2010. The Commission shall consist of 15 members, appointed as follows: each Council member will appoint two (2) members to the Commission, and the Mayor will appoint three (3) members to the Commission. The Council will complete its appointment of members to the Commission by no later than January 12, 2010. Each member of the Commission shall be a citizen of the Town. The Commission shall serve solely in an advisory capacity to the City Council, and each member of the Commission serves at the pleasure of the City Council and may be removed by the City Council from the Commission at any time and for any reason or for no reason.

Upon the submission of the Final Report (or any other report or information) by the Commission to the City Council, the City Council may take any action or no action regarding the same. The City Council may, on its own motion and in its sole discretion, choose to submit to

the City's qualified voters, for their consideration of approval at an election, none, some, or all of the recommended changes to the Charter submitted by the Commission; further, the City Council may, on its own motion and in its sole discretion, choose to modify any of such recommended changes or choose to propose other changes to the Charter and to submit the same to the City's qualified voters for their consideration of approval at an election.

The Commission may be terminated or discontinued by the City Council at any time and for any reason or for no reason, at which time the membership of each then-current member shall terminate. The termination, discontinuance, or extension of the Commission by the City Council, and the appointment or removal of a member of the Commission by the City Council, may be by motion or other action duly adopted by the City Council. In any event, unless extended by the City Council, the Commission shall be terminated and discontinued upon the submission of the Final Report to the City Council.

If any member of the Commission misses three (3) meetings of the Commission, the member shall be deemed to have automatically resigned and vacated the member's position on the Commission, and the member of the City Council who appointed such member may appoint a new member to the Commission. Members of the Commission shall receive no compensation for their service on the Commission.

Section 2. Process; Meetings. The Commission shall elect one of its members to be Chairperson and one of its members to be the Vice-Chairperson of the Commission. The Chairperson, or in the Chairperson's absence, the Vice-Chairperson, shall preside at all meetings of the Commission. In the absence at a meeting of both the Chairperson and the Vice-Chairperson, an Acting Chairperson shall be selected by a majority of the members present at such meeting to preside at the meeting. The City Manager may assign a City Staff representative or representatives to work with and to serve the Commission.

Meetings of the Commission may be held (i) on the call of the Chairperson, or (ii) on request of two or more Commission members, or (iii) as may be scheduled by a majority of the Commission at any previous meeting. An agenda shall be prepared for each meeting of the Commission, a copy of which shall be posted in the same manner as for agendas of the City Council. The time and place of a meeting shall be determined by the Commission, but all meetings shall be held within the City. Except as otherwise authorized or permitted by law, meetings of the Commission shall be open to the public.

A quorum of the Commission shall consist of 8 members (that is, a majority of the entire membership of the Commission). The affirmative vote of a majority of the members of the Commission present at a Commission meeting shall be necessary to adopt or approve any matter or to take any action. The minutes of the Commission's proceedings shall show the vote of each member, or if absent or failing to vote shall indicate that fact.

Section 3. Effective Date. This Resolution shall take effect from and after its adoption.

Joe Chow, Mayor

ATTEST:

By: _____
Lea Dunn, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney