



Post Office Box 9010 Addison, Texas  
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## **AGENDA**

### **REGULAR MEETING OF THE CITY COUNCIL**

**AND / OR**

### **WORK SESSION OF THE CITY COUNCIL**

**6:00 PM**

**November 26, 2013**

### **TOWN HALL**

**5300 BELT LINE RD., ADDISON, TX 75254 6:00PM WORK  
SESSION; 7:30PM REGULAR MEETING**

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## **WORK SESSION**

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- WS1 Presentation and discussion regarding the Beltway Drive/Proton Drive Corridors pedestrian connectivity design.
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## **REGULAR MEETING**

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### **Pledge of Allegiance**

- R1 Announcements and Acknowledgements regarding Town and Council Events and Activities
- Introduction of Employees
- Discussion of Events/Meetings

R2 Consent Agenda.

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2a Approval of the Minutes for the November 12, 2013 Work Session and Regular Council Meeting.

**Attachments**

11/12/2013 Minutes

2b Approval of an award of bid to SDB Contracting Services, Inc., for the relocation of the Information Technology (IT) Network Server Room and associated modifications required in the amount of \$81,111.32.

**Attachments**

IT Bid Tab

Regular Items

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R3 Presentation of certificate by Retired Chief, Marlin Price, on behalf of the Texas Police Chiefs Association acknowledging that the Addison Police Department successfully completed the re-recognition process to remain one of eighty-one "Recognized" police departments in Texas.

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R4 Presentation of a report on recommendations for recognizing citizens by the Addison CARES committee.

**Attachments**

Addison CARES report

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R5 **PUBLIC HEARING.** Public hearing regarding, and presentation, discussion and consideration of approval of an ordinance adopting, a new Town of Addison Comprehensive Land Use Plan that replaces the existing comprehensive land use plan. At the public hearing, the public will be given the opportunity to give testimony and present written evidence.

Recommendation:

Administration recommends approval.

**Attachments**

Executive Summary

Goals, Objectives, and Strategies

R6

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**PUBLIC HEARING.** Public hearing regarding, and presentation, discussion, and consideration of a resolution approving and adopting, the Addison Airport Strategic Plan.

**Attachments**

Airport Strategic Plan Resolution  
Executive Summary Highlighted Changes  
Section 3 Highlighted Changes  
Section 4 Highlighted Changes  
Section 7 Highlighted Changes

R7

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Presentation, discussion, and consideration of approval of (i) an Assignment of Ground Lease on Addison Airport from ExecHangar ADS, LC (ExecHangar), Inc., to RR Investments, Inc., d/b/a Million Air Dallas (RRI) regarding property generally located at 4565 Claire Chennault Drive at Addison Airport, (ii) an early termination agreement of the said Ground Lease, and (iii) a new Ground Lease of that property by and between the Town of Addison, as landlord, and RR Investments, Inc., d/b/a Million Air Dallas (RRI), as tenant, and authorizing the City Manager to execute the assignment, early termination agreement, and new Ground Lease on behalf of the Town.

Recommendation:

Administration recommends approval.

**Attachments**

Assignment Memo and Lease Documents

R8

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Discussion and consideration of approval of an inter-local agreement with the cities of Coppell, Carrollton and Farmers Branch to establish a local government corporation (LGC) for the purpose of financing, constructing, owning, managing and operating a regional public safety communications center and related projects and providing for the cities to negotiate an operations agreement among themselves and the corporation regarding the financing, development, operation, and management of the communications center, and authorizing the City Manager to sign the agreement on behalf of the Town.

Recommendation:

Administration recommends approval.

**Attachments**

MQC LGC

R9

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Discussion and consideration of approval of a resolution expressing the Town's intent to reimburse current expenditures from future tax-exempt obligations regarding the Town's water and wastewater system and the acquisition of land and interests in land relating thereto.

Recommendation:

Administration recommends approval.

**Attachments**

Reimbursement Resolution

FY14 Bond Book

R10

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Presentation and discussion of the Department of Financial & Strategic Services Quarterly Financial Review of the Town for the quarter and year-to-date ended September 30, 2013.

**Attachments**

Q4 Financial Report

R11

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Discussion and consideration of any action relating to the appointment of the City Secretary.

Recommendation:

Administration recommends appointment of Matthew McCombs as City Secretary.

Executive Session

ES1

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Closed (executive) session of the Addison City Council, pursuant to Section 551.072, Texas Government Code, to deliberate the purchase or value of certain real property located within the Town and adjacent to and concerning Addison Airport.

Regular Items Continued

R12 Discussion and consideration of approval of any action regarding the purchase or value of certain real property located within the Town and adjacent to and concerning Addison Airport.

Adjourn Meeting

Posted:

Chris Terry, 11/22/2013, 5:00pm

**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.**

**Combined Meeting**

**WS1**

**Meeting Date:** 11/26/2013

**Council Goals:** Infrastructure improvement and maintenance

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**AGENDA CAPTION:**

Presentation and discussion regarding the Beltway Drive/Proton Drive Corridors pedestrian connectivity design.

**FINANCIAL IMPACT:**

n/a

**BACKGROUND:**

n/a

**RECOMMENDATION:**

n/a

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**Combined Meeting**

**2a**

**Meeting Date:** 11/26/2013

**Council Goals:**

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**AGENDA CAPTION:**

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Approval of the Minutes for the November 12, 2013 Work Session and Regular Council Meeting.

**FINANCIAL IMPACT:**

**BACKGROUND:**

**RECOMMENDATION:**

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**Attachments**

11/12/2013 Minutes

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# **DRAFT**

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

November 12, 2013

6:00 PM - Town Hall

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254 | 6:00pm Work Session |

7:30pm Regular Meeting

Upstairs Conference Room

Present: Arfsten; Clemens; DeFrancisco; Gunther; Meier; Moore; Resnik

## **OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL REGULAR MEETING**

November 12, 2013

6:00 PM - Town Hall

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254 | 6:00pm

Work Session | 7:30pm Regular Agenda

Chris Terry, 06/21/13, 5:00pm

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### **WORK SESSION**

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#### WS1

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Discussion regarding Dallas Area Rapid Transit (DART).

#### WS2

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Discussion regarding the Planning and Zoning Commission's Land Use Analysis portion of the Town of Addison's proposed Comprehensive Land Use Plan.

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## REGULAR MEETING

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### Pledge of Allegiance

Announcements and Acknowledgements regarding Town and Council Events and Activities

Introduction of Employees

Discussion of Events/Meetings

Consent Agenda.

2a

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Approval of the Minutes for the 10/22/13 Work Session and Regular Council Meeting.

Council Member Clemens moved approval of the consent agenda, as submitted.

Motion made by Clemens, Seconded by DeFrancisco

**Voting** AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,  
Resnik

Passed

2b

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Approval of a resolution adopting the Town of Addison Investment Strategy for FY 2014.

Council Member Clemens moved approval of the consent agenda, as submitted.

Motion made by Clemens, Seconded by DeFrancisco

**Voting** AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,  
Resnik

Passed

2c

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Approval of an ordinance amending the Town's investment policy set forth in Chapter 2, Article IV, Division 3 of the Town's Code of Ordinances.

Council Member Clemens moved approval of the consent agenda, as submitted.

Motion made by Clemens, Seconded by DeFrancisco

**Voting** AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore, Resnik

Passed

2d

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Approval of a resolution nominating Michael Hurtt to the Dallas Central Appraisal District Board of Directors

Council Member Clemens moved approval of the consent agenda, as submitted.

Motion made by Clemens, Seconded by DeFrancisco

**Voting** AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore, Resnik

Passed

Regular Items

R3

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Presentation by the Metrocrest Chamber of Commerce of their year-end accomplishments related to their FY 2013 Service Agreement with the Town of Addison

Lisa Hermes, President of the Metrocrest Chamber of Commerce, presented and spoke regarding this item. There was no action taken.

R4

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**PUBLIC HEARING**, Case 1674-SUP/Pluckers Wing Bar. Public hearing, discussion and consideration of approval of an ordinance changing the zoning on property located at 5100 Belt Line, Suite 520, which property is currently zoned PD, Planned Development, through Ordinance 012-001, by approving for that property a Special Use Permit for a restaurant and a Special Use Permit for the sale of alcoholic beverages for on-premises

consumption only, on application from Pluckers Wing Bar, represented by Mr. Barry Bubis of Barry Bubis Architects, Inc.

Recommendation:

Administration recommends approval.

Carmen Moran, Director of Development Services, presented and spoke regarding this item.

Council Member Arfsten moved approval of the item.

Motion made by Arfsten, Seconded by Gunther

**Voting** AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,  
Resnik

Passed

R5

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Presentation, discussion and consideration of approval authorizing the City Manager to renew the Town's health insurance contract with Blue Cross/Blue Shield of Texas (BCBSTX).

Recommendation:

Administration recommends approval.

Passion Hayes, Director of Human Resources, and Eric Sexton of Holmes and Murphy presented and spoke regarding this item.

Council Member Moore moved approval of the item.

Motion made by Moore, Seconded by DeFrancisco

**Voting** AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,  
Resnik

Passed

R6

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Discussion and consideration of approval of an ordinance providing for increased prior and current service annuities under the act governing the Texas Municipal Retirement system for retiree and beneficiaries of deceased retirees of the Town of Addison.

Recommendation:

Administration recommends approval.

Passion Hayes, Director of Human Resources, presented and spoke regarding this item. Eric Cannon, Chief Financial Officer and Lea Dunn, Deputy City Manager also spoke regarding this item.

Council Member Resnik moved approval of the item.

Motion made by Resnik, Seconded by Arfsten

**Voting** AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,  
Resnik

Passed

R7

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Presentation, discussion, and consideration of an ordinance amending the Town's Code of Ordinances by amending Chapter 14 (Aviation), Article III (Municipal Airport), Division 3 (Off-Airport Access to Airport) of the Code by amending Section 14-106 thereof by providing time periods and review criteria in connection with an access (through-the-fence) permit application, modifying permit revocation provisions, adding a length of permit term for permits issued after the ordinance adoption, by amending Section 14-107 to make corresponding changes, and by making other amendments as set forth in the ordinance.

Recommendation:

Administration recommends approval.

Lisa Pyles, Director of Infrastructure Operations and Services, presented and spoke regarding this item.

Council Member Resnik moved approval of the item.

Motion made by Resnik, Seconded by Clemens

**Voting** AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,  
Resnik

Passed

R8

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Presentation, discussion, and consideration of an Assignment of Ground Lease on Addison Airport from Turbine Aircraft Service, Inc., to 6200 GP LLC, and authorizing the City Manager to execute the assignment agreement on behalf of the Town.

Recommendation:

Administration recommends approval.

Lisa Pyles, Director of Infrastructure Operations and Services, presented and spoke regarding this item.

Council Member Resnik moved approval of the item.

Motion made by Resnik, Seconded by DeFrancisco

**Voting** AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,  
Resnik

Passed

R9

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Presentation, discussion, and consideration of approval of a Resolution prioritizing the areas of Special Study that were recommended in the Town of Addison Comprehensive Land Use Plan, which was presented to the Council by the Planning and Zoning Commission on June 11, 2013, and is currently under review by the Council, and establishing a structure for the Special Study teams.

Carmen Moran, Director of Development Services, presented and spoke regarding this item.

Mayor Meier made a motion to include the following points as part of the Resolution:

1. Set the Sam's Property as the priority for study;
2. Set the total number of spots on the study group at 9, which is to consist of:
3. Two (2) active Council Members (Chris DeFrancisco and Janelle Moore)
4. Two (2) active Planning and Zoning Commissioners (as determined by the Chair of the Planning and Zoning Commission)
5. Three (3) land owners or operators in proximity to the area to be

- studied (as determined by the Director of Development Services)
6. Two (2) Addison citizens (as determined by the active Council Members serving on the study group)
  7. One (1) staff member will be assigned as liaison to the group, to be appointed by the City Manager.

Motion made by Meier, Seconded by Clemens

**Voting** AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore, Resnik

Passed

Adjourn Meeting

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Mayor-Todd Meier

Attest:

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City Secretary-Chris Terry

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Mayor-Todd Meier

Attest:

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City Secretary-Chris Terry

## Combined Meeting

2b

**Meeting Date:** 11/26/2013

**Council Goals:** Mindful stewardship of Town Resources.  
Infrastructure improvement and maintenance

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### **AGENDA CAPTION:**

Approval of an award of bid to SDB Contracting Services, Inc., for the relocation of the Information Technology (IT) Network Server Room and associated modifications required in the amount of \$81,111.32.

### **FINANCIAL IMPACT:**

This is a budgeted item.

Budget: \$100,000.00

Cost: \$81,111.32

### **BACKGROUND:**

The Information Technology Department submitted a Modified Level of Service (MLS) request to relocate the IT Server Room that was approved by the City Council for fiscal year 2014. The current Server Room is located on the second floor of the Addison Service Center adjacent to exterior walls. Staff is concerned that a serious weather event could severely impact the integrity and operational abilities of the IT network and telecommunications network that serves the entire organization citywide.

To assist in limiting the risks and vulnerabilities to the network, staff is proposing to relocate the Server Room to an interior space within the Service Center on the first floor with a concrete ceiling above it. The location for the new Server Room is currently occupied by Parks Department staff that will be relocated to another location within the Parks Operations area that requires some modifications to accommodate the staff.

The General Services department solicited Requests for Proposals to perform the modifications necessary to accomplish this project. Three proposals were received. The criteria for which points may be awarded based upon proposals, which minimize the risks associated with a project of this nature. Scoring the proposals was based on the following three criteria: Vendor Award - Which considers factors of: number of years in business, experience level, client references, resource availability, technical platforms, project approach, staffing levels and support levels. Cost Award – points based upon the reasonableness of the vendors cost proposal, and the level of cost detail provided. Responsiveness Award – points based on completeness of the overall proposal, level of detail and

conformance to the Towns instructions.

The proposal receiving the most points and staff's award recommendation is SDB Contracting Services, Inc.

**RECOMMENDATION:**

Staff recommends approval.

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**Attachments**

IT Bid Tab

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Bid Tab

IT Server Room Relocation Project		SDB, INC.	Randy Bearden Construction	Metco Engineering	
Base Bid		\$75,361.32	\$85,757.00	\$95,160.00	
Alt. # 1		\$8,750.00	\$6,575.00	\$15,000.00	100% Prem. after hrs. work
Alt # 2	YES	\$5,750.00	\$6,248.00	\$8,000.00	Only noisy work after hrs.
Total Base + Alt. 2		<b>\$81,111.32</b>	<b>\$92,005.00</b>	<b>\$103,160.00</b>	

**Combined Meeting**

**R3**

**Meeting Date:** 11/26/2013

**Council Goals:** Enhance Public Safety

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**AGENDA CAPTION:**

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Presentation of certificate by Retired Chief, Marlin Price, on behalf of the Texas Police Chiefs Association acknowledging that the Addison Police Department successfully completed the re-recognition process to remain one of eighty-one "Recognized" police departments in Texas.

**FINANCIAL IMPACT:**

n/a

**BACKGROUND:**

n/a

**RECOMMENDATION:**

n/a

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**Combined Meeting**

**R4**

**Meeting Date:** 11/26/2013

**Council Goals:** N/A

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**AGENDA CAPTION:**

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Presentation of a report on recommendations for recognizing citizens by the Addison CARES committee.

**FINANCIAL IMPACT:**

N/A

**BACKGROUND:**

Addison CARES is an ad-hoc committee appointed by Council in October of 2012 to examine possible ways to honor individuals who have contributed to Addison in a variety of different ways. Over the past year, they met with members of staff and Council, and are ready to present their findings.

**RECOMMENDATION:**

N/A

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**Attachments**

Addison CARES report

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# **Addison CARES**

Commemorative Recommendations

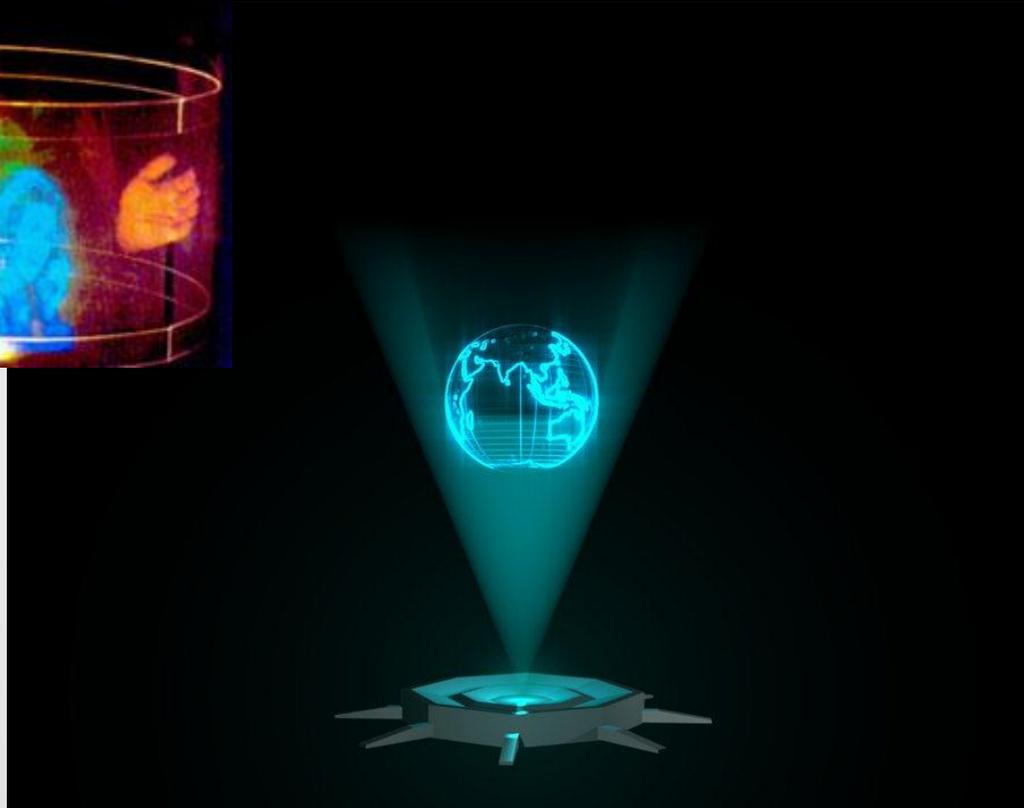
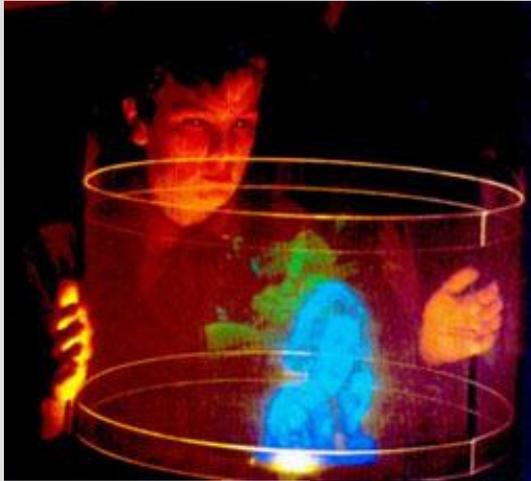
# Summary

- ▶ The Addison CARES committee has prepared a Municipal Naming Policy (“MNP”) for consideration by the City Council.
- ▶ In addition to the MNP, the committee has reviewed, inspected and photographed a number of local and national commemorative opportunities.
- ▶ The committee makes the following visual recommendations for recognizing individual accomplishments and contributions.
- ▶ The committee further recommends implementation at one or more of the Town’s existing public parks, where people congregate and there are multiple venue hosting opportunities to enhance visibility and appreciation, such as Visit Addison, Addison Circle Park and Vitruvian Park.

# Hologram

- ▶ The Addison Hologram Table is a proposal for an interactive opportunity to showcase the Town and its recognized citizens.
  - Table would list recognized citizens and the Town's features and events.
  - Hologram of citizen would appear, along with a brief verbal introduction of the citizen's service and what the person meant to Addison (voice of Mayor, Family Member, etc.)
  - Hologram would further showcase the physical recognition point within the Town (look for Mrs. Canterbury's name on the Memorial Wall in Vitruvian Park) and project an image of the Town, highlight the location of Vitruvian Park and the Memorial Wall within Vitruvian Park, for example.
  - Possible location for the Hologram Table is Visit Addison, as well as providing a link on the Town's website (of the image/video).

# Hologram



# Physical Recognition Opportunities

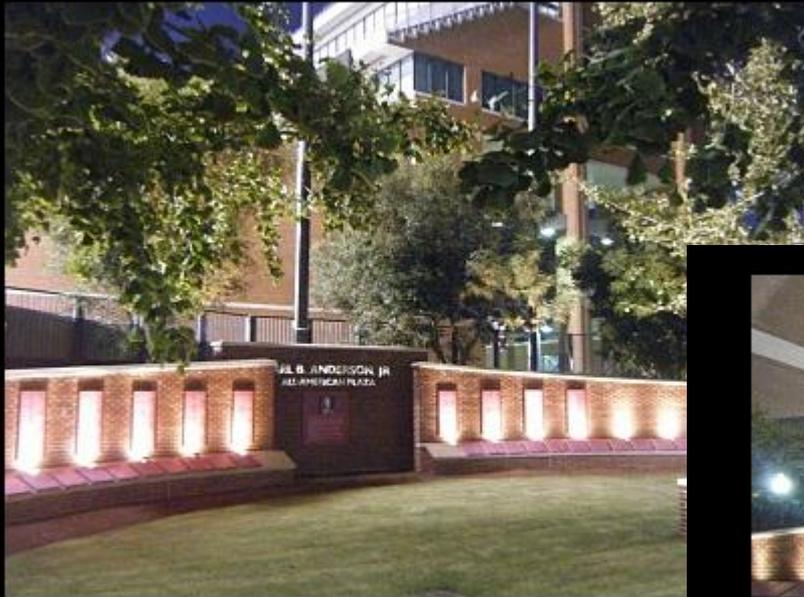
- ▶ **Memorial Park**
  - Enhance existing parks such as Vitruvian or Addison Circle to provide recognition opportunities.
- ▶ **Statue/Bench**
  - Add Memorable Statues or Benches
- ▶ **Garden Path**
  - Naming Garden or Path and creating named stoned walking areas within the Garden or Path
- ▶ **Signage**
  - Naming (or Renaming) a Town Facility

# Memorial Park

Enhance existing parks (Vitruvian, Addison Circle)



# Memorial Park



Wide shot of the entire Carl B. Anderson All-American Plaza.  
Photo by Garrett Duty.



Medium shot of the lighted display of the wall of All-Americans.  
Photo by Garrett Duty.

# Statue/Bench





# Facility Naming



# Signage



**Combined Meeting**

**R5**

**Meeting Date:** 11/26/2013

**Council Goals:** N/A

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**AGENDA CAPTION:**

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**PUBLIC HEARING.** Public hearing regarding, and presentation, discussion and consideration of approval of an ordinance adopting, a new Town of Addison Comprehensive Land Use Plan that replaces the existing comprehensive land use plan. At the public hearing, the public will be given the opportunity to give testimony and present written evidence.

Recommendation:

Administration recommends approval.

**FINANCIAL IMPACT:**

NA

**BACKGROUND:**

The Town of Addison Comprehensive Land Use Plan was prepared by the Planning and Zoning Commission and submitted to the City Council on June 11, 2013. The Council has reviewed the document in two separate work sessions and has made its own changes, additions, and deletions.

While the entire document will be corrected to reflect the Council's changes, the staff has printed only the Executive Summary, which contains the Special Study Area list, and the List of Goals, Objectives, and Strategies, which includes the Goals, Objectives and Strategies as reviewed by the Council.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Executive Summary

Goals, Objectives, and Strategies

Ordinance

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## Executive Summary

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The Planning and Zoning Commission was tasked by the Mayor to review and revise Addison's Comprehensive and Strategic Land Use Plan in April of 2012. The Commission began its work shortly thereafter and, as a first step, it carefully and thoughtfully evaluated the Town's existing land use elements, its parks and open space, its community facilities—both public and private, and its public services and utilities.

As the Commission evaluated the Town's various elements, it was pleased to find a description that serves as the theme for this document: *Addison—Better than Ever*. The investments made by previous City Councils have resulted in residential neighborhoods that are tree-shaded and loaded with parks and walking trails, and as a consequence, its citizens are now able to enjoy the fruits of the dreams and labors of citizens that came before them. The vision of the Town's previous leaders regarding Parks and Open space has resulted in world-class parks within walking distance of most residents and businesses alike, and many beautiful trees are in evidence throughout the city. Addison's past willingness to try a new idea has resulted in both Addison Circle and Vitruvian Park, two vibrant and thriving mixed use developments that are the envy of most other cities in the Metroplex. The Town's past willingness to partner with developers has resulted in the re-invention of its two major shopping centers: Village on the Parkway and the Brookhaven Village Shopping Center. Village on the Parkway is currently undergoing a significant re-development with the Brookhaven Village Shopping Center to follow. Addison's past nurturing and support of its restaurant community has led to a long life for many of Addison's finest restaurants. Some of the Town's restaurants are over 30 years old, but they get more popular with time and still enjoy a good business that brings many diners to Town. The Town's hotel support programs allow the hotels to remain competitive, and the Town's office buildings enjoy a good occupancy, as do its commercial and industrial uses.

The Commission was particularly pleased to find that Addison's Community Facilities have not become dated or passé, but have continued to grow as they add new features and facilities. Addison's jewel, the Addison Athletic Club, is better than ever thanks to the new outdoor pool and Community Garden that have been added to the property. The Conference and Theatre Centre and tourism offerings continue to improve with the addition of the Pavilion in Addison Circle Park and Visit Addison. The Town is in an enviable position with its facilities for employees, and it no longer needs to build facilities, but can focus on providing service to the citizens. Also, the Town's water and sewer facilities are first class and more than adequate to serve the Addi-

## Executive Summary

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son's population now and in the future.

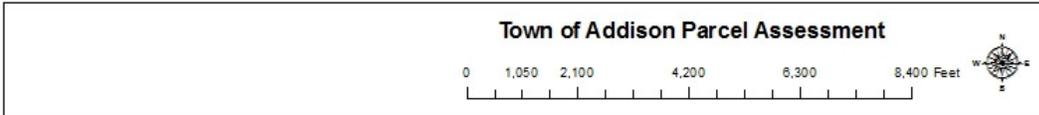
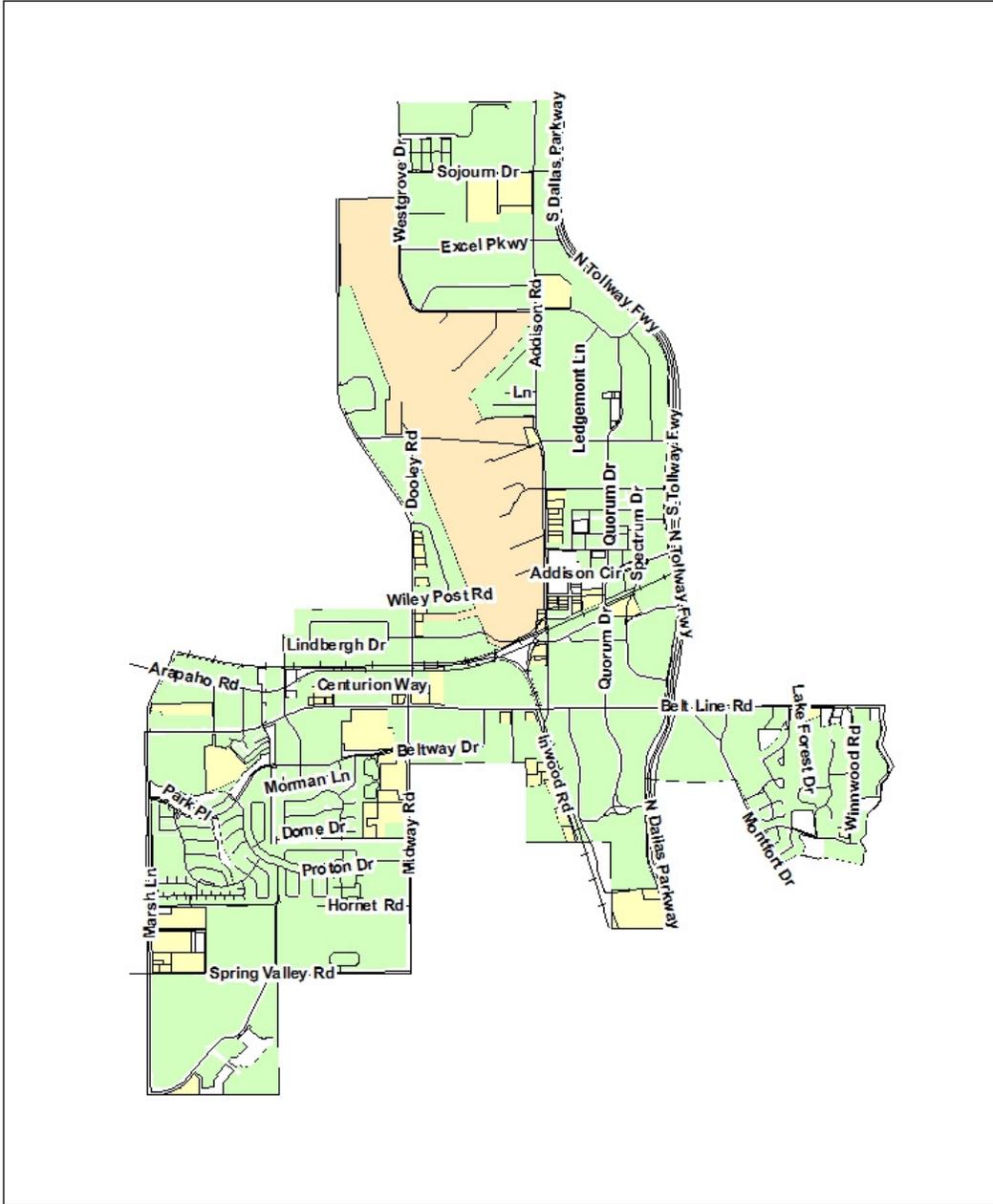
Addison has also dramatically improved in offerings in facilities that are not provided by the Town. It significantly improved its public school situation with the new George HW Bush Elementary School, and its offering for medical care and related services with the new Methodist Hospital for Surgery. In addition, its cultural offerings continue to expand through the success of the Cavanaugh Flight Museum and the major public art pieces that are being added to the Town's landscape through the restoration efforts of the Addison Arbor Foundation, and the works commissioned by UDR in Vitruvian Park. Indeed, Addison is better than ever, and the Town is fortunate to be in a position to enjoy the results of its previous planning and visioning efforts.

However, while the Commission found the Town to be in very good shape, it did not find it perfect. In some areas, the Town needs to be vigilant and keep its excellent neighborhoods and facilities in first-class condition through a dedicated effort to maintenance and code enforcement. The Commission also noticed areas of Town that need refreshing, remodeling, or complete redevelopment.

The Commission wanted to be able to thoroughly understand areas that appeared to be functioning at less than their "highest and best land use", so as a second step, it systematically evaluated every parcel of land in Town. The Commission developed its own methodology for evaluating a parcel of land and its current use. It agreed on seven criteria that it labeled the *Attributes of Land Use Success*. A detailed description of these *Attributes* is listed in the *Methodology* section of this Plan.

The Commission then divided the Town into workable sectors and evaluated every parcel in each sector against the *Attributes of Land Use Success*. The detailed evaluations are found in the *Land Use Analysis by Sector* section of this Plan. The map of the Town, showing the compilation of the Sectors, is shown on the next page.

# Executive Summary



## Executive Summary

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The Commission's findings and parcel assessments regarding Land Use Improvement fell into four major categories:

- **The current land use and density are appropriate, but the product needs refreshing.** With regard to properties that need refreshing, the Commission recommends that the Council consider a façade grant or low-interest loan program that could help property owners clean up and remodel their properties. In some instances where landscaping needs to be added, but parking would have to be sacrificed to add it (such as on Belt Line and Midway Road), the Commission recommends the Council consider enhanced landscaping in the rights-of-way as those streets are rebuilt.
- **The current land use is appropriate, but the future of the tract is uncertain.** In these instances, the Commission recommends the Town take no action now, but be prepared to consider an alternate use for the properties in the future. In some cases, the Town might even consider purchasing properties where no other suitable land use is feasible.
- **The current land use is no longer appropriate.** Some properties have outlived their useful lives and are in decline. The Commission recommends “Special Studies” for those areas that would include planning, design, and economic consultants, along with citizens, property owners, and support staff. The in-depth studies should consider the assets and detriments those properties would face in converting to another use, and should propose new uses, design solutions, and economic analyses to test possible development scenarios.
- **There might be a better idea out there.** Some properties are not in decline, but are in strategic locations that might yield a higher return to both the property owners and the Town. Again, the Commission recommends “Special Studies” for those areas that might be in a position to shift to a higher and better land use. Those studies should assess possible redevelopment scenarios and the cost and benefit of undertaking a redevelopment plan. The Special Studies would again include planning, design, and economic consultants, along with citizens, property owners, and support staff.

## Executive Summary

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Given the Commission and Council's categorization of land use concerns, the areas listed below are viewed as candidates for Special Studies.

Inwood Road Corridor, (Sector 2)

West side of Midway Road, south of Beltway Drive, (Sector 3)

Sam's Club tract and adjoining properties on the south side of Belt Line, west of Midway Road, (Sector 3)

North side of Belt Line Road, between Midway Road and Surveyor Boulevard, (Sector 3)

North side of Belt Line between Business Avenue and Marsh Lane (Sector 3)

Midway Road, north of Belt Line Road (Sector 4)

Town-owned properties along the proposed Cotton Belt Rail Line, (Sector 5)

Properties abutting Addison Circle on the east side of Addison Road, between Morris and Airport Parkway, (Sector 5)

Possible Development of Medical District around Methodist Hospital (Sector 6)

Investigation of Possibilities for Senior Housing (no Sector)

## List of Goals, Objectives, and Strategies

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# Comprehensive Land Use Plan

## Goals, Objectives, and Strategies

### Land Use, Owner- Occupied Residential

**GOAL:** Recognize that quality of neighborhoods should not be sacrificed for quantity. Keep the owner-occupied housing stock in Addison at its current level, and keep the neighborhoods competitive by ensuring they remain safe, well-maintained, and attractive.

**Objectives:**

**1. Keep properties in the neighborhoods well-maintained.**

**Strategy:** Maintain an active Code Enforcement program to keep individual homes and yards maintained to an acceptable standard.

**2. Enhance existing neighborhood infrastructure when possible.**

**Strategy:** Institute an annual program for assessing quality and useful life of neighborhood amenities, and allocate funds for replacement , additions, or remodels as needed.

**3. Provide pedestrian connections within the neighborhoods, between neighborhoods, and from neighborhoods to local services and amenities such as retail uses and recreational facilities.**

**Strategy:** Require pedestrian connections for any new neighborhoods or redevelopments and Include connections from neighborhoods into the Master Trail Plan.

### Land Use, Renter-Occupied Residential

**GOAL:** Keep the renter-occupied housing stock in Addison competitive by ensuring it remains safe and well-maintained, and require that any new multi-family developments, or redevelopments, be built within neighbor-

## List of Goals, Objectives, and Strategies

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hoods that are supported with public facilities.

### Objectives:

1. **Support renter-occupied units with neighborhood amenities such as parks and trails.**

**Strategy:** Require any new multi-family developments or redevelopments to provide recreational space and amenities for its residents.

2. **Where possible, enhance existing amenities in neighborhoods.**

**Strategy:** Institute an annual program for assessing quality and useful life of neighborhood amenities.

**Strategy:** Allocate funds on an annual basis for replacement or remodels as needed.

3. **Improve the quality of Addison's existing multi-family product.**

**Strategy:** Allow higher densities on redevelopment of older properties so that developers can build better quality buildings with structured parking.

4. **Keep multi-family properties well-maintained.**

**Strategy:** Maintain an active Code Enforcement program to see that all multi-family properties are maintained to an acceptable standard.

## Land Use, Retail

**GOAL:** Explore methods to revitalize Addison's retail offerings in spots that may be tired, dated, or past their useful life. Those methods might include Special Area Studies, which are intense and targeted economic and land use studies including an inter-disciplinary team of: specialized retail consultants to offer expertise and case studies from other cities, architects to explore possible redevelopment schemes, urban planners to provide a framework for implementation, property owners from within the area, and staff members/public officials to explore the feasibility of implementing new ideas.

### Objectives:

## List of Goals, Objectives, and Strategies

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1. Examine areas, such as Inwood Road, that no longer seem as vibrant as other retail corridors. Explore other possible land uses for those areas.
2. Consider Special Area Studies that target specific areas, identified through the Comprehensive Plan's Methodology. Special area studies should analyze existing conditions and propose new uses and development patterns which are market-tested by retail consultants on the study team.
3. Consider façade grants or spruce-up incentives for retailers who need to remodel their centers.
4. Consider increasing the visibility of businesses in Addison Circle through lighting or signage.
5. Study demographics of Addison's customers and determine if Addison is still importing customers, and if so, from where, and if Addison residents are shopping and dining elsewhere.

### Land Use, Hotels

**GOAL:** Keep Addison's hotels well-maintained and competitive in the Metroplex hotel market.

**Objective:** Provide support, both financial and administrative, to keep Addison's hotels competitive

**Strategies:**

## List of Goals, Objectives, and Strategies

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1. Provide grants to hotels for refurbishments and remodels so that they can continue to attract customers at a rate that is comparable for the market.
2. Continue to provide special events that encourage visitors to come to Addison and stay in an Addison hotel.
3. Work to encourage the development of new hotels in areas that are suitable for supporting them, such as Village on the Parkway, Addison Circle, and Vitruvian Park.

### Land Use, Office

**GOAL: Recognize that office buildings are a valuable land use asset for the Town and take steps to keep them competitive through code enforcement and Economic Development efforts.**

**Objectives:**

1. **Maintain the quality of buildings through code enforcement efforts aimed at keeping buildings maintained and attractively landscaped.**
2. **Continue Economic Development efforts to keep Addison competitive with other communities and allow it to compete for large and small tenants.**
3. **Continue to foster variety among office tenants by encouraging other types of office uses such as call centers and medical offices.**

### Land Use, Commercial/Industrial

**GOAL: Maintain the Town's existing commercial and industrial neighborhoods through Code Enforcement, and consider a branding and marketing effort to develop Midway Road as a destination for automotive uses and their customers.**

## List of Goals, Objectives, and Strategies

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### Land Use, Mixed Use

**GOAL:** Continue to support Addison's mixed use developments through maintenance of public spaces and programming to keep the spaces vibrant, and consider additional mixed use developments as older areas of the city become ripe for redevelopment.

### Parks and Open Space

**GOAL:** Maintain the Town's standard of excellence in all its parks, trails, and public open spaces, and where possible, improve the quality, quantity, and connectivity of parks and trails while maintaining effective stewardship of land and water resources.

#### Objectives:

- 1. Extend Addison's trail network beyond the Town's boundaries so that trails can connect on a regional level.**

**Strategy:** Work with adjacent cities: Dallas, Carrollton, and Farmers Branch, to extend trails between the cities.

**Strategy:** Actively pursue grant funds to build connections from Addison's trail system to systems in adjoining cities.

- 2. Provide a first-class level of amenities for users of the Town's parks and trails.**

**Strategy:** Adopt standards for trail improvements that include signage, benches, water fountains, and other amenities.

**Strategy:** Include amenities, as specified in the standards, on all new trails and parks, and add them to existing trails and parks.

- 3. Acquire and develop open spaces and conservation areas to support the Town's population and preserve natural resources.**

**Strategy:** Look to acquire strategic tracts in neighborhoods that can provide open spaces for more active recreation use, as well as preserve natural areas with scenic amenities such as large trees and water fea-

## List of Goals, Objectives, and Strategies

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tures.

### 4. Emphasize sustainability and water conservation in all new parks

**Strategy:** Continue EarthKind Landscape Management Program

**Strategy:** Continue to use drought-tolerant and native species of plants in all new parks and trails, and on all landscape renovations.

**Strategy:** Continue effective water conservation measures for all irrigation systems.

### 5. Maximize use and utility of public and private open spaces.

**Strategy:** Coordinate with Dallas Independent School District, Private Schools, Brookhaven Community College, and other private developments to share use of open spaces, trails, and facilities.

### 6. Find additional resources to finance new park spaces and enhancements to existing parks.

**Strategy:** Actively pursue regional, state and national grants. Partner with other cities and agencies, such as Dallas County and Texas Parks and Wildlife, for funding, and work with non-profit groups such as the Addison Legacy Foundation and Addison Arbor Foundation to provide additional funding for park improvements.

### 7. Seek efficient ways to provide Dog Parks.

**Strategy:** Use properties owned and operated by other public and private entities to minimize cost

**Strategy:** Consider sponsorships to fund development and maintenance.

### 8. Recognize and enhance the photographic appeal of Addison's parks and facilities as a way to market the Town.

**Strategy:** Design park improvements and facilities with an eye to providing dramatic backdrops for commercial photographers and videographers.

## List of Goals, Objectives, and Strategies

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**Strategy:** Add “take photo here” spots for recreational photographers and visitors.

**Strategy:** Provide a map for photographers that highlights particularly scenic spots in Addison’s parks and other facilities. Make map available on the web page and at the Visit Addison facility.

### 9. Maintain existing parks and facilities to a first-class standard.

**Strategy:** Implement an annual park structures and grounds maintenance/renovation program to keep parks looking fresh and new.

## Community Facilities, Athletic Club

**GOAL:** Maintain the Athletic Club’s excellence.

### Objectives:

1. Keep Club facility clean and well-maintained and periodically evaluate the Club’s facilities to determine if new facilities need to be added.
2. Continually update fitness equipment to keep up with advances for cardio weight training.
3. Provide more opportunities for the limited number of kids in the 8-14 age group.
4. Provide ongoing assessment of Club programs to insure currency, relevancy and cost effectiveness.

## Community Facilities, Community Garden

**GOAL:** Community gardens are great neighborhood builders, and as op-

## List of Goals, Objectives, and Strategies

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### Community Facilities, Conference and Theatre Centre

**GOAL:** Maximize the current size of Addison's Visitor and Event hosting venues by adding facilities that allow them to stay flexible and competitive in their current market niche. Add a parking garage that could support all three facilities as well as possibly support the relocated Cavanaugh Flight Museum.

### Community Facilities, Historic Buildings

**GOAL:** Maintain the Addison Town Hall as one of the Town's icons. Maintain and use the Stone Cottage as an auxiliary facility for the Conference Centre. Support the active re-use and re-development of the Town's other historic buildings through private funding.

### Community Facilities, Medical Facilities

**GOAL:** Continue to support and encourage the expansion of Medical facilities in Addison.

### Community Facilities, Municipal Buildings

**GOAL:** Maintain the level of service to citizens provided by Addison's excellent municipal buildings while looking for ways to consolidate inefficient and out-dated facilities.

**Objective:**

1. In recognition of the cost and operational benefits derived by housing employees in close proximity to one another, consider selling or leasing Finance building and moving those employees to Town Hall Square. Existing buildings in Town Hall Square could be occupied by city employees, and the out-dated building adjacent to Town Hall (former piano store) could be demolished and replaced with a municipal building. Explore the potential of Town Hall Square as a municipal complex that could include a public green space or Town Square.

## List of Goals, Objectives, and Strategies

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### Community Facilities, Post Office

**GOAL:** Continue to work toward having the 75001 zip code for all of Addison. Explore possibilities for finding a way for the Post Office to be maintained through private resources such as the Arbor Foundation, the Addison Business Association, or a volunteer group. Also explore an alternative landscaping plan, such as a xeriscape plan, that would require less maintenance.

### Community Facilities, Public Art

**GOAL:** Incorporate public art into the community in a way that is strategic, selective, and impactful.

**STRATEGIES:**

1. Take advantage of the Town's many venues, both indoors and out, for the hosting of temporary and traveling art exhibits.
2. When the opportunity for a public art piece arises, seek well-known artists with national reputations for the commission. Develop impactful and significant art works, not just decorative pieces.
3. The Addison Legacy Foundation could contact the owners of public art pieces throughout the Town and let them know the Town would accept a tax-deductible donation of an art piece in order to keep it from being scrapped or destroyed.
4. Evaluate the Town-owned art pieces on an annual basis to determine if maintenance or repainting is needed, and if so, provide funds for maintenance.

### Community Facilities, Schools

**GOAL:** Continue to support the George H.W. Bush Elementary School by encouraging community participation and volunteer efforts at the school. Also support private schools and day care centers. Explore options for hosting classes from a local university within the Town, and for hosting extended training for businesses.

## List of Goals, Objectives, and Strategies

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**GOAL:** Addison has made the necessary investments in infrastructure and technology to provide and maintain first-class water and wastewater utilities. The Town should continue to make the necessary investments to keep its utilities in their current excellent condition.

**Objectives:**

- 1. Continue to invest the Utility fund revenue back into water and wastewater facilities so that Addison can maintain its efficient and cost-effective delivery of water utilities.**
- 2. Promote water conservation so that Addison can continue to provide water at a reasonable cost to its customers.**
- 3. Promote effective storm water retention design and require stormwater detention in all new construction.**

**TOWN OF ADDISON, TEXAS**

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS ADOPTING A NEW COMPREHENSIVE PLAN FOR THE TOWN; PROVIDING THAT THE ADOPTED COMPREHENSIVE PLAN SHALL SUPERSEDE AND REPLACE ANY COMPREHENSIVE PLAN PREVIOUSLY ADOPTED; PROVIDING A REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Town of Addison (“City”) City Charter provides in Section 7.03 – Master Plan that the “official master plan of the Town shall be used as a guide by the City Council and the City Planning and Zoning Commission for development of the Town with respect to land use, thoroughfares and streets, buffer zones, parks, and other matters affecting development”; and

**WHEREAS**, the current comprehensive plan of the City was approved by the City Council on May 3, 1991, and although the plan has been amended four times, it has not been completely updated since 1991 (the said plan, as amended, being sometimes referred to hereinafter as the “1991 comprehensive plan”); and

**WHEREAS**, Addison’s population and other demographic characteristics have changed significantly since 1991, and the City Council previously directed by the City’s Planning and Zoning Commission to examine the Town’s 1991 comprehensive plan to determine whether there should be changes to it, including but not limited to changes regarding land use and transportation, that will, among other things, facilitate the movement of people and goods, and the health, recreation, safety and general welfare of the citizens of the City; and

**WHEREAS**, over a period of many months and after numerous discussions and public hearings (at which members of the public were given the opportunity to give testimony and present written evidence) regarding the review of the 1991 comprehensive plan by the Planning and Zoning Commission, the Planning and Zoning Commission approved and has recommended for the City Council’s consideration of approval a new comprehensive plan to replace the 1991 comprehensive plan, and the same has also been reviewed and recommended by the City’s planning department; and

**WHEREAS**, the City Council has, over a number of meetings open to the public and at which public input could be provided to the Council, reviewed the new comprehensive plan proposed by the Planning and Zoning Commission and the City’s planning department, and has made modifications to the same, and has conducted a public hearing (at which members of the public were given the opportunity to give testimony and present written evidence) regarding the proposed new comprehensive plan (attached hereto); and

**WHEREAS**, Section 213.003 of the Local Government Code provides that a comprehensive plan may be adopted (or amended) by ordinance following (a) a hearing at which

the public is given the opportunity to give testimony and present written evidence; and (b) review by the municipality's planning commission or department (if one exists), and each of the foregoing items has been satisfied and complied with in connection with the new comprehensive plan and the adoption of it by this Ordinance; and

**WHEREAS**, the adoption of the new comprehensive plan by this Ordinance, attached hereto, will promote the sound development of the City and is in the best interests of and will promote the public health, safety, and welfare.

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

Section 1. The Comprehensive Plan attached hereto as Exhibit 1 ("Comprehensive Plan") and incorporated herein is hereby adopted, and the same supercedes and replaces the 1991 comprehensive plan. The Comprehensive Plan adopted hereby reflects the goals, objectives, and strategies of the City Council for the long-range development of the City.

Section 2. As set forth in more detail in the Comprehensive Plan, the Comprehensive Plan shall serve as a guideline for the City's adoption of, or amendment(s) to the City's various development regulations. To the extent required by state law, zoning regulations and amendments thereto shall hereafter be adopted in accordance with the Comprehensive Plan, and any zoning regulation(s) or part thereof that may deviate in any way from or add to the Comprehensive Plan shall be deemed to automatically amend the Comprehensive Plan, whether or not reference be made to the Comprehensive Plan in the ordinance adopting or amending such zoning regulation(s). With respect to any such zoning regulation that automatically amends the Comprehensive Plan, any requirement under state law that a comprehensive plan be amended after public hearing and after review by the P&Z shall be deemed to have been satisfied by the public hearing(s) and P&Z review-and-recommendation procedures set forth in the City's zoning regulations, as amended, in accordance with Chapter 211 of the Texas Local Government Code, as amended. The Comprehensive Plan shall not constitute zoning regulations or establish zoning district boundaries.

Section 3. The above and foregoing recitals of this Ordinance are all true and correct and are incorporated into and made a part of this Ordinance for all purposes.

Section 4. All ordinances of the City in conflict with the provisions of this Ordinance are repealed to the extent of that conflict, except that this Ordinance by itself shall not affect any change to any existing zoning districts, zoning classifications, or other zoning regulations or any designations of current zoning. If any provision of this Ordinance shall be held to be invalid or unconstitutional by a court of competent jurisdiction, the remainder of this Ordinance shall continue in full force and effect the same as if such invalid or unconstitutional provision had never been a part hereof; and the City Council declares that it would have passed this Ordinance, and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, and phrases be declared unconstitutional or invalid.

Section 5. This Ordinance shall take effect upon its passage and approval and the posting and/or publication, if required by law, of its caption or any portion hereof.

**PASSED AND APPROVED** by the City Council of the Town of Addison, Texas this the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Todd Meier, Mayor

ATTEST:

By: \_\_\_\_\_  
Matt McCombs, City Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
John Hill, City Attorney

**EXHIBIT 1**

*[attach Comprehensive Plan]*

## Combined Meeting

R6

**Meeting Date:** 11/26/2013

**Council Goals:** Create a vision for the airport to maximize the value

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### **AGENDA CAPTION:**

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**PUBLIC HEARING.** Public hearing regarding, and presentation, discussion, and consideration of a resolution approving and adopting, the Addison Airport Strategic Plan.

### **FINANCIAL IMPACT:**

There is no financial impact.

### **BACKGROUND:**

In 2011, Council members Blake Clemens and Neil Resnik along with airport and Town staff members began working on a strategic plan for Addison Airport. The purpose of the strategic planning process was to establish broad policy goals for the development of the airport and to provide guidelines and context for decision making. The process included data collection, development of goals, strategies and tactics to achieve the goals, and key findings and recommendations. The team conducted a SWOT analysis, held several stakeholder meetings, distributed tenant surveys, visited with TxDOT and FAA representatives, and personally visited seven benchmarked airports.

The Council has been briefed on the plan and has requested various changes to the document, which have been incorporated.

Attached are the sections of the plan that have been changed along with the proposed resolution. Staff will brief the Council on these changes during the meeting.

### **RECOMMENDATION:**

Administration recommends approval.

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### **Attachments**

[Airport Strategic Plan Resolution](#)

[Executive Summary Highlighted Changes](#)

[Section 3 Highlighted Changes](#)

[Section 4 Highlighted Changes](#)

## Section 7 Highlighted Changes

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**TOWN OF ADDISON, TEXAS**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING AND ADOPTING A STRATEGIC PLAN FOR ADDISON AIRPORT; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Town of Addison, Texas ("City") is the owner of the Addison Airport ("Airport"); and

**WHEREAS**, a committee consisting of representatives from the City Council, City Staff, and the Airport manager have studied and evaluated the Airport for more than a year for the purpose of developing and recommending to the City Council a strategic plan and guide for the Airport; and

**WHEREAS**, a proposed plan was submitted to the City Council for its review, and the Council, after studying and discussing the proposed plan, proposed certain changes to the strategic plan, and the strategic plan, including those changes, is attached to this Resolution as Exhibit 1 ("Strategic Plan"); and

**WHEREAS**, the Strategic Plan is intended to serve as a guide for the Airport and its development, and includes, without limitation, a value proposition, vision statement, and how it may be applied, and outlines broad policies and goals for maintaining and enhancing the value of the Airport for the benefit of all of its stakeholders, including the citizens of the City; and

**WHEREAS**, the City Council finds that the adoption and approval of the Strategic Plan will benefit the Airport and its users, and is in the best interest, and promotes the health, safety, and welfare, of the City and its citizens.

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

Section 1. The City Council of the Town of Addison, Texas does hereby adopt and approve the Strategic Plan for Addison Airport, a copy of which is attached to this Resolution as Exhibit 1.

Section 2. The above and foregoing recitals are true and correct and are incorporated into and made a part of this Resolution for all purposes.

Section 3. This Resolution shall take effect upon its passage and approval.

**PASSED AND APPROVED** by the City Council of the Town of Addison, Texas this the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
Todd Meier, Mayor

ATTEST:

By: \_\_\_\_\_  
Matt McCombs, City Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
John Hill, City Attorney

# Addison Airport Strategic Plan Executive Summary

(Draft 8.2 – November 21, 2013)

**DRAFT**

## **Executive Summary**

Addison Airport is the single most valuable asset owned by the Town of Addison and its citizens. As such, it is essential that the airport be operated and developed with the interests of its citizen-owners at the forefront to facilitate economic development for the region. It is also part of a unique community, and its future development must reflect the values – including the aesthetic values – as well as the goals and aspirations of citizens of Addison and the City Council representing those citizens.

The purpose of this Strategic Plan is to establish broad policy goals for the development of Addison Airport through the next 20 years and beyond. The plan is not an airport “road map”; it is meant to provide guidelines and context for making decisions regarding future development.

### **Some Airport History**

Addison Airport was established in 1957 by a group of private investors and run as a private business enterprise until it was acquired by the Town of Addison (with FAA assistance) in 1976. From 1976 through December 31, 2000, the airport was managed and operated by Addison Airport of Texas, Inc. (AATI). AATI was owned by Henry Stuart, who was the Airport Manager recruited by the airport's original owners in 1957.

On January 1, 2001, management and operations of the airport were contracted by the Town to the Washington Staubach Addison Airport Joint Venture (WSAAV), a joint venture of Washington Group International and Staubach Airport Management, Inc. WSAAV operated the airport on behalf of the Town through September 30, 2010 when the old contract expired and management responsibility passed to URS and SAMI Management, Inc. (successor companies of the WSAAV joint venture partners) under two new, separate contracts. Under the new agreements, URS provides overall management, operations, and maintenance services while SAMI Management, Inc. handles real estate services.

At its grand opening ceremonies, Addison Airport was marketed as “the World’s Largest Exclusively Executive Airport”; the airport has been focused on serving business aviation throughout its 55+ years of operation. While business aviation has been the primary focus at Addison, other aviation uses are also welcomed and accommodated.

## Addison Airport's Role in the National Airspace System

Addison is a General Aviation (GA) airport and an FAA-designated Reliever for the region's two commercial service airports, Dallas–Fort Worth International (DFW) and Dallas Love Field (DAL). Addison also resides in the very top tier of GA airports in the country – a position confirmed by the FAA's recently-released "ASSET" study, in which Addison was recognized as one of only 84 "National" GA airports among more than 3,000 GA airports in the national airport system plan. Addison is the pre-eminent GA Reliever airport in the State of Texas.

Throughout its life, Addison Airport has always been financially self-sufficient. Moreover, it currently contributes in excess of \$1 Million annually to the Town's General Fund through taxes on building improvements and business property (aircraft) based at the airport. The airport also contributes significantly to economic growth and development in the region: a 2011 study concluded that Addison Airport supports 2,340 jobs and has an annual economic impact of \$370 Million.

## A Guide for Development

This Strategic Plan is a guide for the next 20 years as Addison seeks to build on the already-considerable success of its airport. The Strategic Plan recognizes and confirms Addison Airport's status as one of the top GA Relievers in the country as well as its economic value to the North Dallas region. Key elements of the Strategic Plan are the Value Proposition, Vision Statement, and Goals. The plan also identifies strategies and tactics to explain the "how" behind achieving those goals.

The Town of Addison's Value Proposition for Addison Airport is to exemplify the general aviation industry's "best business practices", maintaining consistency with the Town of Addison's own "best product" value proposition emphasizing innovation and creativity. Addison Airport will provide services to its customers, prospective customers, and stakeholders that will be clearly recognized as of such quality that they will be willing to pay a premium for those services, if necessary. Addison Airport will not always be the lowest price service provider, but it will provide services of such a quality that customers will ask for it by name.

Thus, the Town's Value Proposition directive for Addison Airport is:

*Best Product – to be an industry-leading Reliever airport serving the needs of aviation commerce and general aviation.*

The Town's aspiration for the airport, or Vision Statement, is an adaptation of the Town of Addison's corporate vision statement:

*To be a safe, thriving General Aviation Airport that delivers the "Addison Way" with superior services, an attractive appearance and enhanced sense of community, offering a high-quality experience for tenants, businesses, visitors, and all stakeholders. Addison Airport will lead the way in creativity, innovation, and environmental and fiscal responsibility within a culture of excellence and regard for others.*

The Town's three primary goals for the airport are:

*Goal 1: Continue to enhance the airport's overall value for the benefit of stakeholders*

*Goal 2: Fully integrate the airport with the Town of Addison*

*Goal 3: Continue to promote industry-leading practices in all aspects of airport management, development, operations, and maintenance*

Section 4 of the Strategic plan outlines the strategies and tactics that will be employed to achieve these goals. Section 5 addresses policy implementation issues, specifically how the plan is intended to be applied, action time frames for pursuit of various tactics identified in Section 4, and provisions for periodic review and update of the Strategic Plan. The Strategic Plan concludes with Findings and Recommendations in Section 6.

Issues addressed in the Findings and Recommendations include: airport certification status (confirming the intent to continue as a GA Reliever); financial planning (necessary to support airport improvements and redevelopment); economic development (using the airport to support and promote economic development not just for Addison, but also including neighboring communities in the North Dallas region); airport redevelopment, land use, infrastructure, and aesthetics; land acquisition strategies (acquiring additional land to protect and expand the airport); "airport-community interface" considerations (building and maintaining support for the airport in the surrounding communities); new accommodations for small aircraft; aviation fueling (addressing another issue of concern to the light aircraft market); and finally, updating the Airport Master Plan.

In summary, this Strategic Plan outlines broad policies and goals for maintaining and enhancing the value of Addison Airport for the benefit of all of its stakeholders, but particularly for the benefit of its citizen owners.

### 3. Organizational Tenets

#### 3.1 Value Proposition

An organization's value proposition is, after in-depth analysis, its proclamation of the benefits, costs, and value it believes it can deliver to its customers, prospective customers, and stakeholders within and outside the organization.

The Town of Addison's value proposition for Addison Airport is to exemplify the general aviation industry's "best business practices", maintaining consistency with the Town of Addison's own "best product" value proposition emphasizing innovation and creativity. Addison Airport will provide services to its customers, prospective customers, and stakeholders that will be clearly recognized as of such quality that they will be willing to pay a premium for those services, if necessary. Addison Airport will not often be the lowest-price service provider, but it will provide services of such quality that customers will ask for it by name.

Thus, the Town's value proposition directive for Addison Airport is:

*Best Product – to be an industry-leading Reliever airport serving the needs of aviation commerce and general aviation.*

#### 3.2 Vision Statement

The Town's aspiration for the airport, or vision statement, is an adaptation of the Town of Addison's corporate vision statement:

*To be a safe, thriving General Aviation Airport that delivers the "Addison Way" with superior services, an attractive appearance and enhanced sense of community, offering a high-quality experience for tenants, businesses, visitors, and all stakeholders. Addison Airport will lead the way in creativity, innovation, and environmental and fiscal responsibility within a culture of excellence and regard for others.*

#### 3.3 The Vision for the Future

The value proposition and vision statement are the organizational tenets upon which the vision for the future of Addison Airport is predicated. How is this interpreted and translated into a vision for the future of Addison Airport? What does this mean in terms of what the airport is expected to look like in 20 years? While the airport will continue to accommodate a broad spectrum of general aviation users, the airport will maintain its long-established primary focus on business aviation. Ideally, the Addison Airport of

the future will be an integral part of the Town of Addison, with a focus on public safety and consistent, high aesthetic standards for buildings, landscaping, and signage, and superior services. The team’s consensus was that when you are in Addison – be it at the Airport or anywhere else in Town – you will know you are in Addison; there will be a strong sense of place, supported by a welcoming culture.



Above and Below: Conceptual illustrations with distinctive design elements that would make Addison Airport uniquely and immediately recognizable from the airside.



The images and descriptions in this vision for the future of Addison Airport are mainly aspirational, examples of what could be done and not necessarily what will be done. In this context, it is important to understand how airport development projects are typically accomplished.

Generally, the airport builds, maintains, and improves common-use infrastructure: particularly the runway, taxiways, certain navigational aids, airfield lighting and guidance signs, and perimeter fencing and access controls, but also including water, sanitary sewer, and storm drainage utilities, as well as streets for landside access. Whenever possible, the airport leverages its own capital investments with grant funding obtained from FAA, TX-DOT and any other sources that may be available. The airport usually does not build hangar facilities or the associated aircraft parking ramps, shop



and office spaces, and automobile parking areas. That type of development is customarily done using private funding, most often in the context of a ground lease agreement. This does not mean that the airport could not or would not ever participate in a hangar development project, but it would be a departure from the normal manner of airport development and it would presumably require a compelling reason to do so.



Tulips bloom in front of the old Addison Airport monument sign on Airport Parkway.

In some circumstances, the airport may partner with a private developer, improving common-use infrastructure to facilitate desirable private development (as was done on at least one recent project). Another key consideration is that most airport development is necessarily market-driven: in the absence of sufficient demand for a particular project, there is little incentive to build, either for the airport or (especially) for a private

developer seeking a return on an investment. On the other hand, not every project should be evaluated or executed based solely on the prospects of its financial return: if that were the case, we would have no public parks, aircraft viewing areas, or public art ... amenities of the type that have long been much valued by the Addison community. Different measures of value surely apply to these kinds of projects; return on investment is not the only measure of success.

Addison's ideal airport of the future would accommodate a wide, diverse variety of aviation users and uses. In addition to world-class fixed-base operator services, airport



A SportCruiser light sport aircraft in flight.

businesses would provide a comprehensive range of aviation products and services. The airport would provide high quality amenities for tenants, pilots, passengers, and visitors; it would be a pleasant place to work or visit, with a strong sense of community and a professional

and friendly atmosphere. Stakeholders on the airport and in the surrounding community would take great pride in the airport. The airport and Town would coordinate to promote and take advantage of local attractions, amenities, and events, particularly Addison's special events and hospitality businesses. Addison Airport and the Town of Addison would be the destination of choice for a wide spectrum of general aviation users.



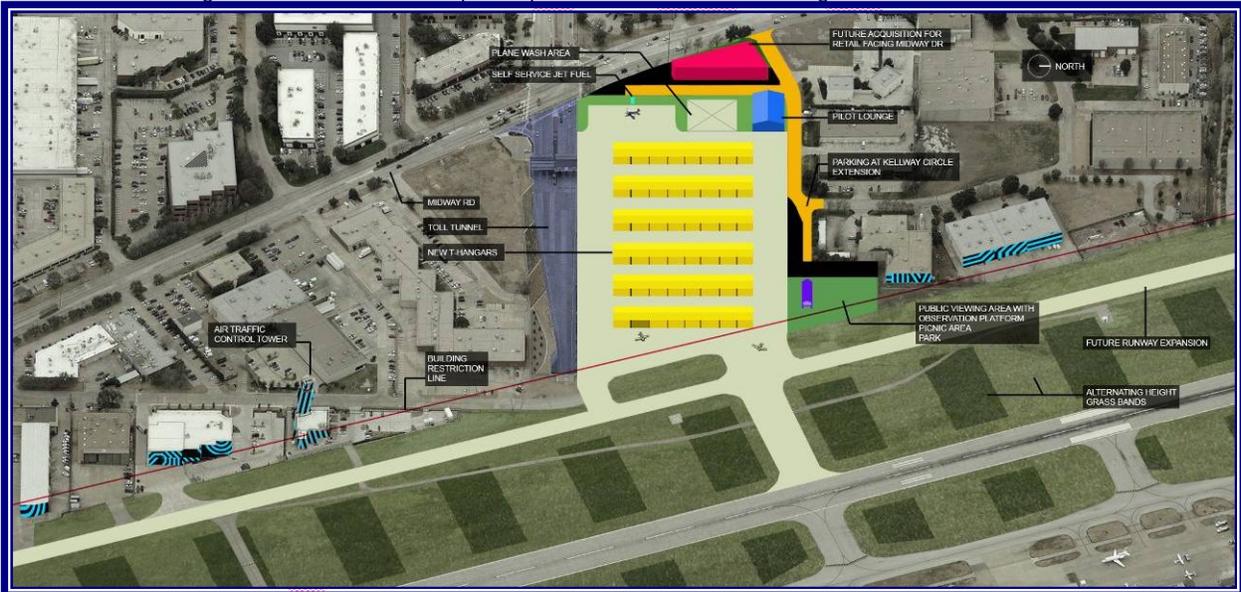
A Gulfstream G650 business jet arrives in Addison.

The Addison Airport of the future ideally would have an area designed to support and grow a community of aviation enthusiasts and aircraft owners. This area would feature new T-hangars and a host of amenities including a self-service fueling installation, an aircraft washing facility, public tie-down spaces for visiting aircraft, a pilot-oriented clubhouse with weather and flight planning facilities, a light maintenance facility, and covered aircraft viewing and picnic areas.

The Addison Airport of the future would have a "front door" facility serving as the gateway from the airport to the community and from the community to the airport. This "front door" facility would be distinct, uniquely recognizable, emblematic of Addison Airport and reflective of Addison's unique culture of creativity, leading-edge innovation, and outright fun. Additional branding elements to help define the Addison Airport of the



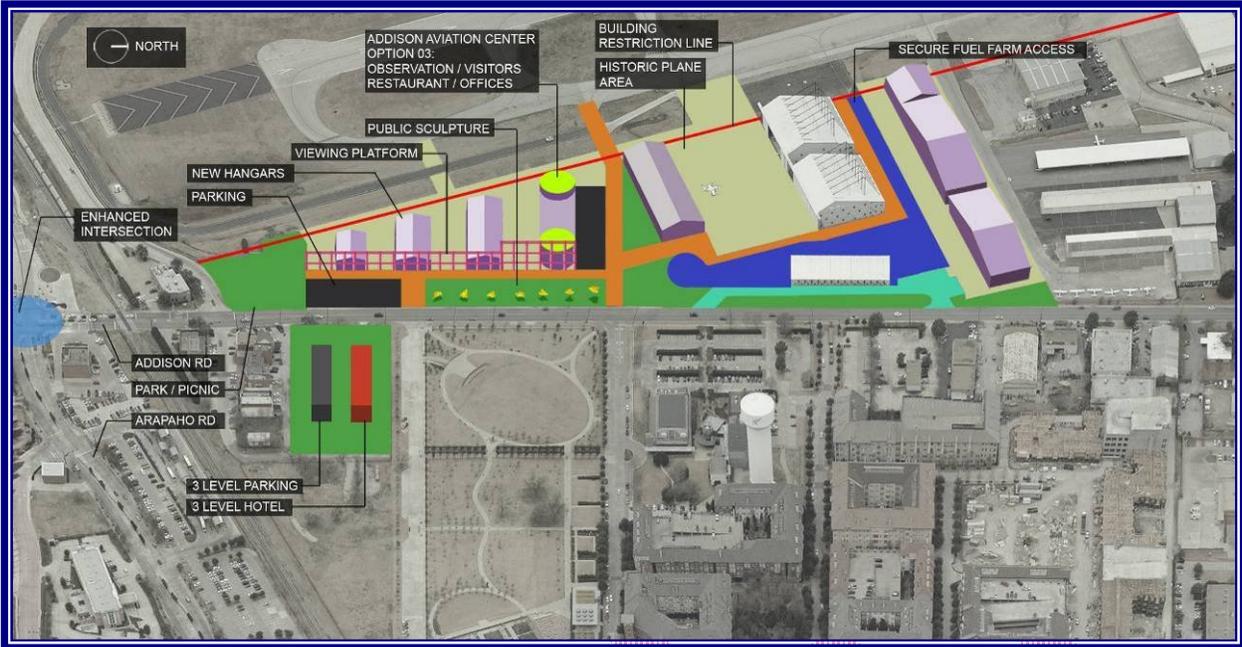
Conceptual illustration of a T-hangar development on the west side of the airport, north of the toll tunnel, with amenities including self-service fuel and a public park with an aircraft viewing area.



Conceptual illustration of a west side development for light aircraft as viewed from the adjacent park space. future **would** include way-finding signage and iconic structures that are distinct and

instantly recognizable as “Addison”. The airport **would** also have elements that are attractive and accessible to the non-aviating public such as an abundance of public art, an aviation museum, parks, aircraft viewing areas with air traffic control radio feeds, and hospitality features such as an airport restaurant and a hotel.

DRAFT



Above and Below: conceptual illustrations of a possible redevelopment of the southeast quadrant of Addison Airport including public art and thematic connection to Addison Circle Park.



Street level view of airport southeast quadrant redevelopment concept.

The Addison Airport of the future will include more land area than it does at present.

The airport will acquire adjacent properties to protect the airport, preserve or improve upon existing aeronautical uses, or to repurpose underutilized and/or non-aviation use properties to productive aeronautical uses. The network of taxiways will be expanded. In particular, Taxiway Bravo will be extended to become a full-length parallel taxiway, and Taxiways Golf and Juliet will connect to Taxiway Bravo west of the runway. The runway and existing taxiways will be maintained or improved to meet applicable safety standards. In some areas, taxiways may be re-aligned to improve the efficiency of land utilization. The south runway safety area will be brought up to current safety standards by the installation of an Engineered Materials Arresting System (EMAS). Utility infrastructure – specifically including water, sanitary sewer, and storm water drainage – will be improved to meet codes and support redevelopment. Landside infrastructure including streets, sidewalks and walking trails, lighting, and landscaping will meet or



Wind turbine generators at Honolulu Airport.

exceed the standards set by Addison's exceptional master-planned urban developments, Addison Circle and Vitruvian Park. There will be an emphasis on sustainability, including waste reduction and recycling programs. Application of "green" technologies will be widespread, including small-scale wind and solar power generation.

The Addison Airport of the future will have a strong international business presence. It will be an engine for economic development not just for Addison, but for the entire north Dallas region including the neighboring communities of Carrollton, Farmers Branch, Coppell, north Dallas, Richardson, Plano, Allen, and Frisco. Addison will leverage its status as a U.S. Customs User Fee Airport to become the business gateway from the north Dallas region to China, Korea, Canada, Mexico, the Caribbean, Central America, and South America. Addison Airport will partner with the Town of Addison's Economic Development Department to attract aviation-related business as well as mid-size corporations and regional headquarters of large corporations to Addison. Addison will partner with the Economic Development Departments of



A Canadian-registered business jet visits Addison.

neighboring communities to support their programs to attract, retain, and grow businesses.



Conceptual illustration of possible development on the southwest corner of Addison Road and Westgrove Drive.

Addison Airport will be the national leader and model for best practices among general aviation airports. Addison Airport will be an asset in which the community will take immense pride.



An MD-83 parked on the ramp at Addison.

## 4. Recommended Policy Initiatives

### 4.1 Goals

Following a protracted deliberative process giving regard to and evaluating all of the strategic planning team's prior fact finding, consideration of stakeholder input, and exhaustive data collection and analyses, a consensus of the organization's desired goals, strategies, and intended tactics evolved. The planning team went through several iterations in developing goals to support the value proposition and vision, finally settling on the following three goals:

*Goal 1: Continue to enhance the airport's overall value for the benefit of stakeholders*

*Goal 2: Fully integrate the airport with the Town of Addison*

*Goal 3: Continue to promote industry-leading practices in all aspects of airport management, development, operations, and maintenance*

### 4.2 Strategies and Tactics

With the goals established, the team focused on refining the wide-ranging strategies and underlying tactics that were advanced during the strategic planning process. These broad strategies and tactics are outlined below.

#### 4.2.1 Strategies and Tactics to Achieve Goal 1: Continue to enhance the airport's overall value for the benefit of stakeholders

The following five strategies have been developed and adopted to best achieve the first goal of continuing to enhance the airport's overall value. The objective of this goal is to encourage decision makers to focus on ways to increase or generate maximum future value through informed governance, balancing demands of airport-based stakeholders (primarily airport tenants, businesses, and other users of the airport) while reaching out to and protecting the interests of community-based stakeholders (namely the Town of Addison's citizenry and community at large). This is best achieved by setting clear management priorities, using strategic plan elements to guide improved decision making. The expected result will be balanced trade-offs between short-term, mid-term, and long-term initiatives; pursuit of value-oriented investments; improved allocation of resources; streamlined planning; and increased reliance upon quantitative analyses and effective performance measurement.

## **7. Conclusion: Next Steps**

This Strategic Plan is a guide for the next 20 years as Addison seeks to build on the already-considerable success of its airport. The Strategic Plan recognizes and confirms Addison Airport's status as one of the top GA Relievers in the country as well as its economic value to the North Dallas region. Key elements of the Strategic Plan are the Value Proposition, Vision Statement, and Goals. The plan also identifies strategies and tactics to explain the "how" behind achieving those goals. In summary, this Strategic Plan outlines broad policies and goals for maintaining and enhancing the value of Addison Airport for the benefit of all of its stakeholders, but particularly for the benefit of its citizen owners.

With a Strategic Plan in hand, a natural question is: what comes next? What comes next is execution of tactics identified in Section 4 in pursuit of the specified goals: turning the vision for the future of the airport into reality. In the immediate future, there are six key, high-priority tasks to be accomplished:

1. Airport Master Plan Update – the airport has accepted an FY13 AIP grant to conduct an update of its Airport Master Plan. As noted in Section 6.9, this Strategic Plan will provide context and direction for the Master Plan update.
2. Land Acquisitions – the Town of Addison is preparing to sell \$7 Million in general obligation bonds (as approved by the voters in May 2012) for the purpose of acquiring land for the airport. The airport already has one property under contract, and is pursuing acquisition of others as well. In addition, airport and Town staff are working with TX-DOT Aviation to secure the maximum participation from TX-DOT and FAA in Addison's airport land acquisition program.
3. Review and Revision of the Minimum Standards for the Conduct of Commercial Aeronautical Activities – more commonly referred to simply as the "Minimum Standards", this document establishes standards for commercial aeronautical service providers wishing to conduct business on the airport. Addison Airport's Minimum Standards were last revised in 2004, and are in need of review and revision. FAA Advisory Circular AC150/5190-7 provides guidance for developing Minimum Standards.
4. Guidelines for Property Maintenance and Development – as discussed in Section 6.4.4, the airport will have a renewed focus on aesthetics, which will require the development of new guidelines for the maintenance of building

improvements, infrastructure, and landscaping. Similar guidelines will be implemented for new development or redevelopment projects.

5. Fuel Farm Management Strategy – in 2004 when the new fuel farm was designed, the airport had four FBOs and one non-public fueler. The fuel farm was designed to accommodate the users existing at that time. At present, the airport has only two FBOs and one non-public fueler. As a result, there is a significant fuel storage capacity available and a new strategy for future utilization of this very valuable asset is needed.
6. Capital Improvement Program – Critical to the success of this strategic plan is continuing development of our comprehensive capital improvement program (CIP) for infrastructure improvements necessary to execute strategies and tactics outlined in the plan. Addison has been very successful in securing Airport Improvement Program (AIP) grant funding for airside improvement projects in recent years, and it is essential to continue these efforts. Airport and Town staff will continue to build on our good relationships with TX-DOT and FAA to support our CIP. Like this strategic plan, the CIP is neither fixed in stone nor ever complete: it must be reviewed at least annually and updated as necessary to support our goals and vision. While the CIP may be changed in response to changing circumstances, it does provide the essential planning framework for needed capital improvements to ensure that funding is available when required and that improvements are made in a timely and proactive (rather than reactive) manner. Going forward, a key component of the CIP will be improvement of the landside infrastructure – particularly utilities and access streets – necessary to support redevelopment projects. Funding such improvements will be a challenge, as they are typically not eligible for AIP grant funding.

As staff executes these tasks, an integral part of the process will be analysis of the financial impacts. There are of course additional tactics – as detailed in Section 4 – that will be pursued, but the six tasks outlined above were identified by the strategic planning team as key “next steps” in realizing the vision for the future of the airport.

## Combined Meeting

R7

**Meeting Date:** 11/26/2013

**Council Goals:** Mindful stewardship of Town Resources.  
Create a vision for the airport to maximize the value

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### **AGENDA CAPTION:**

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Presentation, discussion, and consideration of approval of (i) an Assignment of Ground Lease on Addison Airport from ExecHangar ADS, LC (ExecHangar), Inc., to RR Investments, Inc., d/b/a Million Air Dallas (RRI) regarding property generally located at 4565 Claire Chennault Drive at Addison Airport, (ii) an early termination agreement of the said Ground Lease, and (iii) a new Ground Lease of that property by and between the Town of Addison, as landlord, and RR Investments, Inc., d/b/a Million Air Dallas (RRI), as tenant, and authorizing the City Manager to execute the assignment, early termination agreement, and new Ground Lease on behalf of the Town.

### Recommendation:

Administration recommends approval.

### **FINANCIAL IMPACT:**

There is no financial impact.

### **BACKGROUND:**

ExecHangar ADS, LC (“ExecHangar”) is requesting the Town’s consent to the proposed sale and assignment of their building improvements, together with their leasehold interests in Ground Lease #068C-0111 to RR Investments, Inc. d/b/a Million Air Dallas, a Texas corporation (“RRI”).

Airport Management is recommending consent to the request as well as its consent to the early termination of the assigned ExecHangar ground lease to be replaced with the proposed ground lease containing the terms and conditions outlined below. If the current ExecHangar ground lease is not terminated, RRI will remain obligated as tenant of the assigned ExecHangar ground lease, which in such event, would remain in full force and effect.

The ExecHangar ground lease, located at 4565 Claire Chennault off Taxiway Victor, consists of 2.02 acres of airport property. It was first entered into November 14, 2007 and commenced June 1, 2010. The ground lease has a 40-year term

with nearly 36 years remaining and is due to expire in 2050. Current ground rental is \$4,633 per month or \$55,596 a year (\$.63/SFL) and subject to biennial CPI adjustments.

The leased premises have been improved with a 22,950 SF executive jet hangar with 28' high hangar doors, over 9,000 SF of executive office space and 30,000 SF of dedicated aircraft apron. The building improvements were completed in 2010 and are currently valued by DCAD at \$1,683,000.

ExecHangar's business model was based upon selling shares of fractional ownership interests in the project through private offerings with the proceeds being used to finance the construction, management and operation of the project. For a variety of reasons, the project was not as successful as envisioned by the developer. The sale of ownership interests proved to be problematic because of the economy's protracted recovery and lingering uncertainty within the aviation industry. In effort to generate sufficient operating capital, ExecHangar entered into numerous hangar subleases, which were not eligible for non-public fueling privileges. Ultimately, the Town suspended and subsequently terminated ExecHangar's non-public fueling permit for non-performance reasons. ExecHangar, however, is currently in good standing with the Town and airport management with respect to their ground lease.

ExecHangar now requests that its building improvements and leasehold interests be assigned to RRI. In order to accomplish this, ExecHangar and RRI will need to consummate their transaction and execute the proposed ground lease assignment. RRI will then early terminate the ExecHangar ground lease in favor of entering into a new conventional ground lease agreement with the Town. The new ground lease will contain terms and conditions similar to RRI's existing three ground leases at Addison Airport. Should RRI fail to terminate the ExecHangar ground lease and enter into the new ground lease as proposed, RRI would remain obligated pursuant to the terms and conditions of the assigned ExecHangar ground lease.

the Terms and Conditions of the Proposed Ground Lease include:

- o The ground lease will commence on the date of closing and will continue until November 2052 or for 39 years, making it coterminous with RRI's existing ground leases;
- o The leased premises will consist of 3.045 acres and will include the existing building improvements, aircraft apron and 1.03 acres of adjacent land to the west reserved for the proposed Phase II development;
- o Base Rent begins at \$76,666 (\$.58/SFL) per annum payable in 12 equal monthly installments of \$6,388.83 and will be subject to biennial CPI adjustments over the term. This rate structure is comparable to RRI's existing ground leases;

- o The permitted use of the leased premises is the typical broad use for ground leased properties of this nature including FBO operations, similar to RRI's existing ground leases;
- o RRI will have a 36-month exclusive option to construct the Phase II Hangar on the adjacent unimproved land, which design and construction have yet to be determined. The parties agree, however, that it will be architecturally compatible and will meet or exceed the same design and quality of construction of the Phase I Hangar. The Town reserves the right of approval of the Design Plan.
- o Should RRI fail to commence construction on the Phase II Hangar on or before the third anniversary of the Commencement Date of the ground lease, the Town may at any time thereafter, in its sole discretion, rescind the Expansion Option and cause the Option Land (as defined) to revert back to the Town's use and possession. Until such time, RRI remains obligated for payment of the ground rent, as adjusted, apportioned to the Option Land.

As the proposed assignee, RR Investments, Inc. is a Texas corporation wholly owned by Richard Rogers, the Executive Chairman of Addison-based Mary Kay, Inc. RR Investments was founded in 1984 for the purpose of doing business as Million Air Dallas, one of the first upscale, full-service fixed-based operations of its kind. In addition to its FBO operations, Million Air Dallas is widely recognized for its exclusive charter services, aircraft management, and aircraft sales and acquisition services. It is also widely recognized as a leader within its industry, having received the FAA Diamond Award for Excellence for seven consecutive years.

The proposed transaction is consistent with the tenets of the Addison Airport Strategic Plan in that:

- The proposed transaction will optimize the use and benefit of the 4565 Claire Chennault facility
- RRI and Million Air continues to help enhance the overall value of the airport with its high level of real estate development, facility maintenance, customer service and best business practices within their industry;
- As a result of Million Air Dallas' extensive marketing and promotion in support of their own operations, the Town, Addison Airport and the surrounding community directly and indirectly benefit with added exposure, recognition and economic benefit.
- Million Air Dallas, through their sponsorship of various social, business and civic special events throughout the year, is seen as a vital contributor to the community on and off the airport
- Million Air Dallas has long been regarded as the industry leader in customer service and satisfaction amongst general aviation fixed-based operators (FBO's), air charter services and aircraft management; setting the standard for all of Addison Airport's business operators to aspire.

Airport Management recommends the consent to ExecHangar's request, authorization of the City Manager to execute, on behalf of the Town, the proposed Assignment of Ground Lease Agreement substantially in the form as shown in Exhibit "A" attached hereto.

Airport Management also recommend consent to the City Manager to execute, on behalf of the Town, the proposed Early Termination of Ground Lease Agreement (ExecHangar's) and replace it with the proposed Ground Lease Agreement by and between the Town and RRI, each of which are to be substantially in the form as shown in Exhibit "B" and Exhibit "C", respectively.

These proposed agreements are subject to the final review of the City Attorney and City Manager.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Assignment Memo and Lease Documents

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

Main: 972-392-4850  
Direct: 972-392-4856  
Fax: 972-788-9334  
[bill.dyer@addisonairport.net](mailto:bill.dyer@addisonairport.net)

## Memorandum

To: Lisa Pyles, Director of Infrastructure & Operations  
From: Bill Dyer, Real Estate Manager  
CC: Joel Jenkinson, Airport Director  
Date: 11/20/2013  
Re: ExecHangar ADS, LC Proposed Assignment of Ground Lease to RR Investments, Inc.

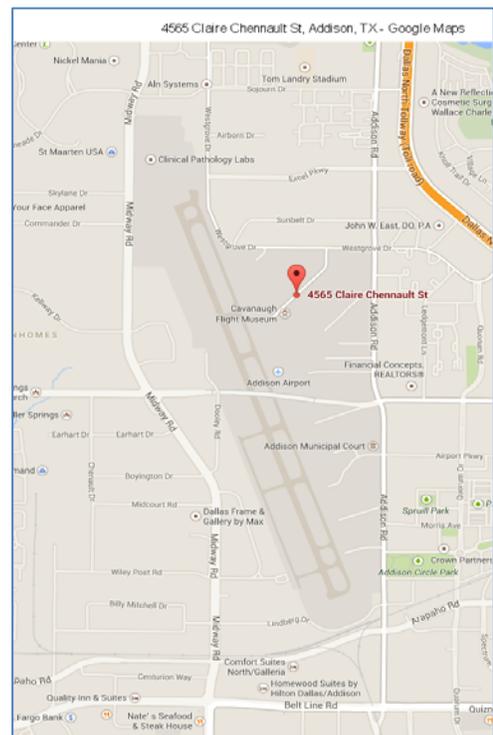
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ExecHangar ADS, LC (“ExecHangar”) is requesting the Town’s consideration and consent to the proposed sale and assignment of their building improvements, together with their leasehold interests in Ground Lease #068C-0111 to RR Investments, Inc. d/b/a Million Air Dallas, a Texas corporation (“RRI”).

Airport Management is recommending the Town Council give its consent to ExecHangar’s request and, in connection therewith, Airport Management is also recommending the Town Council give its consent to the early termination of the assigned ExecHangar ground lease in favor of replacing it with the proposed ground lease containing the terms and conditions outlined below. Should RRI fail to terminate the ExecHangar ground lease and execute the new ground lease, RRI will remain obligated as tenant of the assigned ExecHangar ground lease, which in such event, would remain in full force and effect.

In order to facilitate the recommended action, please find attached the following agreements for the Council’s consideration and consent authorizing the city manager to execute the documents on behalf of the Town of Addison:

- Exhibit “A”: Proposed Assignment of Ground Lease Agreement to be executed by the parties and consented to by the Town
- Exhibit “B” Proposed Early Termination of Ground Lease Agreement by and between the Town and RRI



- Exhibit “C” Proposed Ground Lease Agreement by and between the Town and RRI

The city attorney has reviewed the above referenced agreements and find each acceptable for the Town's use.

**Background Information:**

ExecHangar ADS, LC was formed for the purpose of developing and operating a corporate/executive aircraft hangar co-operative at Addison Airport. The ground lease, located at 4565 Claire Chennault off Taxiway Victor, consists of 2.02 acres of airport property. It was first entered into November 14, 2007 and commenced June 1, 2010. The ground lease has a 40-year term with nearly 36 years remaining and is due to expire in 2050. Current ground rental is \$4,633 per month or \$55,596 a year (\$.63/SFL) and subject to biennial CPI adjustments.



Figure 1: Aerial view of subject property.

The leased premises have been improved with a 22,950 SF executive jet hangar with 28’ high hangar doors, over 9,000 SF of executive office space and 30,000 SF of dedicated aircraft apron. The building improvements were completed in 2010 and are currently valued by DCAD at \$1,683,000.

ExecHangar’s business model was based upon selling shares of fractional ownership interests in the project through private offerings pursuant to the ExecHangar Offering Memorandum with the proceeds being used to finance the construction, management and operation of the project. Its concept was to provide a unique form of hangar ownership at Addison Airport for mid-size corporate flight departments and executive operators who could have the opportunity to participate in the investment benefits of co-operative hangar ownership, including appreciation, cost management and tax benefits, if any. As part of the project ExecHangar also was granted a non-public fueling permit by the Town.

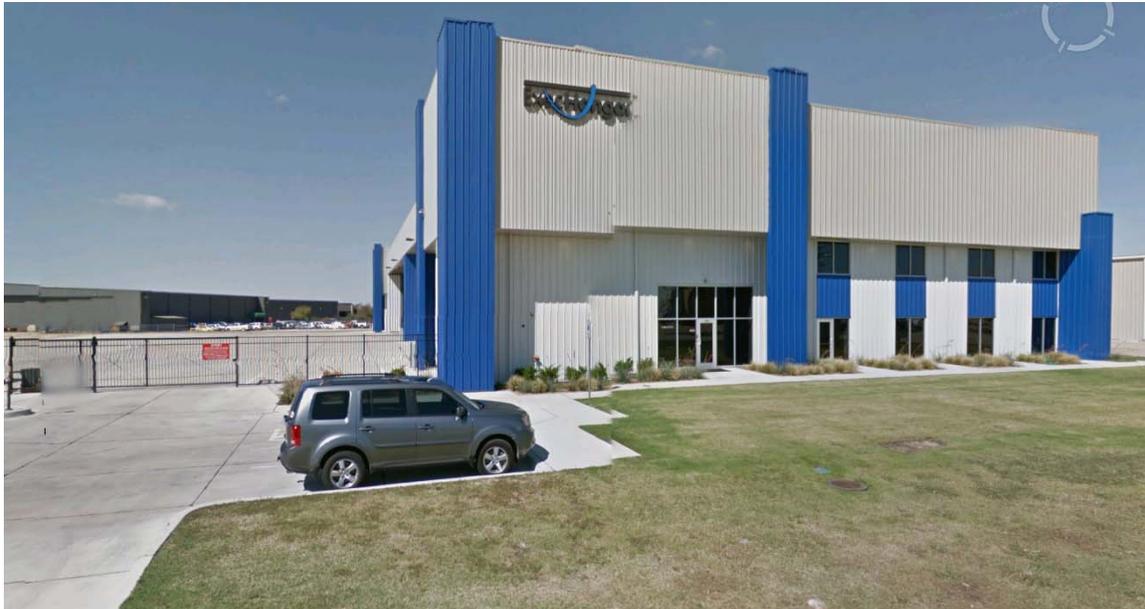


Figure 2: Street view of the subject property located at 4565 Claire Chennault

For a variety of reasons, the project was not as successful as envisioned by the developer. The sale of ownership interests proved to be problematic because of the economy’s protracted recovery and lingering uncertainty within the aviation industry. In effort to generate sufficient operating capital, ExecHangar entered into numerous hangar subleases, which were not eligible for non-public fueling privileges. Ultimately, the Town suspended and subsequently terminated ExecHangar’s non-public fueling permit for non-performance reasons. However, ExecHangar currently is in good standing with the Town and airport management with respect to their ground lease.

<b>Ground Lease #068C-0111</b>	
	<b>Currently</b>
Land Area	87,818 SF 2.02 acs.
Hangar Area	22,950 SF
Office Area	9,238 SF
Total Building Area	32,188 SF
Year Built	2010
Lease Commenced	6/1/2010
Lease Expiration	5/31/2050
Term Remaining	36
Current Monthly Rent	\$4,633
Current Annual Rent	\$55,596
DCAD 2012 Valuation	\$1,683,180
Insured Value	\$1,700,000

## **About the Proposed Transaction**

To facilitate airport management's recommended action; ExecHangar and RRI will need to consummate their transaction and execute the proposed ground lease assignment. Immediately thereafter, RRI agrees to early terminate the ExecHangar ground lease in favor of entering into a new conventional ground lease agreement with the Town. The new ground lease will contain terms and conditions similar to RRI's existing three ground leases at Addison Airport. Should RRI fail to terminate the ExecHangar ground lease and enter into the new ground lease as proposed, RRI will remain obligated pursuant to the terms and conditions of the assigned ExecHangar ground lease.

### Summary of the Salient Terms and Conditions of the Proposed Ground Lease:

- The ground lease will commence as of the date of closing and is to continue until November 2052 or for 39 years, thus being coterminous with RRI's existing ground leases;
- The leased premises will consist of 3.045 acres and will include the existing building improvements, aircraft apron and 1.03 acres of adjacent land to the west reserved for the proposed Phase II development;
- Base Rent begins at \$76,666 (\$.58/SFL) per annum payable in 12 equal monthly installments of \$6,388.83 and will be subject to biennial CPI adjustments over the term. This rate structure is comparable to RRI's existing ground leases;
- The permitted use of the leased premises is the typical broad use for ground leased properties of this nature including FBO operations, similar to RRI's existing ground leases;
- RRI will have a 36-month exclusive option to construct the Phase II Hangar on the adjacent unimproved land, which design and construction have yet to be determined. However, it is agreed by the parties that it will be architecturally compatible and will meet or exceed the same design and quality of construction of the Phase I Hangar. Landlord reserves the right of approval of the Design Plan.
- Should RRI fail to commence construction on the Phase II Hangar on or before the third anniversary of the Commencement Date of the ground lease, the Town may at any time thereafter, in its sole discretion, rescind the Expansion Option and cause the Option Land (as defined) to revert back to the Town's use and possession. Until such time, RRI remains obligated for payment of the ground rent, as adjusted, apportioned to the Option Land.

**About the Proposed Assignee**

RR Investments, Inc. is a Texas corporation wholly owned by Richard Rogers, the Executive Chairman of Addison-based Mary Kay, Inc. RR Investments was founded in 1984 for the purpose of doing business as Million Air Dallas, one of the first upscale, full-service fixed-based operations of its kind. In addition to its FBO operations, Million Air Dallas is widely recognized for its exclusive charter services, aircraft management, and aircraft sales and acquisition services. It is also widely recognized as a leader within its industry, having received the FAA Diamond Award for Excellence for seven consecutive years.

RRI entered into its first ground lease with the Town in 1983 which called for the construction of what now serves as Million Air Dallas’ main facility at 4300 Westgrove Drive. Between 1994 and 1997, RRI acquired the leasehold interest of three improved and unimproved ground leased parcels adjacent to their main facility. In July 2010, RRI and the Town modified the terms of RRI’s ground leases in consideration of RRI constructing their most recent hangar facility at 4350 Westgrove Dr. This \$4MM+ development consists of 40,000 square feet ( 28’ clearance) executive hangar space with 8,000 square feet of attached luxury terminal facilities and 78,000 square feet of new dedicated aircraft apron.

**Strategic & Economic Considerations of the Proposed Transaction:**

With the proposed transaction, RRI will be the largest ground tenant at Addison Airport with 14.5 acres of leasehold interests held improved with over 186,000 square feet of quality hangar/office facilities. DCAD total valuation of the proposed RRI portfolio is in excess of \$6.1MM. The transaction represents to the airport a net revenue gain approximately \$21,000 per annum. Although it is difficult to quantify the indirect economic benefits associated with the proposed transaction, it’s anticipated RRI and Million Air Dallas will be able to further leverage their based aircraft operations and fuel sales volume because of the additional hangar and aircraft apron space. Once the Phase II Hangar is constructed, these economic benefits should even be greater.

Summary of RR Investment, Inc. Ground Leases After Proposed Transaction									
Lease #	Address	ALP#	Lease Start	Lease End	Land Area	Bldg. Imprv.	Annual Rent	Monthly Rent	\$/SFL
Lease 0690-5901	4310 Amelia Earhart	A12	6/1/1984	11/30/2052	183,509	55,772	\$ 105,981.72	\$ 8,831.81	\$0.578
Lease 070A-5201	4300 Westgrove Dr	A13	12/1/1983	11/30/2052	158,020	50,800	\$ 91,261.20	\$ 7,605.10	\$0.578
Lease 070A-5601	4350 Westgrove Dr	V3	4/1/1984	11/30/2052	157,866	48,000	\$ 91,314.36	\$ 7,609.53	\$0.578
Lease 068C-0112	4565 Claire Chennaut	V8	11/30/2013	11/30/2052	132,640	32,188	\$ 76,666.00	\$ 6,388.83	\$0.578
					<b>632,035</b>	<b>186,760</b>	<b>\$ 365,223.28</b>	<b>\$ 30,435.27</b>	<b>\$0.578</b>

\*Total building improvements do not include the Phase II Hangar

The proposed transaction is found to be consistent with the tenets of the Addison Airport Strategic Plan:

- The proposed transaction will optimize the use and benefit of the 4565 Claire Chennault facility
- RRI and Million Air continues to help enhance the overall value of the airport with its high level of real estate development, facility maintenance, customer service and best business practices within their industry;
- As a result of Million Air Dallas’ extensive marketing and promotion in support of their own operations, the Town, Addison Airport and the surrounding community directly and indirectly benefit with added exposure, recognition and economic benefit.
- Million Air Dallas, through their sponsorship of various social, business and civic special events throughout the year, is seen as a vital contributor to the community on and off the airport
- Million Air Dallas has long been regarded as the industry leader in customer service and satisfaction amongst general aviation fixed-based operators (FBO’s), air charter services and aircraft management; setting the standard for all of Addison Airport’s business operators to aspire.

**Airport Management’s Conclusion and Recommendation:**

ExecHangar ADS, LC (“ExecHangar”) is requesting the Town’s consideration and consent to the proposed sale and assignment of their building improvements, together with their leasehold interests to RR Investments, Inc. d/b/a Million Air Dallas, a Texas corporation (“RRI”).

Airport Management is recommending the Town Council give its consent to ExecHangar’s request, authorizing the City Manager to execute, on behalf of the Town, the proposed Assignment of Ground Lease Agreement substantially in the form as shown in Exhibit “A” attached hereto.

Furthermore, Airport Management is recommending the Town Council give its consent to the City Manager to execute, on behalf of the Town, the proposed Early Termination of Ground Lease Agreement (ExecHangar’s) and replace it with the proposed Ground Lease Agreement by and between the Town and RRI, each of which are to be substantially in the form as shown in Exhibit “B” and Exhibit “C”, respectively.

The City Attorney has reviewed each of these documents and finds them suitable for the Town’s purposes. The above recommend actions shall be consummated subject to the ongoing review and oversight of the City Attorney.

Exhibit “A”

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

**ASSIGNMENT OF GROUND LEASE**

This Assignment of Ground Lease (the “Assignment”) is entered into effective as of \_\_\_\_\_ 2013, at Addison, Texas, by and between **EXECHANGAR ADS LC**, a Kansas limited liability company (herein referred to as “Assignor”) and **RR Investments, Inc.**, d/b/a Million Air Dallas, a Texas corporation (herein referred to as “Assignee”).

**WHEREAS**, a Ground Lease was executed on November 14, 2007 between the Town of Addison, a home-rule municipality in Dallas County, Texas and Assignor by the terms of which certain real property located at 4565 Claire Chennault Drive at Addison Airport within the Town of Addison, Texas (the “City” or “Landlord”) and owned by the City was leased to Assignor (which said Ground Lease is recorded as Instrument #201000239891 in the Official Public Records of Dallas County, Texas (the “OPR”)); and

**WHEREAS**, the Ground Lease was then amended by that certain First Amendment to Ground Lease entered into and made effective September 11, 2009 (a true and correct copy of the Ground Lease, as amended and modified (hereafter referred to as the “Ground Lease”), is attached hereto as Exhibit A); and

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

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

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

**AGREEMENT**

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

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Nine Hundred Dollars and no/100 (\$900.00) to the City.

3. Assignee hereby agrees to and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of Assignor (tenant) under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

RR Investments, Inc. d/b/a/ Million Air Dallas  
4300 Westgrove Drive  
Addison, Texas 75001

4. Nothing in this Agreement modifies, alters, amends or changes, and shall not be shall be construed or be deemed to modify, alter, amend or change, any term, provision, or condition of the Ground Lease, except as set forth herein.

5. The above and foregoing premises and recitals to this Assignment are incorporated into and made a part of this Assignment, and Assignor and Assignee both warrant and represent that such premises and statements, and all other provisions of this Assignment, are true and correct, and that in giving its consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

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

7. The undersigned representatives of the Assignor and Assignee have the necessary authority to execute this Assignment on behalf of each of the respective parties hereto, and Assignor and Assignee certify one to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

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

<b>ASSIGNOR:</b> <u>EXECHANGAR ADS LC</u>  _____ <b>By:</b> _____	<b>ASSIGNEE:</b> <u>RR Investments, Inc., d/b/a Million Air Dallas</u>  _____ <b>By:</b> _____
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**ACKNOWLEDGMENT**

**STATE OF TEXAS       §**  
**COUNTY OF DALLAS   §**

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

GIVEN under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

**STATE OF TEXAS       §**  
**COUNTY OF DALLAS   §**

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

GIVEN under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

**CONSENT OF LANDLORD**

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of \_\_\_\_\_ 2013, at Addison, Texas, by and between **ExecHangar ADS LC**, a Kansas limited liability company (herein referred to as "Assignor") and **RR Investments, Inc. d/b/a/ Million Air Dallas**, a Texas corporation (herein referred to as "Assignee"). In executing this Consent of Landlord, Landlord is relying upon the warranties, provisions, statements, and representations made and included in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. However, notwithstanding this Consent, Landlord does not waive any of its rights or remedies under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, and/or responsibilities under or in connection with the Ground Lease, and Assignor shall be and remain liable and responsible for all such covenants obligations, duties, or responsibilities. In addition, notwithstanding any provisions of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent of Landlord shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This Consent shall be and remain valid only if and provided that, by no later than 6:00 o'clock p.m. on \_\_\_\_\_, \_\_\_\_\_, 2013:

(i) the Assignment has been executed and notarized by both Assignor and Assignee,

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of this Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o the Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001.

Otherwise, and failing compliance with and satisfaction of each of paragraphs (i) and (ii) above, this Consent shall be null and void *ab initio* as if it had never been given and executed.

Signed this \_\_\_\_ day \_\_\_\_\_, 2013

**LANDLORD:**

**TOWN OF ADDISON, TEXAS**

By: \_\_\_\_\_  
Ron Whitehead, City Manager

## Exhibit “B”



Agreement shall be null and *void ab initio*, shall have no force or affect whatsoever, and the Ground Lease shall remain in full force and effect. The early termination of Ground Lease shall not release Tenant from any of its obligations, duties, liabilities or responsibilities Tenant would otherwise have if the Ground Lease had been otherwise terminated or had expired in accordance with its terms and provisions.

**Section 3. Continued Performance.** Landlord and Tenant agree that each shall continue to perform their respective obligations contained in the Ground Lease including, but not limited to, Tenant's obligation to pay rent, through the Termination Date. If the Termination Date is other than the last day of the month, then the parties agree that the rent attributable to that part of the month through the Termination Date shall be prorated on a per diem basis.

**Section 4. Binding Effect.** This Agreement shall be for the benefit of, and shall be binding upon, the parties hereto and their respective heirs, executors, administrators, successors, and assigns (as the same may be permitted by the Ground Lease).

**Section 5. Applicable Law; Venue; Recording.** The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement, and all obligations of the parties created by this Agreement are performable in Dallas County, Texas. Venue for any action under this Agreement shall lie in Dallas County, Texas. Landlord may record this Agreement or a memorandum hereof in the OPR.

**Section 6. Final Agreement; No Other Amendments.** This Agreement shall constitute the final agreement and understanding of the parties on the subject matter hereof and can only be modified by further written instrument signed and executed by both parties. Except to the extent modified or amended herein, all other terms, conditions, standards, and obligations of the Ground Lease shall remain unchanged and in full force and effect.

**Section 7. Authority to Execute.** The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

**IN WITNESS WHEREOF**, the undersigned parties have executed this Agreement as of the Effective Date first given above.

**LANDLORD:**

**TENANT:**

**TOWN OF ADDISON, TEXAS**

RR Investments, Inc. d/b/a Million Air Dallas

By: \_\_\_\_\_  
Ron Whitehead, City Manager

By: \_\_\_\_\_  
Jack Hopkins, President

On this Date: \_\_\_\_\_

On this Date: \_\_\_\_\_

**ACKNOWLEDGEMENTS**

THE STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS           §

This instrument was acknowledged before me, the undersigned authority, on \_\_\_\_\_, 2013 by Jack Hopkins, President, RR Investments, Inc.

\_\_\_\_\_  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
(Printed Name of Notary)

THE STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS           §

This instrument was acknowledged before me, the undersigned authority, on \_\_\_\_\_, 2013 by Ron Whitehead, City Manager for the Town of Addison, Dallas County, Texas, a Texas home rule municipality, on behalf of said municipality.

\_\_\_\_\_  
NOTARY PUBLIC IN AND FOR  
THE STATE OF TEXAS

My Commission Expires:

\_\_\_\_\_

(Printed Name of Notary)

\_\_\_\_\_

**EXHIBIT A**

**True and Correct Copy of**

**Ground Lease**  
as amended and modified

## Exhibit “C”

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

**GROUND LEASE AGREEMENT**

This Ground Lease Agreement (“Lease” or “Agreement”) is made and entered into as of \_\_\_\_\_, 2013 (the “Effective Date”), by and among the **Town of Addison, Texas**, a Texas home-rule municipality (hereinafter sometimes referred to as “Landlord” or the “City”), and **RR Investments, Inc.** d/b/a/ Million Air Dallas, a Texas corporation (hereinafter referred to as “Tenant”) (Landlord and Tenant are sometimes referred to herein together as the “parties” and individually as a “party”).

Summary of Exhibits
• Exhibit 1: ADS Legal Description
• Exhibit 2.1: As-Built Survey
• Exhibit 2.2: Legal Description of Demised Premises
• Exhibit 3: Description of Existing Building Improvements Constructed on Demised Premises
• Addendum 1 –Expansion Option

**WITNESSETH:**

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

**WHEREAS**, the Airport is operated and managed for and on behalf of the City by URS Energy & Construction, Inc., an Idaho corporation and SAMI Management, Inc., a Texas corporation (collectively being, as of the Effective Date, the “Airport Manager” as that term is defined in Section 8.A. of this Lease), pursuant to their respective management agreements effective October 1, 2010 by and between the City and Airport Manager or as otherwise designated by the City from time to time; and

**WHEREAS**, Tenant desires to lease from the City, and the City desires to lease to Tenant, a portion of the Airport generally described as approximately 3.045 acres located in the proximity of 4565 Claire Chennault at the Airport all of which is more fully described in Exhibit 2.1 and Exhibit 2.2 attached hereto and incorporated herein (which portion is referred to herein as the “Demised Premises”) according to the terms and conditions set forth in this Agreement.

**NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:**

**Section 1. Demise of Demised Premises:**

A. In consideration of and subject to the terms, covenants and conditions set forth in this Agreement, Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the Demised Premises.

B. As shown by Exhibit 2.1 and Exhibit 2.2, the Demised Premises are comprised of two non-contiguous tracts of land described and depicted in those Exhibits as Phase I (consisting of approximately 2.005 acres of land) (the "Phase I Tract") and Phase II (consisting of approximately 1.040 acres of land) (the "Phase II Tract"). The Phase I Tract is, as of the Effective Date, improved with a hangar and related improvements as described and depicted in Exhibit 3 attached to this Lease and incorporated herein by this reference (and such improvements are described herein as the Existing Building Improvements as set forth in Section 6 hereof). The Phase II Tract is, as of the Effective Date, unimproved.

C. This Lease includes an option pursuant to which Tenant may improve the Phase II Tract by constructing a building and related improvements thereon, which option is described in Attachment 1 attached to this Lease and incorporated herein by this reference. The option includes certain conditions and parameters for its exercise, and a reversion of the Phase II tract if those conditions and parameters are not timely met and satisfied. If those conditions are not timely met and satisfied as set forth in and in accordance with the provisions of Attachment 1, the Phase II tract will be excluded from and no longer a part of the Demised Premises. In such event, the parties will execute an instrument that reflects that the Demised Premises consist only of the Phase I tract.

D. This Lease is given and entered into subject to (i) all federal, state, and local laws, statutes, constitutional provisions, charters, ordinances, codes, rules, regulations, directives, policies, permits, standards, and orders (including, without limitation, court orders) of any governmental authority, entity, or agency (including, without limitation, the Town of Addison, Texas, the State of Texas, the Federal Aviation Administration, and the Texas Department of Transportation) whether in existence or hereafter enacted, adopted or imposed, and including, without limitation, any and all grant agreements or grant assurances now existing or as hereafter agreed to, adopted or imposed, (ii) all restrictive covenants affecting the Demised Premises, (iii) all restrictions, mortgages, deeds of trust, liens, easements, licenses, leases, and any other encumbrance on or matter affecting the Demised Premises, whether recorded or not, and (iv) and all of the terms, conditions, and provisions of this Lease.

## **Section 2. Term:**

Subject to the termination and all other provisions of this Lease, the term hereof (the "Term") shall commence on \_\_\_\_\_, 2013 (the "Commencement Date"), and shall end November 30, 2052 (the "Expiration Date"). The period of time beginning upon the Effective Date and ending upon the Commencement Date is herein referred to as the "Preliminary Period". Any entry upon and/or use of occupancy of the Demised Premises by Tenant during the Preliminary Period shall be subject to all of the terms and conditions of this Lease, except for the payment of Base Rent set forth in Section 3 below.

## **Section 3. Rental; Security Deposit**

A. Subject to adjustment as hereinbelow provided, Tenant agrees to and shall pay to Landlord, without notice, demand, offset or deduction, rental each month over the Term for the Demised Premises as set forth below:

1. **Base Rent:** Tenant agrees to and shall pay Landlord annual rental for the Demised Premises in the amount of Seventy-Six Thousand Six Hundred Sixty-Six Dollars and four cents (\$76,666.04) which amount shall be paid by Tenant in twelve equal monthly installments in advance on the first day of each calendar month (the "Base Rent", which shall be adjusted as set forth herein). The first such monthly payment or installment in the amount of Six Thousand Three Hundred Eighty-Eight Dollars and eighty-four cents (\$6,388.84) is due and payable on or before the Commencement Date. Thereafter, another payment or installment of the Base Rent, subject to adjustment as set forth below, shall be due and payable on the first day of each calendar month during the term hereof. All Base Rent is due on the first of each month and is delinquent after the 5<sup>th</sup> day of each month and subject to the provisions of Section 39.

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

**B. Security Deposit:** No Security Deposit required.

C. For purposes of this Lease, the term "Rent" means Base Rent, any additional rent described herein, Extra Base Rent (as defined in Section 10, below), and all other sums that Tenant may owe to Landlord or otherwise be required to pay under this Lease. Landlord shall have the same rights and remedies for non-payment of any Rent as for non-payment of Base Rent.

#### **Section 4. Adjustment of Rental:**

A. Commencing on January 1, 2015 and on every second anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under Section 3.A.1. shall be adjusted as follows:

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

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

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

#### **Section 5. Use of Demised Premises:**

During the Term the Demised Premises shall be used and occupied by Tenant as set forth hereinbelow and not otherwise without the prior written consent of Landlord:

1. The Demised Premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair, aircraft storage; aircraft training, aircraft charter; aircraft rentals; certain Fixed Base operations, as follows: hangars, shops, aircraft ramps, and vehicle parking, and the sale of aircraft services to the public, including dispensing fuel in accordance with and subject to the authority issued by and ordinances, rules, standards and regulations of the City (including but not limited to the requirement to obtain a fuel license from Landlord); and not otherwise without the prior written consent of Landlord.

2. The Demised Premises shall not be used for any purpose or activity that (i) constitutes a violation of any federal, state, or local laws, ordinances, orders, directives, charters, rules, regulations, standards or policies, (ii) in Landlord's opinion, creates or would create a nuisance or waste, or unreasonably disturb, annoy or interfere with other tenants or users of the Airport, or (iii) increases insurance costs for Landlord.

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

4. Tenant acknowledges that Landlord is bound by, and this Ground Lease is subject to, the terms and conditions of any and all Federal Aviation Administration, Texas Department of Transportation, and other grant agreements, grant assurances and regulations regarding the Airport, including, without limitation, any grant, loan, regulation, or agreement under

Section 22.055 of the Texas Transportation Code, as amended or superseded, whether now existing or made in the future. Tenant agrees not to act or fail to act in any way or manner that would cause Landlord to be in violation of any of the foregoing.

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

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

#### **Section 6. Construction of Improvements:**

A. As set forth in Section 1 of this Lease, above, the Demised Premises consists of the Phase I Tract and the Phase II Tract; and a building (hangar) and related improvements as described in Exhibit 3 attached hereto are located on the Phase I Tract, but the Phase II Tract is unimproved. Further, as described in Section 1 of this Lease, this Lease (in Addendum 1 hereto) includes an option for Tenant to construct a building and related improvements on the Phase II Tract. The building and related improvements described in Addendum 1 to this Lease are the only building and improvements that the Tenant may construct, place, or locate on the Phase II Tract, and Tenant shall not construct, place, or locate any other building or improvements on the Phase II Tract without the prior written consent of the Landlord.

B. In connection with the use and occupancy of the Demised Premises by Tenant, Tenant may, in accordance with the provision of Addendum 1 attached to this Lease and other applicable provisions of this Lease, cause to be constructed on the Demised Premises that building (hangar) and related improvements (together, the "Phase II Hangar")

as described in Addendum 1, at Tenant's sole cost, expense and risk (except as may be otherwise agreed to in writing between Landlord and Tenant), in accordance with plans and specifications that must be submitted by Tenant to Landlord and approved in writing by Landlord. Landlord reserves the right to withhold approval for any reason in its sole discretion.

The Phase II Hangar will, if constructed on the Phase II Tract, be improvements to the Demised Premise that are in addition to those real property and structural improvements that have been made and exist on the Demised Premises (on the Phase I Tract) as of the Effective Date of this Agreement (the "Existing Building Improvements"). The Phase II Hangar, the Existing Building Improvements, and any other buildings or improvements made to, or installed, located or placed upon, the Demised Premises any time during the Term are herein referred to together as the "Building Improvements." Except as provided for in this Agreement, Tenant may not construct, locate, install, place or erect any buildings or other improvements upon the Demised Premises without the prior written consent of Landlord.

B. Except with regard to Existing Building Improvements, all Building Improvements (including any modifications or changes to the Existing Building Improvements) shall be constructed on the Demised Premises in accordance with plans and specifications prepared by an architect and/or engineer selected and retained by Tenant (the "Design Plan"), which shall be submitted to Landlord for Landlord's consideration of approval (which approval, if any, shall be in writing). Any architect or engineer shall be duly licensed and authorized as may be required by law to practice architecture or engineering, as the case may be, in the State of Texas. Such construction shall be performed in a first class, workmanlike manner and in compliance with all applicable building codes, standards and ordinances, as set out in more detail, below. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages (including, without limitation, consequential damages) or injury (including, without limitation, claims for personal injury or death, or property damage or destruction, or economic loss), liens and any and all other liabilities and obligations which arise in connection with such construction, and in connection therewith **TENANT SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS LANDLORD AND AIRPORT MANAGER, IN ACCORDANCE WITH SECTION 21., SUBSECTION B. (TENANT'S INDEMNITY OBLIGATION) OF THIS LEASE.** It is expressly understood and agreed that Tenant's construction of the Building Improvements shall include the finish-out of such building and improvements in accordance with the plans and specifications for the finish-out of the Building Improvements as submitted by Tenant to Landlord and approved in writing by Landlord.

C. After commencement of construction, Tenant shall complete construction of any Building Improvements with reasonable diligence, without material deviation from the Design Plan, and any deviation from the Design Plan shall be subject to the review and reasonable approval of Landlord.

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

E. Tenant agrees that any construction or modification of the Building Improvements or any other improvements (authorized to be constructed in writing by Landlord) on the Demised Premises shall comply with all standards, codes, and rules adopted by Landlord or Manager and generally applicable to similar improvements located on and within the Airport, including, but not limited to, any rules relating to construction and maintenance standards and specifications, will comply with the Town of Addison, Texas building code and zoning requirements, and will meet or exceed all applicable State and Federal standards (including, without limitation, Title III of the Americans With Disabilities Act of 1990, any state laws governing handicapped access or architectural barriers, and all rules, regulations, and guidelines promulgated under such laws, as amended from time to time). Tenant recognizes that such construction/maintenance standards and specifications, Town of Addison building code and zoning requirements, and all applicable State and Federal standards, and other applicable standards, codes, and rules may be modified or amended from time to time and that compliance will be measured by such standards in effect at the time of a particular construction or modification of improvements.

F. Tenant will properly and timely submit to the Federal Aviation Administration (FAA), the Texas Department of Transportation (TxDOT), and any other governmental entity or agency having jurisdiction regarding Addison Airport, a Notice of Proposed Construction or Alteration (FAA Form 7460-1), a TxDOT Airport Construction Emission Inventory, and such other forms and information as may be required by the FAA, TxDOT, or other governmental entity or agency having jurisdiction over Addison Airport.

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

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

**Section 7. Acceptance of Demised Premises:**

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

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

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

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

A. Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the Demised Premises. This Lease is subject to and Tenant shall comply at all times with all federal, state, and local laws, statutes, ordinances, rules, regulations, directives, orders, permits, standards, codes (including, without limitation, building codes and standards), zoning requirements, grant assurances, grant agreements, the Charter of the Town of Addison, all court orders, opinions and decisions, and all interpretations of the foregoing, of and by any governmental authority, entity, branch, or agency (including, without limitation, the Town of Addison, Texas, the State of Texas, the Federal Aviation Administration, the Texas Department of Transportation, the United States Environmental Protection Agency, and the Texas Commission on Environmental Quality, and any successor entities thereto) applicable or related to, whether directly or indirectly, this Lease, the Addison Airport, the Demised Premises, and the use and occupancy thereof, and whether in existence or hereafter enacted, adopted or imposed (collectively, "Laws," and "Law" means any of the foregoing). Tenant shall promptly comply with all governmental orders and directives and all other Laws for the correction, prevention and abatement of nuisances in or upon, or connected with, the Demised Premises, all at Tenant's sole cost and expense, and shall comply with and be subject to (and this Lease is made and entered into subject to) any and all grant agreements or grant assurances now existing or as hereafter agreed to, adopted or imposed and to the terms of a grant, loan, or agreement under Section 22.055 of the Texas Transportation Code (and as the same may be amended or superseded).

Tenant agrees that any new construction or modification of existing improvements on the Demised Premises will comply with all standards and rules published by the Landlord or by any person or entity authorized by Landlord to manage and/or operate the Airport or any portion thereof or any function related thereto (such person and or entity, whether one or more, being the "Airport Manager" or "Manager"), including, but not limited to, the Airport's published "Construction/Maintenance Standards and Specifications," will comply with the Town of Addison building codes and zoning requirements or any other laws, ordinances, permits, rules, regulations, or policies of the Town of Addison, Texas, and will meet or exceed all applicable State and Federal standards, permits, laws, rules, or regulations, and will otherwise comply with all Laws. Tenant recognizes that the referenced Construction/Maintenance Standards and Specifications, Town of Addison building codes and zoning requirements and other laws,

ordinances, permits, rules, regulations or policies, and all applicable State and Federal standards, laws, rules, or regulations, and any other Laws, may be modified or amended from time to time and that compliance will be measured by such standards in effect at the time of a particular construction or modification of improvements. Tenant will properly and timely submit to the Federal Aviation Administration, the Texas Department of Transportation, and any other governmental entity or agency having jurisdiction regarding or related to Addison Airport, a Notice of Proposed Construction, when and as required. Tenant further agrees that the Landlord shall be authorized at all times during any project of construction to enter upon the Demised Premises, and all parts thereof, in order to observe the performance of such construction, and Tenant agrees to provide the Landlord a construction schedule setting out the time of commencement, final completion and completion of significant elements of the construction, which schedule shall be delivered to Landlord prior to the start of any construction project on the Demised Premises. Failure of Tenant to observe and comply with any provision or requirement of this Section 8 shall be an Event of Default.

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

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

A. 1. Without the prior written consent of Landlord, Tenant shall have no power to and shall not, either voluntarily or involuntarily, by operation of law or otherwise, (i) assign, sell, pledge, encumber, mortgage, license, transfer, or otherwise convey (each being referred to herein as "assign" or "assignment" and any person or entity to whom an assignment is made being an "assignee") this Lease, or any interest, rights, duties, liabilities, or obligations of Tenant hereunder, or any part of the Demised Premises, (except to a leasehold mortgagee as hereinbelow provided and in accordance with and subject to all of the terms and conditions of this Lease) or (ii) sublet the whole or any part of the Demised Premises, and any such assignment and any subletting shall be null and void and may be deemed by Landlord (in Landlord's sole discretion) a default under Section 23 of this Lease.

2. Notwithstanding the foregoing, Landlord hereby acknowledges and consents to Tenant's subletting of the Demised Premises for the purpose of renting aircraft storage and related office space only, provided that each sublease is evidenced by written agreement (to be made available for Landlord's review and inspection upon Landlord's written request within 3 business days), signed and executed by Tenant and sublessee and fairly states:

(i) each sublessee agrees to be bound by the terms and provisions of this Ground Lease, including, without limitation, the provisions of Section 6 pertaining to the use of the Demised Premises, and in the event of any conflict

between the terms of the Ground Lease and the terms of the sublease, the terms of the Ground Lease shall control;

- (ii) no such subletting shall constitute a novation;
- (iii) in the event of occurrence of an event of default while the Demised Premises are sublet, Landlord, in addition to any other rights or remedies provided herein or by law, in equity, or otherwise, may at Landlord's option, collect directly from such subtenant all rents becoming due under such subletting and apply such rent against any sums due to Landlord hereunder;
- (iv) sublessee shall be obligated to obtain Landlord's consent to any action as to which Tenant is obligated to obtain such consent under the Ground Lease;
- (v) any such sublease is to automatically terminate upon termination of the Ground Lease notwithstanding any other provision of the sublease to the contrary;
- (vi) Landlord shall have no responsibility or obligation for the performance by Tenant of its obligations under the sublease;
- (vii) neither this consent, the exercise by Landlord of its rights hereunder, nor the sublease or any other instrument shall give sublessee any rights directly or indirectly against Landlord or create or impose any obligation, duty, responsibility, or liability of Landlord in favor of or for the benefit of sublessee.

Furthermore, Tenant agrees that in no way does any sublease release Tenant from any of its covenants, agreements, liabilities and duties under the Ground Lease; that this consent does not constitute approval by Landlord of the terms of any such sublease; that nothing herein contained shall be deemed a waiver or release of any of the Landlord's rights under the Ground Lease; that Tenant shall remain fully liable for the performance of each and every term, provision, covenant, duty and obligation of the Tenant under the Ground Lease, including, without limitation, the duty to make any and all payments of Rent; that any violation of any terms and conditions of the Ground Lease by a sublessee will constitute a default under the Ground Lease.

3. If consent by Landlord to an assignment is required hereunder, Tenant shall request, in writing, Landlord's consent to a proposed assignment and such request must include (among other information and materials as Landlord may request): (i) the name of the proposed assignee; (ii) the nature and character of the assignee's business; (iii) all material terms of the proposed assignment; and (iv) audited financial statements or other evidence of the proposed assignee's creditworthiness and ability to assume Tenant's obligations.

For the purposes hereof and any applicable law, and without limitation as to other grounds for Landlord withholding consent, Landlord may, in Landlord's sole discretion, withhold its consent when any one or more of the following apply:

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

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

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

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

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

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

An assignment will be deemed to occur if the person or persons who own or have control of more than 50% of Tenant on the Effective Date of this Ground Lease cease to own or have control of more than 50% of Tenant at any time during the Term; provided that any such person shall have the unencumbered right to make from time to time gifts, sales or other transfers, upon death and/or *inter vivos*, of part or all of his or its ownership interest in the Tenant to a Permitted Transferee. A "Permitted Transferee" for purposes of this Lease, shall mean: (i) a person who is a parent or descendant of the transferor; (ii) a trust, the primary beneficiaries of which are relatives of the transferor as described in (i) above; (iii) an entity, the voting or financial control of which is owned by the transferor and/or his relatives as described in (i) above; and (iv) a trust, the primary beneficiary of which is such transferor; and such transfer shall not be considered an event deemed to be an "assignment" hereunder. Tenant shall provide to Landlord from time to time, as requested by Landlord and in a form acceptable to Landlord, a written certification as to the ownership and/or control of Tenant. For purposes hereof, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities or partnership interests, by contract, or otherwise.

Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including, without limitation, the provisions of Section 6 pertaining to the use of the Demised Premises. Tenant shall not assign this Lease or any right, duty, liability, or obligation of Tenant hereunder, or sublet the Demised Premises or any portion of the Demised Premises, without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to and

shall be bound by and comply with all of the terms and provisions of this Lease (and Tenant shall provide a copy of such written agreement to Landlord). No assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the Demised Premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, in equity, or otherwise, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee, transferee, pledgee, or person or entity to whom this Lease is otherwise conveyed or to such subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder.

Upon written request, Tenant shall promptly provide to Landlord the names and addresses of any subtenants and the make, model, aircraft type and "N" number of any aircraft stored, located or generally regarded to be "based" on or in the Demised Premises.

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

**C.** Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder; provided, however, that notwithstanding the foregoing or any other provision of this Lease, such mortgagee shall not and does not have the right and shall not and does not have the power to assign, sell, transfer, pledge, encumber, mortgage, license, or otherwise convey this Lease, or any right, interest, obligation, or liability hereunder, or any part of the Demised Premises, or sublet the whole or any part of the Demised Premises without the prior written approval of the Landlord, and any such assignment, sale, transfer, pledge, encumbrance, mortgage, license, or other conveyance and any such subletting without the

prior written consent of Landlord shall be null and void and may be deemed a default under Section 22.B. of this Lease, it being the intent of this provision that such mortgagee shall have no greater right than Tenant to assign, sell, transfer, pledge, encumber, mortgage, license, or otherwise convey this Lease (or any right, interest, obligation, or liability hereunder), or to sublet the Demised Premises (or any portion thereof), or to use the Demised Premises. Landlord also agrees to consider the execution and delivery to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the Demised Premises to the mortgagee of such proposed leasehold mortgage.

#### **Section 10. Property Taxes and Assessments:**

A. Tenant shall pay, before they become delinquent, any and all property taxes or assessments, and any other governmental charges, fees or expenses (collectively, the "Taxes"), levied or assessed on any improvements on the Demised Premises, the personal property and fixtures on the Demised Premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord "paid receipts" or other written evidence that all such Taxes have been paid by Tenant. In the event Tenant fails to pay any such Taxes, Landlord shall have the right (but not the obligation) to pay or cause to be paid such Taxes, and the reasonable costs thereof expended by or caused to be expended by Landlord plus interest thereon as provided in Section 37 of the Ground Lease shall be paid by Tenant on demand.

B. If any buildings or other improvements located upon the Demised Premises are determined to be subject to property taxation by the Dallas Central Appraisal District (or any successor entity or agency thereto or other agency with the authority to make such determination) ("DCAD"), Tenant may, in accordance with law, contest the DCAD valuation of such buildings and/or improvements, but shall not contest the determination that the buildings and/or improvements are subject to taxation. Notwithstanding the foregoing, if a determination is rendered by DCAD or a court of appropriate and competent jurisdiction that any such buildings or other improvements are not subject to property taxation (the "non-taxable determination"), the Base Rent (as the same may be adjusted) for the year in which such final determination becomes effective shall be increased by an amount equal to the property tax revenue from such buildings and improvements that Tenant would have paid to the Town of Addison, Texas in that year but for such final determination (the "Extra Base Rent") (and such initial increased amount shall be paid to Landlord on or before December 31 of such year, unless otherwise agreed to by Landlord); thereafter, the Base Rent (as the same may be adjusted) as so increased shall continue, subject to adjustment as set forth in this Lease.

If a non-taxable determination is reversed by a court of appropriate and competent jurisdiction and the reversal cannot be appealed (so that the buildings or other improvements located upon the Demised Premises are finally determined to be subject to

property tax), Landlord shall (at Landlord's option) either repay to Tenant the Extra Base Rent or credit the amount paid by Tenant against future payments of Base Rent, it being the intent that Landlord shall not receive Extra Base Rent and an equivalent amount of property tax.

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

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

B. Tenant's failure to keep the Demised Premises and all fixtures, equipment and personal property situated thereon in good condition required by this Section is a default under this Lease. In the event Tenant shall fail to so maintain the Demised Premises and the fixtures, equipment and personal property situated thereon, in addition to its remedies under Section 23 herein, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefore expended by Landlord plus interest thereon as provided in Section 39 shall be paid by Tenant on demand.

**Section 12. Alterations, Additions and Improvements:**

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

B. All alterations, modifications, additions and improvements in and to the Demised Premises shall be performed in a good and workmanlike manner, shall comply with all the standards and requirements set out, above, in Section 6 and Section 8, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages (including consequential damages), liens and any and all other liabilities and obligations which arise in connection therewith (and shall defend, indemnify, and hold harmless Landlord and

Manager, and their respective officials, officers, employees, and agents, from and against any and all such costs, expenses, claims, liens, liabilities, and obligations as set forth in Section 6).

**Section 13. Insurance; Bonds:**

A. At all times Tenant shall during the Term hereof purchase and maintain at Tenant's sole cost and expense and in a company or companies lawfully authorized to do business in Texas such insurance relating to the Demised Premises as follows:

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

2. Commercial General Liability insurance at minimum combined single limits of \$1,000,000 per-occurrence and \$1,000,000 general aggregate for bodily injury, death or property damage or destruction occurring on, in or about the Demised Premises, which coverage shall include products/completed operations (\$1,000,000 products/completed operations aggregate). Coverage for products/completed operations must be maintained for at least two (2) years after construction work has been completed. Coverage must be amended to provide for an each-project aggregate limit of insurance. Coverage must include contractual liability.

3. Statutory limits of workers compensation insurance and employer's liability with limits of liability of not less than \$1,000,000.00 each-occurrence each accident/\$1,000,000.00 by disease each-occurrence/\$1,000,000.00 by disease aggregate.

4. If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$500,000.00 for damage to or destruction of property resulting from such perils.

5. Hangarkeepers Legal Liability insurance, at limits of \$1,000,000.00 per-occurrence is required if Tenant is engaged in maintenance, repair, or servicing of aircraft belonging to a third-party, or if Tenant is otherwise involved in any operation in which Tenant has care, custody, or control of an aircraft that belongs to a third-party.

6. Aircraft liability insurance against third party bodily injury or death and property damage or destruction at minimum limits required by regulatory agencies having jurisdiction at the Airport and which are acceptable to Landlord, but in any event not less than \$1,000,000.00 each occurrence (applies to the ownership, operation or use of aircraft by Tenant or any subtenant).

Tenant shall cause all such policies of insurance to comply with the following and be specifically endorsed as follows:

(i) The Town of Addison, Texas, and the Airport Manager and their respective past and present officials, officers, employees and agents shall be named as additional insureds;

(ii) All insurance policies which name the Town of Addison, Texas and the Airport Manager (and their respective past and present officials, officers, employees and agents) as additional insureds must be endorsed to read as primary coverage regardless of the application of other insurance;

(iii) A waiver of subrogation in favor of the Town of Addison, Texas and the Airport Manager (and their respective past and present officials, officers, employees and agents) shall be contained in each policy required herein;

(iv) All insurance policies shall be endorsed to the effect that the Town of Addison, Texas and the Airport Manager will receive at least sixty (60) days written notice prior to cancellation or non-renewal of the insurance (except that if such insurance is canceled for non-payment of premium, such notice shall be ten (10) days);

(v) All liability policies shall contain no cross liability exclusions or insured versus insured restrictions applicable to the claims of the Town of Addison or the Airport Manager;

(vi) Tenant may maintain reasonable and customary deductibles; and

(vii) Insurance must be purchased from insurers that are financially acceptable to Landlord and licensed to do business in the State of Texas.

All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Certificates of insurance, satisfactory to Landlord, shall be prepared and executed by the insurance company or its authorized agent, promptly delivered to Landlord and updated as may be appropriate, and shall:

(i) List each insurance coverage described and required herein. Such certificates will also include a copy of the endorsements necessary to meet the requirements and instructions contained herein; and

(ii) Specifically set forth the notice of cancellation or termination provisions to the Town of Addison and the Airport Manager.

Upon request, Tenant shall furnish Landlord with complete copies of all insurance policies certified to be true and correct by the insurance carrier. Landlord reserves the right to review the insurance requirements contained herein and to reasonably adjust coverages and limits when deemed necessary and prudent by Landlord.

B. In connection with any construction on the Demised Premises, Tenant shall obtain and keep in full force and effect at its sole cost and expense:

(i) Builder's Risk Completed Value Policy with an all risks endorsement in an amount equal to the greater of the full-completed value or the amount of the construction contract including any amendments or change orders thereto. The policy shall provide "All Risk" Builder's Risk Insurance (extended to include the perils of wind, collapse, vandalism/malicious mischief, and theft, including theft of materials whether or not attached to any structure).

(ii) Performance Bond and a Payment Bond guaranteeing, respectively, the faithful performance of all construction work and the payment of all obligations arising during the construction (including, without limitation, the payment of all persons performing labor or providing materials under or in connection with the Building Improvements), in the penal sum of one-hundred percent (100%) of the Construction Costs. Tenant shall pay or cause to have paid the premiums for such bonds. Bonds shall be issued by a surety company satisfactory to the Landlord, licensed by the State of Texas to act as a Surety, and listed on the current U.S. Treasury Listing of Approved Sureties. All forms shall be made on a form complying with the requirements of the laws of the State of Texas and satisfactory to Landlord. Such bonds shall be in conformance with the provisions of Chapter 2253, Tex. Gov. Code, and any successor statute thereto.

**Section 14. Casualty Damage or Destruction:**

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

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

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

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

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

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

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

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

#### **Section 15. Condemnation:**

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

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

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

may appear. If this Lease is terminated pursuant to Section 15.A., condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

**Section 16. Utilities:** Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the Demised Premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees, impact fees, and services furnished to the Demised Premises during the term hereof. Tenant agrees to contact all utility service providers prior to any excavation or digging on the Demised Premises. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

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

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

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

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

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

**Section 21. Indemnity and Exculpation, Release:**

A. **Exculpation.** The Town of Addison, Texas and all other Addison Persons and the Manager Persons (for purposes of this subparagraph A, as the terms "Addison Persons" and "Manager Persons" are defined in Subsection B below), shall not be liable to Tenant or to any Tenant Persons (for purposes of this subparagraph A, as the term "Tenant Persons" is defined in Subsection B below), or to any other person whomsoever, for any death or injury to persons or damage to or destruction of property or any other harm on or about the Demised Premises or any adjacent area owned by Landlord caused by or resulting from any act or omission of Tenant or any Tenant Persons or any other person entering the Demised Premises under express or implied invitation of Tenant or any Tenant Persons, or arising out of the use or occupation of the Demised Premises by Tenant or by any Tenant Persons, in the performance of Tenant's obligations hereunder.

B. **TENANT'S INDEMNITY OBLIGATION.** Tenant agrees to and shall fully DEFEND (with counsel reasonably acceptable to Landlord), INDEMNIFY AND HOLD HARMLESS (i) the Town of Addison, Texas, and the elected and appointed officials, the officers, employees, agents, representatives, and volunteers of the Town of Addison, Texas, individually or collectively, in both their official and private capacities (the Town of Addison, Texas, and the elected and appointed officials, the officers, employees, representatives, and volunteers of the Town of Addison, Texas each being an "Addison Person" and collectively the "Addison Persons") and (ii) Airport Manager and Airport Manager's owners, officers, employees and agents (Airport Manager and Airport Manager's owners, officers, employees and agents each being a "Manager Person" and collectively the "Manager Persons"), from and against any and all claims, actions, proceedings, causes of action, demands, losses, liens, harm, damages, penalties, fines, liabilities, expenses, lawsuits, judgments, costs, and fees (including reasonable attorney fees and court costs) of any kind and nature whatsoever made upon, incurred by, suffered by, or asserted against any Addison Person or any Manager Person or the Demised Premises, whether directly or indirectly, (collectively for purposes of this Section, "Damages"), that result from, relate to, or arise out of, in whole or in part, (i) any condition of the Demised Premises caused in whole or in part by Tenant or by any of Tenant's owners, directors, shareholders, partners, managers, officers,

employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, concessionaires, or any other person or entity for whom Tenant is legally responsible, and their respective owners, directors, shareholders, partners, officers, managers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, and concessionaires, or any other person acting by or under the authority or with the permission of Tenant, Tenant's tenants, or any other person entering the Demised Premises under express or implied invitation of Tenant during the Lease Term (collectively, "Tenant Persons"), (ii) any construction on or repair to the Demised Premises, or the Demised Premises becoming out of repair due to the fault of Tenant or any Tenant Persons, for any reason including by failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the Demised Premises, regardless of the source, or by dampness or by fire, explosion, falling plaster or ceiling, (iii) representations or warranties by Tenant under this Lease, and/or (iv) any act or omission of Tenant or any Tenant Persons under, in connection with, or in the performance of, this Lease. SUCH DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SHALL AND DOES INCLUDE DAMAGES ALLEGED OR FOUND TO HAVE BEEN CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF THE TOWN OF ADDISON, TEXAS, ANY OTHER ADDISON PERSON, THE AIRPORT MANAGER, OR ANY OTHER MANAGER PERSON, OR BY ANY ACT OR OMISSION BY THE TOWN OF ADDISON, TEXAS, ANY OTHER ADDISON PERSON, THE AIRPORT MANAGER, OR ANY OTHER MANAGER PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND. However, Tenant's liability under this clause shall be reduced by that portion of the total amount of the Damages (excluding defense fees and costs) equal to the Addison Person or Addison Persons', or Manager Person or Manager Persons', (as the case may be) proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss. Likewise, Tenant's liability for any Addison Person's or any Manager Person's defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to Addison Person or Addison Persons', or Manager Person or Manager Persons', (as the case may be) proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss.

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

C. Release. Tenant hereby **RELEASES** the Town of Addison, Texas and all other Addison Persons (as the term "Addison Persons" is defined in subsection B. of this Section) and Airport Manager and all other Manager Persons (as the term "Manager Persons" is defined in subsection B. of this Section) from, and agrees that the Town of Addison, Texas and all other Addison Persons, and Airport Manager and all other Manager Persons, shall not be liable to Tenant or any Tenant Persons (as the term "Tenant Persons" is defined in subsection B. of this Section) for (i) any death or injury to any person or persons or damage to or destruction of property of any kind resulting from the Demised Premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the Demised Premises, regardless of the source, or by dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever, and for (ii) any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work.

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

## **Section 22. Environmental Compliance:**

A. Tenant shall not install, store, use, treat, transport, discharge or dispose (or permit, allow, or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by Tenant's owners, directors, shareholders, partners, managers, officers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, concessionaires, or any other person or entity for whom Tenant is legally responsible, and/or their respective owners, directors, shareholders, partners, officers, managers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, and concessionaires) on the Demised Premises or any portion of the common facilities (described in Section 17) any: (a) asbestos in any form; (b) urea formaldehyde foam insulation; (c) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; or (d) any other chemical, material, air pollutant, toxic pollutant, waste, or substance which is regulated as toxic or hazardous or exposure to which is prohibited, limited or regulated by the Resource Conservation Recovery Act (42 U.S.C. §6901, et seq., as amended or superseded), the Comprehensive and Environmental Response Compensation and Liability Act (42 U.S.C. §9601, et seq., as amended or superseded), the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Air Act, and/or the Clean Water Act or any other federal, state, county, regional, local or other governmental authority law, rule, regulation, order, standard, permit, directive or policy, or which, even if not so regulated may or could pose a hazard to the health and safety of the occupants of the Demised Premises and/or any portions of the common facilities, and which is either: (i) in amounts in excess of that permitted or deemed safe under any applicable law, rule, regulation, order, standard, permit, directive or policy, or (ii) in any manner prohibited or deemed unsafe under applicable law, rule, regulation, order,

standard, permit, directive or policy. (The substances referred to in (a), (b), (c) or (d) herein are collectively referred to hereinafter as "Hazardous Materials").

**B. Cleanup Laws; Tenant's Indemnity Obligation.**

1. Tenant shall, at Tenant's own expense, comply with any presently existing or hereafter enacted laws, rules, regulations, orders, standards, directives, permits, or notices relating to Hazardous Materials (collectively, "Cleanup Laws"). In furtherance and not in limitation of the foregoing, Tenant shall, at Tenant's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Authority") under the Cleanup Laws. Should any Authority require that a cleanup plan be prepared and that a cleanup be undertaken because of the existence of Hazardous Materials which were installed, stored, used, treated, transported, disposed of or discharged on the Demised Premises and/or any portion of the common facilities (as described in Paragraph 17) by (i) Tenant, or by (ii) any of Tenant's owners, directors, shareholders, partners, managers, officers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, concessionaires, or any other person or entity for whom Tenant is legally responsible, and/or their respective owners, directors, shareholders, partners, officers, managers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, and concessionaires, or by (iii) any person acting by or under the authority or with the permission of Tenant, Tenant's tenants, or any other person entering the Demised Premises under express or implied invitation of Tenant during the Term of this Lease, Tenant shall, at Tenant's own cost and expense, prepare and submit the required plans and financial assurances and carry out the approved plans in accordance with such Cleanup Laws and to Landlord's satisfaction. At no cost or expense to Landlord, Tenant shall promptly provide all information requested by Landlord for preparation of affidavits or other documents required by Landlord to determine the applicability of the Cleanup Laws to the Demised Premises and/or any portion of the common facilities, as the case may be, and shall sign the affidavits promptly when requested to do so by Landlord.

**2. Tenant's Indemnity Obligation. Without limiting any other indemnity, hold harmless, and defense obligation of Tenant set forth in this Lease, Tenant agrees to and shall fully DEFEND (with counsel reasonably acceptable to Landlord), INDEMNIFY, AND HOLD HARMLESS the Town of Addison, Texas and all other Addison Persons (as the term "Addison Persons" is defined in subsection B of Section 21, above), and the Manager Persons (as the term "Manager Persons" is defined in subsection B of Section 21, above), from and against, and reimburse the Town of Addison, Texas, all other Addison Persons, the Airport Manager and all other Manager Persons (as the case may be) for, any and all obligations, damages, injunctions, fines, penalties, demands, claims, costs, fees, charges, expenses, actions, causes of action, judgments, liabilities, suits, proceedings, harm, and losses of whatever kind or nature (including, without limitation, attorneys' fees and court costs), and all cleanup or removal costs and all actions of any kind arising out of or in any way connected with the installation, storage, use,**

treatment, transporting, disposal or discharge of Hazardous Materials in, on, under, above, or to the Demised Premises and/or any portion of the common facilities or any portion of the Airport or adjacent properties by Tenant or by any Tenant Persons (as the term "Tenant Persons" is defined in subsection B of Section 21, above); and from all fines, penalties, suits, judgments, procedures, proceedings, claims, actions, and causes of action of any kind whatsoever arising out of Tenant's or any of Tenant Persons' failure to provide all information, make all submissions and take all steps required by the Authority under the Cleanup Laws or any other law, rules, regulation, standard, order, or policy (environmental or otherwise) (collectively, "Environmental Damages"). **SUCH DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SHALL AND DOES INCLUDE ENVIRONMENTAL DAMAGES ALLEGED OR FOUND TO HAVE BEEN CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF THE TOWN OF ADDISON, TEXAS, ANY OTHER ADDISON PERSONS, THE AIRPORT MANAGER OR ANY OTHER MANAGER PERSONS, OR BY ANY ACT OR OMISSION OF OR BY THE TOWN OF ADDISON, TEXAS, ANY OTHER ADDISON PERSONS, THE AIRPORT MANAGER OR ANY OTHER MANAGER PERSONS THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.** However, Tenant's liability under this clause shall be reduced by that portion of the total amount of the Environmental Damages (excluding defense fees and costs) equal to the Addison Person or Addison Persons', or Manager Person or Manager Persons', (as the case may be) proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss. Likewise, Tenant's liability for any Addison Person's or any Manager Person's defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to Addison Person or Addison Persons', or Manager Person or Manager Persons', (as the case may be) proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss.

Tenant's obligations and liabilities under this subparagraph shall continue (and survive the termination or expiration of this Lease) so long as there may be Hazardous Materials at the Demised Premises and/or any portion of the common facilities or any portion of the Airport or adjacent properties, that were installed, stored, used, treated, transported, disposed of or discharged during the Lease Term by Tenant or any of Tenant Persons. In addition to and not in limitation of Landlord's other rights and remedies, Tenant's failure to abide by the terms of this Section shall be restrainable by injunction.

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

D. Tenant's obligations and liability pursuant to the terms of this Section 22 shall survive the expiration or earlier termination of this Lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For purposes of this Section, "Damages" includes, without limitation, all actual, incidental, and consequential damages, court costs, interest, and attorneys' fees arising from Tenant's breach of this Lease (including, without limitation, the cost of (A) recovering possession, (B) removing and storing Tenant's and any other occupant's

property, (C) re-letting (including, without limitation, the costs of brokerage commissions and cleaning, decorating, repairing, or altering the Demised Premises for a substitute tenant or tenants), (D) collecting any money owed by Tenant or a substitute tenant, (E) repairing any damage caused by any Tenant Party, (F) performing any obligation of Tenant under the Lease, (G) any other loss or cost incurred by Landlord as a result of, or arising from, Tenant's breach of the Lease or Landlord's exercise of its rights and remedies for such breach, (H) any contractual or liquidated types or measures of damages specified in this Lease; and (I) any other type or measure of damages recoverable for any particular breach under Applicable Law.

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

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

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

**Section 25. Default by Landlord:** No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the Demised Premises or render Landlord liable for damages (including consequential damages) or entitle

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

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

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

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

#### **Section 26. Mitigation of Damages:**

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

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

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

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

3. Landlord will not have any obligation to lease the Demised Premises for any rental less than the current rate then prevailing for similar space at Addison Airport

(or if no similar space is available, the current fair market rental then prevailing for similar space in comparable buildings in the same market area as the Demised Premises) nor shall Landlord be obligated to enter into a new lease under any terms or conditions that are unacceptable to Landlord.

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

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

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

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

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

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

**Section 27. Waiver of Subrogation:** Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during

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

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

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

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

**A.** Tenant agrees to **DEFEND, INDEMNIFY** and **HOLD HARMLESS** Landlord and Manager, and Landlord's and Manager's officials, officers, employees and agents, from and against all liability arising out of the filing of any mechanics' or materialmen's liens against the Demised Premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy

such liens and collect the amount expended from Tenant together with interest thereon as provided in Section 39 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the Demised Premises.

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

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

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

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

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

**Section 30. Title:** Tenant accepts the Demised Premises subject to: (i) the terms and conditions of this Agreement, (ii) the Rules and Regulations; (iii) easements and rights-of-way, and (iv) zoning ordinances and other ordinances, laws, statutes, regulations, orders, standards, rules, or policies now in effect or hereafter promulgated by any governmental authority having jurisdiction over the Demised Premises (including, without limitation, the City, the Federal Aviation Administration, and the Texas Department of Transportation),

and (v) the terms of any and all FAA, TxDOT, or other grant agreements or grant assurances regarding the Airport, and the terms of any grant, loan, or agreement under Section 22.055, Tex. Transp. Code, as amended or superseded, whether now existing or made in the future.

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

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

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

**Section 34. Waiver of Default:** No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Lease shall be deemed to be a waiver of any subsequent default or breach of the same or any other term, condition or covenant contained herein. Landlord will not be deemed to have waived any right or Tenant's breach of any obligation under this Lease, unless Landlord delivers a signed writing, addressed to Tenant explicitly relinquishing that right or breach. No custom or practice arising during the

administration this Lease will waive, or diminish, Landlord's right to insist upon strict performance of Tenant's obligations. No restrictive endorsement or other statement on or accompanying any check or payment will be deemed an accord and satisfaction or novation, and Landlord will be entitled to accept any such check or payment, without prejudice, to Landlord's rights to recover the full amount due and to exercise its other remedies.

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

**Section 36. Attorneys' Fees:** If, on account of any breach or default by Tenant of Tenant's obligations under this Lease, it shall become necessary for Landlord to employ an attorney to enforce or defend any of Landlord's rights or remedies hereunder, Landlord shall be entitled to collect reasonable attorneys' fees incurred in such connection from Tenant.

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

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

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

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

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

**D.** If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be furnished to Landlord also being furnished to Landlord's mortgagee and Landlord's mortgagee fails to cure such default within the curative period allowed Landlord under this Lease.

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

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

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

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

**Section 39. Interest on Tenant's Obligations and Manner of Payment:** All monetary obligations of Tenant to Landlord under this Lease remaining unpaid ten (10) days after the due date of the same (if no due date has been established under other provisions hereof, the "due date" shall be the date upon which Landlord demands payment from Tenant in writing) shall bear interest at the rate of ten percent (10%) per annum from and after said tenth (10th) day until paid. If more than twice during the term of the Lease Tenant's personal or corporate check is not paid by the bank on which it is drawn for whatever reason, Landlord may require by giving written notice to Tenant that the payment of all future monetary obligations of Tenant under this Lease are to be made on or before the due date by cash, cashier's check, certified check or money order, and the delivery of Tenant's personal or corporate check will no longer constitute payment of such monetary obligations. Any acceptance by Landlord of a personal or corporate check after such notice shall not be deemed or construed as a waiver or estoppel of Landlord to require other payments as required by said notice.

**Section 40. Special Events:** Landlord may sponsor certain special events, including, but not limited to, air shows, to be conducted on portions of the Airport, which may limit or obstruct access to the Premises and/or to the Airport ("Special Events"). As a material inducement to Landlord to enter into this Lease, and notwithstanding anything to the contrary contained herein, Tenant, on behalf of Tenant and on behalf of all directors, officers, shareholders, partners, principals, employees, agents, contractors, subtenants, licensees or concessionaires of Tenant and on behalf of any other party claiming any right to use the Demised Premises by, through or under Tenant, hereby: (i) agrees that Landlord has the right to sponsor any or all Special Events and to allow use of portions of the Airport therefor even if the same limit or obstruct access to the Premises and/or to the Airport; (ii) releases, waives and discharges Landlord and Manager, and their respective officials, officers, employees and agents, from all liability for any loss, damage, cost, expense or claim arising or resulting from or pertaining to the limitation or obstruction of access to the Demised Premises and/or to the Airport from the conduct of Special Events and/or activities relating or pertaining thereto, including, without limitation, death, injury to person or property or loss of business or revenue (the "Released Claims"); (iii) covenants not to sue the Landlord or Manager or their respective officials, officers, employees and agents (whether in their official or private capacities) for any Released Claims; (iv) agrees that the terms contained in this Section are intended and shall be construed to be as broad and inclusive as possible under the laws of the State of Texas; and (v) agrees that if any portion of this Section is held to be invalid or unenforceable, the remainder of this Section shall not be affected thereby but shall continue in full force and effect.

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

**Section 42. Force Majeure:**

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

B. Except for the payment of any rent or any other payment to be made by, or any other monetary obligation of, Tenant under this Lease, and the provision of insurance by Tenant under this Lease, in the event performance by Tenant of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, the delay of any governmental approvals, civil riot, flood, or any other cause not within the control of Tenant, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Tenant is so delayed or prevented.

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

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

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

**Section 46. Successors; No Third Party Beneficiaries:** The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. All rights, powers, privileges, immunities and duties of Landlord under this Lease, including, but not limited to, any notices required or permitted to be delivered by Landlord to Tenant hereunder, may, at Landlord's option, be exercised or performed by Landlord's agent or attorney.

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

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

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

TO LANDLORD:

Town of Addison  
Attn: City Manager  
5300 Belt Line Rd.  
Dallas, Texas 75254

TO TENANT:

RR Investments, Inc. d/b/a/ Million Air Dallas  
Attn. Mr. Jack Hopkins  
4300 Westgrove Drive  
Addison, Texas 75001

And;

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

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

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

**Section 51. Consent; "Includes" and "Including"; Recitals:** Where Landlord consent or approval is required in this Lease, such consent or approval may be given by the City Council of the Town of Addison, Texas or by the City Manager of the Town of Addison. For purposes of this Lease, "includes" and "including" are terms of

enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded. The above and foregoing recitals and premises to this Lease are incorporated into and made a part of this Lease for all purposes.

**Section 52. Governing Law and Venue; Survivability of Rights and Remedies:**

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

**Section 53. Entire Agreement and Amendments:**

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

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

**LANDLORD:**

**TENANT:**

TOWN OF ADDISON, TEXAS

RR INVESTMENT, INC.  
D/B/A/ MILLION AIR DALLAS

By: \_\_\_\_\_  
Ron Whitehead, City Manager

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

Printed Name: \_\_\_\_\_

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

**ACKNOWLEDGEMENTS**

**STATE OF TEXAS  
COUNTY OF DALLAS**

This instrument was acknowledged before me on \_\_\_\_\_, 2013 by Ron Whitehead, City Manager of the Town of Addison, Texas, a Texas home-rule municipality, on behalf of the said municipality.

**GIVEN UNDER MY HAND AND SEAL OF OFFICE**, this the \_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Notary Public, State of Texas

**STATE OF TEXAS  
COUNTY OF DALLAS**

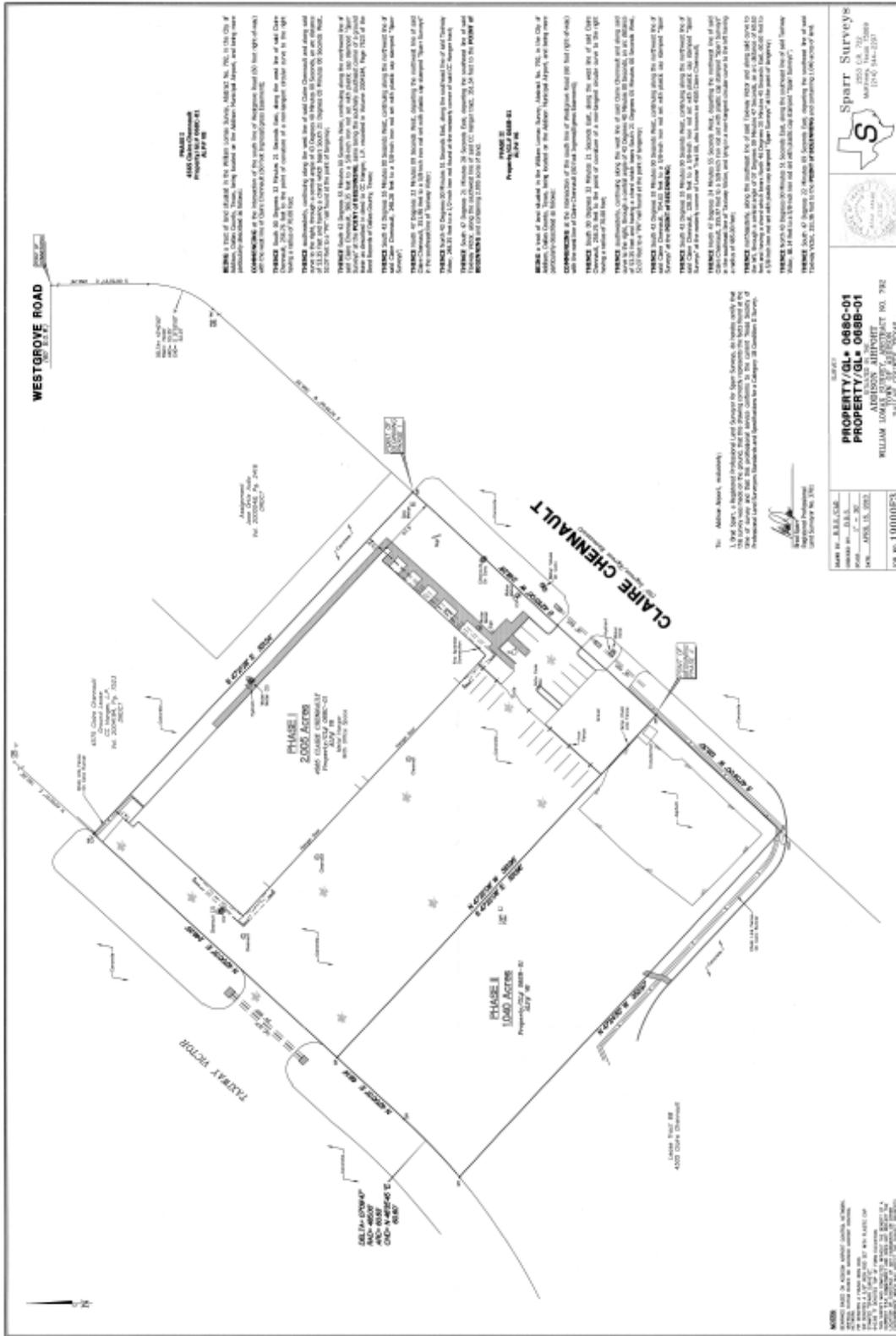
This instrument was acknowledged before me on \_\_\_\_\_, 2013 by \_\_\_\_\_, \_\_\_\_\_ of RR Investment, Inc. d/b/a/ Million Air Dallas, a Texas corporation, on behalf of the said corporation.

**GIVEN UNDER MY HAND AND SEAL OF OFFICE**, this the \_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Notary Public, State of Texas

## **Exhibit 1 – Legal Description of Addison Airport**

# Exhibit 2.1 – As-Built Survey of Demised Premises



**TRINCH 1** 2000 FACTORY TO 1000 FACTORY...  
**TRINCH 2** 1000 FACTORY TO 2000 FACTORY...  
**TRINCH 3** 2000 FACTORY TO 1000 FACTORY...  
**TRINCH 4** 1000 FACTORY TO 2000 FACTORY...  
**TRINCH 5** 2000 FACTORY TO 1000 FACTORY...  
**TRINCH 6** 1000 FACTORY TO 2000 FACTORY...  
**TRINCH 7** 2000 FACTORY TO 1000 FACTORY...  
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**TRINCH 14** 1000 FACTORY TO 2000 FACTORY...  
**TRINCH 15** 2000 FACTORY TO 1000 FACTORY...  
**TRINCH 16** 1000 FACTORY TO 2000 FACTORY...  
**TRINCH 17** 2000 FACTORY TO 1000 FACTORY...  
**TRINCH 18** 1000 FACTORY TO 2000 FACTORY...  
**TRINCH 19** 2000 FACTORY TO 1000 FACTORY...  
**TRINCH 20** 1000 FACTORY TO 2000 FACTORY...

**PROPERTY INFORMATION**  
 PROPERTY/CL# 0888C-01  
 PROPERTY/CL# 0888B-01  
 WILLIAM LOMAX SURVEY CONSULTANT NO. 792  
 BRUNSWICK COUNTY, VIRGINIA

**DATE** 11/15/2023  
**PROJECT** AS-BUILT SURVEY  
**DATE** 11/15/2023  
**JOB NO.** 130000623

**SCALE**  
 1" = 40.00'

**PROJECT INFORMATION**  
 PROJECT NO. 130000623  
 PROJECT NAME: AS-BUILT SURVEY  
 PROJECT LOCATION: BRUNSWICK COUNTY, VIRGINIA

**CLIENT INFORMATION**  
 CLIENT NAME: [REDACTED]  
 CLIENT ADDRESS: [REDACTED]  
 CLIENT PHONE: [REDACTED]

**PROJECT DESCRIPTION**  
 THIS SURVEY WAS CONDUCTED TO DETERMINE THE EXACT BOUNDARIES AND DIMENSIONS OF THE PHASE I 2000 FACTORY AND PHASE I 1000 FACTORY BUILDINGS. THE SURVEY WAS CONDUCTED USING GPS SURVEYING TECHNIQUES AND A TOTAL STATION. THE SURVEY RESULTS SHOW THAT THE BUILDINGS ARE LOCATED AS SHOWN ON THE ATTACHED MAP. THE SURVEY ALSO IDENTIFIED SEVERAL ENCROACHMENTS AND VIOLATIONS OF THE ZONING ORDINANCES. THESE VIOLATIONS WILL BE CORRECTED AS PART OF THE CONSTRUCTION PROCESS.



**PROPERTY INFORMATION**  
 PROPERTY/CL# 0888C-01  
 PROPERTY/CL# 0888B-01  
 WILLIAM LOMAX SURVEY CONSULTANT NO. 792  
 BRUNSWICK COUNTY, VIRGINIA

**DATE** 11/15/2023  
**PROJECT** AS-BUILT SURVEY  
**DATE** 11/15/2023  
**JOB NO.** 130000623

**SCALE**  
 1" = 40.00'

**PROJECT INFORMATION**  
 PROJECT NO. 130000623  
 PROJECT NAME: AS-BUILT SURVEY  
 PROJECT LOCATION: BRUNSWICK COUNTY, VIRGINIA

**CLIENT INFORMATION**  
 CLIENT NAME: [REDACTED]  
 CLIENT ADDRESS: [REDACTED]  
 CLIENT PHONE: [REDACTED]

**PROJECT DESCRIPTION**  
 THIS SURVEY WAS CONDUCTED TO DETERMINE THE EXACT BOUNDARIES AND DIMENSIONS OF THE PHASE I 2000 FACTORY AND PHASE I 1000 FACTORY BUILDINGS. THE SURVEY WAS CONDUCTED USING GPS SURVEYING TECHNIQUES AND A TOTAL STATION. THE SURVEY RESULTS SHOW THAT THE BUILDINGS ARE LOCATED AS SHOWN ON THE ATTACHED MAP. THE SURVEY ALSO IDENTIFIED SEVERAL ENCROACHMENTS AND VIOLATIONS OF THE ZONING ORDINANCES. THESE VIOLATIONS WILL BE CORRECTED AS PART OF THE CONSTRUCTION PROCESS.

## Exhibit 2.2 – Legal Description of Demised Premises

**PHASE I**  
**4565 Claire Chennault**  
**Property/ GL# 068C-01**  
**ALP# V8**

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

**COMMENCING** at the intersection of the south line of Westgrove Road (60 foot right-of-way) with the west line of Claire Chennault (60 foot Ingress/Egress Easement);

**THENCE** South 00 Degrees 32 Minutes 21 Seconds East, along the west line of said Claire Chennault, 256.76 feet to the point of curvature of a non-tangent circular curve to the right having a radius of 70.00 feet;

**THENCE** southwesterly, continuing along the west line of said Claire Chennault and along said curve to the right, through a central angle of 43 Degrees 40 Minutes 00 Seconds, an arc distance of 53.35 feet and having a chord which bears South 21 Degrees 05 Minutes 00 Seconds West, 52.07 feet to a "PK" nail found at the point of tangency;

**THENCE** South 42 Degrees 55 Minutes 00 Seconds West, continuing along the northwest line of said Claire Chennault, 506.35 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the **POINT of BEGINNING**, same being the southerly southeast corner of a ground lease as described in deed to CC Hanger, L.P. recorded in Volume 2004184, Page 7523 of the Deed Records of Dallas County, Texas;

**THENCE** South 42 Degrees 55 Minutes 00 Seconds West, continuing along the northwest line of said Claire Chennault, 248.28 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 47 Degrees 22 Minutes 09 Seconds West, departing the northwest line of said Claire Chennault, 351.96 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the southeast line of Taxiway Victor;

**THENCE** North 43 Degrees 00 Minutes 51 Seconds East, along the southeast line of said Taxiway Victor, 248.35 feet to a 1/2-inch iron rod found at the westerly corner of said CC Hanger tract;

**THENCE** South 47 Degrees 21 Minutes 28 Seconds East, departing the southeast line of said Taxiway Victor, along the southwest line of said CC Hanger tract, 351.54 feet to the **POINT of BEGINNING** and containing 2.005 acres of land.

**PHASE II**  
**Property/GL# 068B-01**  
**ALP# V6**

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

**COMMENCING** at the intersection of the south line of Westgrove Road (60 foot right-of-way) with the west line of Claire Chennault (60 foot Ingress/Egress Easement);

**THENCE** South 00 Degrees 32 Minutes 21 Seconds East, along the west line of said Claire Chennault, 256.76 feet to the point of curvature of a non-tangent circular curve to the right having a radius of 70.00 feet;

**THENCE** southwesterly, continuing along the west line of said Claire Chennault and along said curve to the right, through a central angle of 43 Degrees 40 Minutes 00 Seconds, an arc distance of 53.35 feet and having a chord which bears South 21 Degrees 05 Minutes 00 Seconds West, 52.07 feet to a "PK" nail found at the point of tangency;

**THENCE** South 42 Degrees 55 Minutes 00 Seconds West, continuing along the northwest line of said Claire Chennault, 754.63 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the **POINT of BEGINNING**;

**THENCE** South 42 Degrees 55 Minutes 00 Seconds West, continuing along the northwest line of said Claire Chennault, 128.30 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the easterly corner of Lease Tract 68, also known as 4505 Claire Chennault;

**THENCE** North 47 Degrees 24 Minutes 55 Seconds West, departing the northwest line of said Claire Chennault, 355.97 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the southeast line of Taxiway Victor, and lying in a non-tangent circular curve to the left having a radius of 485.00 feet;

**THENCE** northeasterly, along the southeast line of said Taxiway Victor and along said curve to the left, through a central angle of 07 Degrees 09 Minutes 47 Seconds, an arc distance of 60.63 feet and having a chord which bears North 46 Degrees 35 Minutes 45 Seconds East, 60.60 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of tangency;

**THENCE** North 43 Degrees 00 Minutes 51 Seconds East, along the southeast line of said Taxiway Victor, 68.14 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** South 47 Degrees 22 Minutes 09 Seconds East, departing the southeast line of said Taxiway Victor, 351.96 feet to the **POINT of BEGINNING** and containing 1.040 acres of land.

### **Exhibit 3– Description of Existing Building Improvements on the Demised Premises**

Tenant may cause to have erected and/or constructed to or on the Demised Premises the Building Improvements generally described in this Exhibit 3 as follows:



Phase I: Group II Aircraft Hangar 28' hangar door high with two floors of enclosed office approximately 29,480 gross square feet of building area on 87,818 square feet of land pursuant to the Design Plan by Albertson Associates, L.L.C. 9225 Peppertree, Wichita, KS 67226 dated on or about January 28, 2010. Helmberger Associates, Inc., Engineer; 1525 Bozman Rd., Wylie, Texas 75098, Mr. Joseph Helmberger, P.E.

This Exhibit 3 hereby includes by reference the complete set of Construction Documents approved by the Town of Addison for the Building Improvements including but not limited to all architectural, civil, mechanical, and electrical and landscape drawings and specifications, together with all change orders and as-built modifications, warranties and guaranties procured by Tenant.

## ADDENDUM 1

### EXPANSION OPTION

Provided Tenant is in good standing with Landlord and not in default of this Lease Agreement or any other agreement or contract with Landlord at the time, Tenant shall have the right (the "Expansion Option") to construct a second executive aircraft hangar (the "Phase II Hangar") on the remaining 1.040+/- acres of land identified as "Phase II" and shown in Exhibit 2.1 and described in Exhibit 2.2 of this Lease Agreement, which is a part of and contained wholly within the Demised Premises described in Exhibit 2.1 and Exhibit 2.2 (the "Phase II Tract"). The design and construction of the Phase II Hangar have yet to be determined and agreed to by the parties but is expected to architecturally complement and meet or exceed the same design and quality of construction of the Phase I Building Improvements. The construction of the Phase II Hangar is the only building and/or improvements that Tenant may construct, place, or locate upon the Phase II Tract.

Should Tenant exercise the aforementioned Expansion Option, the following terms and conditions shall apply:

1. The Permitted Use of the Phase II Tract is the same as the remainder of the Demised Premises (the Phase I Tract) as set forth in Section 5 of the Lease but with addition of the Phase II Hangar to be constructed of comparable size, construction and cost as the Phase I Building Improvements, subject to Landlord's advance review and approval of Tenant's Phase II Design Plan.

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

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

4. If construction of the Phase II Hangar has not commenced on or before the third anniversary of the Commencement Date of the Lease, Landlord may at any time thereafter, in its sole discretion, rescind and cancel this Expansion Option and the Phase II Tract shall thereupon immediately revert to the full use and control of the Landlord and shall no longer be subject to this Lease (but Tenant shall be and remain liable and responsible for payment of any Rent that is due for the Phase II Tract and for its acts, omissions, duties, and obligations (e.g., any environmental obligations, Tenant's obligation to indemnify Landlord) with respect to or regarding the Phase II Tract while the Phase II Tract was a part of the Demised Premises, and for that purpose the provisions of this Lease shall remain applicable and continue in force and effect. Upon such rescission and cancellation, Tenant agrees to execute an amendment to this Lease and a recordable memorandum as may be required by Landlord to (i) redefine the Demised Premises to consist then of only the Phase I Tract and the corresponding adjustment of Base Rent, as it may have been adjusted from time to time. The Base Rent adjustment shall be calculated by dividing the adjusted annual Base Rent immediately prior to the rescission and cancellation by the gross square feet of the Demised Premises prior to the reversion, which quotient (the square foot rate) is then multiplied by the Phase I land area only. The product of this calculation shall be the adjusted Base Rent going forward, subject to adjustment in accordance with Section 4 of the Lease Agreement.

5. For purposes hereof, construction shall be deemed to have commenced when all of the following events have occurred: (i) approval of the Phase II Design Plan by Landlord, (ii) Tenant has been issued the required building permit(s) or licenses necessary to construct the Phase II Hangar on the Demised Premises, (iii) received FAA's determination to Tenant's filing of Form 7460-1 Notice of Proposed Construction or Alteration, (iv) execution of a contract with a qualified contractor, (v) delivery to the Landlord evidence of the required Builder's Risk Insurance Policy, Performance and Payment Bonds, and (vi) the initiation of actual mobilization of construction equipment on the Demised Premises. Landlord shall, in consultation with Tenant, determine the date of commencement of construction.

6. After commencement of construction, Tenant shall complete construction of the Phase II Hangar with reasonable diligence, without material deviation from the Phase II Design Plan and any deviation from the Phase II Design Plan shall be subject to the prior review and approval of Landlord. If (i) construction of the Phase II Hangar is not Substantially Complete (as hereinafter defined) on or before the first day of the twenty-fifth month after the date of the commencement of construction (the "Construction Deadline") and Finally Complete (as hereinafter defined) no later than one-hundred and twenty (120) days thereafter, or (ii) the construction costs of the Phase II Hangar do not exceed **\$1,500,000.00** (the "Construction Cost Value") as established by evidence thereof

("Construction Costs Evidence," including true and correct copies of all receipts or other documents or records indicating the nature of the construction work performed, the cost thereof and the amount paid for such construction work, and other information and materials pertaining thereto as Landlord may request) which Tenant shall submit to Landlord on or before the Construction Deadline, Landlord may (i) impose a nuisance penalty of \$500.00 each day after the Construction Deadline and prior to the date of Substantial Completion (and the parties agree that such amount is reasonable and fair), or (ii) exercise any of its other rights and remedies provided under this Lease or by law or in equity or otherwise (including but not limited to the right to rescind and cancel the Expansion Option, resulting in the Phase II Tract no longer being a part of this Lease and any building and improvements located thereon being owned by Landlord; however, Landlord may require Tenant to remove any building or other improvements from the Phase II Tract, and the obligation of Tenant to do so shall survive the rescission and cancellation of the Expansion Option).

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

8. Provided Tenant satisfies and completes to Landlord's reasonable satisfaction all of the terms, conditions, and provisions of this Lease, as it may be amended, regarding construction of the Phase II Hangar (as defined and described herein) including, without limitation, satisfaction of the time period for achievement of Substantial Completion and Final Completion (as such terms are defined herein) of the Phase II Hangar) and Construction Costs Evidence (as defined herein) is timely submitted by Tenant to Landlord and the same equals or exceeds the Construction Cost Value (as defined herein) and, Tenant is not in default of any provision of this Lease:

(a) then the Term of the Lease shall be extended so that it shall end four hundred and eighty (480) full calendar months following the date of Substantial Completion (as defined herein) (the "Lease Extension Period"), but subject, however, to the termination provisions and all other terms, conditions, and provisions of the Lease. Example: If the date of Substantial Completion of the Building Improvements is April 15, 2014, the Lease Extension Period will end at the end of May, 2054. Notwithstanding the foregoing or any other provision of this Lease, it is the intent of the parties that the remaining Term, as may be extended, shall not at any time exceed forty (40) years in duration.

(b) Within fifteen (15) calendar days after Final Completion of the Phase II Hangar is achieved by Tenant as defined herein, Landlord and Tenant agree to execute a Memorandum of Lease, in form and content satisfactory to Landlord,

which Memorandum may be publicly recorded by either party in the Official Public Records of Dallas County, Texas evidencing this Lease and its Term reflecting the Lease Extension Period.

*Remainder is Intentionally Left Blank*

## Combined Meeting

R8

**Meeting Date:** 11/26/2013

**Council Goals:** Maintain and enhance our unique culture of creativity and innovation.  
Enhance Public Safety

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### **AGENDA CAPTION:**

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Discussion and consideration of approval of an inter-local agreement with the cities of Coppel, Carrollton and Farmers Branch to establish a local government corporation (LGC) for the purpose of financing, constructing, owning, managing and operating a regional public safety communications center and related projects and providing for the cities to negotiate an operations agreement among themselves and the corporation regarding the financing, development, operation, and management of the communications center, and authorizing the City Manager to sign the agreement on behalf of the Town.

### Recommendation:

Administration recommends approval.

### **FINANCIAL IMPACT:**

\$5 million in bonds were passed to fund the radio and consolidated dispatch projects. Of those funds, \$2.5 million has been reserved for the consolidated dispatch portion of the project.

### **BACKGROUND:**

The purpose of this Agreement is to describe the process for the creation of the LGC and the development of agreements related to the financing and operating the LGC, and to evidence the agreement of the cities to jointly establish a local government corporation under Subchapter D of Chapter 431, Texas Transportation Code (the "LGC Act"), to be known as the ***Metrocrest Quad Cities Local Government Corporation*** for the purpose of financing, constructing, owning, managing and operating a regional public safety communications center.

This inter-local agreement (ILA) between Addison, Carrollton, Coppel and Farmers Branch is the first step beginning the process to develop the consolidated dispatch center. Once the ILA is approved, the city managers will create the Metrocrest Quad Cities Local Government Corporation. This local government corporation will allow the hiring of a director and continued development of the consolidated dispatch center.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

MQC LGC

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**STATE OF TEXAS**           §                   **Interlocal Cooperation Agreement Regarding**  
  §                   **Establishment of the Metrocrest Quad Cities**  
**COUNTY OF DALLAS**   §                   **Local Government Corporation**

This Interlocal Cooperation Agreement (the “Agreement”) is entered into as of the Effective Date by and among the **TOWN OF ADDISON, TEXAS**, (“Addison”), the **CITY OF CARROLLTON, TEXAS** (“Carrollton”), the **CITY OF COPPELL, TEXAS** (“Coppell”) and the **CITY OF FARMERS BRANCH, TEXAS**, (“Farmers Branch”), all of whom are Texas home rule municipalities operating under the authority of their respective governing bodies (Addison, Carrollton, Coppell, and Farmers Branch, are hereinafter sometimes referred to collectively as “the Cities” or the “Parties” or individually as a “City” or a “Party”).”

**RECITALS:**

**WHEREAS**, the Cities are political subdivisions within the State of Texas engaged in the provision of governmental functions and services for the benefit of their citizens; and

**WHEREAS**, the Interlocal Cooperation Act, Texas Government Code, Chapter 791, as amended (the “Act”) provides authority for local governments of the State of Texas to enter into interlocal agreements with each other for the purpose of performing governmental functions and services as set forth in the Act; and

**WHEREAS**, the Cities have entered into that certain *Metrocrest Quad Cities Public Safety Radio System Interlocal Agreement* effective June 26, 2013, (“the Radio System Agreement”) for the purpose of establishing the Cities’ agreement regarding the purchase, installation, maintenance, operation, management, and use of a wide area, multi-site (“simulcast”) digital trunked radio system compliant with P-25 interoperability standards (“the System”) to be used jointly by the Cities for providing public safety dispatch and communications for the Cities’ respective Fire/EMS and Police departments; and

**WHEREAS**, the Cities jointly commissioned a study regarding the method of public safety dispatching and communications conducted by each of the Cities, and the options, advantages, and disadvantages to consolidating the public safety dispatch and communications operations of the Cities into a single consolidated public safety communications center (the “System Study”); and

**WHEREAS**, the findings of the System Study indicate that the operation by the Cities of a consolidated public safety communications center (“Communications Center”) will result in significant efficiencies and savings in both human and financial resources and allow for a higher level of coordination of public safety services within the Cities that will enhance the safety of residents and other inhabitants of each of the Cities; and

**WHEREAS**, the System Study further recommended that the Communications Center should be managed and operated by a separate entity created by the Cities pursuant to applicable state law; and

**WHEREAS**, having received and considered the System Study and the recommendations of their respective city administrations, the Cities have decided to create a local government corporation pursuant to the authority of Subchapter D of Chapter 431, Texas Transportation Code (the “LGC Act”), to be known as *Metrocrest Quad Cities Local Government Corporation* (the “Corporation”), which will be organized for the purpose of assisting and acting on behalf of the Cities in the performance of their governmental functions and services, including, but not limited to, the construction, development, management, and operation of the Communications Center and other joint projects as authorized in the Certificate of Formation and the Bylaws of the Corporation, as may be amended from time to time; and

**WHEREAS**, it is the intention of the Cities that this Agreement set forth the general process for: (i) the creation of the Corporation; and (ii) the development of agreements regarding the operation of the Corporation; and

**WHEREAS**, subsequent to the execution of this Agreement, the Cities intend to negotiate and sign one or more operation agreements (each an “Operations Agreement”) with the Corporation, under which each City will approve specific projects or services to be operated and/or provided by the Corporation, and pursuant to which each City will provide the necessary capital contribution and/or other financing (“Approved Projects”); and

**WHEREAS**, the Cities agree that, to the extent any payments are required hereunder, such payments shall be from current revenues or other lawful funds available to the paying party.

**NOW THEREFORE**, in consideration of the foregoing and the mutual covenants and promises set forth herein and other valuable consideration the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

### **Article I Purpose**

The purpose of this Agreement is to describe the process for the creation of the Corporation and the development of agreements related to the financing and operating the Corporation (“Related Agreements”), and to evidence the agreement of the Cities to jointly establish a local government corporation under Subchapter D of Chapter 431, Texas Transportation Code (the “LGC Act”), to be known as the *Metrocrest Quad Cities Local Government Corporation* for the purpose of financing, constructing, owning, managing and operating a regional public safety communications center in accordance with the terms and provisions of this Agreement and the Related Agreements.

### **Article II Creation of Local Government Corporation**

2.1 The Cities agree to jointly create the Corporation under the LGC Act for the purpose of financing, constructing, owning, managing and operating Approved Projects in accordance with the terms and provisions of this Agreement. To this end, the Cities agree to have prepared and formally approved by ordinance or resolution of their respective governing

body, and to cause to be filed with the Texas Secretary of State, a Certificate of Formation creating the Corporation (the "Certificate"). The Corporation, following its formation, shall be governed by Bylaws (the "Bylaws") which must also be approved by the Cities.

2.2 The Certificate and Bylaws shall provide for a Board of Directors of the Corporation initially consisting of five (5) members. The initial directors shall be the current Town/City Manager of each of the Cities, and one person selected by the Town/City Managers in accordance with the provisions of the Certificate and Bylaws to serve as the fifth director.

2.3 The Certificate shall provide that the Corporation shall have all of the powers provided by law as a non-profit corporation and a local government corporation under the Act, the LGC Act, and the Texas Non-Profit Corporation Laws (Chapters 20 and 22, Texas Business Organizations Code, as amended) including, but not limited to, the authority to do anything reasonable and necessary relating to the development, construction, management, and operation of the Communications Center. The Certificate may also provide for certain powers to be reserved to the Cities, which may include, but may not be limited to, approval of amendments to the Certificate and Bylaws and the issuance of debt by the Corporation.

2.4 The Certificate and the Bylaws shall provide that the Board of Directors of the Corporation shall have the authority to select an Executive Director and to establish the duties, responsibilities, and compensation of the Executive Director.

### **Article III Communications Center Operations Agreement**

Upon creation of the Corporation, the Cities agree to negotiate in good faith and seek to enter into an Operations Agreement among themselves and the Corporation setting forth the agreement among the Cities and the Corporation regarding the financing, development, operation, and management of the Communications Center, including but not limited to, the amounts to be paid by the Cities to the Corporation for operation and management of the Communications Center and methodologies for determining the allocation of said costs.

### **Article IV Miscellaneous**

4.1 **Notice.** Any notice required or permitted to be delivered hereunder shall be deemed received when sent in the United States Mail, Postage Prepaid, Certified Mail, Return Receipt Requested, by hand-delivery, or facsimile transmission and addressed to the respective City at the following address:

If intended for City of Carrollton, to:  
  
City of Carrollton, Texas  
Attn: Leonard Martin, City Manager  
1945 E. Jackson Road  
P.O. Box 110535 (75011-0535)  
Carrollton, Texas 75006

With a copy to:  
  
Clayton Hutchins  
City Attorney  
1945 E. Jackson Road  
P.O. Box 110535 (75011-0535)  
Carrollton, Texas 75006

If intended for Town of Addison, to:  
  
Town of Addison, Texas  
Attn: Ron Whitehead, City Manager  
5300 Belt Line Road  
Dallas, Texas 75254-7606

With a copy to:  
  
City Attorney  
Cowles & Thompson  
901 Main Street, Suite 4000  
Dallas, Texas 75202-3746

If intended for City of Farmers Branch, to:  
  
City of Farmers Branch, Texas  
Attn: Gary D. Greer, City Manager  
13000 William Dodson Parkway  
Farmers Branch, Texas 75234

With a copy to:  
  
Peter G. Smith  
Nichols, Jackson, Dillard, Hager  
& Smith, L.L.P.  
500 N. Akard, Suite 1800  
Dallas, Texas 75201

If intended for City of Coppell:  
  
City of Coppell  
Attn: City Manager  
255 E. Parkway Boulevard  
Coppell, Texas 75019

With copy(ies) to:  
  
Robert E. Hager  
Nichols, Jackson, Dillard, Hager  
& Smith, LLP  
500 N. Akard, Suite 1800  
Dallas, Texas 75201

4.2. **Governing Law.** The validity of this Agreement and any of its terms and provisions as well as the rights and duties of the Cities shall be governed by the laws of the State of Texas, and venue for any action concerning this Agreement shall be in the State District Court of Dallas County, Texas. The Cities agree to submit to the personal and subject matter jurisdiction of said court.

4.3. **Entire Agreement.** This Agreement represents the entire agreement among the Cities with respect to the subject matter covered by this Agreement. There is no other collateral, oral or written agreement between the parties that in any manner relates to the subject matter of this Agreement.

4.4. **Recitals.** The recitals to this Agreement are incorporated herein.

4.5. **Amendment.** This Agreement may be amended by the mutual written agreement of all of the Cities.

4.6 **Severability.** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect the other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

4.7. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

4.8. **Legal Construction.** In the event any one or more of the provisions contained in the Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.

4.9. **Assignment.** No City may assign this Agreement without the prior written consent of the other Cities.

4.10. **Consents.** Whenever the consent or the approval of a City is required herein, such City shall not unreasonably withhold, delay or deny such consent or approval.

4.11. **Good Faith Negotiation; Dispute Mediation.** Whenever a dispute or disagreement arises under the terms of this Agreement, the Cities agree to enter into good faith negotiations to resolve such disputes. If the matter continues to remain unresolved, the Cities shall refer the matter to outside mediation prior to engaging in litigation.

4.12 **Survival of Covenants.** Any of the representations, warranties, covenants, and obligations of the parties, as well as any rights and benefits of the Cities, pertaining to a period of time following the termination of this Agreement shall survive termination.

4.13 **Termination.** The Agreement shall become effective on the date it bears the signatures of authorized representatives of all of the Cities (the “Effective Date”) and shall continue on an annual basis until each City has fully satisfied its respective obligations hereunder, unless sooner terminated as provided herein. However, notwithstanding the foregoing or any other provision of this Agreement, in the event the Cities are unable to unanimously agree upon any of the instruments or documents described in this Agreement, including but not limited to the Certificate of Formation, the Bylaws, and any Operations Agreement, any City may withdraw from participation in this Agreement and terminate its rights, duties, and obligations hereunder by giving to the other Cities at least thirty (30) days written notice thereof. Prior to the date of termination, the terminating City must pay any remaining financial obligations related to its share of the costs described in Section 4.14 below that were

incurred or accrued prior to the date of the termination of the terminating City's participation in this Agreement.

4.14 **Costs.**

A. **Filing Fees.** The Cities will share equally the costs to file the Certificate of Formation of the Corporation with the Texas Secretary of State.

B. **Initial Draft Expenses.** Coppell has incurred out of pocket legal expenses prior to the Effective Date in the amount of \$\_\_\_\_\_ for the preparation of the initial draft of this Agreement, and the Cities other than Coppell agree to pay to Coppell the sum of \$\_\_\_\_\_ as reimbursement for their equal pro rata (one-fourth) share of such expenses within 30 days after the Effective Date.

C. **Legal Expenses; Certificate of Formation, etc.** With respect to the Certificate of Formation and the Bylaws of the Corporation, and an Operations Agreement, it is anticipated that the City of Coppell (the "Drafting City") will take the lead in preparing the initial draft of one or more of those instruments and will incur legal expenses in connection therewith ("Legal Fees"). Following distribution by the Drafting City of the initial draft to the other Cities, the Drafting City will submit to the other Cities an invoice showing the amount of the Legal Fees, a description of the work performed, and the number of hours worked. The hourly rate for such legal work performed shall not exceed \$160.00. Upon receiving the invoice, the Drafting City will provide any additional information regarding the invoice as any other City may request (and will provide that information to all of the other Cities). If there is a dispute regarding the invoice, the Cities will seek to amicably resolve the same (and a resolution may result in a revision to the amount of Legal Fees). Once all issues (if any) regarding an invoice have been resolved by all of the Cities, each City other than the Drafting City will promptly pay to the Drafting City their equal pro rata (one-fourth) share of the invoice amount as the same may have been revised.

4.15 **Responsibility.** To the extent allowed by law, and without waiving any governmental immunity available to the Cities under Texas law, or any other defenses the Cities are able to assert under Texas law, each City agrees to be responsible for its own negligent or otherwise tortious acts or omissions in the course of performance of this Agreement.

4.16 **Authorization.** The persons signing this Agreement on behalf of the respective Cities is authorized to do so.

*(Signature page to follow)*

SIGNED AND AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

TOWN OF ADDISON

By: \_\_\_\_\_  
Ron Whitehead, City Manager

ATTEST:

\_\_\_\_\_  
Chris Terry, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

SIGNED AND AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

CITY OF CARROLLTON

By: \_\_\_\_\_  
Leonard Martin, City Manager

ATTEST:

\_\_\_\_\_  
Ashley D. Mitchell, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

SIGNED AND AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

CITY OF COPPELL

By: \_\_\_\_\_  
Clay Phillips, City Manager

ATTEST:

\_\_\_\_\_  
Christel Pettinos, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

SIGNED AND AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

CITY OF FARMERS BRANCH

By: \_\_\_\_\_  
Gary D. Greer, City Manager

ATTEST:

\_\_\_\_\_  
Angela Kelly, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

**Combined Meeting**

**R9**

**Meeting Date:** 11/26/2013

**Council Goals:** Mindful stewardship of Town Resources.

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**AGENDA CAPTION:**

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Discussion and consideration of approval of a resolution expressing the Town's intent to reimburse current expenditures from future tax- exempt obligations regarding the Town's water and wastewater system and the acquisition of land and interests in land relating thereto.

Recommendation:

Administration recommends approval.

**FINANCIAL IMPACT:**

The Issuer reasonably expects that the maximum principal amount of tax-exempt obligations issued to reimburse the Issuer for the costs associated with the property listed on Exhibit A attached hereto will not exceed \$7,500,000.

**BACKGROUND:**

As discussed in the FY2014 budget process the Town will be issuing Certificates of Obligations (\$7,500,000) for the purpose of water and wastewater capital projects to improve or maintain existing infrastructure. Administration also believes it's an appropriate time to sell \$12,000,000 of General Obligation debt that relates to Midway (\$2,000,000) and Belt Line Road (\$10,000,000).

The proposed Certificates of Obligation bonds for the water and wastewater improvements will be self-supporting and will be paid by the current utility rates. The remaining portions of this proposed sale consist of General Obligation bonds, these obligations will be supported by the Town's ad valorem tax rate (Interest & Sinking portion).

The financial impacts of the Certificates of Obligation were included in the FY2014 budget and are reflected in the current utility rates.

The financial impact of the General Obligation bonds can be located on page two of the attached document and is reflected in the FY2014 budget and the Town's long-term financial plan.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Reimbursement Resolution

FY14 Bond Book

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**TOWN OF ADDISON, TEXAS**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS EXPRESSING INTENT TO FINANCE EXPENDITURES TO BE INCURRED REGARDING THE TOWN'S WATER AND WASTEWATER SYSTEM AND THE ACQUISITION OF LAND AND INTERESTS IN LAND RELATING THERETO, AS DESCRIBED HEREIN; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Town of Addison, Texas (the "Issuer"), is a political subdivision of the State of Texas authorized to finance its activities by issuing obligations the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt obligations") pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); and

**WHEREAS**, the Issuer will make, or has made not more than 60 days prior to the date hereof, payments with respect to the acquisition, construction, reconstruction, design, installation, and equipping additions, extensions and improvements to the Issuer's water and wastewater system, and the acquisition of land and interests in land for such projects listed on Exhibit A attached hereto; and

**WHEREAS**, the Issuer has concluded that it does not currently desire to issue tax-exempt obligations to finance the costs associated with the purposes and projects listed on Exhibit A attached hereto; and

**WHEREAS**, the Issuer desires to reimburse itself for the costs associated with the purposes and projects listed on Exhibit A attached hereto from the proceeds of tax-exempt obligations to be issued subsequent to the date hereof; and

**WHEREAS**, the Issuer reasonably expects to issue tax-exempt obligations to reimburse itself for the costs associated with the purposes and projects listed on Exhibit A attached hereto.

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

Section 1. The Issuer reasonably expects to reimburse itself for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof and that are to be paid in connection with the acquisition, construction, reconstruction, design, installation, and equipping additions, extensions and improvements to the Issuer's water and wastewater system, and the acquisition of land and interests in land for such projects listed on Exhibit A attached hereto from the proceeds of tax-exempt obligations to be issued subsequent to the date hereof.

Section 2. The Issuer reasonably expects that the maximum principal amount of tax-exempt obligations issued to reimburse the Issuer for the costs associated with the purposes and projects listed on Exhibit A attached hereto will not exceed \$7,500,000.

ADOPTED THIS 26<sup>th</sup> DAY OF November, 2013, by THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS.

TOWN OF ADDISON, TEXAS

By: \_\_\_\_\_  
Todd Meier, Mayor

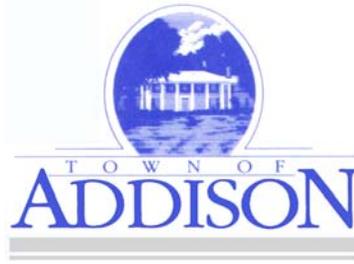
ATTEST:

By: \_\_\_\_\_  
Matt McCombs, City Secretary

EXHIBIT A

DESCRIPTION OF PURPOSE/PROJECT

<u>Purpose/Project</u>	<u>Amount</u>
Designing, constructing, installing, acquiring and equipping additions, extensions and improvements to the Town's water and wastewater system, and the acquisition of land and interests in land for such projects	\$7,500,000



**General Obligation Bonds, Series 2014**

**General Obligation Refunding Bonds, Series 2014**

**Combination Tax and Revenue Certificates of Obligation, Series 2014**

**Projected Schedule of Events**

Jan-14							Feb-14							Mar-14						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4							1							1
5	6	7	8	9	10	11	2	3	4	5	6	7	8	2	3	4	5	6	7	8
12	13	14	15	16	17	18	9	10	11	12	13	14	15	9	10	11	12	13	14	15
19	20	21	22	23	24	25	16	17	18	19	20	21	22	16	17	18	19	20	21	22
26	27	28	29	30	31		23	24	25	26	27	28		23	24	25	26	27	28	29
														30	31					

<b>Complete By</b>	<b>Day</b>	<b>Event</b>
<b>14-Jan-14</b>	<b>Tuesday</b>	<b>City Council passes resolution authorizing Notice of Intent Publication for Certificates of Obligation</b>
16-Jan-14	Thursday	Provide initial draft of Preliminary Official Statement ("POS") to Town and Bond Counsel for comments and modifications
23-Jan-14	Thursday	Receive POS information from Town & Bond Counsel First Publication of Notice of Intent to Issue Certificates <u>(no later than January 25, 2014)</u>
24-Jan-14	Friday	Send revised draft Preliminary Official Statement to Town and Bond Counsel for comments and modifications and to credit rating agencies
30-Jan-14	Thursday	Second Publication of Notice of Intent to Issue Certificates <u>(same day of the week following 1st publication)</u>
3-Feb-14	Week of	Rating calls with Moody's and S&P
12-Feb-14	Wednesday	Receive credit ratings
13-Feb-14	Thursday	Distribute Preliminary Official Statement electronically through i-Deal Prospectus
24-Feb-14	Monday	Potential Bond Pricing
<b>25-Feb-14</b>	<b>Tuesday</b>	<b>Bond Sale: City Council awards Bonds</b>
27-Mar-14	Thursday	Closing and delivery of funds

**Town of Addison, Texas**  
Existing Debt and Future Projects

A	B	C	D	E	F	G	H	I	J	K	L	M	N
						<i>\$38 million GO Authorization/\$6 million Vitruvian Park (With \$7.5 mil Utility Fund CO's)</i>							
<i>Existing Debt Detail</i>						<b>2/1/2014</b>	<i>Proposed</i>	<b>8/1/2015</b>	<b>8/1/2016</b>	<b>8/1/2017</b>	<b>Net Total</b>	<b>Net Total</b>	<b>Projected</b>
FYE	TAV <sup>(1)</sup>	Outstanding Debt Service	Less: Existing Self-Supporting Debt Service <sup>(2)</sup>	Net Existing Debt Service	Projected Tax Rate For Existing Debt Service <sup>(3)</sup>	<b>\$12,000,000 @ 4.25% Total D/S</b>	<b>\$7,500,000 CO's @ 4.25% Total D/S</b>	<b>\$6,000,000 @ 5.50% Total D/S</b>	<b>\$13,000,000 @ 5.25% Total D/S</b>	<b>\$13,000,000 @ 5.25% Total D/S</b>			
2013	\$ 3,134,894,878	11,220,298	(4,371,656)	6,848,641	0.2207						4,371,656	6,848,641	0.2207
2014	3,490,007,698	9,893,520	(2,462,992)	7,430,528	0.2130						2,462,992	7,430,528	0.2130
2015	3,629,608,006	9,899,663	(2,466,702)	7,432,961	0.2069	931,646	568,821				3,035,522	8,364,607	0.2328
2016	3,774,792,326	9,806,350	(2,468,769)	7,337,581	0.1963	934,275	569,825	357,500			3,038,594	8,629,356	0.2309
2017	3,850,288,173	9,803,863	(2,466,425)	7,337,438	0.1925	582,800	568,563	378,625	709,042		3,034,987	9,007,904	0.2363
2018	3,927,293,936	8,557,016	(2,464,447)	6,092,569	0.1567	935,794	571,769	458,538	828,563	739,375	3,036,216	9,054,838	0.2329
2019	4,005,839,815	7,866,077	(1,761,641)	6,104,436	0.1539	935,606	569,444	455,975	869,375	779,875	2,331,085	9,145,267	0.2306
2020	3,805,547,824	6,880,543	(1,765,385)	5,115,158	0.1358	934,569	571,588	458,000	1,121,788	1,105,700	2,336,973	8,735,214	0.2319
2021	3,615,270,433	6,487,896	(1,368,444)	5,119,452	0.1430	932,681	568,200	454,613	1,126,325	1,106,944	1,936,644	8,740,015	0.2442
2022	3,434,506,911	6,420,431	(1,373,250)	5,047,181	0.1484	934,838	569,281	455,813	1,124,419	1,106,875	1,942,531	8,669,125	0.2550
2023	3,571,887,188	6,427,159	(1,373,928)	5,053,231	0.1429	935,931	569,725	456,463	1,126,069	1,110,363	1,943,653	8,682,056	0.2455
2024	3,714,762,675	6,413,340	(1,369,065)	5,044,275	0.1372	931,069	569,531	456,563	1,126,144	1,107,406	1,938,597	8,665,456	0.2356
2025	3,789,057,929	6,418,196	(1,369,369)	5,048,827	0.1346	935,144	568,700	456,113	1,124,644	1,108,006	1,938,069	8,672,734	0.2312
2026	3,864,839,087	6,426,853	(1,373,418)	5,053,434	0.1321	933,050	567,231	455,113	1,126,438	1,107,031	1,940,650	8,675,065	0.2267
2027	3,942,135,869	6,429,459	(1,374,771)	5,054,687	0.1295	934,788	570,019	453,563	1,126,394	1,109,350	1,944,790	8,678,781	0.2224
2028	3,745,029,076	5,958,915	(1,369,947)	4,588,968	0.1238	935,250	567,063	456,325	1,124,513	1,109,831	1,937,010	8,214,887	0.2216
2029	3,557,777,622	5,499,618	(1,263,148)	4,236,469	0.1203	934,438	568,363	453,400	1,125,663	1,108,475	1,831,511	7,858,444	0.2231
2030	3,379,888,741	5,498,673	(1,261,619)	4,237,054	0.1266	932,350	568,813	454,788	1,124,713	1,105,281	1,830,432	7,854,185	0.2347
2031	3,447,486,516	5,501,483	(1,262,642)	4,238,841	0.1242	933,881	568,413	455,350	1,121,663	1,109,988	1,831,054	7,859,722	0.2303
2032	3,516,436,246	5,482,286	(1,260,954)	4,221,331	0.1213	933,925	567,163	455,088	1,126,250	1,107,463	1,828,117	7,844,056	0.2253
2033	3,586,764,971	4,083,382	(1,264,630)	2,818,752	0.0794	932,481	569,956	454,000	1,123,344	1,107,706	1,834,586	6,436,283	0.1813
2034	3,658,500,270	618,506	-	618,506	0.0171	934,444	566,794	456,950	1,122,944	1,105,588	566,794	4,238,431	0.1170
2035	3,731,670,276	619,950	-	619,950	0.0168			453,938	1,124,788	1,105,975	-	3,304,650	0.0895
2036	3,806,303,681	615,459	-	615,459	0.0163			454,963	1,123,744	1,108,606		3,302,772	0.0876
2037	3,882,429,755	620,294	-	620,294	0.0161			454,888		1,108,350		2,183,531	0.0568
2038	3,960,078,350	-	-	-	-			458,575		-		458,575	0.0117
2039	4,039,279,917	-	-	-	-			456,025		-		456,025	0.0114
2040	4,120,065,515	-	-	-	-			457,238		-		457,238	0.0112
2041	4,202,466,825	-	-	-	-			-		-		-	-
		<b>\$ 153,449,228</b>	<b>\$ (37,513,204)</b>	<b>\$ 115,936,024</b>		<b>\$ 18,328,958</b>	<b>\$ 11,379,258</b>	<b>\$ 11,218,400</b>	<b>\$ 21,526,817</b>	<b>\$ 21,458,188</b>	<b>\$ 48,892,462</b>	<b>188,468,387</b>	

**Assumptions:**

- (1) FYE 2013 - 2014 Based on Dallas County Appraisal District certified tax roll. Future values assume 4% growth 2015-2016, 2% growth for 2017-2019, 5% loss for 2020-2022, 4% growth 2023-2024, 2% growth 2025-2027, 5% loss 2028-2030 and 2% growth thereafter. Growth projections provided by Town Staff.
- (2) Includes debt service paid from Hotel/Motel Taxes, Water and Sewer Revenues Drainage/Stormwater Revenues and Airport Revenues.
- (3) Collection Percentage: 99%

**TOWN OF ADDISON, TEXAS**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS EXPRESSING INTENT TO FINANCE EXPENDITURES TO BE INCURRED REGARDING THE TOWN'S WATER AND WASTEWATER SYSTEM AND THE ACQUISITION OF LAND AND INTERESTS IN LAND RELATING THERETO, AS DESCRIBED HEREIN; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Town of Addison, Texas (the "Issuer"), is a political subdivision of the State of Texas authorized to finance its activities by issuing obligations the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt obligations") pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); and

**WHEREAS**, the Issuer will make, or has made not more than 60 days prior to the date hereof, payments with respect to the acquisition, construction, reconstruction, design, installation, and equipping additions, extensions and improvements to the Issuer's water and wastewater system, and the acquisition of land and interests in land for such projects listed on Exhibit A attached hereto; and

**WHEREAS**, the Issuer has concluded that it does not currently desire to issue tax-exempt obligations to finance the costs associated with the purposes and projects listed on Exhibit A attached hereto; and

**WHEREAS**, the Issuer desires to reimburse itself for the costs associated with the purposes and projects listed on Exhibit A attached hereto from the proceeds of tax-exempt obligations to be issued subsequent to the date hereof; and

**WHEREAS**, the Issuer reasonably expects to issue tax-exempt obligations to reimburse itself for the costs associated with the purposes and projects listed on Exhibit A attached hereto.

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

Section 1. The Issuer reasonably expects to reimburse itself for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof and that are to be paid in connection with the acquisition, construction, reconstruction, design, installation, and equipping additions, extensions and improvements to the Issuer's water and wastewater system, and the acquisition of land and interests in land for such projects listed on Exhibit A attached hereto from the proceeds of tax-exempt obligations to be issued subsequent to the date hereof.

Section 2. The Issuer reasonably expects that the maximum principal amount of tax-exempt obligations issued to reimburse the Issuer for the costs associated with the purposes and projects listed on Exhibit A attached hereto will not exceed \$7,500,000.

ADOPTED THIS 26<sup>th</sup> DAY OF November, 2013, by THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS.

TOWN OF ADDISON, TEXAS

By: \_\_\_\_\_  
Todd Meier, Mayor

ATTEST:

By: \_\_\_\_\_  
Matt McCombs, City Secretary

EXHIBIT A

DESCRIPTION OF PURPOSE/PROJECT

<u>Purpose/Project</u>	<u>Amount</u>
Designing, constructing, installing, acquiring and equipping additions, extensions and improvements to the Town's water and wastewater system, and the acquisition of land and interests in land for such projects	\$7,500,000

**Combined Meeting**

**R10**

**Meeting Date:** 11/26/2013

**Council Goals:** Mindful stewardship of Town Resources.  
Implement bond propositions

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**AGENDA CAPTION:**

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Presentation and discussion of the Department of Financial & Strategic Services Quarterly Financial Review of the Town for the quarter and year-to-date ended September 30, 2013.

**FINANCIAL IMPACT:**

There is no financial impact directly associated with the publication of the quarterly financial report.

**BACKGROUND:**

The Town of Addison's financial policies require the publication of a financial report within sixty days of the end of a fiscal quarter.

**RECOMMENDATION:**

No recommendation.

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**Attachments**

Q4 Financial Report

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Department of Financial & Strategic Services  
*Quarterly Review*

*For the Period Ended September 30, 2013*

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*Town of Addison  
September 2013*

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## **How to Read This Document**

### **Welcome!**

You are holding the internal Town of Addison quarterly review document for the period ending September 30, 2013. This document has been specially prepared to help you, the reader, learn of the year-to-date performance of major funds affecting the Addison community. Although you receive relevant figures of the Town's finances from these pages, the quarterly report has been designed to provide a brief overview for elected officials and Town staff only, with information pertaining to the production and performance of certain individual Town operations. The document is also designed as a communications device in which information is conveyed verbally and graphically.

### **Report Format**

The document is divided into three major sections: Introduction, Financial and Attachments. The Introduction section contains the Memorandum to the City Manager, from the Chief Financial Officer, which explains the revenue/expenditure activity for the Town's four major funds (General, Hotel, Airport, Utility), as well as a report on the cash and investments for the period. This section also contains the executive dashboards, which are graphical slides used to organize and display key performance indicators in a format that is easy to read and interpret. The dashboards serve as a starting point from which the reader can get a sense of the big picture, or snapshot of the current status, before plowing deeper into data.

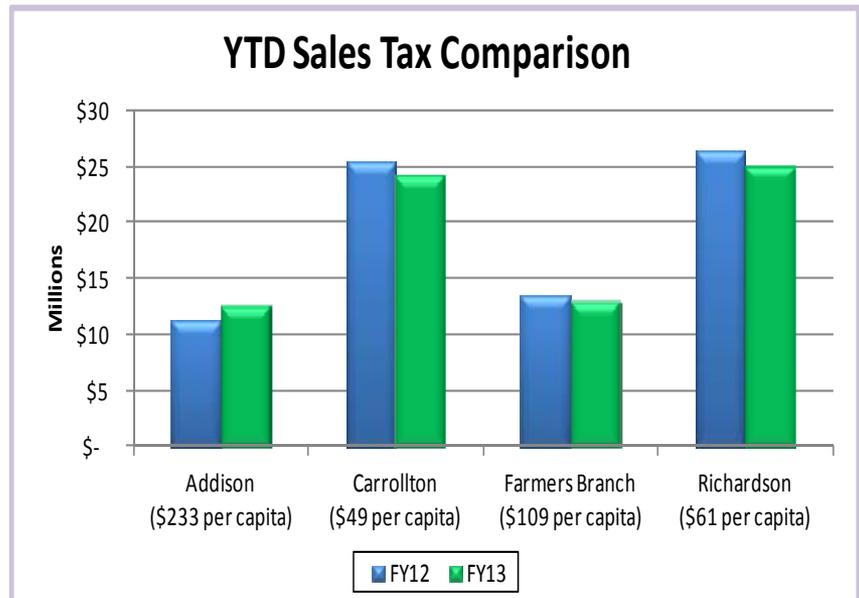
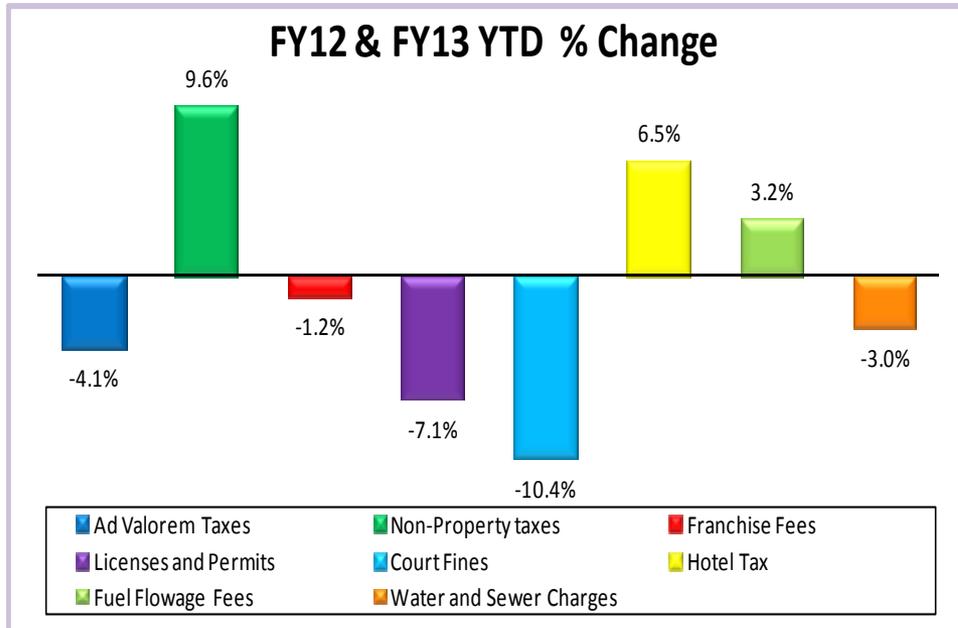
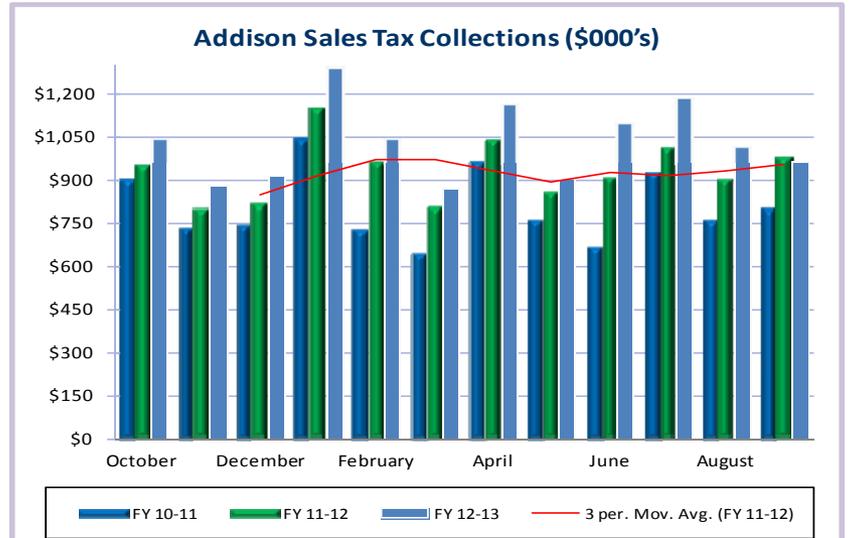
The Financial section displays the quantitative aspects of the Town's organization. Like many local governments, the Town uses the fund method of accounting. Simply stated, a fund is a unit of the Town which tracks the application of various public resources. For example, the Hotel Fund is established to track the use of hotel/motel occupancy tax. Most people are particularly interested in the General Fund which comprises most of the Town's operations like Police, Fire, and Parks. Financial statement summaries, including the adopted 2012-2013 budget, are presented for each fund. The statements show the fund's financial condition for the specific quarter, as well as the year-to-date totals and a comparison to prior fiscal year numbers. Also included in this section are additional collections related statements, which more fully illustrate various major tax revenue sources, cash receipts/disbursements information, and the Town's collateral summary. The section ends with a glossary of terms.

Finally, any relevant attachments are presented in a separate section towards the end of the document, and are used to more fully describe appropriate detail not included in the quarterly review. Currently, these attachments represent investment data from the Town's financial advisors, First Southwest Co., including the portfolio report and compliance statement for the same time period, as well as detail to any budget amendments for the year.

# Executive Dashboard – 4th Quarter, 2013 Fiscal Year

## Financial Indicators

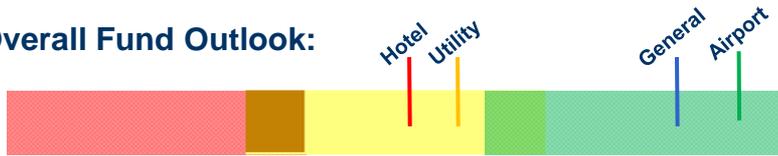
Key Revenue Sources	FY13 Budget	Actual through 9/30/13	% Annual Budget
Ad Valorem Taxes	\$ 10,483,730	\$ 10,480,307	99.97%
Non-Property Taxes	\$ 13,216,000	\$ 13,031,441	98.60%
Hotel Tax	\$ 4,595,000	\$ 4,575,083	99.57%
Franchise Fees	\$ 2,724,690	\$ 2,695,074	98.91%
Service/Permitting/License Fees	\$ 4,051,750	\$ 3,839,367	94.76%
Rental, Interest and Other Income	\$ 3,072,620	\$ 3,021,657	98.34%
Fuel Flowage Fees	\$ 3,593,080	\$ 3,665,520	102.02%
Water and Sewer Charges	\$ 10,648,020	\$ 10,700,584	100.49%



# Executive Dashboard – 4th Quarter, 2013 Fiscal Year

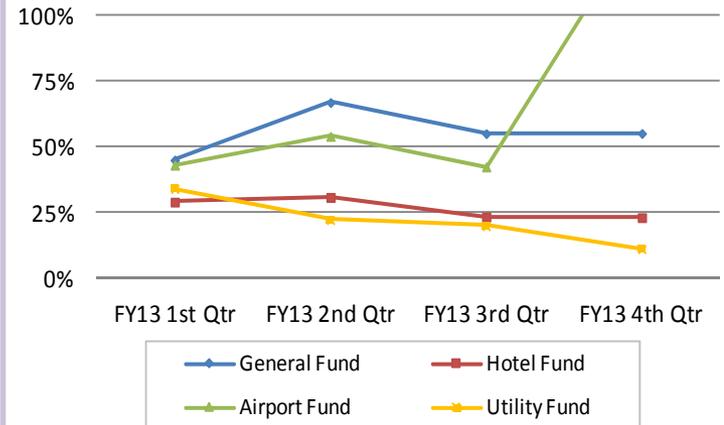
## Financial Indicators

### Overall Fund Outlook:



Key Expenditures	FY13 Budget	FY13 YTD 9/30/13	% Annual Budget
General Fund	\$ 29,719,790	\$ 28,050,746	94.38%
Hotel Fund	\$ 8,022,780	\$ 7,652,883	95.39%
Economic Development	\$ 788,490	\$ 624,745	79.23%
Airport Operations	\$ 4,144,500	\$ 4,009,368	96.74%
Utility Operations	\$ 11,747,360	\$ 11,869,161	101.04%

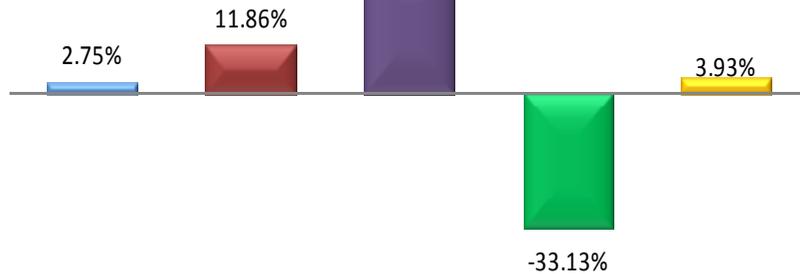
### Ending Fund Balance - Four Major Funds



### FY12 & FY13 YTD % Change

(Actual vs. Actual)

33.02%



### Q3 FY13 Budget Amendments:

Amendment	Amount	Fund
Please see <i>Exhibit C</i> in the Attachments section of this document.		

### Economic Development Incentives:

Executed Agreements	Amount Paid FY13	Total Incentives Committed
9	\$144,533	\$455,000

# Executive Dashboard – 4th Quarter, 2013 Fiscal Year

## Economic Indicators

### Hotel Indicators:

Hotel Occupancy

RevPAR



Source: STR Report  
(compares to prior year)

### Occupancy Indicators:

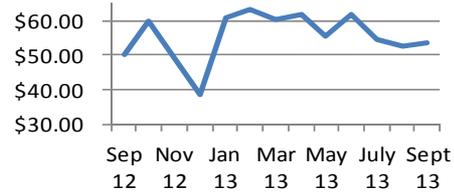
Office Occupancy

Retail Occupancy

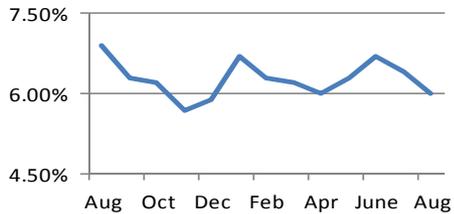


Source: Xceligent

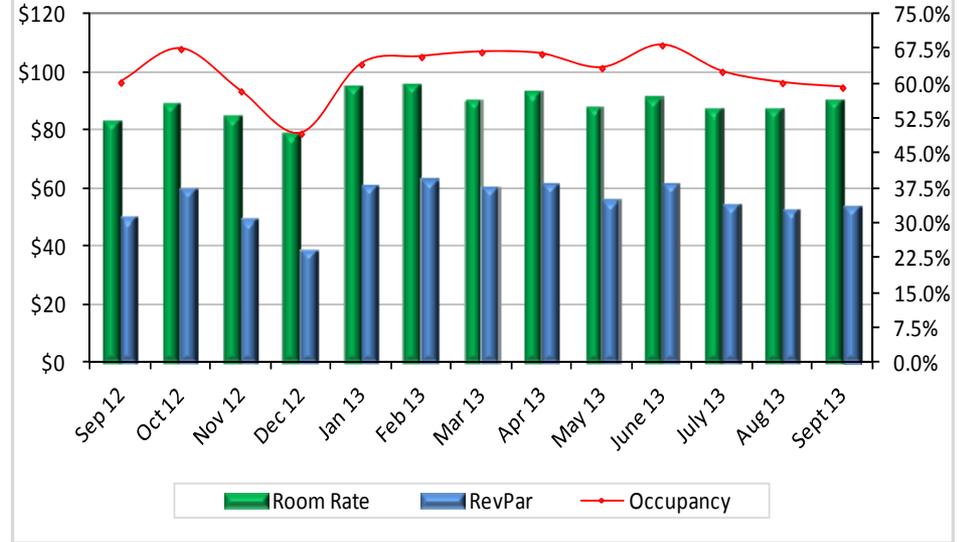
**Hotel Rev Per Available Room  
Last 12 months**



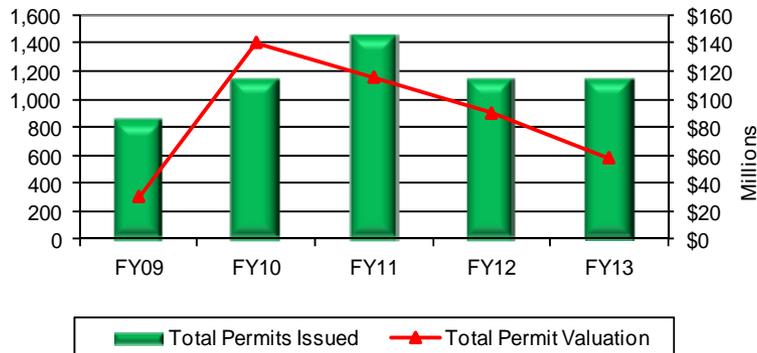
**DFW Unemployment Rate  
Last 12 months**



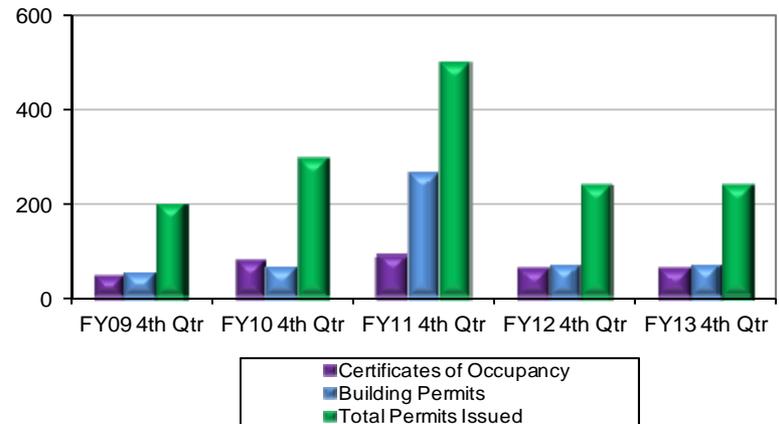
**Addison Hotel Statistics**



**Total Permits Issued and Valuation**



**Quarterly Permit Activity**





# MEMO

**To:** Ron Whitehead, City Manager  
**From:** Eric Cannon, CPA, Chief Financial Officer  
**Re:** Fourth Quarter Financial Review  
**Date:** November 22, 2013

This is the fourth quarter report for the 2012-2013 fiscal year. Revenues and expenditures reflect activity from October 1, 2012 through September 30, 2013. *These are not the final results of FY 2013 as there are additional adjustments that will need to be done for the year end.*

## **GENERAL FUND**

- Revenues for the year ended September 30, 2013 totaled \$29.8 million, which is approximately \$526 thousand or 2% more than received this time last year. Property tax collections are less than collected in the prior year because of a reduction in the maintenance and operations tax rate; but revenues are still projected to meet budget. Sales tax collections total \$12.2 million, a 10.2% increase over the previous year-to-date collections. This increase illustrates a two year trend that seems to indicate an improving local economy. Rental income is \$81k higher than last year as both rental properties are currently occupied and generating revenue.
- FY 2013 expenditures totaled \$28.1 million, which is 94.4% of budget and \$752k or 2.75% more than spent this time last year. All departments appear to be on pace with budget with the exception of combined services.

## **HOTEL FUND**

- FY 2013 revenues totaled \$6.97 million, an increase of \$230k from last year. Hotel occupancy tax collections are continuing to improve through FY 2013, collections are \$279,934, or 6.52% greater than FY 2012. The other revenue categories are either on pace or slightly behind their budgeted numbers. Proceeds from Special Events are below budget primarily due to the adverse weather conditions during the Town's Oktoberfest event.
- Hotel fund expenditures of \$7.65 million are 95.4% of budget and \$811k more than this time a year ago. The majority of the increase relates to the purchase of the HVAC system at the Conference centre. All departments appear to be on pace with budget

## **AIRPORT FUND**

- Operating revenue for FY2013 total \$4.4 million, compared to \$5.5 million in the prior year. This decrease is due to the decrease in operating grants. All information to record the FY2013 Airport operating grants have not been received therefore the grants have not been recorded as of the date of this report.
- For FY2013 operating expenses amounted to \$3.2 million, resulting in net income of \$1.02 million. The FY2013 budget anticipates \$21k in expenditures for the Town's maintenance, to date \$65k has been expended, which is 309% of budget. This can be attributed to the increased costs associated with the fleet maintenance agreement. This overage was absorbed by other savings within the operating budget.

## **UTILITY FUND**

- For FY2013 the Utility fund recorded \$10.8 million in operating revenues, a \$309k decrease from the year before. This decrease is due to a relatively rainier and cooler summer resulting in less watering needed and therefore decreased water sales.
- Operating expenses totaled \$7.45 million, bringing net income to \$2.8 million. Working capital decreased \$1 million due in large part to the Town's payment of its debt obligations and expenses related to the newly completed elevated storage tank.

## **CASH AND INVESTMENT REPORT**

- Cash and investments for all funds as of September 30, 2013 totaled \$85.3 million, an increase of approximately \$12 million from the previous quarter. This increase is mainly due to the proceeds from debt issued during the fourth quarter.
- The Town's average investment yield to maturity at the end of September was 0.263 percent, an increase from the previous quarter's yield of .017 percent. This yield is higher than the TexPool benchmark of 0.039 percent. The average weighted maturity increased from 150 days to 241 days.
- As recommended by First Southwest Asset Management, we have invested in commercial paper up to the maximum threshold set in the Town's investment policy. In addition, we will continue to seek out CDs and callable agency securities in order to maximize yields. Finally, with interest rates expected to remain extremely low through the end of 2015, we will look to extend the portfolio's duration to the extent cash flows allows.

**TOWN OF ADDISON**  
**EXECUTIVE SUMMARY OF MAJOR OPERATING FUNDS FOR THE QUARTER ENDED JUNE 30, 2013**  
 UNAUDITED ACTUAL AMOUNTS COMPARED TO THE FY12-13 ADOPTED BUDGET  
 With Comparative Information from Prior Fiscal Year

	General Fund			Hotel Fund			Airport Fund			Utility Fund			Total Major Operating Funds*		
	Budget	Actual	PY Actual	Budget	Actual	PY Actual	Budget	Actual	PY Actual	Budget	Actual	PY Actual	Budget	Actual	PY Actual
<b>RESOURCES</b>															
Ad Valorem Tax	\$ 10,483,730	\$ 10,482,712	\$ 10,962,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,483,730	\$ 10,482,712	\$ 10,962,911
Non-Property Tax	11,560,010	9,518,837	8,640,666	4,200,000	3,470,670	3,192,932	-	-	-	-	-	-	15,760,010	12,989,507	11,833,598
Franchise Fees	2,724,690	2,092,898	2,111,372	-	-	-	-	-	-	-	-	-	2,724,690	2,092,898	2,111,372
Service/Permitting/License Fees	2,160,500	1,617,554	1,821,015	1,716,250	876,776	811,460	-	-	-	10,648,020	6,442,445	6,438,290	14,524,770	8,936,775	9,070,765
Rental, Interest and Other Income	1,237,230	1,070,358	1,019,593	895,040	709,785	605,044	4,174,430	3,455,743	2,885,660	34,000	3,312	25,405	6,340,700	5,239,198	4,535,701
Transfers and Other Sources	50,000	37,500	-	-	-	-	-	-	-	-	-	-	50,000	37,500	-
<b>Total Resources</b>	<b>28,216,160</b>	<b>24,819,859</b>	<b>24,555,555</b>	<b>6,811,290</b>	<b>5,057,231</b>	<b>4,609,436</b>	<b>4,174,430</b>	<b>3,455,743</b>	<b>2,885,660</b>	<b>10,682,020</b>	<b>6,445,757</b>	<b>6,463,695</b>	<b>49,883,900</b>	<b>39,778,590</b>	<b>38,514,347</b>
<b>APPLICATION OF RESOURCES</b>															
Personal Services	18,925,910	13,157,378	13,049,153	1,565,630	1,109,407	1,096,684	366,530	289,257	271,612	1,386,020	942,747	899,087	22,244,090	15,498,789	15,316,536
Supplies and Materials	1,411,490	843,362	850,826	246,940	143,998	155,228	62,600	34,550	11,029	129,870	80,650	71,697	1,850,900	1,102,560	1,088,780
Maintenance	2,844,320	1,698,967	1,224,754	487,840	309,844	313,754	2,363,320	1,432,723	1,213,285	428,280	258,866	217,760	6,123,760	3,700,400	2,969,553
Contractual Services	5,260,250	3,176,585	3,364,503	4,268,370	2,463,670	2,508,460	839,060	582,170	466,798	6,057,670	3,716,857	3,836,008	16,425,350	9,939,282	10,175,769
Capital Equipment Amortization	1,223,820	-	812,554	76,100	57,075	42,375	-	-	-	-	-	-	1,299,920	57,075	854,929
Capital Equipment/Projects	54,000	917,225	80,679	-	451,369	11,065	118,000	52,999	1,082,440	435,000	250,759	1,966,488	607,000	1,672,352	3,140,672
Transfers and Other Uses**	-	20,979	-	620,000	465,000	502,500	394,990	344,942	292,568	3,310,520	3,097,986	441,346	4,325,510	3,928,907	1,236,414
<b>Total Application of Resources</b>	<b>29,719,790</b>	<b>19,814,496</b>	<b>19,382,469</b>	<b>7,264,880</b>	<b>5,000,363</b>	<b>4,630,066</b>	<b>4,144,500</b>	<b>2,736,641</b>	<b>3,337,732</b>	<b>11,747,360</b>	<b>8,347,865</b>	<b>7,432,386</b>	<b>52,876,530</b>	<b>35,899,365</b>	<b>34,782,653</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,503,630)</b>	<b>\$ 5,005,363</b>	<b>\$ 5,173,086</b>	<b>\$ (453,590)</b>	<b>\$ 56,868</b>	<b>\$ (20,630)</b>	<b>\$ 29,930</b>	<b>\$ 719,102</b>	<b>\$ (452,071)</b>	<b>\$ (1,065,340)</b>	<b>\$ (1,902,108)</b>	<b>\$ (968,691)</b>	<b>\$ (2,992,630)</b>	<b>\$ 3,879,225</b>	<b>\$ 3,731,694</b>

**Notes:**

\* Totals may not exactly match due to rounding.

\*\* Transfers and other uses includes interfund transfers and retirement of debt in the Airport and Utility funds.

**TOWN OF ADDISON**  
**GENERAL FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Ad Valorem taxes:						
Current taxes	\$ 10,452,740	\$ (11,620)	\$ 10,424,832	99.7%	\$ 10,814,335	100.1%
Delinquent taxes	11,620	5,317	18,555	159.7%	70,081	117.7%
Penalty & interest	19,370	3,898	36,920	190.6%	49,056	111.3%
Non-property taxes:						
Sales tax	12,400,000	3,092,811	12,219,168	98.5%	11,089,866	101.2%
Alcoholic beverage tax	816,000	419,793	812,273	99.5%	798,763	107.9%
Franchise / right-of-way use fees:						
Electric franchise	1,555,500	354,094	1,523,022	97.9%	1,547,662	100.5%
Gas franchise	208,650	-	171,849	82.4%	204,559	95.1%
Telecommunication access fees	663,000	157,107	656,512	99.0%	665,883	100.9%
Cable franchise	290,540	85,875	337,341	116.1%	302,916	134.6%
Street rental fees	7,000	5,100	6,350	90.7%	6,350	90.7%
Licenses and permits:						
Business licenses and permits	179,740	121,990	242,992	135.2%	145,059	84.6%
Building and construction permits	604,750	187,858	643,407	106.4%	808,650	106.8%
Service fees:						
General government	500	53	401	80.2%	305	0.6%
Public safety	763,460	221,996	767,868	100.6%	790,069	105.9%
Urban development	3,000	475	2,485	82.8%	2,380	79.3%
Streets and sanitation	379,320	117,636	384,303	101.3%	378,982	112.2%
Recreation	64,400	32,219	89,327	138.7%	87,750	101.1%
Interfund	225,330	56,332	225,330	100.0%	184,300	100.0%
Court fines	1,047,000	222,700	959,683	91.7%	1,071,177	100.3%
Interest earnings	5,000	(1,761)	3,449	69.0%	19,929	66.4%
Rental income	137,500	54,999	243,958	177.4%	162,738	106.4%
Other	92,730	(77,952)	61,254	66.1%	104,697	138.2%
Other financing sources:						
Transfer from Hotel fund	-	(37,500)	-	0.0%	-	0.0%
<b>Total Revenues</b>	<b>\$ 29,927,150</b>	<b>\$ 5,011,420</b>	<b>\$ 29,831,279</b>	<b>99.7%</b>	<b>\$ 29,305,508</b>	<b>101.4%</b>

**TOWN OF ADDISON**  
**GENERAL FUND**  
**FY 2013 QUARTERLY STATEMENT OF EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
General Government:						
City manager	\$ 1,233,820	\$ 437,725	\$ 1,218,098	98.7%	\$ 1,192,617	97.3%
Financial & strategic services	950,540	193,608	842,790	88.7%	781,099	82.7%
General services	918,710	317,907	753,662	82.0%	804,682	91.1%
Municipal court	519,470	132,870	449,888	86.6%	467,224	93.1%
Human resources	620,590	123,547	457,869	73.8%	546,089	98.8%
Information technology	1,695,990	380,087	1,468,917	86.6%	1,272,529	98.6%
Combined services	671,980	232,291	708,920	105.5%	703,583	114.0%
Council projects	419,420	45,106	421,947	100.6%	314,954	105.2%
Public safety:						
Police	7,720,860	2,179,347	7,737,941	100.2%	7,456,214	100.6%
Emergency communications	1,251,770	294,881	1,054,355	84.2%	1,184,856	91.2%
Fire	6,138,660	1,617,318	6,021,036	98.1%	5,731,503	97.5%
Development services	984,930	249,987	920,445	93.5%	886,705	98.3%
Streets	1,811,450	710,405	1,722,017	95.1%	1,612,699	95.5%
Parks and Recreation:						
Parks	3,225,990	871,386	2,795,515	86.7%	2,863,666	96.2%
Recreation	1,555,610	447,205	1,474,766	94.8%	1,405,717	95.0%
Other financing uses:						
Transfers	-	2,580	2,580	N/A	75,000	0.0%
<b>Total Expenditures</b>	<b>\$ 29,719,790</b>	<b>\$ 8,236,250</b>	<b>\$ 28,050,746</b>	<b>94.4%</b>	<b>\$ 27,299,137</b>	<b>97.4%</b>

# TOWN OF ADDISON

## HOTEL FUND

### FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET

*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Hotel/Motel occupancy taxes	\$ 4,595,000	\$ 1,104,413	\$ 4,575,083	99.6%	\$ 4,295,149	102.3%
Proceeds from special events	1,831,250	606,478	1,483,254	81.0%	1,664,275	96.5%
Conference centre rental	603,290	135,161	621,518	103.0%	509,402	99.2%
Visit Addison rental	230,000	47,621	215,623	93.7%	181,760	103.9%
Theatre centre rental	70,000	13,756	58,647	83.8%	77,663	99.6%
Interest and miscellaneous	(8,250)	5,370	15,905	-192.8%	11,862	66.6%
<b>Total Revenues</b>	<b>7,321,290</b>	<b>1,912,799</b>	<b>6,970,030</b>	<b>95.2%</b>	<b>\$ 6,740,111</b>	<b>100.5%</b>
<b>Expenditures and other uses:</b>						
Visitor services	1,008,600	369,319	949,403	94.1%	866,856	82.3%
Visit Addison	570,690	125,670	493,992	86.6%	564,118	92.4%
Marketing	995,860	382,228	888,376	89.2%	723,433	94.7%
Special events	2,631,330	1,204,692	2,639,437	100.3%	2,510,948	101.3%
Conference centre	1,690,840	441,975	1,616,891	95.6%	1,001,379	91.2%
Performing arts	505,460	23,528	494,676	97.9%	504,751	89.8%
Other financing uses:					-	
Transfer to debt serv & general funds	570,000	105,000	570,000	100.0%	670,000	100.0%
<b>Total Expenditures and Other Uses</b>	<b>\$ 7,972,780</b>	<b>\$ 2,652,412</b>	<b>\$ 7,652,775</b>	<b>96.0%</b>	<b>\$ 6,841,484</b>	<b>94.5%</b>

**NOTES:**

1) Amounts spent by special event

Public Relations	\$ 332,750	\$ 121,425	\$ 294,918	88.6%	\$ 292,733	92.9%
Oktoberfest	604,260	653,270	666,549	110.3%	276,619	52.2%
Kaboom Town	318,620	248,039	327,492	102.8%	263,969	100.0%
Calendar	3,000	75	2,775	92.5%	22,286	74.3%
Hotel Support Program	200,000	47,528	139,079	69.5%	141,043	70.5%
Taste Addison	648,400	50,206	636,881	98.2%	569,646	95.0%
Shakespeare Festival	46,500	15,818	64,464	138.6%	48,250	103.8%
Summer Jazz Festival	44,320	31,773	53,656	121.1%	38,365	86.6%
WorldFest	256,850	39,677	227,310	88.5%	200,347	89.3%
Book Fair	-	-	1,055	0.0%	1,730	59.7%
Weekend to Wipe Out Cancer	13,000	1,032	1,143	8.8%	14,196	109.2%
Vitruvian Park Events	70,000	26,615	34,877	49.8%	159,374	173.2%
<b>TOTAL</b>	<b>\$ 2,537,700</b>	<b>\$ 1,235,458</b>	<b>\$ 2,450,199</b>	<b>96.6%</b>	<b>\$ 2,028,558</b>	<b>85.9%</b>

**TOWN OF ADDISON**  
**ECONOMIC DEVELOPMENT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
<b>Ad Valorem taxes:</b>						
Current taxes	\$ 698,300	\$ (776)	\$ 696,389	99.7%	\$ 551,440	100.4%
Delinquent taxes	780	354	1,249	160.1%	-	0.0%
Penalty & interest	1,290	260	2,461	190.8%	1,800	185.5%
Business license fee	85,000	4,250	70,800	83.3%	72,650	85.5%
Interest income and other	1,500	303	2,236	149.1%	1,936	387.2%
<b>Total Revenues and Other Sources</b>	<b>786,870</b>	<b>4,391</b>	<b>773,135</b>	<b>98.3%</b>	<b>627,826</b>	<b>98.7%</b>
<b>Expenditures:</b>						
Personal services	192,140	68,904	238,842	124.3%	153,003	112.5%
Supplies	15,000	1,722	18,864	125.8%	11,243	98.5%
Maintenance	9,090	-	1,391	15.3%	-	0.0%
Contractual services	566,890	105,347	360,278	63.6%	302,732	50.7%
Capital replacement/lease	5,370	1,342	5,370	100.0%	2,700	100.0%
<b>Total Expenditures</b>	<b>\$ 788,490</b>	<b>\$ 177,315</b>	<b>\$ 624,745</b>	<b>79.2%</b>	<b>\$ 469,678</b>	<b>62.3%</b>

**TOWN OF ADDISON**  
**ADVANCED FUNDING GRANT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Intergovernmental	\$ -	\$ -	\$ 2,400	0.0%	\$ 4,560	0.0%
Interest earnings and other	-	8	42	0.0%	562	22.5%
<b>Total Revenues</b>	<b>-</b>	<b>8</b>	<b>2,442</b>	<b>0.0%</b>	<b>5,122</b>	<b>204.9%</b>
<b>Expenditures:</b>						
Supplies	-	-	-	0.0%	-	0.0%
Contractual services	-	-	-	0.0%	5,142	28.6%
Construction and equipment	-	-	-	0.0%	11,353	0.0%
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 16,495</b>	<b>91.6%</b>

**TOWN OF ADDISON**  
**REIMBURSEMENT GRANT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Intergovernmental and other	\$ -	\$ 2,565	\$ 7,573	0.0%	\$ 1,964,599	19646.0%
<b>Total Revenues</b>	<b>-</b>	<b>2,565</b>	<b>7,573</b>	<b>0.0%</b>	<b>1,964,599</b>	<b>19646.0%</b>
<b>Expenditures:</b>						
Personal services	-	-	-	0.0%	2,932	29.3%
Supplies	-	-	4,151	0.0%	9,952	0.0%
Contractual services	-	-	-	0.0%	4,189	0.0%
Construction and equipment	-	-	-	0.0%	5,586	0.0%
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,151</b>	<b>0.0%</b>	<b>\$ 22,659</b>	<b>226.6%</b>

**TOWN OF ADDISON**  
**AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Intergovernmental	\$ -	-	\$ 66,172	0.0%	\$ 707,490	376.3%
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>66,172</b>	<b>0.0%</b>	<b>707,490</b>	<b>376.3%</b>
<b>Expenditures:</b>						
Personal services	-	-	62,751	0.0%	195,629	104.1%
Supplies	-	-	-	0.0%	1,586	0.0%
Contractual services	-	-	-	0.0%	-	0.0%
Construction and equipment	-	-	-	0.0%	512,320	0.0%
Transfer out to close fund	-	2,960	2,960	0.0%	664,005	0.0%
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 2,960</b>	<b>\$ 65,711</b>	<b>0.0%</b>	<b>\$ 709,535</b>	<b>377.4%</b>

**TOWN OF ADDISON**  
**2012 CAPITAL PROJECT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Interest income and other	\$ 85,000	\$ 21,941	\$ 94,471	111.1%	\$ 8,607	0.0%
<b>Total Revenues</b>	<b>85,000</b>	<b>21,941</b>	<b>94,471</b>	<b>111.1%</b>	<b>8,607</b>	<b>0.0%</b>
<b>Expenditures:</b>						
Engineering and contractual services	3,403,000	1,936,566	2,811,802	82.6%	-	0.0%
Construction and equipment	-	(443)	71,171	0.0%	-	0.0%
<b>Total Expenditures</b>	<b>\$ 3,403,000</b>	<b>\$ 1,936,123</b>	<b>\$ 2,882,973</b>	<b>84.7%</b>	<b>\$ -</b>	<b>0.0%</b>

**TOWN OF ADDISON**  
**STREET CAPITAL PROJECT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Interest income and other	\$ 2,500	\$ 524	\$ 3,265	130.6%	\$ 5,761	88.6%
<b>Total Revenues</b>	<b>2,500</b>	<b>524</b>	<b>3,265</b>	<b>130.6%</b>	<b>5,761</b>	<b>88.6%</b>
<b>Expenditures:</b>						
Engineering and contractual services	-	-	52,876	0.0%	178,017	0.0%
Construction and equipment	1,294,350	-	-	0.0%	66,661	22.3%
<b>Total Expenditures</b>	<b>\$ 1,294,350</b>	<b>\$ -</b>	<b>\$ 52,876</b>	<b>4.1%</b>	<b>\$ 244,678</b>	<b>81.7%</b>

**TOWN OF ADDISON**  
**PARKS CAPITAL PROJECT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Revenues:						
Interest income and other	\$ -	\$ -	\$ 52	0.0%	\$ 38,030	99.5%
Other financing sources:						
Transfers	-	5,540	5,540	0.0%	75,000	100.0%
<b>Total Revenues</b>	<b>-</b>	<b>5,540</b>	<b>5,592</b>	<b>0.0%</b>	<b>113,030</b>	<b>99.8%</b>
Expenditures:						
Maintenance	112,000	-	110,462	98.6%	-	0.0%
Engineering and contractual services	-	-	1,376		14,670	0.0%
Construction and equipment	-	-	-	0.0%	84,987	59.6%
<b>Total Expenditures</b>	<b>\$ 112,000</b>	<b>\$ -</b>	<b>\$ 111,838</b>	<b>99.9%</b>	<b>\$ 99,657</b>	<b>69.9%</b>

**TOWN OF ADDISON**  
**2002 CAPITAL PROJECT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Revenues:						
Interest earnings and other	\$ -	\$ -	\$ 23	0.0%	\$ 1,158	111.3%
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>0.0%</b>	<b>1,158</b>	<b>111.3%</b>
Expenditures:						
Engineering and contractual services	-	-	-	0.0%	104,458	100.0%
Construction and equipment	-	-	-	0.0%	737,554	98.9%
Transfer to close fund	-	8,009	8,009	0.0%	-	0.0%
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 8,009</b>	<b>\$ 8,009</b>	<b>0.0%</b>	<b>\$ 842,012</b>	<b>99.1%</b>

**TOWN OF ADDISON**  
**2004 CAPITAL PROJECT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Revenues:						
Interest earnings and other	\$ -	\$ -	\$ -	0.0%	\$ 736	49.1%
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>\$ 736</b>	<b>49.1%</b>
Expenditures:						
Contractual services	-	-	-	0.0%	13,436	100.0%
Construction and equipment	-	-	-		426,868	
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 440,304</b>	<b>99.8%</b>

Note: This fund was closed as of 9/30/2012

**TOWN OF ADDISON**  
**2006 CAPITAL PROJECT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Interest earnings and other	\$ 500	\$ 148	\$ 887	177.4%	\$ 205,379	20537.9%
Total Revenues	<u>500</u>	<u>148</u>	<u>887</u>	177.4%	<u>\$ 205,379</u>	20537.9%
<b>Expenditures:</b>						
Maintenance	354,640	-	-	0.0%	-	0.0%
Construction and equipment	-	-	-	0.0%	-	-
Total Expenditures	<u>\$ 354,640</u>	<u>\$ -</u>	<u>\$ -</u>	0.0%	<u>\$ -</u>	0.0%

**TOWN OF ADDISON**  
**2008 CAPITAL PROJECT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Interest earnings and other	\$ 9,000	\$ 820	\$ 8,314	92.4%	\$ 170,650	101.6%
Total Revenues	<u>9,000</u>	<u>820</u>	<u>8,314</u>	92.4%	<u>170,650</u>	101.6%
<b>Expenditures:</b>						
Engineering and contractual services	-	3,450	94,390	0.0%	504,011	74.0%
Construction and equipment	1,725,000	570,882	921,732	53.4%	1,722,431	102.8%
Total Expenditures	<u>\$ 1,725,000</u>	<u>\$ 574,332</u>	<u>\$ 1,016,122</u>	58.9%	<u>\$ 2,226,442</u>	94.5%

**TOWN OF ADDISON**  
**2013 CAPITAL PROJECT FUND - GO BONDS TAX EXEMPT**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Bond proceeds and interest income	\$ 4,955,529	\$ 4,955,529	\$ 4,955,529	100.0%	\$ -	0.0%
<b>Total Revenues</b>	<b>4,955,529</b>	<b>4,955,529</b>	<b>4,955,529</b>	<b>100.0%</b>	<b>-</b>	<b>0.0%</b>
<b>Expenditures:</b>						
Debt costs	-	79,294	79,294	0.0%	-	0.0%
Land Purchase	-	809,864	809,864	0.0%	-	0.0%
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 889,158</b>	<b>\$ 889,158</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

**TOWN OF ADDISON**  
**2013 CAPITAL PROJECT FUND - GO BONDS AMT**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Bond proceeds and interest income	\$ 1,878,703	\$ 1,878,703	\$ 1,878,703	100.0%	\$ -	0.0%
<b>Total Revenues</b>	<b>1,878,703</b>	<b>1,878,703</b>	<b>1,878,703</b>	<b>100.0%</b>	<b>-</b>	<b>0.0%</b>
<b>Expenditures:</b>						
Debt costs	-	37,564	37,564	0.0%	-	0.0%
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 37,564</b>	<b>\$ 37,564</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

**TOWN OF ADDISON**  
**2013 CAPITAL PROJECT FUND - GO BONDS TAXABLE**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Revenues:</b>						
Bond proceeds and interest income	\$ 1,248,261	\$ 1,250,183	\$ 1,250,183	100.2%	\$ -	0.0%
<b>Total Revenues</b>	<b>1,248,261</b>	<b>1,250,183</b>	<b>1,250,183</b>	<b>100.2%</b>	<b>-</b>	<b>0.0%</b>
<b>Expenditures:</b>						
Debt costs	-	31,713	31,713	0.0%	-	0.0%
Land Purchase	1,232,169	1,232,169	1,232,169	100.0%	-	0.0%
<b>Total Expenditures</b>	<b>\$ 1,232,169</b>	<b>\$ 1,263,882</b>	<b>\$ 1,263,882</b>	<b>102.6%</b>	<b>\$ -</b>	<b>0.0%</b>

**AIRPORT FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES TO WORKING CAPITAL COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Operating revenues:</b>						
Operating grants	\$ 50,000	\$ -	\$ 47,942	95.9%	\$ 1,258,798	2517.6%
Fuel flowage fees	729,250	178,772	758,758	104.0%	717,667	104.0%
Rental	3,593,080	896,986	3,665,520	102.0%	3,551,536	100.4%
User fees	52,300	16,243	57,382	109.7%	54,362	82.9%
Other income	22,300	(184,788)	(171,381)	-768.5%	(68,018)	-660.4%
<b>Total operating revenues</b>	<b>4,446,930</b>	<b>907,213</b>	<b>4,358,221</b>	<b>98.0%</b>	<b>5,514,345</b>	<b>126.7%</b>
<b>Operating expenses:</b>						
Town - Personal services	366,530	97,891	387,148	105.6%	362,801	112.1%
Town - Supplies	62,600	12,676	47,226	75.4%	37,927	60.6%
Town - Maintenance	21,000	23,863	64,883	309.0%	56,884	170.8%
Town - Contractual services	543,850	118,424	429,646	79.0%	389,397	71.5%
Grant - Maintenance	100,000	100,000	101,860	101.9%	92,784	92.8%
Operator operation & maintenance	2,242,320	447,174	1,837,017	81.9%	1,845,839	83.1%
Operator service contract	295,210	78,901	349,849	118.5%	312,007	102.2%
<b>Total operating expenses</b>	<b>3,631,510</b>	<b>878,929</b>	<b>3,217,629</b>	<b>88.6%</b>	<b>3,097,639</b>	<b>86.3%</b>
<b>Net operating income</b>	<b>815,420</b>	<b>28,284</b>	<b>1,140,592</b>	<b>139.9%</b>	<b>2,416,706</b>	<b>316.8%</b>
<b>Non-Operating revenues (expenses):</b>						
Interest earnings	7,500	2,230	6,695	89.3%	8,338	39.1%
Interest on debt, fiscal fees & other	(104,990)	(73,380)	(128,322)	122.2%	(116,035)	100.8%
<b>Total non-operating revenues (expenses)</b>	<b>(97,490)</b>	<b>(71,150)</b>	<b>(121,627)</b>	<b>124.8%</b>	<b>(107,697)</b>	<b>114.9%</b>
<b>Net income (excluding depreciation)</b>	<b>\$ 717,930</b>	<b>\$ (42,866)</b>	<b>\$ 1,018,965</b>	<b>141.9%</b>	<b>\$ 2,309,009</b>	<b>345.1%</b>
<b>CHANGES IN WORKING CAPITAL</b>						
<b>Net income (excluding depreciation)</b>	<b>\$ 717,930</b>	<b>\$ (42,866)</b>	<b>\$ 1,018,965</b>	<b>141.9%</b>	<b>\$ 2,309,009</b>	<b>345.1%</b>
<b>Sources (uses) of working capital:</b>						
Retirement of long-term debt	(290,000)	-	(290,000)	100.0%	(275,000)	100.0%
Net additions to fixed assets	(118,000)	(310,985)	(363,984)	308.5%	(2,494,663)	260.6%
Change in Restricted Assets/Other	-	-	(9,433)	0.0%	(12,676)	0.0%
Bond proceeds	3,006,552	3,006,552	3,006,552	-	-	0.0%
<b>Net sources (uses) of working capital</b>	<b>2,598,552</b>	<b>2,695,567</b>	<b>2,343,135</b>	<b>90.2%</b>	<b>(2,782,339)</b>	<b>225.8%</b>
<b>Net increase (decrease) in working capital</b>	<b>3,316,482</b>	<b>2,652,701</b>	<b>3,362,100</b>	<b>101.4%</b>	<b>(473,330)</b>	<b>84.1%</b>
<b>Beginning working capital</b>	<b>1,539,664</b>	<b>1,539,664</b>	<b>1,539,664</b>	<b>100.0%</b>	<b>2,012,994</b>	<b>100.0%</b>
<b>Ending working capital</b>	<b>\$ 4,856,146</b>	<b>\$ 4,192,365</b>	<b>\$ 4,901,764</b>	<b>100.9%</b>	<b>\$ 1,539,664</b>	<b>106.2%</b>

**UTILITY FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES TO WORKING CAPITAL COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
<b>Operating revenues:</b>						
Water sales	\$ 5,968,820	\$ 2,569,328	\$ 5,940,418	99.5%	\$ 6,272,622	102.5%
Sewer charges	4,679,200	1,688,811	4,760,166	101.7%	4,761,033	100.8%
Tap fees	10,000	50	8,365	83.7%	7,740	77.4%
Penalties	73,500	32,190	88,090	119.9%	65,056	88.5%
Total operating revenues	<u>10,731,520</u>	<u>4,290,379</u>	<u>10,797,039</u>	100.6%	<u>11,106,451</u>	101.6%
<b>Operating expenses:</b>						
Water purchases	2,955,200	992,417	2,747,086	93.0%	2,859,454	100.6%
Wastewater treatment	2,279,460	654,531	2,143,288	94.0%	2,063,043	100.6%
Utility operations	2,721,410	786,873	2,557,276	94.0%	2,505,833	91.1%
Total operating expenses	<u>7,956,070</u>	<u>2,433,821</u>	<u>7,447,650</u>	93.6%	<u>7,428,330</u>	97.2%
Net operating income	<u>2,775,450</u>	<u>1,856,558</u>	<u>3,349,389</u>	120.7%	<u>3,678,121</u>	112.0%
<b>Non-Operating revenues (expenses):</b>						
Interest earnings and other	(49,500)	106,672	45,769	-92.5%	(94,156)	189.8%
Interest on debt, fiscal fees & other	(395,970)	(331,339)	(555,844)	140.4%	(498,888)	108.5%
Total non-operating revenues (expenses)	<u>(445,470)</u>	<u>(224,667)</u>	<u>(510,075)</u>	114.5%	<u>(593,044)</u>	116.4%
Net income (excluding depreciation)	<u>\$ 2,329,980</u>	<u>\$ 1,631,891</u>	<u>\$ 2,839,314</u>	121.9%	<u>\$ 3,085,077</u>	111.2%
<b>CHANGES IN WORKING CAPITAL</b>						
Net income (excluding depreciation)	<u>\$ 2,329,980</u>	<u>\$ 1,631,891</u>	<u>\$ 2,839,314</u>	121.9%	<u>\$ 3,085,077</u>	111.2%
<b>Sources (uses) of working capital:</b>						
Retirement of long-term debt	(2,878,840)	-	(2,878,839)	100.0%	(915,544)	33.2%
Transfer of debt proceeds	-	-	-	0.0%	-	0.0%
Change in Restricted assets and other	-	(243,504)	(243,504)	0.0%	(56,344)	0.0%
Net additions to fixed assets	(516,480)	(512,632)	(743,324)	143.9%	(2,520,891)	108.2%
Net sources (uses) of working capital	<u>(3,395,320)</u>	<u>(756,136)</u>	<u>(3,865,667)</u>	113.9%	<u>(3,492,779)</u>	106.9%
Net increase (decrease) in working capital	(1,065,340)	875,755	(1,026,353)	96.3%	(407,702)	82.5%
<b>Beginning working capital</b>	<u>2,326,419</u>	<u>2,326,419</u>	<u>2,326,419</u>	100.0%	<u>2,734,120</u>	100.0%
<b>Ending working capital</b>	<u>\$ 1,261,079</u>	<u>\$ 3,202,174</u>	<u>\$ 1,300,066</u>	103.1%	<u>\$ 2,326,418</u>	103.9%

**STORM WATER UTILITY FUND**  
**FY 2013 QUARTERLY STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES TO WORKING CAPITAL COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

Category	FY2012-13				FY2011-12	
	Budget	4th Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Operating revenues:						
Stormwater fees	\$ 1,182,600	\$ 367,004	\$ 1,311,075	110.9%	\$ -	0.0%
Total Operating Revenues	<u>1,182,600</u>	<u>367,004</u>	<u>1,311,075</u>	110.9%	<u>-</u>	0.0%
Operating expenses						
Personal services	-	2,588	12,521	0.0%	-	0.0%
Contractual services	65,000	4,200	67,071	103.2%	-	0.0%
Total operating expenses	<u>65,000</u>	<u>6,788</u>	<u>79,592</u>	122.4%	<u>\$ -</u>	0.0%
Net operating income	<u>1,117,600</u>	<u>360,216</u>	<u>1,231,483</u>	110.2%	<u>-</u>	0.0%
Non-Operating revenues (expenses):						
Interest earnings and other	3,500	(3,114)	(680)	0.0%	-	0.0%
Interest on debt, fiscal fees & other	-	(60,360)	(60,360)	0.0%	-	0.0%
Net increase of restricted and other assets	-	(16,458)	(16,458)	0.0%	-	0.0%
Bond proceeds	7,516,381	-	7,493,448	99.7%	-	0.0%
Total non-operating revenues (expenses)	<u>7,519,881</u>	<u>(79,932)</u>	<u>7,415,950</u>	98.6%	<u>-</u>	0.0%
Net income (excluding depreciation)	<u>\$ 8,637,481</u>	<u>\$ 280,284</u>	<u>\$ 8,647,433</u>	100.1%	<u>\$ -</u>	0.0%
<b>CHANGES IN WORKING CAPITAL</b>						
Net income (excluding depreciation)	<u>\$ 8,637,481</u>	<u>\$ 280,284</u>	<u>\$ 8,647,433</u>	100.1%	<u>\$ -</u>	0.0%
Net increase (decrease) in working capital	8,637,481	280,284	8,647,433	100.1%	-	0.0%
<b>Beginning working capital</b>	<u>-</u>	<u>-</u>	<u>-</u>	0.0%	<u>-</u>	0.0%
<b>Ending working capital</b>	<u>\$ 8,637,481</u>	<u>\$ 280,284</u>	<u>\$ 8,647,433</u>	100.1%	<u>\$ -</u>	0.0%

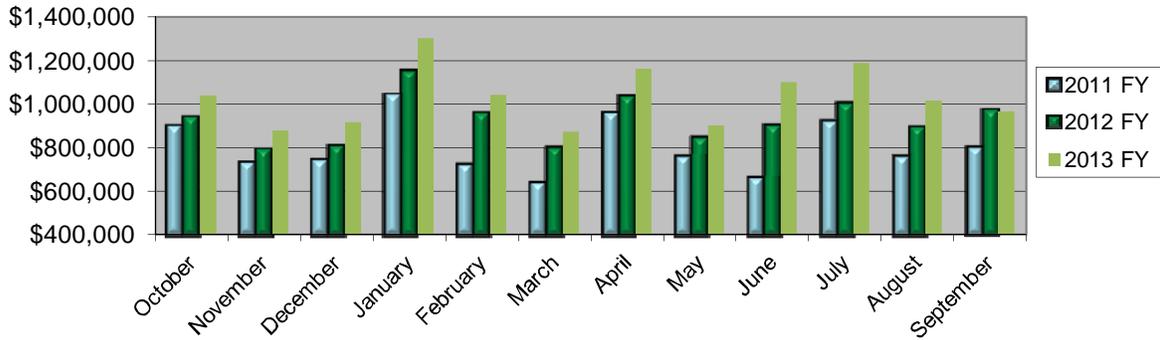
# TOWN OF ADDISON

## Schedule of Sales Tax Collections and Related Analyses

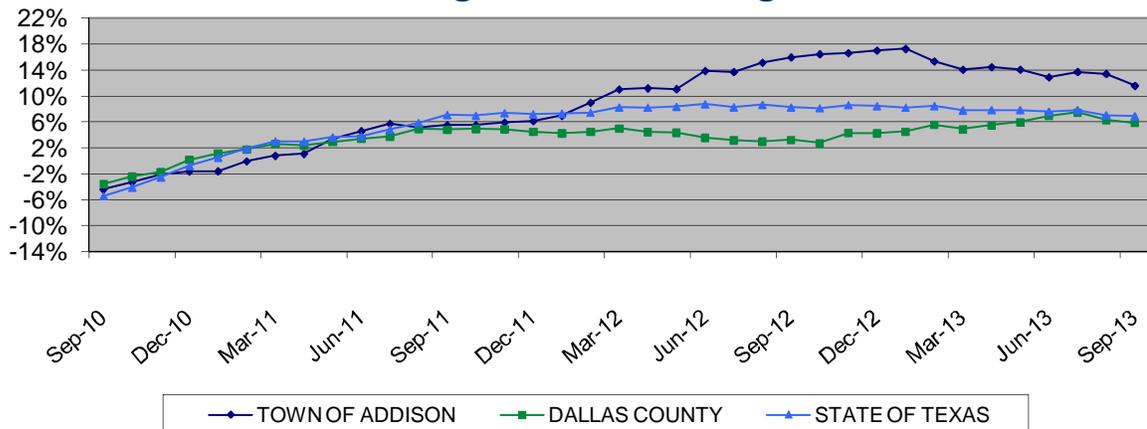
*For the period ending September 30, 2013*

	TOWN OF ADDISON				DALLAS COUNTY		STATE OF TEXAS	
	2012-13 Collections		% Change from Prior Year		% Change from Prior Year		% Change from Prior Year	
	Monthly	Cumulative	Monthly	Cumulative	Monthly	Cumulative	Monthly	Cumulative
October	\$ 1,041,298	\$ 1,041,298	10.6%	10.6%	-0.7%	2.8%	4.1%	8.1%
November	879,908	1,921,206	10.7%	10.6%	18.6%	4.3%	14.2%	8.6%
December	916,410	2,837,616	13.1%	11.4%	2.3%	4.3%	6.6%	8.5%
January	1,302,675	4,140,291	13.5%	12.0%	4.1%	4.5%	3.6%	8.2%
February	1,042,663	5,182,954	8.9%	11.4%	15.5%	5.6%	11.5%	8.5%
March	873,231	6,056,185	9.0%	11.0%	2.6%	4.9%	6.6%	7.8%
April	1,163,996	7,220,181	12.7%	11.3%	3.6%	5.5%	4.9%	7.8%
May	902,632	8,122,813	6.6%	10.8%	9.0%	6.0%	8.3%	7.8%
June	1,100,981	9,223,794	22.1%	12.0%	10.7%	7.0%	7.7%	7.6%
July	1,189,288	10,413,082	18.6%	12.7%	5.4%	7.5%	6.0%	7.9%
August	1,017,672	11,430,754	14.0%	12.8%	-3.4%	6.3%	3.5%	7.0%
September	967,776	12,398,529	-0.5%	11.7%	2.6%	5.9%	5.6%	6.9%
Budget 12-13:	\$ 10,744,010							
Projected Year End	\$ 12,398,529							

### Monthly Sales Tax Collections

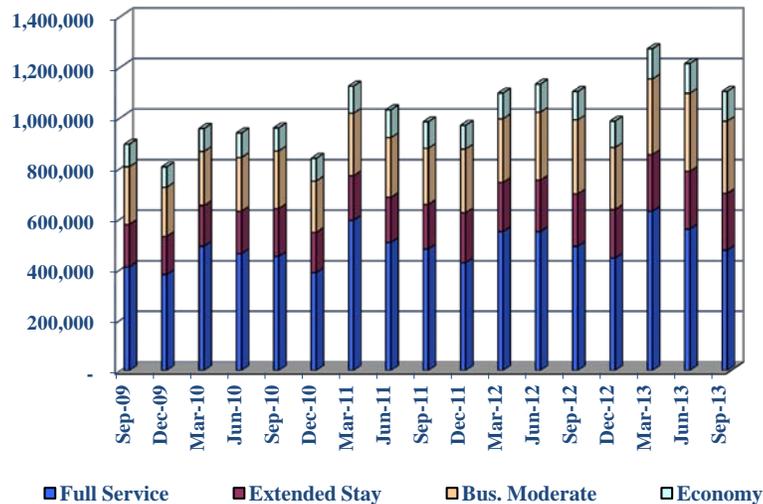


### Rolling 12-Month Averages



**TOWN OF ADDISON HOTEL OCCUPANCY TAX COLLECTION**  
**Hotels By Service Type for the Quarter and Year-to-Date Ended September, 2013**  
*With Comparative Information from Prior Fiscal Year*

	Rooms		July - September		13 to 12 % Diff.	YTD FY 13		13 to 12 % Diff.
	Number	Percentage	Amount	Percentage		Amount	Percentage	
<b>Full Service</b>								
Marriott Quorum	535	14%	\$ 186,816	17%	-19%	\$ 797,786	17%	3%
Intercontinental	532	13%	200,691	18%	30%	844,785	18%	9%
Crowne Plaza	429	11%	88,293	8%	-17%	467,218	10%	1%
	<u>1,496</u>	<u>38%</u>	<u>475,800</u>	<u>43%</u>		<u>2,109,788</u>	<u>46%</u>	
<b>Extended Stay</b>								
Budget Suites	344	9%	5,061	0%	35%	16,132	0%	-14%
Hawthorne Suites	70	2%	14,264	1%	10%	60,017	1%	6%
Marriott Residence	150	4%	55,253	5%	22%	189,283	4%	-2%
Summerfield Suites	132	3%	40,132	4%	10%	166,933	4%	35%
Homewood Suites	128	3%	52,874	5%	19%	205,864	4%	12%
Springhill Suites	159	4%	57,486	5%	-11%	230,886	5%	2%
	<u>983</u>	<u>25%</u>	<u>225,070</u>	<u>20%</u>		<u>869,115</u>	<u>19%</u>	
<b>Business Moderate</b>								
Marriott Courtyard Quorum	176	4%	75,292	7%	-12%	301,762	7%	1%
LaQuinta Inn	152	4%	43,049	4%	24%	155,587	3%	17%
Marriott Courtyard Proton	145	4%	42,332	4%	-16%	174,703	4%	-4%
Holiday Inn Express	102	3%	37,757	3%	3%	149,417	3%	12%
Hilton Garden Inn	96	2%	42,776	4%	-8%	181,179	4%	4%
Holiday Inn - Arapaho	101	3%	24,194	2%	-3%	100,557	2%	1%
Comfort Inn	86	2%	19,683	2%	47%	74,650	2%	73%
	<u>858</u>	<u>22%</u>	<u>285,083</u>	<u>26%</u>		<u>1,137,856</u>	<u>25%</u>	
<b>Economy</b>								
Motel 6	126	3%	21,386	2%	13%	73,778	2%	1%
Hampton Inn	159	4%	51,609	5%	3%	214,080	5%	16%
Quality Inn	115	3%	11,933	1%	3%	43,745	1%	6%
Comfort Suites	78	2%	19,961	2%	13%	76,373	2%	10%
Super 8	78	2%	8,969	1%	-8%	36,989	1%	5%
Best Value	60	2%	3,784	0%	-9%	14,451	0%	-1%
	<u>616</u>	<u>16%</u>	<u>117,642</u>	<u>11%</u>		<u>459,416</u>	<u>10%</u>	
<b>TOTAL</b>	<u>3,953</u>	<u>100%</u>	<u>\$ 1,103,595</u>	<u>100%</u>	<u>0%</u>	<u>\$ 4,576,176</u>	<u>100%</u>	<u>7%</u>



**TOWN OF ADDISON**  
**INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
*For the Quarter Ending September 30, 2013*

Fund	Balance 6/30/2013	Quarter Receipts	Quarter Disbursements	Balance 9/30/2013
<b>General Fund</b>	\$ 15,486,932	\$ 6,556,916	\$ 8,392,421	\$ 13,651,427
<b>Special Revenue Funds:</b>				
Hotel	2,090,863	3,680,560	3,706,620	2,064,803
Economic Development	838,115	47,941	181,003	705,053
Public Safety	22,479	11	271	22,219
Municipal Court	404,417	178,745	179,631	403,531
Advanced Funding Grant	17,166	8	13	17,161
Reimbursement Grant	(233,779)	233,779	-	-
ARRA Grant	2,959	61	3,020	-
<b>Debt Service Funds:</b>				
G. O. Bonds	2,588,576	119,469	1,402,294	1,305,751
Hotel Revenue Bonds	532,742	142,763	47,226	628,279
<b>Capital Projects Funds:</b>				
Streets	1,296,835	641	1,004	1,296,472
Parks	(5,540)	5,553	13	-
2002 G.O. Bonds	8,007	8	8,015	-
2004 G.O. Bonds	-	-	-	-
2006 G.O. Bonds	355,213	175	270	355,118
2008 C.O. Bonds	2,665,970	19,338	497,352	2,187,956
2012 C.O. Bonds	34,086,619	24,670	1,865,567	32,245,722
2013 Tax Exempt Bonds	-	4,899,468	849,590	4,049,878
2013 AMT Bonds	-	1,852,609	12,732	1,839,877
2013 Taxable Bonds	-	1,232,355	1,232,355	-
<b>Enterprise Funds:</b>				
Utility	3,528,691	3,411,112	2,884,422	4,055,381
Storm Water Fund	631,956	7,945,709	87,003	8,490,662
Airport	2,546,603	3,692,486	679,504	5,559,585
<b>Internal Service Funds:</b>				
Capital Replacement	3,287,110	207,044	137,472	3,356,682
Information Technology	3,186,304	189,023	285,811	3,089,516
<b>TOTAL - ALL FUNDS</b>	<b>\$ 73,338,238</b>	<b>\$ 34,440,444</b>	<b>\$ 22,453,609</b>	<b>\$ 85,325,073</b>

Note: Cash inflows and outflows represent revenues, expenditures, and investment transactions.

<b>INVESTMENTS BY MATURITY AND TYPE</b>				
<i>For the Quarter Ending September 30, 2013</i>				
	Type	% of Portfolio	Yield to Maturity	Amount
	Pools	31.37%	0.04%	\$ 26,294,934
	Agencies	24.64%	0.32%	20,658,156
	Bank CD's	29.27%	0.46%	24,538,418
	Commercial Paper	14.71%	0.25%	12,334,721
<b>Total Investments</b>		<b>99.99%</b>	<b>0.26%</b>	<b>83,826,229</b>
	Accrued Interest Earnings			4,038
	Demand Deposits			1,494,806
<b>TOTAL</b>				<b>\$ 85,325,073</b>

## COLLATERAL SUMMARY

The first and most important objective for public funds investments is safety of assets. Therefore, all non-government security investments and bank accounts in excess of FDIC coverage must be secured by collateral. The bank balances and investments are monitored on a regular basis for appropriate coverage by marking the collateral to market. Collateral levels are adjusted to secure the varying levels of receipts throughout the fiscal year.

### Town of Addison Collateral Analysis Demand Deposit Cash September 30, 2013

Pledging Institution	Safekeeping Location	Account Title	Pledged Security Description	Security Par Value	Market Value	FDIC Insurance	Ending Bank Balance	Difference Over(Under)
Frost Bank	Federal Reserve	Operating	GNMA due 9/15/2024	\$ 1,929,372	\$ 2,054,402			
Frost Bank	Federal Reserve	Operating	GNMA due 9/15/2024	3,243,163	3,453,331			
				<u>\$ 5,172,535</u>	<u>\$ 5,507,733</u>	<u>\$ 3,332,296</u>	<u>\$ 3,082,296</u>	<u>\$ 5,757,733</u>

## Glossary of Terms

### A

*Accrual Accounting* – Recognition of the financial effects of transactions, events and circumstances in the period(s) when they occur regardless of when the cash is received or paid.

*Ad Valorem* – Latin for “value of.” Refers to the tax assessed against real (land and building) and personal (equipment and furniture) property.

*Appropriation* – A legal authorization granted by a legislative body (City Council) to make expenditures and incur obligation for designated purposes.

*Assessed Valuation* – A valuation set upon real estate or other property by a government as a basis for levying taxes.

### B

*Balance Sheet* – The basic financial statement, which discloses the assets, liabilities and equities of an entity at a specific date in conformity with Generally Accepted Accounting Principles (GAAP).

*Balanced Budget* – Annual financial plan in which expenses do not exceed revenues.

*Budget* – A plan of financial operation embodying an estimate of proposed expenditures for any given period and the proposed means of financing them.

### C

*Capital Outlays* – Expenditures which result in the acquisition of or addition to fixed assets which are individually priced at more than \$5,000.

*Contractual Services* – The costs related to services performed for the Town by individuals, businesses, or utilities.

*Cost* – The amount of money or other consideration exchanged for property or services. Costs may be incurred even before the money is paid; that is, as soon as liability is incurred. Ultimately, however, money or other consideration must be given in exchange.

### D

*Delinquent Taxes* – Taxes remaining unpaid on or after the date on which a penalty for nonpayment is attached.

## **E**

*Encumbrances* – Commitments related to unperformed contracts for goods and services used in budgeting. Encumbrances are not expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

*Expenditures* – Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service, and capital outlays.

## **F**

*Fixed Assets* – Assets of a long-term character, which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

*Franchise* – A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

*Fund* – A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities of balances, and charges therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

*Fund Balance* – The difference between governmental fund assets and liabilities, also referred to as fund equity.

*FY* – Acronym for fiscal year, a 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The Town of Addison's fiscal year begins October 1st and ends the following September 30th. The term FY2011 denotes the fiscal year beginning October 1, 2011 and ending September 30, 2012.

## **G**

*GAAP* – Acronym for Generally Accepted Accounting Principles, which are a collection of rules and procedures that set the basis for the fair presentation of financial statements. The accounting and reporting policies of the Town conform to the GAAP applicable to state and local governments.

*GASB* – Acronym for Government Accounting Standards Board, an independent, non-profit agency responsible for the promulgation of accounting and financial reporting procedures for governmental entities.

*Governmental Funds* – Those funds through which most governmental functions typically are financed. The acquisition, use, and financial resources and the related current liabilities are accounted for through governmental funds (General, Special Revenue, Capital Projects, and Debt Service Funds).

## **M**

*Maintenance* – The upkeep of physical properties in condition for use of occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

*Modified Accrual Accounting* – Accounting system in which revenues are recognized and recorded in the accounts when they are measurable, available and collectible in the fiscal year.

*Modified Level of Service* – A modified level of service represents an increase or decrease in a department’s scope of service or funding levels. A modified level of service may be a request for additional funding submitted by a department during the budget process for new or expanding programs or services, or it may be the elimination of a position in a department. Modified levels of service are highlighted in the department narratives in alternate color text.

## **O**

*Operating Expenditure* – Expenditure on an existing item of property or equipment that is not a capital expenditure.

*Ordinance* – A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, usually require ordinances.

## **P**

*Personal Services* – The costs associated with compensating employees for their labor.

*P-Card* – Acronym for procurement card, a Town-issued credit card which allows employees to make small purchases in a cost effective manner.

*Proprietary Fund* – Operation that operates like a private commercial operation, in which services are financed through user charges and expenditures include the full cost of operations.

*Purchase Order (PO)* – A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

## **R**

*Revenues* – Increases in net financial resources. Revenues include the receipt of assets for goods sold or services provided in the current reporting period, intergovernmental grants, and interest income.

## **S**

*Special Assessment* – A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

*Special Revenue Fund* – A fund used to account for the proceeds of specific revenue sources that are legally restricted or formally committed to expenditures for specified purposes.

*Supplies* – A cost category for minor items (individually priced at less than \$5,000) required by departments to conduct their operations.

## **T**

*Taxes* – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessment.

## **W**

*Working Capital* – The amount of current assets which exceeds current liabilities.

**Town of Addison**

*Addison!*

**For the Quarter Ended  
September 30, 2013**

### Report Name

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Certification Page

Executive Summary

Benchmark Comparison

Detail of Security Holdings

Change in Value

Earned Income

Investment Transactions

Amortization and Accretion

Projected Fixed Income Cash Flows

#### MARKET RECAP:

Economic indicators released during the month of September extended the recent trend of mixed data. Nonfarm payrolls rose by 169k in August, but net revisions subtracted 74k from June and July data. Over the last three months, jobs are growing at an average of just 148k per month. The unemployment rate declined a tenth to 7.3%, but that was due to the labor force participation rate shrinking to a 35-year low at 63.2%. The ISM manufacturing index climbed to its highest level since June 2011 at 55.7, while the non-manufacturing ISM hit an eight-year high 58.6. Retail sales grew at the smallest rate in four months during August, posting a tiny 0.2% advance. Inflation remains subdued as headline CPI rose 1.5% year-over-year through August, while the core rate was up 1.8%. Housing data has begun to show the impact of higher mortgage rates as both new homes sales and pending sales fell well below expectations. Finally, in an encouraging sign for future job growth, initial jobless claims have been on the decline with the four-week moving average falling to 308k, the lowest level since May 2007.

The Federal Reserve stole the spotlight throughout much of September. Recall that during August, former Treasury Secretary Larry Summers had taken the lead in the race to succeed Bernanke as Chairman of the Federal Reserve. At the same time, markets had become convinced that the FOMC would announce a plan to scale back their quantitative easing program. All that changed on September 16th when Summers abruptly withdrew his name from consideration, as it became clear that growing opposition in Congress would doom his confirmation. Two days later, on September 18th, the FOMC surprised markets when they did not announce any plans to taper QE, citing concerns about “the tightening of financial conditions observed in recent months” and saying they would “await more evidence that progress will be sustained before adjusting the pace of its purchases.” The unexpected news sparked rallies in both stock and bond markets, pushing stocks to record highs and bond yields sharply lower. It also left markets a bit confused about the future course of monetary policy. As the month drew to a close, all eyes turned to Washington, where debates over the budget and debt ceiling have taken center stage. The U.S. fiscal year ends on September 30th and Congress must pass legislation to fund the government for next year. Otherwise the federal government will begin shutting down. Then, sometime towards the end of October, the government will reach its debt ceiling and will be unable to borrow additional money to pay the bills. It’s unclear at this stage what the outcome will be, but it would be a real shame if the politicians inflict yet another wound on what remains a fragile economy.

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**For the Quarter Ended**  
**September 30, 2013**

This report is prepared for the **Town of Addison** (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

**Officer Names and Titles:**



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*Chief Financial Officer*

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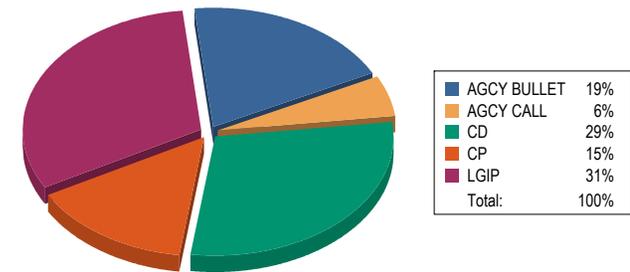
**Account Summary**

**Allocation by Security Type**

Beginning Values as of 06/30/13

Ending Values as of 09/30/13

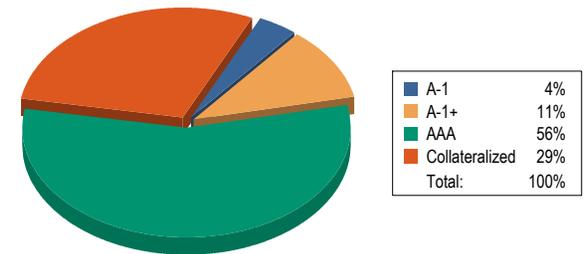
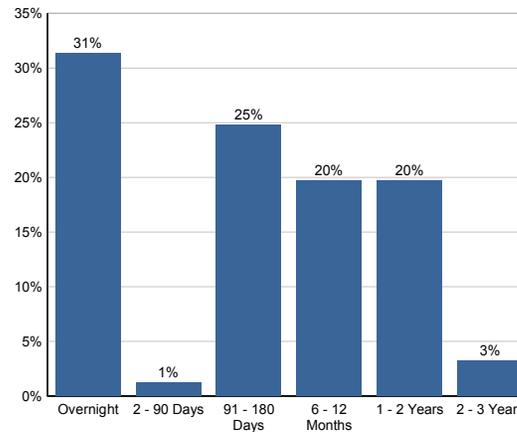
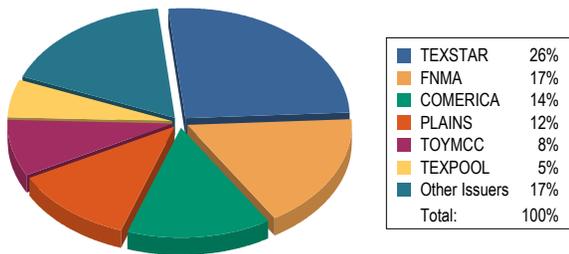
Par Value	71,420,217.87	83,740,352.65
Market Value	71,582,070.67	83,829,609.05
Book Value	71,586,415.81	83,826,229.63
Unrealized Gain / Loss	(4,345.14)	3,379.42
<b>Market Value %</b>	<b>99.99%</b>	<b>100.00%</b>
Weighted Avg. YTW	0.243%	0.260%
Weighted Avg. YTM	0.246%	0.263%



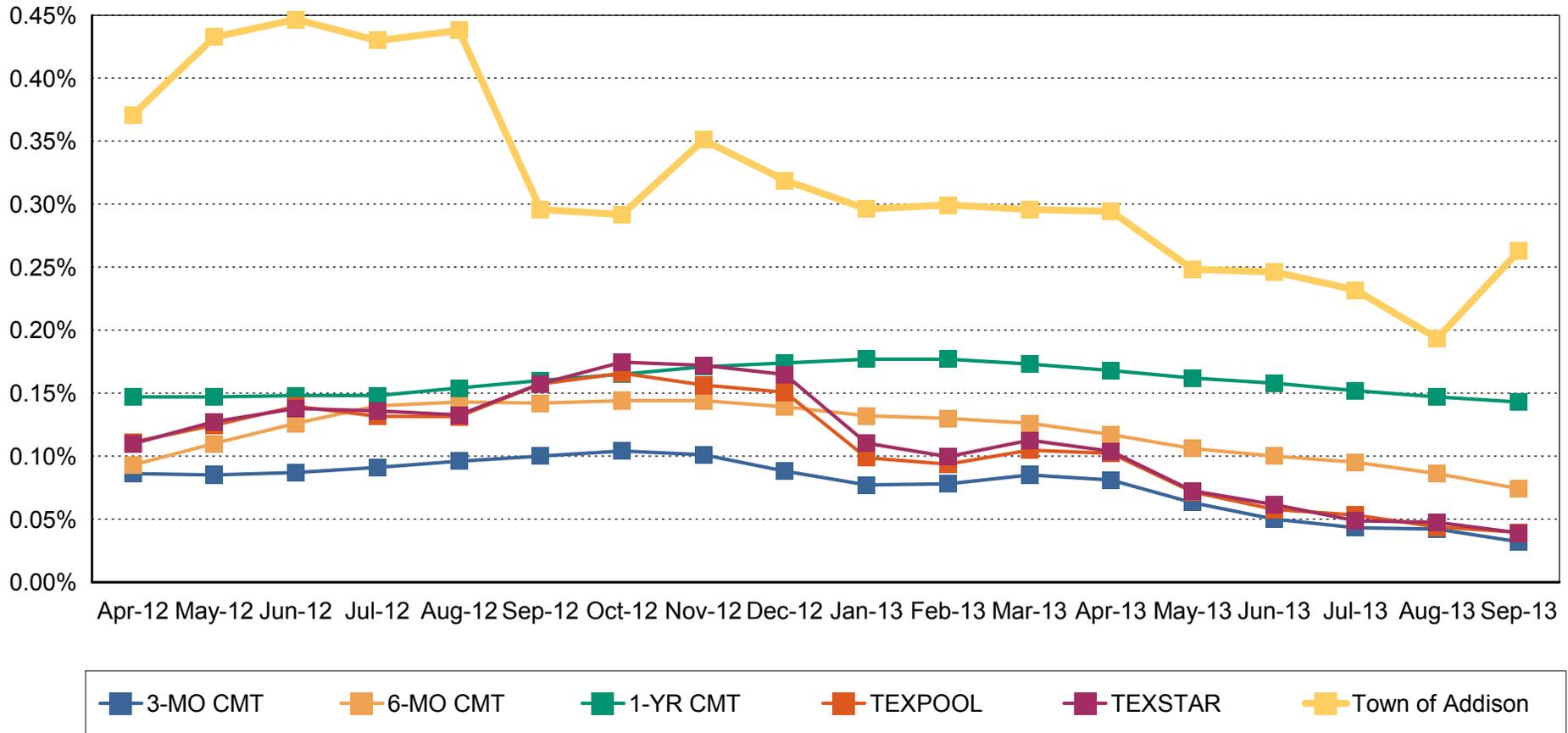
**Allocation by Issuer**

**Maturity Distribution %**

**Credit Quality**



**Weighted Average Days to Maturity: 241**



**Note 1:** CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

**Note 2:** Benchmark data for TexPool is the monthly average yield.

**Note 3:** Benchmark data for TexSTAR is the monthly average yield.



**Town of Addison**  
**Detail of Security Holdings**  
 As of 09/30/2013

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
<b>Pooled Funds</b>																	
TEXPOOL		LGIP	TexPool					4,607,159.54	100.000	4,607,159.54	4,607,159.54	100.000	4,607,159.54	1		0.039	0.039
TEXSTAR		LGIP	TexSTAR					21,687,774.71	100.000	21,687,774.71	21,687,774.71	100.000	21,687,774.71	1		0.039	0.039
3134G3BF6	03/27/12	AGCY BULET	FHLMC	0.625	12/23/13			1,000,000.00	100.356	1,003,560.00	1,000,467.64	100.120	1,001,200.00	84		0.419	0.419
89233GZW9	04/04/13	CP - DISC	Toyota Mtr Cr		12/30/13			2,000,000.00	99.790	1,995,800.00	1,998,600.00	99.960	1,999,192.00	91		0.281	0.281
4662J1B33	08/13/13	CP - DISC	JPM Chase Bk		02/03/14			3,350,000.00	99.879	3,345,952.08	3,347,092.00	99.923	3,347,420.50	126		0.250	0.250
31398AVD1	11/07/12	AGCY BULET	FNMA	2.750	02/05/14			11,350,000.00	103.097	11,701,509.50	11,447,392.19	100.920	11,454,420.00	128		0.256	0.256
313379LM9	07/24/12	AGCY BULET	FHLB	0.350	02/25/14			2,000,000.00	100.127	2,002,540.00	2,000,641.48	100.110	2,002,200.00	148		0.270	0.270
36959JCH4	09/16/13	CP - DISC	GE Capital Corp		03/17/14			2,000,000.00	99.904	1,998,078.89	1,998,237.22	99.888	1,997,760.00	168		0.190	0.190
89233HFD1	09/16/13	CP - DISC	Toyota Mtr Cr		06/13/14			5,000,000.00	99.805	4,990,250.00	4,990,791.65	99.794	4,989,690.00	256		0.261	0.261
CD-1233	08/22/13	CD	PlainsCapital Bk CD	0.320	08/22/14			10,000,000.00	100.000	10,000,000.00	10,000,000.00	100.000	10,000,000.00	326		0.320	0.320
3134G3YW4	08/28/12	AGCY BULET	FHLMC	0.375	08/28/14			1,500,000.00	100.092	1,501,374.00	1,500,630.12	100.200	1,503,000.00	332		0.329	0.329
CD-2270-1	04/08/13	CD	ViewPoint Bk CD	0.600	10/08/14			2,529,844.30	100.000	2,529,844.30	2,529,844.30	100.000	2,529,844.30	373		0.594	0.594
CD-6693-1	12/10/12	CD	Comerica Bk CD	0.570	12/19/14			2,008,574.10	100.000	2,008,574.10	2,008,574.10	100.000	2,008,574.10	445		0.570	0.570
3134G3PD6	01/10/13	AGCY CALL	FHLMC	0.550	02/27/15	02/27/14	ONE TIME	2,000,000.00	100.282	2,005,638.00	2,002,024.68	100.030	2,000,600.00	515	150	0.417	0.300
CD-3620	09/17/13	CD	Comerica Bk CD	0.550	09/17/15			10,000,000.00	100.000	10,000,000.00	10,000,000.00	100.000	10,000,000.00	717		0.550	0.550
3135G0TT0	01/29/13	AGCY CALL	FNMA	0.500	01/29/16	01/29/14	QRTLY	2,707,000.00	100.000	2,707,000.00	2,707,000.00	99.770	2,700,773.90	851	121	0.500	0.500
<b>Total for Pooled Funds</b>								<b>83,740,352.65</b>	<b>100.415</b>	<b>84,085,055.12</b>	<b>83,826,229.63</b>	<b>100.108</b>	<b>83,829,609.05</b>	<b>241</b>		<b>0.263</b>	<b>0.260</b>
<b>Total for Town of Addison</b>								<b>83,740,352.65</b>	<b>100.415</b>	<b>84,085,055.12</b>	<b>83,826,229.63</b>	<b>100.108</b>	<b>83,829,609.05</b>	<b>241</b>		<b>0.263</b>	<b>0.260</b>



**Town of Addison**  
**Change in Value**  
 From 06/30/2013 to 09/30/2013

CUSIP	Security Type	Security Description	06/30/13 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	09/30/13 Book Value	06/30/13 Market Value	09/30/13 Market Value	Change in Mkt Value
<b>Pooled Funds</b>											
TEXPOOL	LGIP	TexPool	4,606,631.68	527.86	0.00	0.00	0.00	4,607,159.54	4,606,631.68	4,607,159.54	527.86
TEXSTAR	LGIP	TexSTAR	25,024,830.75	11,661,958.17	(14,999,014.21)	0.00	0.00	21,687,774.71	25,024,830.75	21,687,774.71	(3,337,056.04)
89233GUC8	CP - DISC	Toyota Mtr Cr 0.000 07/12/13	2,999,715.84	0.00	(3,000,000.00)	284.16	0.00	0.00	2,999,859.00	0.00	(2,999,859.00)
3024A0V69	CP - DISC	FCAR Owner Trust 0.000 08/06/13	8,695,650.00	0.00	(8,700,000.00)	4,350.00	0.00	0.00	8,697,946.80	0.00	(8,697,946.80)
313376WB7	AGCY BULET	FHLB 0.280 08/13/13	2,000,109.54	0.00	(2,000,000.00)	(109.54)	0.00	0.00	2,000,400.00	0.00	(2,000,400.00)
89233GWH5	CP - DISC	Toyota Mtr Cr 0.000 09/17/13	999,415.00	0.00	(1,000,000.00)	585.00	0.00	0.00	999,605.00	0.00	(999,605.00)
3134G3BF6	AGCY BULET	FHLMC 0.625 12/23/13	1,000,980.91	0.00	0.00	(513.27)	0.00	1,000,467.64	1,002,100.00	1,001,200.00	(900.00)
89233GZW9	CP - DISC	Toyota Mtr Cr 0.000 12/30/13	1,997,168.88	0.00	0.00	1,431.12	0.00	1,998,600.00	1,997,052.00	1,999,192.00	2,140.00
4662J1B33	CP - DISC	JPM Chase Bk 0.000 02/03/14	0.00	3,345,952.08	0.00	1,139.92	0.00	3,347,092.00	0.00	3,347,420.50	3,347,420.50
31398AVD1	AGCY BULET	FNMA 2.750 02/05/14	11,518,046.06	0.00	0.00	(70,653.87)	0.00	11,447,392.19	11,525,925.00	11,454,420.00	(71,505.00)
313379LM9	AGCY BULET	FHLB 0.350 02/25/14	2,001,042.08	0.00	0.00	(400.60)	0.00	2,000,641.48	2,001,800.00	2,002,200.00	400.00
36959JCH4	CP - DISC	GE Capital Corp 0.000 03/17/14	0.00	1,998,078.89	0.00	158.33	0.00	1,998,237.22	0.00	1,997,760.00	1,997,760.00
89233HFD1	CP - DISC	Toyota Mtr Cr 0.000 06/13/14	0.00	4,990,250.00	0.00	541.65	0.00	4,990,791.65	0.00	4,989,690.00	4,989,690.00
CD-1233	CD	PlainsCapital Bk CD 0.320 08/22/14	0.00	10,000,000.00	0.00	0.00	0.00	10,000,000.00	0.00	10,000,000.00	10,000,000.00
3134G3YW4	AGCY BULET	FHLMC 0.375 08/28/14	1,500,798.03	0.00	0.00	(167.91)	0.00	1,500,630.12	1,502,100.00	1,503,000.00	900.00
CD-2270-1	CD	ViewPoint Bk CD 0.600 10/08/14	2,526,064.32	3,779.98	0.00	0.00	0.00	2,529,844.30	2,526,064.32	2,529,844.30	3,779.98
CD-6693-1	CD	Comerica Bk CD 0.570 12/19/14	2,005,691.12	2,882.98	0.00	0.00	0.00	2,008,574.10	2,005,691.12	2,008,574.10	2,882.98
3134G3PD6	AGCY CALL	FHLMC 0.550 02/27/15	2,003,271.60	0.00	0.00	(1,246.92)	0.00	2,002,024.68	1,998,600.00	2,000,600.00	2,000.00
CD-3620	CD	Comerica Bk CD 0.550 09/17/15	0.00	10,000,000.00	0.00	0.00	0.00	10,000,000.00	0.00	10,000,000.00	10,000,000.00
3135G0TT0	AGCY CALL	FNMA 0.500 01/29/16	2,707,000.00	0.00	0.00	0.00	0.00	2,707,000.00	2,693,465.00	2,700,773.90	7,308.90
<b>Total for Pooled Funds</b>			<b>71,586,415.81</b>	<b>42,003,429.96</b>	<b>(29,699,014.21)</b>	<b>(64,601.93)</b>	<b>0.00</b>	<b>83,826,229.63</b>	<b>71,582,070.67</b>	<b>83,829,609.05</b>	<b>12,247,538.38</b>
<b>Total for Town of Addison</b>			<b>71,586,415.81</b>	<b>42,003,429.96</b>	<b>(29,699,014.21)</b>	<b>(64,601.93)</b>	<b>0.00</b>	<b>83,826,229.63</b>	<b>71,582,070.67</b>	<b>83,829,609.05</b>	<b>12,247,538.38</b>



**Town of Addison**  
**Earned Income**  
 From 06/30/2013 to 09/30/2013

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
<b>Pooled Funds</b>									
TEXPOOL	LGIP	TexPool	0.00	527.86	527.86	0.00	0.00	0.00	527.86
TEXSTAR	LGIP	TexSTAR	0.00	3,470.10	3,470.10	0.00	0.00	0.00	3,470.10
89233GUC8	CP - DISC	Toyota Mtr Cr 0.000 07/12/13	0.00	0.00	0.00	0.00	0.00	284.16	284.16
3024A0V69	CP - DISC	FCAR Owner Trust 0.000 08/06/13	0.00	0.00	0.00	0.00	0.00	4,350.00	4,350.00
313376WB7	AGCY BULET	FHLB 0.280 08/13/13	2,146.67	653.33	2,800.00	0.00	0.00	(109.54)	543.79
89233GWH5	CP - DISC	Toyota Mtr Cr 0.000 09/17/13	0.00	0.00	0.00	0.00	0.00	585.00	585.00
3134G3BF6	AGCY BULET	FHLMC 0.625 12/23/13	138.89	1,562.50	0.00	0.00	1,701.39	(513.27)	1,049.23
89233GZW9	CP - DISC	Toyota Mtr Cr 0.000 12/30/13	0.00	0.00	0.00	0.00	0.00	1,431.12	1,431.12
4662J1B33	CP - DISC	JPM Chase Bk 0.000 02/03/14	0.00	0.00	0.00	0.00	0.00	1,139.92	1,139.92
31398AVD1	AGCY BULET	FNMA 2.750 02/05/14	126,584.03	78,031.25	156,062.50	0.00	48,552.78	(70,653.87)	7,377.38
313379LM9	AGCY BULET	FHLB 0.350 02/25/14	2,450.00	1,750.00	3,500.00	0.00	700.00	(400.60)	1,349.40
36959JCH4	CP - DISC	GE Capital Corp 0.000 03/17/14	0.00	0.00	0.00	0.00	0.00	158.33	158.33
89233HFD1	CP - DISC	Toyota Mtr Cr 0.000 06/13/14	0.00	0.00	0.00	0.00	0.00	541.65	541.65
CD-1233	CD	PlainsCapital Bk CD 0.320 08/22/14	0.00	3,506.85	0.00	0.00	3,506.85	0.00	3,506.85
3134G3YW4	AGCY BULET	FHLMC 0.375 08/28/14	1,890.63	1,437.50	2,812.50	0.00	515.63	(167.91)	1,269.59
CD-2270-1	CD	ViewPoint Bk CD 0.600 10/08/14	41.52	3,780.05	3,779.98	0.00	41.59	0.00	3,780.05
CD-6693-1	CD	Comerica Bk CD 0.570 12/19/14	375.86	2,883.52	2,882.98	0.00	376.40	0.00	2,883.52
3134G3PD6	AGCY CALL	FHLMC 0.550 02/27/15	3,788.89	2,750.00	5,500.00	0.00	1,038.89	(1,246.92)	1,503.08
CD-3620	CD	Comerica Bk CD 0.550 09/17/15	0.00	2,109.59	0.00	0.00	2,109.59	0.00	2,109.59
3135G0TT0	AGCY CALL	FNMA 0.500 01/29/16	5,714.78	3,383.75	6,767.50	0.00	2,331.03	0.00	3,383.75
<b>Total for Pooled Funds</b>			<b>143,131.27</b>	<b>105,846.30</b>	<b>188,103.42</b>	<b>0.00</b>	<b>60,874.15</b>	<b>(64,601.93)</b>	<b>41,244.37</b>
<b>Total for Town of Addison</b>			<b>143,131.27</b>	<b>105,846.30</b>	<b>188,103.42</b>	<b>0.00</b>	<b>60,874.15</b>	<b>(64,601.93)</b>	<b>41,244.37</b>



**Town of Addison**  
**Investment Transactions**  
 From 07/01/2013 to 09/30/2013

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
<b>Pooled Funds</b>															
<b>Maturities</b>															
07/12/13	07/12/13	89233GUC8	CP - DISC	Toyota Mtr Cr		07/12/13		3,000,000.00	100.000	3,000,000.00	0.00	3,000,000.00		0.311	
08/06/13	08/06/13	3024A0V69	CP - DISC	FCAR Owner Trust		08/06/13		8,700,000.00	100.000	8,700,000.00	0.00	8,700,000.00		0.502	
08/13/13	08/13/13	313376WB7	AGCY BULET	FHLB	0.280	08/13/13		2,000,000.00	100.000	2,000,000.00	0.00	2,000,000.00		0.233	
09/17/13	09/17/13	89233GWH5	CP - DISC	Toyota Mtr Cr		09/17/13		1,000,000.00	100.000	1,000,000.00	0.00	1,000,000.00		0.271	
<b>Total for: Maturities</b>								<b>14,700,000.00</b>		<b>14,700,000.00</b>	<b>0.00</b>	<b>14,700,000.00</b>		<b>0.411</b>	
<b>Purchases</b>															
08/12/13	08/13/13	4662J1B33	CP - DISC	JPM Chase Bk		02/03/14		3,350,000.00	99.879	3,345,952.08	0.00	3,345,952.08		0.250	0.250
08/22/13	08/22/13	CD-1233	CD	PlainsCapital Bk CD	0.320	08/22/14		10,000,000.00	100.000	10,000,000.00	0.00	10,000,000.00		0.320	0.320
09/13/13	09/16/13	36959JCH4	CP - DISC	GE Capital Corp		03/17/14		2,000,000.00	99.904	1,998,078.89	0.00	1,998,078.89		0.190	0.190
09/13/13	09/16/13	89233HFD1	CP - DISC	Toyota Mtr Cr		06/13/14		5,000,000.00	99.805	4,990,250.00	0.00	4,990,250.00		0.261	0.261
09/17/13	09/17/13	CD-3620	CD	Comerica Bk CD	0.550	09/17/15		10,000,000.00	100.000	10,000,000.00	0.00	10,000,000.00		0.550	0.550
<b>Total for: Purchases</b>								<b>30,350,000.00</b>		<b>30,334,280.97</b>	<b>0.00</b>	<b>30,334,280.97</b>		<b>0.370</b>	<b>0.370</b>
<b>Income Payments</b>															
07/01/13	07/01/13	CD-2270-1	CD	ViewPoint Bk CD	0.600	10/08/14				0.00	(42.13)	(42.13)			
07/08/13	07/19/13	CD-6693-1	CD	Comerica Bk CD	0.570	12/19/14				0.00	939.65	939.65			
07/29/13	07/29/13	3135GOTT0	AGCY CALL	FNMA	0.500	01/29/16				0.00	6,767.50	6,767.50			
07/31/13	07/31/13	CD-2270-1	CD	ViewPoint Bk CD	0.600	10/08/14				0.00	1,287.23	1,287.23			
08/05/13	08/05/13	31398AVD1	AGCY BULET	FNMA	2.750	02/05/14				0.00	156,062.50	156,062.50			
08/08/13	08/19/13	CD-6693-1	CD	Comerica Bk CD	0.570	12/19/14				0.00	971.43	971.43			
08/13/13	08/13/13	313376WB7	AGCY BULET	FHLB	0.280	08/13/13				0.00	2,800.00	2,800.00			
08/26/13	08/25/13	313379LM9	AGCY BULET	FHLB	0.350	02/25/14				0.00	3,500.00	3,500.00			
08/27/13	08/27/13	3134G3PD6	AGCY CALL	FHLMC	0.550	02/27/15				0.00	5,500.00	5,500.00			
08/28/13	08/28/13	3134G3YW4	AGCY BULET	FHLMC	0.375	08/28/14				0.00	2,812.50	2,812.50			
08/31/13	08/31/13	CD-2270-1	CD	ViewPoint Bk CD	0.600	10/08/14				0.00	1,287.90	1,287.90			
09/08/13	09/19/13	CD-6693-1	CD	Comerica Bk CD	0.570	12/19/14				0.00	971.90	971.90			
09/30/13	09/30/13	CD-2270-1	CD	ViewPoint Bk CD	0.600	10/08/14				0.00	1,246.98	1,246.98			
09/30/13	09/30/13	CD-2270-1	CD	ViewPoint Bk CD	0.600	10/08/14				0.00	(1,246.98)	(1,246.98)			



**Town of Addison**  
**Investment Transactions**  
 From 07/01/2013 to 09/30/2013

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
<b>Pooled Funds</b>															
<b>Income Payments</b>															
09/30/13	09/30/13	CD-2270-1	CD	ViewPoint Bk CD	0.600	10/08/14				0.00	1,246.98	1,246.98			
<b>Total for: Income Payments</b>										<b>0.00</b>	<b>184,105.46</b>	<b>184,105.46</b>			
<b>Capitalized Interest</b>															
07/08/13	07/08/13	CD-6693-1	CD	Comerica Bk CD	0.570	12/19/14		939.65	100.000	939.65	0.00	939.65			
07/31/13	07/31/13	CD-2270-1	CD	ViewPoint Bk CD	0.600	10/08/14		1,245.10	100.000	1,245.10	0.00	1,245.10			
08/08/13	08/08/13	CD-6693-1	CD	Comerica Bk CD	0.570	12/19/14		971.43	100.000	971.43	0.00	971.43			
08/31/13	08/31/13	CD-2270-1	CD	ViewPoint Bk CD	0.600	10/08/14		1,287.90	100.000	1,287.90	0.00	1,287.90			
09/08/13	09/08/13	CD-6693-1	CD	Comerica Bk CD	0.570	12/19/14		971.90	100.000	971.90	0.00	971.90			
09/30/13	09/30/13	CD-2270-1	CD	ViewPoint Bk CD	0.600	10/08/14		1,246.98	100.000	1,246.98	0.00	1,246.98			
<b>Total for: Capitalized Interest</b>								<b>6,662.96</b>		<b>6,662.96</b>	<b>0.00</b>	<b>6,662.96</b>			



**Town of Addison**  
**Investment Transactions**  
 From 07/01/2013 to 09/30/2013

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
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**Total for All Portfolios**

Transaction Type	Quantity	Total Amount	Realized G/L	YTM	YTW
Total Maturities	14,700,000.00	14,700,000.00		0.411	
Total Purchases	30,350,000.00	30,334,280.97		0.370	0.370
Total Income Payments	0.00	184,105.46			
Total Capitalized Interest	6,662.96	6,662.96			



**Town of Addison**  
**Amortization and Accretion**  
 From 06/30/2013 to 09/30/2013

CUSIP	Settle Date	Security Type	Security Description	Next Call Date	Purchase Qty	Orig Price	Original Cost	Amrt/Accr for Period	Total Amrt/Accr Since Purch	Remaining Disc / Prem	Book Value
<b>Pooled Funds</b>											
89233GUC8	10/16/12	CP - DISC	Toyota Mtr Cr 0.000 07/12/13		0.00	99.768	0.00	284.16	0.00	0.00	0.00
3024A0V69	11/09/12	CP - DISC	FCAR Owner Trust 0.000 08/06/13		0.00	99.625	0.00	4,350.00	0.00	0.00	0.00
313376WB7	08/20/12	AGCY BULET	FHLB 0.280 08/13/13		0.00	100.046	0.00	(109.54)	0.00	0.00	0.00
89233GWH5	12/21/12	CP - DISC	Toyota Mtr Cr 0.000 09/17/13		0.00	99.798	0.00	585.00	0.00	0.00	0.00
3134G3BF6	03/27/12	AGCY BULET	FHLMC 0.625 12/23/13		1,000,000.00	100.356	1,003,560.00	(513.27)	(3,092.36)	(467.64)	1,000,467.64
89233GZW9	04/04/13	CP - DISC	Toyota Mtr Cr 0.000 12/30/13		2,000,000.00	99.790	1,995,800.00	1,431.12	2,800.00	1,400.00	1,998,600.00
4662J1B33	08/13/13	CP - DISC	JPM Chase Bk 0.000 02/03/14		3,350,000.00	99.879	3,345,952.08	1,139.92	1,139.92	2,908.00	3,347,092.00
31398AVD1	11/07/12	AGCY BULET	FNMA 2.750 02/05/14		11,350,000.00	103.097	11,701,509.50	(70,653.87)	(254,117.31)	(97,392.19)	11,447,392.19
313379LM9	07/24/12	AGCY BULET	FHLB 0.350 02/25/14		2,000,000.00	100.127	2,002,540.00	(400.60)	(1,898.52)	(641.48)	2,000,641.48
36959JCH4	09/16/13	CP - DISC	GE Capital Corp 0.000 03/17/14		2,000,000.00	99.904	1,998,078.89	158.33	158.33	1,762.78	1,998,237.22
89233HFD1	09/16/13	CP - DISC	Toyota Mtr Cr 0.000 06/13/14		5,000,000.00	99.805	4,990,250.00	541.65	541.65	9,208.35	4,990,791.65
CD-1233	08/22/13	CD	PlainsCapital Bk CD 0.320 08/22/14		10,000,000.00	100.000	10,000,000.00	0.00	0.00	0.00	10,000,000.00
3134G3YW4	08/28/12	AGCY BULET	FHLMC 0.375 08/28/14		1,500,000.00	100.092	1,501,374.00	(167.91)	(743.88)	(630.12)	1,500,630.12
CD-2270-1	04/08/13	CD	ViewPoint Bk CD 0.600 10/08/14		2,529,844.30	100.000	2,529,844.30	0.00	0.00	0.00	2,529,844.30
CD-6693-1	12/10/12	CD	Comerica Bk CD 0.570 12/19/14		2,008,574.10	100.000	2,008,574.10	0.00	0.00	0.00	2,008,574.10
3134G3PD6	01/10/13	AGCY CALL	FHLMC 0.550 02/27/15	02/27/14	2,000,000.00	100.282	2,005,638.00	(1,246.92)	(3,613.32)	(2,024.68)	2,002,024.68
CD-3620	09/17/13	CD	Comerica Bk CD 0.550 09/17/15		10,000,000.00	100.000	10,000,000.00	0.00	0.00	0.00	10,000,000.00
3135G0TTO	01/29/13	AGCY CALL	FNMA 0.500 01/29/16	01/29/14	2,707,000.00	100.000	2,707,000.00	0.00	0.00	0.00	2,707,000.00
<b>Total for Pooled Funds</b>					<b>57,445,418.40</b>		<b>57,790,120.87</b>	<b>(64,601.93)</b>	<b>(258,825.49)</b>	<b>(85,876.98)</b>	<b>57,531,295.38</b>
<b>Total for Town of Addison</b>					<b>57,445,418.40</b>		<b>57,790,120.87</b>	<b>(64,601.93)</b>	<b>(258,825.49)</b>	<b>(85,876.98)</b>	<b>57,531,295.38</b>



**Town of Addison**  
**Projected Cash Flows**  
*Cash Flows for next 180 days from 09/30/2013*

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
<b>Pooled Funds</b>						
CD-3620	CD	Comerica Bk CD 0.550 09/17/15	10/17/13	4,520.54	0.00	4,520.54
CD-6693-1	CD	Comerica Bk CD 0.570 12/19/14	10/19/13	941.00	0.00	941.00
CD-2270-1	CD	ViewPoint Bk CD 0.600 10/08/14	10/31/13	1,289.18	0.00	1,289.18
CD-3620	CD	Comerica Bk CD 0.550 09/17/15	11/17/13	4,671.23	0.00	4,671.23
CD-6693-1	CD	Comerica Bk CD 0.570 12/19/14	11/19/13	972.36	0.00	972.36
CD-1233	CD	PlainsCapital Bk CD 0.320 08/22/14	11/22/13	8,065.75	0.00	8,065.75
CD-2270-1	CD	ViewPoint Bk CD 0.600 10/08/14	11/30/13	1,247.59	0.00	1,247.59
CD-3620	CD	Comerica Bk CD 0.550 09/17/15	12/17/13	4,520.54	0.00	4,520.54
CD-6693-1	CD	Comerica Bk CD 0.570 12/19/14	12/19/13	941.00	0.00	941.00
3134G3BF6	AGCY BULET	FHLMC 0.625 12/23/13	12/23/13	3,125.00	1,000,000.00	1,003,125.00
89233GZW9	CP - DISC	Toyota Mtr Cr 0.000 12/30/13	12/30/13	0.00	2,000,000.00	2,000,000.00
CD-2270-1	CD	ViewPoint Bk CD 0.600 10/08/14	12/31/13	1,289.18	0.00	1,289.18
CD-3620	CD	Comerica Bk CD 0.550 09/17/15	01/17/14	4,671.23	0.00	4,671.23
CD-6693-1	CD	Comerica Bk CD 0.570 12/19/14	01/19/14	972.36	0.00	972.36
3135G0TT0	AGCY CALL	FNMA 0.500 01/29/16	01/29/14	6,767.50	0.00	6,767.50
CD-2270-1	CD	ViewPoint Bk CD 0.600 10/08/14	01/31/14	1,289.18	0.00	1,289.18
4662J1B33	CP - DISC	JPM Chase Bk 0.000 02/03/14	02/03/14	0.00	3,350,000.00	3,350,000.00
31398AVD1	AGCY BULET	FNMA 2.750 02/05/14	02/05/14	156,062.50	11,350,000.00	11,506,062.50
CD-3620	CD	Comerica Bk CD 0.550 09/17/15	02/17/14	4,671.23	0.00	4,671.23
CD-6693-1	CD	Comerica Bk CD 0.570 12/19/14	02/19/14	972.36	0.00	972.36
CD-1233	CD	PlainsCapital Bk CD 0.320 08/22/14	02/22/14	8,065.75	0.00	8,065.75
313379LM9	AGCY BULET	FHLB 0.350 02/25/14	02/25/14	3,500.00	2,000,000.00	2,003,500.00
3134G3YW4	AGCY BULET	FHLMC 0.375 08/28/14	02/28/14	2,812.50	0.00	2,812.50
CD-2270-1	CD	ViewPoint Bk CD 0.600 10/08/14	02/28/14	1,164.42	0.00	1,164.42
CD-3620	CD	Comerica Bk CD 0.550 09/17/15	03/17/14	4,219.17	0.00	4,219.17
36959JCH4	CP - DISC	GE Capital Corp 0.000 03/17/14	03/17/14	0.00	2,000,000.00	2,000,000.00
CD-6693-1	CD	Comerica Bk CD 0.570 12/19/14	03/19/14	878.26	0.00	878.26
<b>Total for Pooled Funds</b>				<b>227,629.83</b>	<b>21,700,000.00</b>	<b>21,927,629.83</b>



**Town of Addison**  
**Projected Cash Flows**  
*Cash Flows for next 180 days from 09/30/2013*

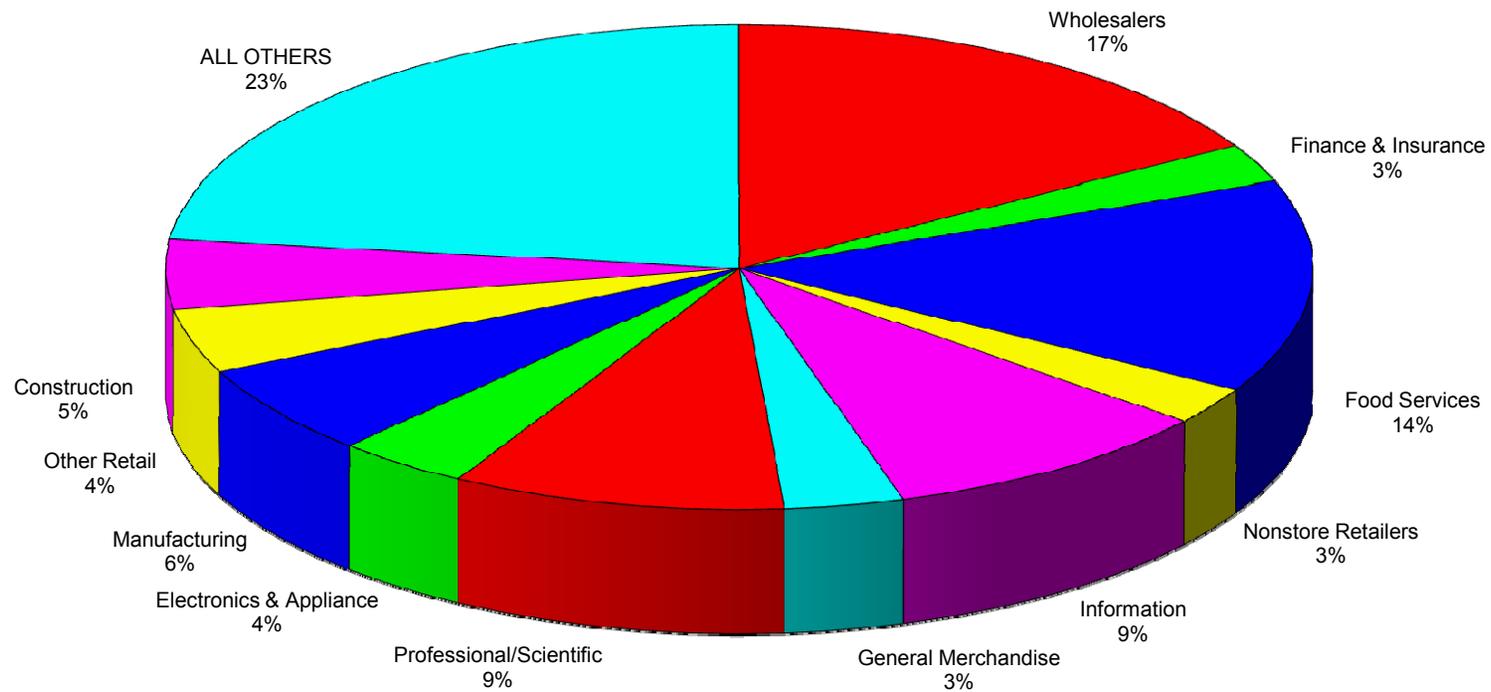
CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
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**Total for All Portfolios**

	October 2013	6,750.72	0.00	6,750.72		
	November 2013	14,956.93	0.00	14,956.93		
	December 2013	9,875.72	3,000,000.00	3,009,875.72		
	January 2014	13,700.27	0.00	13,700.27		
	February 2014	177,248.76	16,700,000.00	16,877,248.76		
	March 2014	5,097.43	2,000,000.00	2,005,097.43		
<b>Total Projected Cash Flows for Town of Addison</b>				<b>227,629.83</b>	<b>21,700,000.00</b>	<b>21,927,629.83</b>

# TOWN OF ADDISON

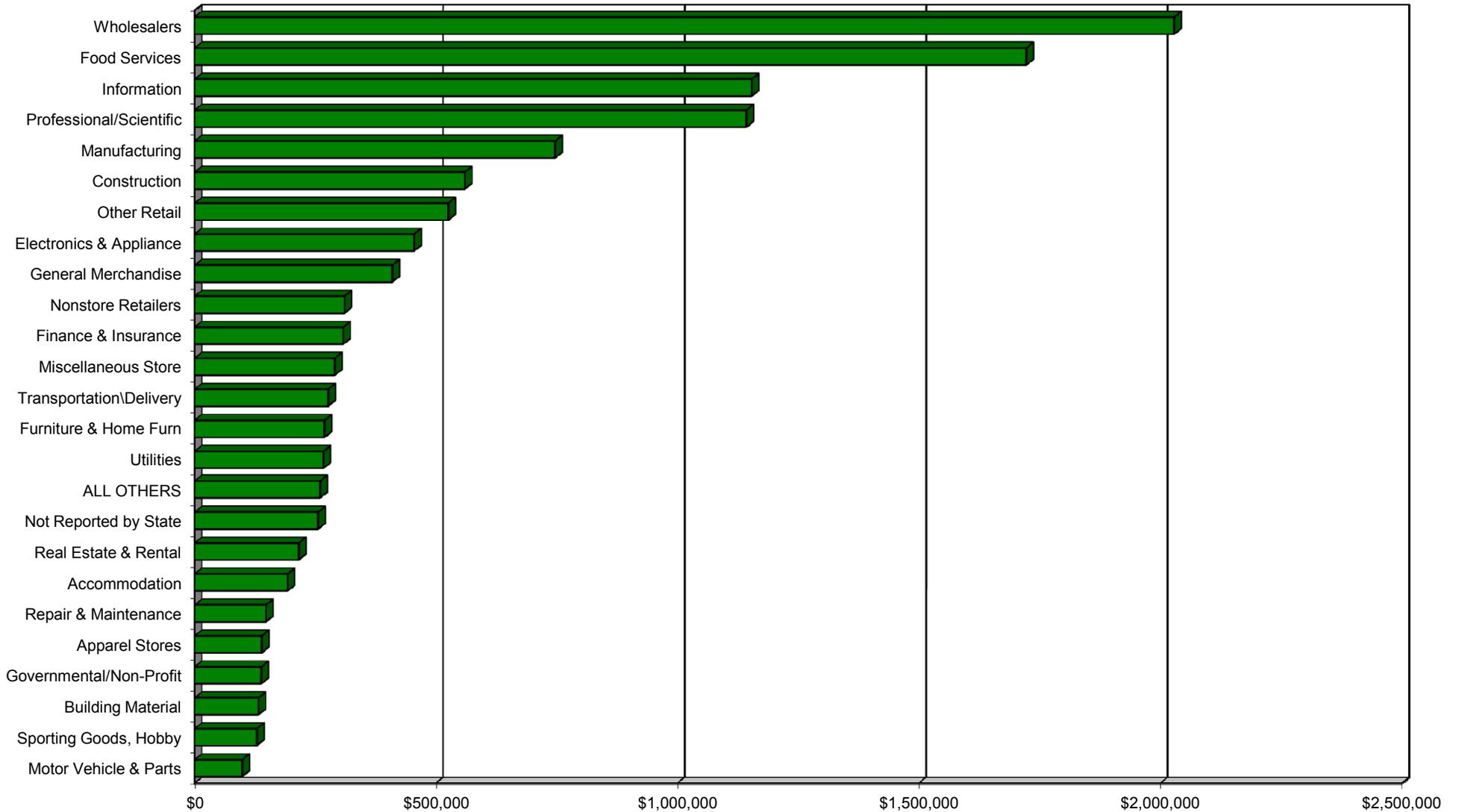
## TOTAL TOWN \$12,168,088



BENCHMARK YEAR ENDING SECOND QUARTER 2013

# TOWN OF ADDISON

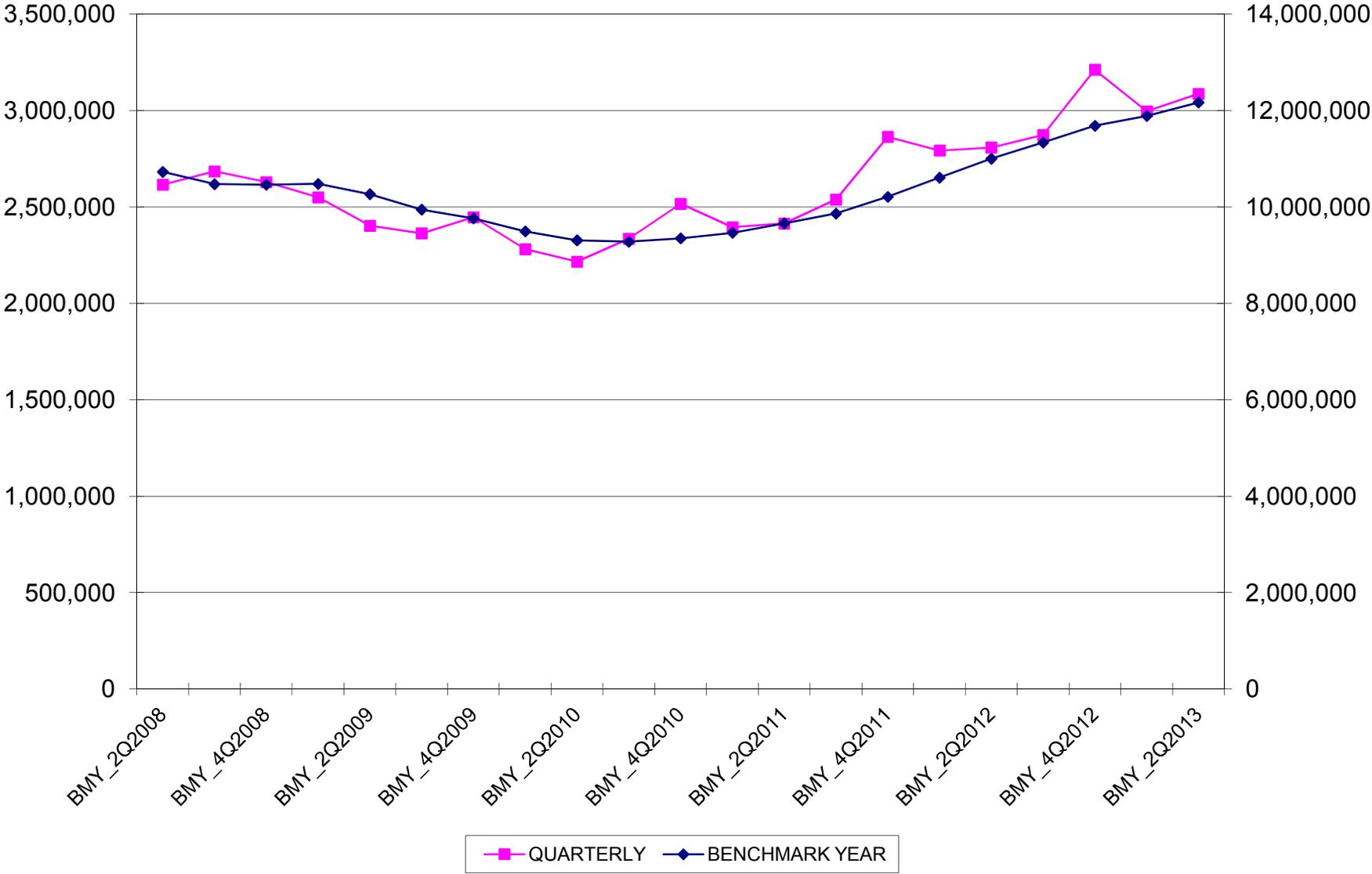
## LOCAL SALES TAX REVENUE BY ECONOMIC SEGMENT



BENCHMARK YEAR ENDING SECOND QUARTER 2013

# TOWN OF ADDISON

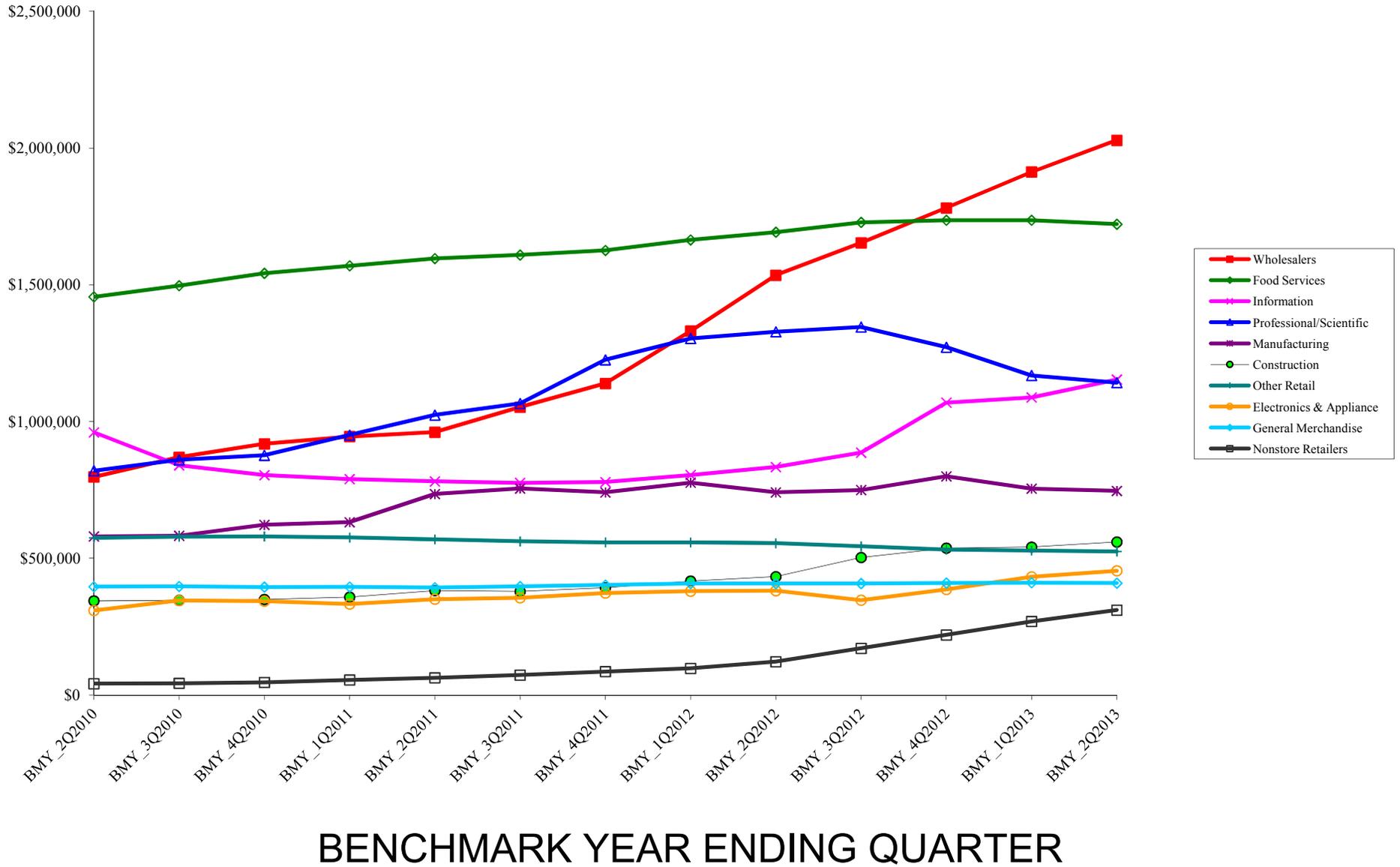
## HISTORICAL SALES TAX REVENUE PERFORMANCE



BY QUARTER AND BENCHMARK YEAR ENDING QUARTER

# TOWN OF ADDISON

## SALES TAX FROM TEN LARGEST BUSINESS SEGMENTS



**Combined Meeting**

**R11**

**Meeting Date:** 11/26/2013

**Council Goals:** N/A

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**AGENDA CAPTION:**

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Discussion and consideration of any action relating to the appointment of the City Secretary.

Recommendation:

Administration recommends appointment of Matthew McCombs as City Secretary.

**FINANCIAL IMPACT:**

n/a

**BACKGROUND:**

n/a

**RECOMMENDATION:**

n/a

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**Combined Meeting**

**ES1**

**Meeting Date:** 11/26/2013

**Council Goals:** N/A

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**AGENDA CAPTION:**

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Closed (executive) session of the Addison City Council, pursuant to Section 551.072, Texas Government Code, to deliberate the purchase or value of certain real property located within the Town and adjacent to and concerning Addison Airport.

**FINANCIAL IMPACT:**

n/a

**BACKGROUND:**

n/a

**RECOMMENDATION:**

n/a

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**Combined Meeting**

**R12**

**Meeting Date:** 11/26/2013

**Council Goals:** N/A

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**AGENDA CAPTION:**

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Discussion and consideration of approval of any action regarding the purchase or value of certain real property located within the Town and adjacent to and concerning Addison Airport.

**FINANCIAL IMPACT:**

n/a

**BACKGROUND:**

n/a

**RECOMMENDATION:**

n/a

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