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- MEMORANDUM -

To: Lisa Pyles
From: Bill Dyer
CC: Joel Jenkinson
Date: May 27, 2015
Re: ADS US Sport Aircraft, LLC - Proposed First Amendment to Conventional Hangar Lease

Attached is the proposed First Amendment to Conventional Hangar Lease between ADS US Sport Aircraft, LLC and the Town of Addison for the Town Council's consideration and consent during their upcoming regular meeting on June 9th.



ADS US Sport Aircraft, LLC currently leases the city-owned commercial hangar located at 4700 Airport Parkway with the primary term of the lease due to expire January 31, 2017. Additionally, ADS US Sport Aircraft leases two (2) city-owned patio hangars at the full market rate of \$260 per month for each unit. The total annualized

rental currently obligated by ADS US Sport Aircraft, LLC is \$41,580.

The proposed amendment reduces the tenant's commercial hangar rental by \$260 each month over the remaining term of the lease provided ADS US Sport Aircraft also leases four (4) additional patio hangar at the adjacent city-owned R1 patio hangar facility at

their full market rate of \$260 per month for each unit (or a total of 6 patio units in all) pursuant to the terms and conditions of the Town's standard Aircraft Storage Rental Agreement. These patio hangars are to be used in connection with ADS US Sport Aircraft's commercial operations. Should at any time during the commercial lease term the tenant terminate their use and occupancy of one or more of the patio hangars, the commercial hangar rent shall automatically revert to its full contract rate.

ADS US Sport Aircraft, LLC sells and leases light-sport aircraft and conducts flight training. They have been based at Addison Airport in their current location since 2011 and has remained in good standing with the airport.

The economic benefit of this amendment together with the leasing of the four (4) additional patio hangars is an increase in the airport's annual rental income of \$9,360.00.

The proposed amendment is to be retroactive and made effective as of March 1, 2015. The city attorney has reviewed and approved the attached amendment to form for the Town's purposes.

**TOWN OF ADDISON, TEXAS
ADDISON AIRPORT**

STATE OF TEXAS §
 § **FIRST AMENDMENT TO CONVENTIONAL HANGAR LEASE**
COUNTY OF DALLAS §

This First Amendment to Conventional Hangar Lease (hereinafter referred to as the “Amendment”) is made and entered into by and between Landlord and Tenant. Landlord and the Tenant are as follows:

Landlord: Town of Addison, Texas, a home-ruled municipality
 c/o Airport Manager
 16051 Addison Road, Suite 220
 Addison, Texas 75001
 Attn: Real Estate Manager

and

Tenant: ADS US Sport Aircraft, LLC
 4700 Airport Parkway
 Addison, Texas 75001
 Attn: Patrick Arnzen, Manager

WITNESSETH:

Whereas, Landlord and Tenant entered into that Conventional Hangar Lease dated February 1, 2015, (the “Hangar Lease”) for the period set forth in the Hangar Lease (the “Original Term”), under which Landlord leases to Tenant and the Tenant leases from Landlord the following Leased Premises (“the Property”) situated at Addison Airport within the Town of Addison, Texas:

Property-Building: 013B-81

Physical Address: 4700 Airport Parkway – Addison, TX 75001

Whereas, Landlord and Tenant desire to amend the Hangar Lease subject to the terms and conditions set forth herein.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, in consideration of the terms, covenants and conditions set forth in the Hangar Lease and in this Amendment, the sum of Ten Dollars and No/100 (\$10.00), and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Recitals.** All of the above and foregoing recitals and premises are incorporated herein and made a part of this Amendment for all purposes.
2. **Amendment.** Landlord and Tenant do hereby agree to amend and modify the Hangar Lease pursuant to the following terms and conditions:

Paragraph 3 – Rent: Provided Tenant continues to lease and occupy four (4) patio hangars (commonly known as Units #R-10 #R-12, #R-14 #R-16 pursuant to its respective Aircraft Storage Rental Agreements (the “Patio Hangars”) during the Term of this Hangar Lease without interruption, Tenant’s annual rent under this Hangar Lease shall be decreased by \$3,120 per year to now reflect Thirty-Two Thousand Two Hundred Twenty Dollars and 00/100 (\$32,220.00) payable in twelve equal monthly installments of Two Thousand Six-Hundred Eighty-Five Dollars and 00/100 (\$2,685.00). This Modified Rent shall first become due and payable the first day of the calendar month immediately following the Effective Date of this First Amendment to Conventional Hangar Lease and shall continue each month thereafter subject to any further adjustments provided for in Paragraph 4 – Adjustment of Rental of the Lease.

Should Tenant cease leasing any of the Patio Hangars (by providing Landlord with its 30-day written notice to vacate pursuant to the terms of the Aircraft Storage Rental Agreements), or if any of the patio hangar leases are early terminated for any reason during the term of this Hangar Lease, Rent for this Hangar Lease shall revert to what it was immediately prior to this Amendment, notwithstanding any adjustments having been made pursuant to the Hangar Lease.

3. **No Other Amendments.** Except to the extent modified or amended herein, all other terms, conditions, provisions and obligations of the Hangar Lease shall remain unchanged and in full force and effect for and during the Term of the Hangar Lease.

4. **Authority to Execute.** The undersigned individual, officer and/or agent of the parties hereto are authorized and have the necessary authority to execute this Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

Effective Date. This Amendment is entered into effective as of March 1, 2015.

IN WITNESS WHEREOF, the undersigned parties execute this First Amendment to Conventional Hangar Lease as of the _____ day of _____, 2015.

TENANT:

ADS US Sport Aircraft LLC
A Texas limited liability company

LANDLORD:

Town of Addison, Texas
a home-ruled municipality

By: _____
Patrick Arnzen, Manager

By: _____
Lea Dunn, City Manager

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

**ADDISON AIRPORT
CONVENTIONAL HANGAR LEASE**

This Hangar Lease (hereinafter referred to as the "Hangar Lease" or "Agreement") is made and entered into this 1st day of February, 2015 (the "Effective Date"), by and between the Town of Addison, Texas, a home-ruled municipality (hereinafter referred to as the "City" or "Landlord") and ADS US Sport Aircraft LLC, a Texas limited liability company, ("Tenant").

WITNESSETH:

WHEREAS, Landlord is the owner of the Addison Airport (hereinafter referred to as the "Airport") located in Dallas County, Texas; and

WHEREAS, the Airport is operated and managed for and on behalf of the City by URS Energy & Construction, Inc., an Ohio Corporation ("URS") and SAMI Management, Inc., a Texas corporation (severally and/or collectively hereinafter referred to as "Airport Manager" or "Manager"), pursuant to their respective operating agreements, as amended or modified, with the City; and

WHEREAS, Tenant desires to lease that certain hangar located within the Airport known as Building #013B with the public address known as 4700 Airport Parkway, Addison, Texas 75001 (hereinafter referred to as "the Premises" and as more fully described in Exhibits "A", "B" and "C" attached hereto and made a part hereof) and Landlord desires to lease the same to Tenant for the Term as defined below; and

WHEREAS, Landlord and Tenant hereby agree to enter into this Hangar Lease under the terms and conditions set forth hereinbelow.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, Landlord and Tenant hereby agree as follows:

1. Demise. Landlord, for and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed by Tenant and subject to the use of the Premises as described herein, by these presents does hereby lease unto Tenant, and Tenant, for and in consideration of the covenants and agreements herein reserved on the part of the Landlord to be kept and performed, does hereby lease and accept from Landlord, the Premises, subject to all matters of record in any way appertaining to the Premises.

2. Term: The term hereof shall commence the earlier of the date upon which Tenant is issued its Certificate of Occupancy by the Town of Addison or February 1, 2015 (the "Commencement Date"). The term shall end on January 31, 2017 (the "Expiration Date"), unless otherwise terminated as provided for herein.

3. Rental:

A. Tenant agrees to pay to Landlord, without offset or deduction, an annual Base Rent of **Thirty-three Thousand Six Hundred Dollars and No/100 (\$35,340.00)** payable in twelve (12) equal monthly installments in the amount of **Two Thousand Nine Hundred Forty- Five Dollars and No/100 (\$2,945.00)**. The first such monthly installment shall be due and payable on or before the Commencement Date and then on or before the first day of each calendar month thereafter during the Term. The Base Rent is subject to periodic adjustments as provided herein.

B. **Prorated Rent:** If the Commencement Date is on a day other than the first day of a month, Tenant will pay Landlord as prorated rent, an amount equal to the Base Rent multiplied by the following fraction: the number of days from the Commencement Date to the first day of the following month divided by the number of days in the month in which this Lease commences. The prorated rent is due on or before the Commencement Date.

D. **Additional Rent:** In addition to the Base Rent and Prorated Rent, Tenant will pay Landlord all other amounts, as provided by the attached Utility Expense Reimbursement Addendum (Exhibit D). All amounts payable under the Addendum are deemed to be "rent" for the purpose of this Lease.

E. **Place of Payment:** Tenant will remit all amounts due Landlord under this Lease, checks made payable to "Addison Airport" to the following person at the place stated or to such other person or place as Landlord may later designate in writing:

Addison Airport
c/o Airport Manager
16051 Addison Road, Suite 220
Addison, Texas 75001

F. **Method of Payment:** Tenant must pay all rent timely without demand, deduction, or offset, except as permitted by law or this Lease. Tenant shall make payment of all rental owed by personal or corporate check, credit card or electronic transfer if acceptable to Landlord. Cash is not an acceptable form of payment of rent. If Tenant fails to timely pay any amounts due under this Lease, or if any check of Tenant is returned to Landlord by the institution on which it was drawn for insufficient funds, or if its credit card is denied more than three times in any twelve month period, Landlord, after providing written notice to Tenant, may require Tenant to pay subsequent amounts that become due under this Lease by cashier's check or money order only.

G. **Late Charges:** If Landlord does not actually receive a rent payment at the designated place of payment within ten (10) days after the date it is due, Tenant will pay Landlord a late charge equal to 5% of the amount due. In this paragraph, the mailbox is not the agent for receipt by Landlord. The Late Charge is a cost associated with the collection of rent and Landlord's acceptance of a late charge does not waive Landlord's right to exercise remedies under Paragraph 24 (Remedies of Landlord) herein.

If payment of a monthly installment of rental due under this Lease is made late (after the 10th day of the month) more than once in any three (3) month period, Tenant, upon the delivery of written notice to Tenant by Landlord ("Additional Deposit Notice"), of and among all other rights and remedies available to Landlord under this Agreement, shall be required to pay to Landlord an

amount equal to the then-current monthly rental installment (the "Additional Deposit") to be held and applied by Landlord as an addition to the Security Deposit delivered by Tenant and held on account by Landlord upon Tenant's execution of this Lease pursuant to subparagraph 3.H., below. If Tenant does not deliver the Additional Deposit to Landlord within ten (10) days after the delivery of the Additional Deposit Notice, such failure shall be an event of default under this Lease.

H. **Security Deposit:** Tenant and Landlord acknowledge that Landlord is holding the sum of **Two Thousand Eight Hundred Dollars and No/100 (\$2,800.00)** on behalf of Tenant which said amount is being held on account as Tenant's "Security Deposit." Upon execution of this Agreement, Tenant agrees to pay to Landlord **One Hundred Forty-Four Dollars and 78/100 (\$144.78)** to bring the Security Deposit held on account to equal one month's rent. Going forward, such Security Deposit shall be equal to one monthly installment of the rent unless otherwise adjusted as provided for in 3.G above.

1. If at any time during this Agreement the Security Deposit then held on account by Landlord becomes less than the prevailing monthly installment of Base Rent, Tenant will make an additional payment to Landlord so that the Security Deposit held by Landlord is increased to equal one monthly installment of Base Rent, unless otherwise adjusted as provided for in 3.G. above.

2. Landlord shall hold such Security Deposit without interest as security for the performance by Tenant of Tenant's covenants and obligations under this Lease.

3. The Security Deposit is not an advance payment of rent or a measure of liquidated damages in case of default by Tenant. Upon the occurrence of any event of default, Landlord may, from time to time, without prejudice to any other remedy provided herein or provided by law, use the Security Deposit to the extent necessary to make good any arrearages of rent and any other damage, injury, expense or liability caused to Landlord by such event of default. Following any such application of the Security Deposit, Tenant shall pay to Landlord, on demand, the amount so applied in order to fully restore the Security Deposit to its required amount.

4. If Tenant is not then in default hereunder, such Security Deposit, less any lawful deductions by Landlord, shall be returned by Landlord to Tenant with an accounting of said deductions taken no later than thirty (30) days following the termination or expiration of this Hangar Lease. Permitted deductions from said Security Deposit may include but not be limited to: unpaid rent; unpaid utilities incurred by Tenant; unpaid service charges; damages by Tenant to the Premises (beyond normal wear) or repairs by Landlord; replacement cost of Landlord's property that was in or attached to the Premises and is missing; unreturned keys; agreed reletting charges; cost of cleaning the Premises to a broom-swept condition if required; removal of any trash or debris left in the Premises; cost of the removal and storage of Tenant's personal property left or abandoned by Tenant or otherwise disposed of by Landlord; removal of unauthorized vehicles or aircraft left on the Premises; government fees or fines against Landlord because of Tenant; late fees and other costs of collection, interest earned on unpaid balances; attorneys' fees, court costs and filing fees.

4. Adjustment of Rental: Effective on each anniversary after the Commencement Date (hereinafter referred to as the "Adjustment Date"), the Base Rental due under Paragraph 3 shall be adjusted as follows:

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

2. The Base Rent for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Base Consumer Price Index and the then applicable Adjustment Index, but in no event shall Base Rental ever be decreased below the Base Rental set forth in Paragraph 3.

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

5. Use of Premises: The Premises shall be used and occupied by Tenant only for Commercial Aviation Use as more fully described as follows:

Aircraft Sales, Aircraft Assembly, Flight Training, Aircraft Maintenance, Aircraft Storage and Aircraft Demonstration.

For the purpose herein, Commercial Aviation Use is defined as any operation of a business enterprise whereby its core competency is dedicated to the general aviation industry and any such business practice is providing goods, services, or facilities for a commercial aeronautical purpose (including, without limitation, any activity by the Tenant securing earning, income, compensation, [including exchange or barter of goods, and services], and/or profit from said activities, whether or not such objectives are accomplished).

Any use of the Premises other than that indicated above is not permitted at any time without the prior written consent of Landlord. The Premises shall not be used or occupied for any concession for the sale or distribution of food, drinks, tobacco products, oil, gas, petroleum products or any activity of a similar character. Tenant agrees that no aircraft, vehicle or other equipment will be left unattended at any time outside the boundaries of the Premises or within any common area of the Airport, including the safety area, operating area and/or non-obstruction area of the Airport without the prior written consent of the Airport Manager. Tenant further agrees to cooperate and coordinate with adjacent tenants and Airport Management, when necessary, to facilitate aircraft movement along nearby taxilanes especially during periods of construction, maintenance and repair of Airport facilities.

6. Acceptance of Premises: Tenant acknowledges that Tenant has fully inspected the Premises and accepts the Premises as suitable for the purposes for which the same are leased in their present condition, "AS IS, WHERE IS, WITH ALL FAULTS AND PATENT AND LATENT DEFECTS". Without limiting anything in the foregoing, **THERE IS NO REPRESENTATION, PROMISE, COVENANT, AGREEMENT, GUARANTY OR WARRANTY OF ANY KIND**

OR CHARACTER, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, OF THE CONDITION, QUALITY, SUITABILITY, MERCHANTABILITY, HABITABILITY, OR FITNESS OF THE PREMISES FOR ANY PARTICULAR PURPOSE WHATSOEVER GIVEN IN CONNECTION WITH THIS LEASE, 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.

7. 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 currently required for the use and occupancy of the Premises, as set forth in Paragraph 5 above.

B. Tenant shall, at Tenant's sole cost and expense, comply at all times with all governmental laws, codes, ordinances, rules, policies, and regulations applicable to the use and occupancy of the Premises, as set forth in Paragraph 5 above, as existing or as the same may be reasonably amended or modified.

C. Tenant shall, at Tenant's sole cost and expense, promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances caused by Tenant and arising out of the use and occupancy of the Premises, as set forth in Paragraph 5 above.

D. Tenant shall comply with noise abatement standards at the Airport and shall notify any aircraft operator using the Premises of such standards.

8. Assignment and Subletting:

A. Without the prior written consent of Landlord, Tenant shall have no power to and may not assign, sell, pledge, encumber, license, transfer, or otherwise convey (together, "assign" or "assignment") this Lease or any rights or obligation of Tenant hereunder or sublet the whole or any part of the Premises. Any such assignment or any subletting shall be null and void and may be deemed by Landlord (in Landlord's sole discretion) an event of default under Paragraph 23 (Default by Tenant) of this Lease. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of Paragraph 5 pertaining to the use of the Premises. In the event of any Landlord-approved transfer or subletting, Tenant shall not transfer Tenant's rights hereunder or sublet the Premises without first obtaining a written agreement from each such transferee or sublessee whereby each such transferee or sublessee agrees to be bound by the terms and provisions of this Hangar Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the Premises are transferred or sublet, Landlord, in addition to any other remedies provided herein or by law, may, at Landlord's option, collect directly from such transferee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such transferee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder. Landlord's consent to any transfer or

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

B. Notwithstanding the foregoing, if the Use of Premises defined in Paragraph 5 above is a Commercial Aviation Use, Landlord hereby acknowledges and consents to Tenant's subletting of the Premises for the purpose of renting hangar space for aircraft storage only, provided that each sublease is 1) is made available for Landlord's review and inspection upon written request, 2) said subleases are evidenced by written agreement, signed and executed by Tenant and Subtenant and has incorporated therein and fairly states:

1. each Subtenant agrees to be bound by the terms and provisions of the Hangar Lease, including the provisions of Paragraph 5 pertaining to the use of the Premises. In the event of any conflict between the terms of the Hangar Lease and the terms of the sublease, the terms of the Hangar Lease shall control;
2. no such subletting shall constitute a novation.
3. in the event of occurrence of an event of default while the Premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may, at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder.
4. Subtenant shall be obligated to obtain Landlord's consent to any action as to which Tenant is obligated to obtain such consent under the Hangar Lease;
5. any such sublease is to automatically terminate upon termination of the Hangar Lease notwithstanding any other provision of the sublease to the contrary;
6. Landlord shall have no responsibility or obligation for the performance by subtenant of its obligations under the sublease;
7. Neither this consent, the exercise by Landlord of its rights hereunder, nor the sublease or any other instrument shall give Subtenant 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 subtenant.

Further, Tenant agrees that in no way does any sublease release Tenant from any of its covenants, agreements, liabilities and duties under the Hangar Lease; that this consent does not constitute approval by Landlord of the terms of any such sublease; nothing herein contained shall be deemed a waiver or release of any of the Landlord's rights under the Hangar 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 Hangar Lease including, without limitation, the duty to make any and all payments of rent. Any violation of any terms and conditions of the Hangar Lease by a subtenant may constitute a default under the Hangar Lease. Tenant shall provide to Landlord the names and addresses of any subtenants and the make, model, aircraft type and "N" number of any aircraft stored or located on or in the Premises.

9. Property Taxes and Assessments: Tenant shall pay any and all property taxes or assessments levied or assessed on: (i) all improvements, fixtures, equipment or personal property comprising a part of or located upon the Premises; and (ii), the leasehold estate of Tenant created

hereby (hereinafter referred to as "Tenant's Taxes"). Upon the request of Landlord, Tenant shall, from time to time, furnish to Landlord "paid receipts" or other written evidence that all of Tenant's Taxes have been paid by Tenant. If any of Tenant's Taxes are included in tax statements delivered to Landlord, Tenant shall pay to Landlord that portion representing Tenant's Taxes within ten (10) days after Tenant's receipt of an invoice therefor from Landlord accompanied by evidence of Landlord's computation of the portion thereof representing Tenant's Taxes.

10. Maintenance and Repair of Premises:

A. Landlord shall, throughout the term hereof, except as otherwise expressly provided in this Lease and so long as Tenant is not in default of this Agreement beyond any applicable Cure Period, be responsible for all that is listed as Landlord's Responsibility in Exhibit E to this Agreement and incorporated herein by reference. Landlord shall, at Landlord's sole cost and expense, keep the Premises and all common facilities in compliance with all governmental laws, codes, ordinances, rules and regulations applicable hereto, except as otherwise provided in Paragraph 7 hereof. Landlord shall not be responsible for Tenant's or any third party's equipment and personal property comprising a part of or located upon the Premises.

B. Except as provided by subparagraph A. of this Paragraph 10, Tenant shall maintain the Premises in good order, condition and repair throughout the term of this Lease including, but not limited to, the "Tenant's Maintenance and Repair Responsibilities" itemized in Exhibit E to this Agreement and incorporated herein by reference. Tenant shall be responsible for any alterations, additions or improvements made by Tenant to the Premises and/or any improvements thereon. Tenant shall, throughout the term hereof, be responsible for all consumable supplies and repair of plumbing and water damage caused as a result of Tenant's failure to reasonably protect water pipes from freezing temperatures or misuse by Tenant, Tenant's employees, guests or invitees. Tenant shall be responsible for keeping the Premises free from waste and nuisance and shall, upon the expiration of the Lease Term, or any earlier termination of this Lease or repossession of the Premises by Landlord because of Tenant's default under this Lease, deliver the Premises clean and free of trash and in good condition, with all fixtures and equipment situated in or upon the Premises in the same condition as same existed on the Commencement Date, with reasonable wear and tear excepted.

C. In the event Tenant fails to so maintain the Premises and/or the improvements, fixtures, equipment and personal property comprising a part of or located upon the Premises, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made, and the reasonable costs therefor expended by Landlord plus interest thereon as provided in Paragraph 39 shall be paid by Tenant to Landlord on demand.

D. If Tenant handles or stores flammable materials on the Premises, Tenant agrees to maintain proper safeguards with respect thereto and to comply with all requirements of Landlord's and Tenant's insurance companies and/or governmental authorities with respect to the storage, use and disposal of such materials.

11. Alterations, Additions and Improvements: Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the Premises without the prior written consent of Landlord. Landlord shall not unreasonably withhold its consent for non-structural alterations, additions or improvements. Tenant shall have the right to erect or

install shelves, bins, machinery, and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations. All alterations, additions and improvements in and to the Premises shall be performed in accordance with law and in a first-class, workmanlike manner, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection therewith.

12. Insurance:

A. If the use of the Premises defined in Paragraph 5 herein is for Commercial Aviation Use, Tenant shall procure and maintain throughout the Term, without interruption, a policy or policies of insurance, at Tenant's sole cost and expense, to meet or exceed the requirements specified in the then prevailing Addison Airport Minimum Standards and Requirements for Commercial Aeronautical Service Providers (the "Airport Minimum Standards") which may be amended or modified by the City from time to time. At any time over the Term the Airport Minimum Standards are either suspended, repealed or otherwise modified to the extent Tenant's use and occupancy of the Premises no longer require such insurance policies under the Airport Minimum Standards, Tenant shall procure and maintain throughout the Term, without interruption, the following insurance policies:

1. Commercial General Liability insurance against claims for bodily injury, death or property damage or destruction occurring on, in or about the Premises, with limits of liability of not less than \$1,000,000 for each occurrence, CSL/\$1,000,000 general aggregate. Coverage shall include blanket contractual liability for liability assumed under the Lease.

2. Statutory limits of Workers Compensation insurance and employer's liability with limits of liability of not less than \$1,000,000.

3. Hangarkeepers Legal Liability insurance at limits of \$1,000,000 per occurrence is required if Tenant is engaged in maintenance, repair or servicing of aircraft belonging to any 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..

4. Aircraft Liability insurance for all Tenant-owned or operated aircraft with a minimum bodily injury and property damage per occurrence limit of \$1,000,000 and \$1,000,000 for personal and advertising injury.

B. If the use of Premises is strictly for Non-commercial Aviation Use, then Tenant shall provide over the Term without interruption the following policies of insurance: Aircraft Liability Insurance or another acceptable form of comprehensive Personal Liability Insurance with limits of liability not less than \$1,000,000 each occurrence, Combined Single Limit (CSL) bodily injury and property damage of \$1,000,000 in general aggregate.

C. All insurance policies required under this Paragraph 12 shall be endorsed to provide the following, as applicable: (i) in all liability policies, name as additional insureds the Landlord and Manager and their officials, officers, agents, and employees; (ii) in all liability policies, provide that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of activities conducted under the permit, and that insurance applies separately to each insured against whom claim is made or suit is brought; and (iii) waiver of

subrogation in favor of Landlord and Manager must be included in all liability and Workers Compensation policies. All such policies shall be issued by an insurance company authorized to do business in Texas and in the standard form approved by the Texas Department of Insurance, if required, and shall be endorsed to provide for at least 30 days' advance written notice to Landlord of a material change in or cancellation of a policy. Certificates of insurance, satisfactory to Landlord, evidencing all coverage above, shall be furnished to Landlord prior to the Commencement Date, with complete copies of policies furnished to the Landlord upon request. Landlord reserves the right to review and revise from time to time the types of insurance and limits of liability required herein.

13. Casualty Damage or Destruction:

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

B. If the Premises (excluding Tenant's fixtures, furniture, equipment, personal property and leasehold improvements made by or on behalf of Tenant or any assignee, subtenant or other occupant of the Premises) should be substantially, totally, or partially destroyed or damaged by fire, tornado or other casualty, this Lease shall not terminate, but Landlord may, at Landlord's sole option and at Landlord's sole cost, expense and risk, proceed forthwith and use reasonable diligence to rebuild or repair the Premises (other than Tenant's fixtures, furniture, equipment, personal property and leasehold improvements made by or on behalf of Tenant or any permitted assignee, subtenant or other occupant or user of the Premises) to substantially the condition in which it existed prior to such destruction or damage; provided, however, that if Landlord elects not to rebuild or repair such damage or destruction, then this Lease shall terminate and rent shall be abated for the unexpired portion of this Lease, effective from the date of actual receipt by Landlord of the written notification of the damage from Tenant. If Landlord elects to rebuild or repair the Premises and the Premises is untenantable in whole or in part following such destruction or damage and during such period of rebuilding or repair, the rent payable hereunder shall be equitably adjusted for that period which it is untenantable. However, if the destruction was caused by the negligence, gross negligence, or willful or wanton act or omission of Tenant, its officers, employees, agents, subtenants, licensees, contractors, subcontractors, or invitees, rent shall not be abated and Tenant shall have the continuing obligation to pay rent during the period of such rebuilding or repair.

C. Landlord's election to pay for the cost of the repair or rebuilding of the Premises or any part thereof shall not extend beyond or exceed the proceeds of any casualty or property damage insurance payable and actually collected in connection with such damage or destruction. All insurance proceeds, if any, payable on account of such damage or destruction shall be held and retained by Landlord (whether or not such repair or rebuilding occurs or this Lease terminates).

14. Condemnation:

A. If, during the term hereof, any part of the Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or is sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the Premises is not susceptible to efficient and economic occupation and operation by Tenant, this Lease shall automatically terminate as of the date said condemning

authority takes possession of the 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 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 by a fraction, the numerator of which shall be the number of square feet remaining in the Premises after the taking by or sale to said condemning authority and the denominator of which shall be the square footage originally contained in the Premises. The rental adjustment called for herein shall either not commence or be suspended until said condemning authority actually takes possession of the condemned portion of the Premises. All other terms and provisions shall remain unchanged unless otherwise provided for herein.

C. Landlord shall receive the entire award or payment from any condemnation and Tenant shall have no claim to that award or for the value to Landlord of any unexpired term of this Lease; provided, however, that Tenant shall have the right to appear in any Condemnation proceeding or action to negotiate, prosecute and adjust any claim attributable to loss or damage to Tenant's trade fixtures and removable personal property, removal or relocation costs, and any loss to Tenant resulting from the unexpired portion of the Lease Term. If this Lease is not terminated pursuant to subparagraph A of this Paragraph, Landlord shall repair damage to the Premises caused by the condemnation (excluding Tenant's fixtures, furniture, equipment, personal property and leasehold improvements made by or on behalf of Tenant or any permitted assignee, subtenant or other occupant of the Premises), except that (i) Landlord shall not be obligated to repair any damage for which Tenant has been reimbursed by the condemning authority; and (ii) if the condemnation damages or payments received by Landlord are not sufficient to pay for such repair, Landlord shall have the right to terminate this Lease.

15. Utilities:

A. The party designated below will pay for the following utility charges serving the Premises and any connection/disconnection charges for the utilities. (Check or mark all that apply)

| | <u>N/A</u> | <u>Landlord</u> | <u>Tenant</u> | <u>Provided by Landlord & Reimbursed By Tenant (See Exhibit D)</u> |
|-------------------|------------|-----------------|---------------|--|
| 1. Water | -- | | -- | √ |
| 2. Sewer | -- | -- | | √ |
| 3. Storm Water | -- | -- | | √ |
| 4. Electric | -- | | -- | √ |
| 5. Gas | -- | -- | √ | -- |
| 6. Telephone/Data | -- | | √ | -- |
| 7. Trash | -- | -- | √ | -- |
| 8. Cable | -- | | √ | -- |
| 9. All Other | -- | -- | √ | -- |

B. All utilities to be provided by Landlord and reimbursed by Tenant as indicated above shall be pursuant to Exhibit D – Utility Expense Reimbursement Addendum attached hereto and incorporated herein by reference.

C. The responsible party may select or change the utility service provider from time to time over the term of the Lease and the party designated above shall be responsible, at its sole cost and expense, for obtaining all utility connections at or for the Premises. If Tenant is the responsible party for obtaining any of the utility connections at or for the Premises, any access or alterations to the Premises or to the Airport necessary may be made only with Landlord's prior consent and at Tenant's sole expense. Should Landlord incur any liability for utility or connection charges for which Tenant is responsible to pay and Landlord pays such amount, Tenant will immediately upon written notice from Landlord reimburse Landlord such amount. Failure to reimburse Landlord as required upon notice is an event of default under this Lease.

D. Prior to executing this Lease Tenant should, at its sole costs and expense, determine whether all necessary utilities are available to the Premises and are adequate for Tenant's intended use.

E. Landlord shall in no event be liable or responsible for any cessation or interruption in any utility services to the Premises.

16. Common Facilities:

A. So long as Tenant is not in default hereunder beyond any applicable Cure Period, 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 Premises, other Airport installations, and all other reasonable services which may be provided without charge from time to time by Landlord in operating the Airport ("Common Facilities"). All such Common Facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

B. Tenant hereby acknowledges the existence of a certain unrecorded ingress/egress easement crossing the leased premises as shown and depicted in Exhibit B - Property Survey (the "Access Easement"). Tenant further acknowledges the purpose of this easement is for vehicular and pedestrian access to and from the Airport Common Facilities by Landlord's authorized users (and their employees, guests and other invitees) via what is commonly known as Airport Gate 4. Tenant shall not at any time block, interfere or otherwise impede the use or access to this easement and/or Airport Gate 4 by any such authorized user of the Airport Common Facilities. Landlord reserves the right to remove or cause to be removed and impounded or confiscated, at Tenant's sole cost and expense, any obstruction (including any vehicle or other type of tool or equipment) belonging to or otherwise placed by Tenant, Tenant's employees, guests or invitees contributing to the blockage, unsafe passage or unfretted use and access of the Access Easement as intended by Landlord. Tenant's failure to grant unrestricted and safe passage across the Access Easement by Landlord's authorized users of the Airport Common Facilities after receipt of written notice from Landlord is an event of default under this Lease and Landlord may, at its sole discretion, terminate this Lease without further notice or action by Landlord other than that required by law.

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

18. Rules and Regulations: Landlord has adopted Minimum Standards and Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant's use of and conduct on the Premises and all Common Facilities, a copy of which has been or will be furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with them. Landlord shall have the right to amend, modify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment: After first securing Landlord's approval, Tenant shall have the right from time to time to install signs depicting Tenant's name and to operate radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the 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, policies, and regulations, and all reasonable changes to such rules, policies and regulations, including the Town of Addison's 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).

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

21. Indemnity and Exculpation and 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 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 Premises under express or implied invitation of Tenant or any Tenant Persons, or arising out of the use or occupation of the 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 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 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 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 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 Premises under express or implied invitation of Tenant during the Lease Term (collectively, "Tenant Persons"), (ii) any construction on or repair to the Premises, or the 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 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 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 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 PARAGRAPH 21 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE.

22. Environmental Compliance:

A. No Storage or Disposal: Tenant shall not install, store, use, treat, transport, discharge or dispose (or permit or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by Tenant, its agents, employees, independent contractors, or

subtenants) on the Premises or any portion of the Common Facilities, any: (a) asbestos in any form; (b) urea formaldehyde foam insulation; (c) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; or (d) any other chemical, material, air pollutant, toxic pollutant, waste, or substance which is regulated as toxic or hazardous or exposure to which is prohibited, limited or regulated by the Resource Conservation Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Air Act, and/or the Clean Water Act or any other federal, state, county, regional, local or other governmental authority, laws, rules or regulation, or which, even if not so regulated may or could pose a hazard to the health and safety of the occupants of the 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 applicable law; or (ii) in any manner which is prohibited or deemed unsafe under applicable law. (The substances referred to in (a), (b), (c) or (d) are collectively referred to hereinafter as "Hazardous Materials").

B. Cleanup Laws; Tenant's Indemnity Obligation:

1. Tenant shall, at Tenant's sole cost and expense, comply with any presently existing or hereafter enacted laws, and all reasonable rules, standards, regulations, or policies relating to Hazardous Materials (collectively, "Cleanup Laws"). In furtherance and not in limitation of the foregoing, Tenant shall, at Tenant's sole cost and 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 Premises and/or any portion of the Common Facilities 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 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 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 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 Conventional Hangar Lease – Page 15**

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 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). 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 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 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 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. Environmental Notices: 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. Survival: Tenant's obligations and liability pursuant to the terms of this Paragraph 22 shall survive the expiration or earlier termination of this Lease.

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

A. Failure of Tenant to pay any installment of rent, or to pay or cause to be paid taxes (to the extent Tenant is obligated to pay or cause same to be paid), utilities, insurance premiums, or any other sum payable to Landlord hereunder on the date that same is due, and such failure shall continue thereafter for a period of ten (10) days and such failure shall not be cured within ten (10) days after written notice thereof to Tenant.

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

C. Tenant shall fail to deliver the Additional Deposit to Landlord within ten (10) days after the delivery by Landlord to Tenant of the Additional Deposit Notice.

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

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

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

G. Abandonment by Tenant of any substantial portion of the Premises or cessation of use of the Premises for the purposes leased.

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

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

B. Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord. If Tenant fails to so surrender the Premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the Premises or arrearages in rent and without further notice or demand, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof,

without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the Premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the Premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof. Landlord may (but shall not be required to) relet the Premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on demand from time to time any deficiency that may arise by reason of any such reletting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, remodeling expenses and other costs of reletting shall be subtracted from the amount of rent received under such reletting.

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. If any of Tenant's property ("Tenant Property") remains upon the Premises upon the expiration of the Lease term or any earlier termination of this Lease or any repossession of the Premises by Landlord because of Tenant's default under this Lease, Landlord shall have the right to remove such Tenant Property from the Premises and store such Tenant Property, and Tenant shall be obligated to reimburse Landlord for all of the costs incurred by Landlord in removing and storing such Tenant Property. Landlord shall not be required to release any Tenant Property to Tenant until Tenant has paid Landlord all costs incurred by Landlord in removing and storing such Tenant Property and all other amounts owed by Tenant to Landlord pursuant to this Lease, including, without limitation, unpaid rental and costs incurred by Landlord to repair the Premises.

25. Default by Landlord: No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the Premises or render Landlord liable for damages or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay rent) or grant Tenant any right of deduction, abatement, set-off or recoupment or entitle Tenant to take any action whatsoever with regard to the 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. 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.

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

27. Title to Improvements: The Town of Addison, Texas, solely owns the Premises. Any and all improvements made to the Premises by Tenant shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property, equipment, or trade fixtures owned by Tenant from the Premises, but Tenant shall be required to repair any damage to the 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 made to the Premises by Tenant and restore the Premises to the condition in which the same existed on the Commencement 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. If Tenant fails or refuses to remove any or all of Tenant's personal property, equipment, and trade fixtures from the Premises on or before the date of the termination of this Lease, the items which Tenant has failed or refused to remove: (i) shall be considered abandoned by Tenant, (ii) shall become the property of Landlord, and (iii) may be disposed of by Landlord in any manner desired by Landlord in Landlord's unfettered discretion.

28. Mechanics' and Materialmen's Liens: TENANT AGREES TO DEFEND, INDEMNIFY AND HOLD LANDLORD HARMLESS OF AND FROM ALL LIABILITY ARISING OUT OF THE FILING OF ANY MECHANICS' OR MATERIALMEN'S LIENS AGAINST THE PREMISES BY REASON OF ANY ACT OR OMISSION OF TENANT OR ANYONE CLAIMING UNDER TENANT, AND LANDLORD, AT LANDLORD'S OPTION, MAY SATISFY SUCH LIENS AND COLLECT THE AMOUNT EXPENDED FROM TENANT TOGETHER WITH INTEREST THEREON AS PROVIDED IN PARAGRAPH 39 AS ADDITIONAL RENT; PROVIDED, HOWEVER, THAT LANDLORD SHALL NOT SO SATISFY SUCH LIENS UNTIL THIRTY (30) DAYS AFTER WRITTEN NOTIFICATION TO TENANT OF LANDLORD'S INTENTION TO DO SO AND TENANT'S FAILURE DURING SUCH THIRTY (30) DAY PERIOD TO BOND SUCH LIENS OR ESCROW FUNDS WITH APPROPRIATE PARTIES TO PROTECT LANDLORD'S INTEREST IN THE PREMISES.

29. Title: Tenant accepts the Premises subject to: (i) the Addison Airport Minimum Standards and Requirements For Commercial Aeronautical Service Providers adopted March 1, 2004 as amended or modified from time to time, and the prevailing Addison Airport Rules and Regulations; (ii) easements and rights-of-way; and (iii) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the Premises.

30. Quiet Enjoyment and Subordination: Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall peaceably and quietly have, hold and enjoy the Premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon the 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 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 Premises. Tenant agrees upon demand to execute such further instruments subordinating this Lease as Landlord may request, provided 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 so long as Tenant pays and performs all of the duties and obligations of Tenant under this Lease; and (ii) in the event of foreclosure or any enforcement of any such mortgage, deed of trust or other lien, 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 under this Lease. 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 any foreclosure of such mortgage, deed of trust or other lien. Upon any foreclosure of any mortgage, deed of trust or other lien now existing or hereafter placed on the Premises, Tenant agrees to attorn to and recognize as landlord hereunder, the purchaser of Landlord's interest in the Premises at any foreclosure sale pursuant to any such mortgage, deed of trust or other lien, if Tenant is required to do so by the applicable party.

31. Access and Egress: Landlord reserves, and Tenant hereby grants to Landlord, the full and unrestricted access to and egress from that portion of the Premises on which buildings are not located for Landlord, its tenants, employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, and Manager, its officers, employees and agents, without charge to Landlord or to said persons or entities.

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

33. Holding Over: Should Tenant, or any of Tenant's successors in interest fail to surrender the Premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days' prior written notice to the other, at a monthly rental equal to one hundred fifty percent (150%) of the rent paid for the last month of the term of this Lease.

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

35. Release of Landlord Upon Transfer: All of Landlord's personal liability for the performance of the terms and provisions of this Lease (except for any liability accruing prior to such transfer) shall terminate upon a transfer of the 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 Premises.

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

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

38. Estoppel Certificates:

A. Tenant agrees that from time to time, upon not less than thirty (30) days' prior written request by Landlord, Tenant will deliver to Landlord a statement in writing certifying: (i) that 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); (ii) the dates to which rent and other charges have been paid; (iii) 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; (iv) that, if requested by Landlord, Tenant will not pay rent 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; and (v) any other information pertaining to Landlord, Tenant, this Lease or the Premises reasonably requested by Landlord.

B. Landlord agrees that from time to time, upon not less than thirty (30) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying: (i) that 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; and/or (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.

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 per annum at the greater of ten percent (10%) or the highest non-usurious rate then allowed by law 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 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.

40. Landlord's Lien: In addition to the constitutional and statutory Landlord's liens, **TENANT HEREBY GRANTS TO LANDLORD A SECURITY INTEREST TO SECURE PAYMENT OF ALL RENT DUE HEREUNDER FROM TENANT, UPON ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE AND OTHER PERSONAL PROPERTY OWNED BY TENANT AND SITUATED IN OR UPON THE PREMISES, TOGETHER WITH THE PROCEEDS FROM THE SALE OR LEASE THEREOF.** Such property shall not be removed without the consent of Landlord until all arrearages in rent then due to Landlord hereunder shall have been paid and discharged. Upon Tenant's failure to pay rent due within ten (10) days after the due date, Landlord may, in addition to any other remedies provided herein or by law, enter upon the Premises and take possession of any and all goods, wares, equipment, fixtures, furniture and other personal property owned by Tenant and situated on the Premises without liability for trespass or conversion, and sell the same at public or private sale with or without having such property at the sale, after giving Tenant reasonable notice of the time and place of any such sale. Landlord has no right to and has no security interest in and may not take possession of any property which may be situated on the Premises but which is not owned by Tenant, including but not limited to property which may be owned by another and leased and/or loaned to Tenant. Unless otherwise required by law, notice to Tenant of such sale shall be deemed sufficient if given in the manner prescribed in this Lease at least thirty (30) days before the time of the sale. Any public sale made under this paragraph shall be deemed to have been conducted in a commercially reasonable manner if held in the Premises or where the property is located, after the time, place and method of sale and a general description of the types of property to be sold have been advertised in a daily newspaper published in Dallas County, Texas, for five (5) consecutive days before the date of the sale. Landlord or Landlord's assigns may purchase at a public sale and, unless prohibited by law, at a private sale. The proceeds from any disposition dealt with in this paragraph, less any and all expenses connected with the taking of possession, holding and selling of the property including reasonable attorneys' fees and legal expenses, shall be applied as a credit against the indebtedness secured by the security interest granted herein. Any surplus shall be paid to Tenant or as otherwise required by law, and Tenant shall pay any deficiency forthwith. Upon request by Landlord, Tenant agrees to execute and deliver to Landlord financing statements in form sufficient to perfect the security interest of Landlord in the aforementioned property and proceeds thereof under the provisions of the Texas Business and Commerce Code. The constitutional and statutory liens for rent are expressly reserved; the security interest herein granted is in addition and supplementary thereto.

41. Corporate Execution: If Tenant is a corporation or if this Lease shall be assigned by Tenant to a corporation or if Tenant sublets all or a portion of the Premises to a corporation, such corporation hereby agrees to execute and deliver to Landlord from time to time during the term of this Lease such instruments as Landlord may reasonably request to evidence: (i) the authority of such corporation to transact business good standing with the State of Texas; and (ii) the authority of

the officers of such corporation to execute this Lease or other documents in connection with this Lease.

42. Joint and Several Liability: If more than one person or entity is defined as Tenant in this Lease, all of the duties, obligations, promises, covenants and agreements contained in this Lease to be paid and performed by Tenant shall be the joint and several obligation of all persons or entities defined as Tenant. Each person or entity defined as Tenant agrees that Landlord, in Landlord's sole discretion, may: (i) institute or bring suit against them, jointly and severally, or against any one or more of them; (ii) compromise or settle with any one or more of them for such consideration as Landlord may deem proper; and (iii) release one or more of them from liability hereunder, and that no such action by Landlord shall impair or affect Landlord's rights to collect costs, expenses, losses or damages incurred or suffered by Landlord from the other persons or entities defined as Tenant, or any of them, not so sued, compromised, settled with or released.

43. Certificate of Occupancy: Tenant may, prior to the commencement of the term of this Lease, apply for a Certificate of Occupancy to be issued by the Town of Addison. If for any reason, beyond the reasonable control of Tenant, Tenant is unable to secure a Certificate of Occupancy within thirty (30) days of said Commencement Date, Tenant may terminate this Lease provided Tenant has given Landlord written notice of all deficiencies preventing the issuance of said Certificate of Occupancy in favor of Tenant and Landlord fails to cure or otherwise resolve the deficiency(ies) within ten (10) business days of Landlord's receipt of Tenant's written notice. Nothing herein contained shall obligate Landlord to install any additional electrical wiring, plumbing or plumbing fixtures, or other fixtures or equipment or any other improvements whatsoever which are not presently existing in the Premises, or which have not been expressly agreed upon by Landlord in writing.

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

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

46. 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.

47. 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.

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

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

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

51. 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 as registered or certified mail (return receipt requested is optional by sender), addressed to the parties at the addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

TO LANDLORD:

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

and

Town of Addison, Texas
5300 Beltline Road
Dallas, TX 75001-9010

TO TENANT:

ADS US Sport Aircraft LLC
4700 Airport Parkway
Addison, Texas 75001

Attn: Patrick Arnzen

Title: Manager

52. 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.**

53. 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.

54. Governing Law and Venue: This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and 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

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.

55. No Recording: Tenant agrees that Tenant will not record this Lease in the real property records of Dallas County, Texas, without first securing the prior written consent of Landlord, which may be withheld at Landlord's sole discretion. However, Tenant agrees upon the written request of Landlord to execute, acknowledge and deliver to Landlord a short-form lease in recordable form.

56. Diagram: The diagram of the Airport attached hereto as Exhibit C merely evidences existing or contemplated improvements. By attaching such diagram as an exhibit to this Lease, Landlord is in no way contracting or bound to maintain or construct improvements exactly as shown thereon or prohibited from making additional or different improvements.

57. Time of Essence: Time is of the essence in the payment and performance of the duties and obligations imposed upon Tenant by the terms and conditions of this Lease.

58. Survival: All duties and obligations imposed upon Tenant by the terms and conditions of this Lease shall survive the termination or expiration of this Lease until paid or performed.

59. Special Conditions:

NO CARGO OR SIMILAR TYPE DELIVERIES ARE TO BE MADE VIA THE AIRPORT OPERATING AREA WITHOUT A QUALIFIED ESCORT ACCEPTABLE TO AIRPORT MANAGEMENT. FAILURE TO COMPLY WITH THIS PROVISION IS A DEFAULT OF THIS AGREEMENT PURSUANT TO PARAGRAPH 23 OF THIS AGREEMENT, EXCEPT THAT NO CURE OR REMEDY IS AVAILABLE TO TENANT AFTER A SECOND WRITTEN NOTICE IS DELIVERED BY LANDLORD TO TENANT PURSUANT TO PARAGRAPH 51 OF THIS AGREEMENT WITHIN ANY CONSECUTIVE TWELVE (12) MONTH PERIOD DURING THE TERM OR ANY EXTENSION THEREOF. FOR THE PURPOSES OF THIS PARAGRAPH, THE AIRPORT OPERATING AREA IS DEFINED AS THAT PORTION OF THE AIRPORT INSIDE WHAT IS GENERALLY REGARDED AS THE AIRPORT PERIMETER FENCE EXCLUDING THE LEASED PREMISES.

60. Entire Agreement and Amendments: This Lease, consisting of sixty (60) Paragraphs and Exhibits A through E attached hereto and made a part hereof, together with the premises to this Lease set forth above which are incorporated herein, and any other documents incorporated herein (including, without limitation, the Rules and Regulations), embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or on behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

TENANT:

ADS SPORT AIRCRAFT, LLC
a Texas limited liability company

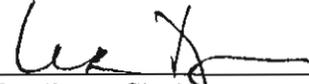
By:  _____

Printed Name: Patrick Arnzen

Title: Manager

LANDLORD:

TOWN OF ADDISON, TEXAS
a home-ruled municipality

By:  _____

Lea Dunn, City Manager

EXHIBIT A

Legal Description of Lease Premises

4700 AIRPORT PARKWAY
PROPERTY # R1-A

BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT) and being more particularly described as follows;

BEGINNING at a cut 'x' found in concrete in the west line of Addison Airport Property No. 0110;

THENCE S 07°16'34" E, along the west line of said Property No. 0110, 98.77 feet to a 5/8-inch iron rod set with plastic cap stamped "Spar Surveys";

THENCE S 81°58'42" W, 147.61 feet to a "PK" nail set with plastic cap stamped "Spar Surveys";

THENCE S 07°58'34" E, 100.98 feet to a to a 5/8-inch iron rod set with plastic cap stamped "Spar Surveys";

THENCE S 81°51'05" W, 27.19 feet to a cut 'x' found at the northeast corner of a tract of land known as 4650 Airport Parkway;

THENCE S 68°54'08" W, along the north line of said 4650 Airport Parkway, 44.04 feet to a cut 'v' set in concrete;

THENCE N 25°19'38" W, departing the north line of said 4650 Airport Parkway, 28.16 feet to a 5/8-inch iron rod set with plastic cap stamped "Spar Surveys" in the south line of Airport Parkway (60 foot wide unrecorded Ingress and Egress easement), and lying in a non-tangent circular curve to the left having a radius of 130.00 feet;

THENCE northeasterly, along the south line of said Airport Parkway the following:

Northeasterly, along said curve to the left, through a central angle of 11°18'40", an arc distance of 25.66 feet and having a chord which bears N 24°52'14" E, 25.62 feet to a 5/8-inch iron rod set with plastic cap stamped "Spar Surveys";

N 19°12'55" E, 137.83 feet to a cut 'x' found at the point of curvature of a circular curve to the right having a radius of 70.00 feet;

Northeasterly, along said curve to the right, through a central angle of 33°17'44", an arc distance of 40.68 feet and having a chord which bears N 35°51'46" E, 40.11 feet to a cut 'x' found at the point of reverse curvature of a non-tangent circular curve to the left having a radius of 248.00 feet;

Northeasterly, along said curve to the left, through a central angle of 16°35'53", an arc distance of 71.84 feet and having a chord which bears N 44°30'08" E, 71.59 feet to a "PK" nail set;

THENCE N 86°13'59" E, departing the south line of said Airport Parkway, 66.39 feet to a 5/8-inch iron rod set with plastic cap stamped "Spar Surveys";

THENCE S 07°15'10" E, at 12.90 feet passing a 1/2-inch iron rod found at the northwest corner of said Property No. 0110, continuing along the west line of said Property No. 0110, in all a distance of 28.73 feet to the POINT of BEGINNING and CONTAINING 0.547 acre of land.

EXHIBIT B

Property Survey

The Premises is located at 4700 Airport Parkway, Addison, Texas 75001, also sometimes referred to as Building #013B within Addison Airport, Addison, Texas and further described as follows:

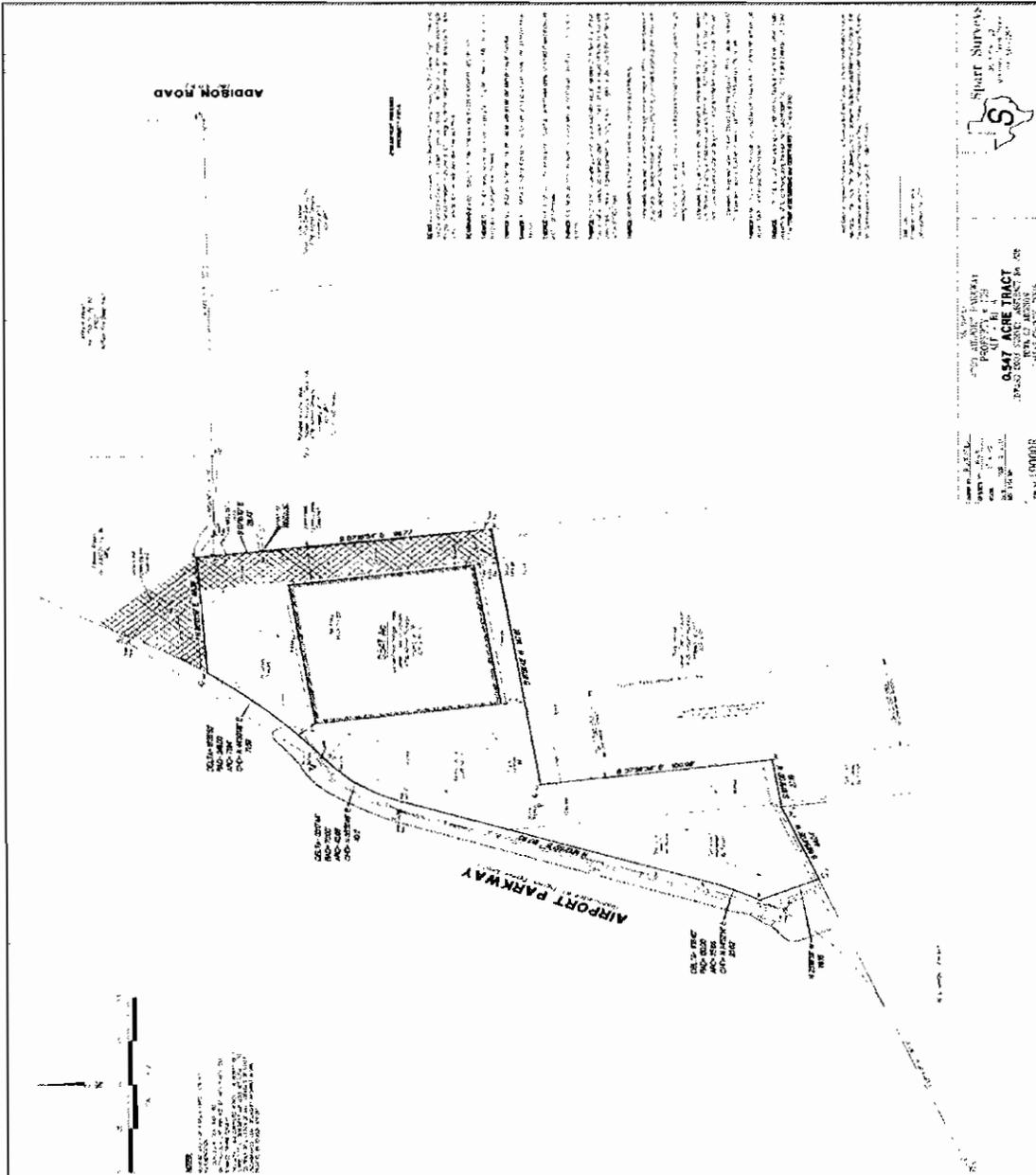


EXHIBIT C

Aerial View of Leased Premises

Below is a depiction of the proximity of the Leased Premises for informational purposes only and is not to be construed as accurate in area or dimension.



EXHIBIT D

Utility Expense Reimbursement Addendum

**ADDENDUM TO THE CONVENTIONAL HANGAR LEASE AGREEMENT BETWEEN
ADS US SPORT AIRCRAFT, LLC AND TOWN OF ADDISON CONCERNING THE
LEASED PREMISES AT 4700 AIRPORT PARKWAY AT ADDISON AIRPORT,
ADDISON, DALLAS COUNTY, TEXAS 75001**

In addition to the Base Rent stated in the Lease, Tenant will pay Landlord as Additional Rent the following utility services described in this addendum. Tenant will pay the Additional Rent each month in arrears when or before the next Base Rent monthly installment is due:

- Electrical Services: Direct Energy ESI ID: 10443720008278366/Meter #043263156LG
- Water, Sewer and Storm Water: Town of Addison Account #288603/Meter #72111544

Each month Landlord shall assess Tenant for all direct utility costs for these utilities, including taxes, fees and other related costs billed and paid for by Landlord for the preceding billing cycle that exclusively serve the Premises. Landlord agrees to reasonably cooperate with Tenant in the event Tenant should desire to inquire, protest or appeal the charges being assessed by the utility service provider. To this end, and at Tenant's expense, Tenant shall give Landlord prior written notice of any such protest or appeal, and resolution thereof.

Landlord agrees not to assess any rebilling or administrative service fees for utility costs covered under this addendum. Tenant's failure to pay all Additional Rent as required by the Lease and/or this Addendum is considered an event of default pursuant to Section 23.A. of the Lease.

EXHIBIT E

4700 Airport Parkway, Addison Airport
Addison, Texas

Maintenance and Repair Responsibilities

| | <u>Landlord</u> | <u>Tenant</u> | <u>Comment</u> |
|---|---|---|----------------|
| Ground Maintenance | | | |
| Building & Gate Locksmithing & Security | | All as required by Tenant's use and all ordinances, rules and regulations. All doors and gates leading to Airport Operating Area are to be kept secured at all times. | |
| Fencing | Landlord maintains Airport Perimeter Fence, unless damaged by Tenant or its guests and invitees | All other, if any, is Tenant's responsibility. | |
| Landscape & Lawn Care | | All turf, beds and planters within the leased premises and outside Airport Perimeter Fence along Airport Parkway unless otherwise requested by Landlord. | |
| Landscape Irrigation | | Minimum requirements by city ordinance | |
| Pavement - Parking | Structural repairs and reconstruction | Regular sweeping and snow removal. Any damage caused other than normal wear and tear. Painting and striping as required for intended use or required by ordinance with Landlord's prior | |

| | <u>Landlord</u> | <u>Tenant</u> | <u>Comment</u> |
|---|--|---|----------------|
| | | written consent. | |
| Pavement - Ramp | Structural repairs and reconstruction | Regular sweeping and snow removal. Any damage caused other than normal wear and tear. Painting and striping as required for intended use, safe operations or as required by Landlord and with Landlord's prior written consent. | |
| Trash Dumpster | Landlord to approve location in advance. | To be provided at Tenant's sole cost and expense and kept within lease premises unless otherwise authorized in writing by Landlord | |
| Trash Dumpster screening, if required | Landlord to approve location, design and material used. | Constructed and maintained at Tenant's sole cost and expense. | |
| | | | |
| | | | |
| <u>Building Shell</u> | | | |
| Garage Overhead & Service Doors | Major repairs and replacement if required at sole discretion of Landlord | General preventive maintenance and basic service | |
| Hangar Doors | Major repairs and replacement if required at sole discretion of Landlord | General preventive maintenance and basic service | |
| Hangar Floor | Major repairs and replacement if required at sole discretion of Landlord | General preventive maintenance, sweeping, cleaning and safety markings as required. | |
| Building & Hangar Insulation, if existing | Major repairs and replacement if required at sole discretion of Landlord | General preventive maintenance, repair and replacement where required | |

| | <u>Landlord</u> | <u>Tenant</u> | <u>Comment</u> |
|--|--|--|----------------|
| Painting and cleaning of building exterior | Performed by Landlord at Landlord's sole expense and discretion | General preventive maintenance, repair and replacement where required | |
| Repairs to exterior siding, fascia, trim | Performed by Landlord at Landlord's sole expense and discretion | General preventive maintenance, repair and replacement where required | |
| Window and Glass Curtain Walls | Major repairs and replacement when required at sole discretion of Landlord | General preventive maintenance, repair and replacement where required | |
| Roof | Major repairs and replacement when required at sole discretion of Landlord | No penetrations without Landlord's prior written approval | |
| Interior - Finish-out | | | |
| Interior Doors | Major repairs and replacement when required at sole discretion of Landlord | General preventive maintenance, repair and replacement where required | |
| Office/shop space flooring and floor cover | Major repairs and replacement at sole discretion of Landlord | Major repair and replacement with Landlord's prior consent. General preventive maintenance, cleaning, repair and replacement where required | |
| Painting Interior | | Repainting similar to existing condition. Major change in color, texture and material must be with Landlord's prior written consent. General preventive maintenance, cleaning, repair and replacement where required | |
| Wall & Ceilings | Major repairs and replacement at sole discretion of Landlord | Repainting or repairing similar to existing condition. Major change in color, texture and material must be with Landlord's prior written consent. General preventive maintenance, | |

| | <u>Landlord</u> | <u>Tenant</u> | <u>Comment</u> |
|-------------------------------------|--|---|----------------|
| | | cleaning, repair and replacement where required | |
| Building Systems | | | |
| Air Compressor | | Tenant's full responsibility | |
| Electrical Systems | Major repairs and replacement at sole discretion of Landlord | General maintenance and repair. Replacement or material change only with Landlord's prior written consent | |
| Exterior Lighting & maintenance | Major repairs and replacement at sole discretion of Landlord | General maintenance and repair. Replacement or material change only with Landlord's prior written consent | |
| Hangar light repair and replacement | Major repairs and replacement at sole discretion of Landlord | General maintenance and repair. Replacement or material change only with Landlord's prior written consent | |
| HVAC | Major repairs and replacement at sole discretion of Landlord | General maintenance and repair. Replacement or material change only with Landlord's prior written consent | |
| Window a/c units, if any | Major repairs and replacement at sole discretion of Landlord | General maintenance and repair. Replacement or material change only with Landlord's prior written consent | |
| Plumbing systems | Major repairs and replacement at sole discretion of Landlord | General maintenance and repair. Replacement or material change only with Landlord's prior written consent | |

| | <u>Landlord</u> | <u>Tenant</u> | <u>Comment</u> |
|---|---|---|----------------|
| Water heater | Replacement at Landlord's sole discretion | General maintenance and repair. Replacement with Landlord's prior written consent | |
| Storm water drains | | Tenant's full responsibility | |
| Grease Traps | | Tenant's full responsibility | |
| Tapping into Fire Main for fire suppression systems | | Tenant's full responsibility with Landlord's prior written consent. | |
| Other: | | | |
| Other: | | | |

