



TO: **LISA A. PYLES** | Director Infrastructure Operations and Services

FROM: **BILL DYER** | Real Estate Manager

DATE: June 30, 2015

SUBJECT: Conventional Hangar Lease for Commercial Aviation Use  
4660 Jimmy Doolittle Road - Hangar S-1

We are submitting the attached proposed Conventional Hangar Lease for Commercial Aviation Use between the Town of Addison (Landlord) and ADS US Sport Aircraft, LLC (Tenant) for the above-referenced airport facility for City Council's review and approval. The city attorney reviewed the attached Lease and approved it to form.





The proposed Lease is for a three-year (3) term with annual net lease rate of \$6.50 per building square foot (BSF) subject to an annual CPI adjustment. Utilities are paid by the Airport but passed through to the Tenant as additional rent. All the other terms and conditions of the Lease are consistent with the Town's standard lease agreement.

The city-owned property is regarded as a maintenance hangar with 7,700 square feet of hangar space, 500 square feet of air-conditioned office space (for a total of 8,200 BSF) with aircraft apron and off-street vehicle parking.

The property was advertised for lease on Bidsync.com through the Town's procurement department on May 4<sup>th</sup> as RFP 15-34. Known prospects were notified of the new listing and we advertised the opportunity on the Airport's website. Airport Management received three qualified responses from ADS US Sport, Atlantic Aviation and Clear Star Aviation. ADS US Sport is a current airport tenant in good standing with its operations based out of 4700 Airport Parkway. It will use Hangar S-1 for its maintenance and sport aircraft assembly operations while using 4700 Airport Parkway as its showroom and flight training facility. Atlantic Aviation's proposed use was for storage of third-party aircraft in support of their FBO operations. Clear Star Aviation's proposed use was as a maintenance facility for Cirrus aircraft. Clear Star Aviation is an off-airport business located off Taxiway Uniform. Hangar S-1 is about 25% smaller than Clear Star's current facility and not regarded as suitable for their needs.

Upon Airport Management's review of each response, it was determined that ADS US Sport Aircraft's proposed use is best suited for the Hangar S-1 facility, and we would be supporting a current airport business tenant with its growth and expansion.

Proposed annual rental rates submitted by the responders ranged from \$5.71/BSF to \$6.10/BSF, all of which were regarded below the prevailing market rent of \$6.50/BSF. ADS US Sport Aviation, LLC accepted Airport Management's offer of the three (3) year term at the market rate of \$6.50/BSF to be paid in twelve monthly installments of \$4,441.67 plus utilities. Rent will be adjusted annually subject to the change in the CPI index (but not less than the first year's

rent). The Lease Agreement will become effective August 1, 2015 subject to the Town's acceptance of the proposed Lease Agreement.

STATE OF TEXAS §  
COUNTY OF DALLAS §

**ADDISON AIRPORT  
CONVENTIONAL HANGAR LEASE  
FOR COMMERCIAL AVIATION USE**

This Addison Airport Conventional Hangar Lease For Commercial Aviation Use (hereinafter referred to as the "Hangar Lease," "Lease," or "Agreement") is made and entered into \_\_\_\_\_, 2015 (the "Effective Date"), by and between the **Town of Addison, Texas**, a home-rule municipality (hereinafter referred to as the "City" or "Landlord") and **ADS US Sport Aircraft, LLC.**, a Texas limited liability company ("Tenant") (Landlord and Tenant are sometimes referred to herein together as the "parties" and individually as a "party").

**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, as of the Effective Date, 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 ("SAMI"), pursuant to their respective operating agreements, as amended or modified, with the City (URS and SAMI, individually and/or collectively, or any other person(s) or entity(ies) authorized by Landlord to operate and/or manage the Airport or any portion thereof or any function related thereto, being hereinafter referred to as "Airport Manager" or "Manager"); and

**WHEREAS**, Tenant desires to lease that certain hangar located within the Airport known as **Jet Hangar S1, Property #0210** with the public address known as **4660 Jimmy Doolittle**, Addison, Texas 75001 (hereinafter referred to as the "Premises" and 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 herein below.

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

**1. Lease Grant.** Subject to the terms of this Lease, Landlord leases the Premises to Tenant, and Tenant leases the Premises from Landlord.

This Hangar Lease is given and entered into subject to (i) all federal, state, and local laws, statutes, constitutional provisions, charters (including the City Charter), ordinances, codes (including building and building-related codes), rules, regulations, directives, policies, permits, standards, zoning requirements, orders, grant assurances, grant agreements, court orders, opinions and decisions, and all interpretations of the foregoing, of and/or by any governmental authority, entity, department, branch, or agency (including, without limitation, the Town of Addison, Texas, the State of Texas, the Federal Aviation Administration, the Texas Department of Transportation, the United States Environmental Protection Agency, and the Texas Commission on Environmental Quality, and any successor entities thereto), that are applicable, imposed upon, or related to, whether directly or indirectly, this Lease, the Airport, the Premises, and the use and occupancy thereof, as the same are existing or as they may be amended, modified, enacted, adopted, imposed, or superseded, and including, without limitation, any and all grant agreements or grant assurances now existing or as hereafter agreed to, adopted or imposed (collectively, "Laws," and "Law" means any of the foregoing), (ii) all restrictive covenants affecting the Premises, (iii) all restrictions, mortgages, deeds of trust, liens, easements, licenses, leases, and any other encumbrance on or matter affecting the Premises, whether recorded or not, and (iv) and all of the terms, conditions, and provisions of this Hangar Lease.

2. **Term:** The Term hereof shall commence August 1, 2015 ("Commencement Date"), and shall end on July 31, 2018, unless otherwise terminated as provided for herein (the "Term").

3. **Rental & Security Deposit:**

A. **Base Rent:** Tenant agrees to pay to Landlord without notice, demand, offset, or deduction, an annual Base Rent of Fifty Three Thousand Three Hundred Dollars and 00/100 (\$53,300.00), payable in monthly installments of Four Thousand Four Hundred Forty-One Dollars and 67/100 (\$4,441.67). The first such monthly installment shall be due and payable on or before August 1, 2015, and each monthly installment thereafter shall be due and payable on or before the first day of each calendar month throughout the Term.

B. **Prorated Rent:** If the Commencement Date is on a day other than the first day of a month, Tenant will pay Landlord a prorated amount of Base Rent equal to the product of the monthly installment of Base Rent multiplied by a fraction, the (i) numerator of which is the number of days from (and including) the Commencement Date through (and including) the last day of the month that includes the Commencement Date and the (ii) denominator of which is the number of days in that month. The prorated portion of the Base Rent is due on or before the Commencement Date. Payment of Base Rent for any fractional calendar month at the end of the Term shall be similarly prorated.

C. **Additional Rent:** In addition to the Base Rent, Tenant will pay Landlord, as Additional Rent, the amounts set forth in the Utility Expense Reimbursement Addendum attached hereto and incorporated herein as Exhibit D.

D. **Rent:** For purposes of this Lease, "Rent" means Base Rent, Additional Rent, and all other sums that Tenant may owe to Landlord or otherwise be required to pay under this Lease. Landlord shall have the same rights and remedies for non-payment of any Rent as for non-payment of Base Rent. The obligations of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations.

E. **Place of Payment:** Tenant shall deliver all amounts due Landlord under this Lease to the following address or to such other person or place as Landlord may designate in writing:

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

F. **Method of Payment:** Tenant must pay all Rent timely and without demand, notice, deduction, or offset, except as required by Law or as otherwise provided by this Lease. Tenant shall make payment of all Rent owed by personal or corporate check made payable to "Addison Airport" (or by credit card, electronic transfer or ACH (Automatic Clearing House), 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 for any other reason, or if Tenant's credit card is denied more than three times in any twelve-month period (if Landlord authorizes payment by credit card), 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. Rent, and any other sums or amounts to be paid by Tenant to Landlord under this Lease, shall be deemed to have been paid when Landlord has actually received the negotiable payment.

G. **Late Charges:** If Landlord does not actually receive payment of Rent or any other sums due at the designated place of payment within ten (10) days after the date it is due, Tenant shall pay to Landlord a Late Charge equal to 5% of the amount due to reimburse Landlord for Landlord's cost and inconvenience incurred as a result of Tenant's delinquency. 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 its rights and remedies, including those under Paragraph 24 (Remedies of Landlord) herein.

If Tenant fails to pay (i) any monthly installment of Base Rent due under this Lease by the 10th day of the month when due, or (ii) any other component of Rent within 10 days after the same is due as specified in this Lease, more than once in any consecutive three (3) month period, Tenant, upon the delivery of written notice to Tenant by

Landlord ("Additional Deposit Notice"), shall pay to Landlord an amount equal to the then-current monthly installment of Base Rent (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. Landlord's requirement of any Additional Deposit shall be in addition to any and all other rights and remedies available to Landlord under this Lease. 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 shall deposit with Landlord, upon Tenant's execution of this Lease, the sum of Four Thousand Four Hundred Forty-One Dollars and 67/100 (\$4,441.67), to be held by Landlord as Tenant's "Security Deposit." Such Security Deposit shall be equal to one monthly installment of Base 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. Landlord may commingle the Security Deposit with Landlord's other funds, and no trust relationship is created with respect to the Security Deposit. Tenant shall not assign, otherwise transfer, or encumber or attempt to assign, otherwise transfer, or encumber the Security Deposit, and Landlord and its successors and assigns shall not be bound by any actual or attempted assignment, other transfer, or encumbrance. Regardless of any assignment, other transfer, or encumbrance of the Security Deposit by Tenant, Landlord may return the Security Deposit to the Tenant.

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 the Security Deposit may include but not be limited to: unpaid Base Rent; unpaid utility charges incurred by Tenant; unpaid service charges; damages by Tenant to the Premises (beyond normal wear and tear) or repairs by Landlord; replacement cost of Landlord's property that was in or attached to the Premises and is missing; cost to replace unreturned keys; agreed reletting charges; Landlord's cost of cleaning the Premises to a broom-swept condition if required; Landlord's cost of removal of any trash or debris left in the Premises; Landlord's cost of the removal and storage of Tenant's personal property left or abandoned by Tenant or otherwise disposed of by Landlord; Landlord's cost of 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 incurred by Landlord in connection with this Lease; interest that would have been earned by Landlord on unpaid balances; attorneys' fees, court costs and filing fees.

**4. Adjustment of Rental:** Effective on each anniversary of the Commencement Date and each and every anniversary thereafter over the Term (hereinafter referred to as the "Adjustment Date"), the Base Rent due under Paragraph 3.A above shall be adjusted as follows:

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

B. Beginning with the year that includes the then applicable Adjustment Date, the Base Rent shall be adjusted so that it equals the product of the Base Rent during the first year of this Lease multiplied by a fraction, the numerator of which is the Current Index and the denominator of which is the Base Index, but in no event shall Base Rent ever be decreased below the Base Rent set forth in Paragraph 3.A.

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

**5. Use of Premises:** The Premises shall be used and occupied by Tenant only for Commercial Aviation Use limited to the following:

The Leased Hangar shall be used and occupied by Tenant only for general aviation operator purposes while performing repair, maintenance, service and storage of aircraft and/or aircraft components and the testing and inspection of aircraft as authorized to do so under the guidelines of the Federal Aviation Administration for owned and third-party aircraft.

For purposes hereof, "Commercial Aviation Use" means the operation of a business enterprise providing aviation-related goods, services, or facilities for a commercial 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). Tenant shall continuously occupy and use the Premises only for the Permitted Use, and shall comply with all Laws relating to the use, condition, access to, and occupancy of the Premises.

Any use or occupancy of the Premises other than for the purposes set forth 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 ("common area" having the meaning set forth in Chapter 14 of the City's Code of Ordinances), including the safety areas, operating areas and/or non-obstruction areas of the Airport without the prior written consent of the Airport Manager. Tenant further agrees to cooperate and coordinate with adjacent tenants and the Airport Manager, when necessary (as determined by Landlord), to facilitate and not to obstruct aircraft movement along nearby taxilanes, especially during periods of construction, maintenance and repair of Airport facilities.

The Premises shall not be used for any purpose or activity that (i) constitutes a violation of any Laws; (ii) in Landlord's opinion, creates or would create a nuisance or waste or unreasonably disturb, annoy or interfere with other tenants or users of the Airport; or (iii) increases insurance costs for Landlord.

Tenant acknowledges that Landlord is bound by, and this Lease is subject to, the terms and conditions of any and all Federal Aviation Administration, Texas Department of Transportation, and other grant agreements, grant assurances and regulations regarding the Airport, including, without limitation, any grant, loan, regulation, or agreement under Section 22.055 of the Texas Transportation Code, as amended or superseded, whether now existing or made in the future. Tenant agrees not to act or fail to act in any way or manner that would cause Landlord to be in violation of any of the foregoing.

**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, **LANDLORD HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS, AND THERE ARE NO, REPRESENTATIONS, PROMISES, COVENANTS, AGREEMENTS, GUARANTIES OR WARRANTIES OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, OF OR AS TO THE CONDITION, QUALITY, QUANTITY, 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 LAWS.**

**TENANT ALSO ACKNOWLEDGES AND AGREES THAT TENANT'S INSPECTION AND INVESTIGATION OF THE PREMISES HAVE BEEN ADEQUATE TO ENABLE TENANT TO MAKE TENANT'S OWN DETERMINATION WITH RESPECT TO THE SUITABILITY OR FITNESS OF THE PREMISES, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO SOIL CONDITIONS, AVAILABILITY OF UTILITIES, DRAINAGE, ZONING LAWS, ENVIRONMENTAL LAWS, AND ANY OTHER LAWS.**

**TENANT ACKNOWLEDGES THAT THE DISCLAIMERS, AGREEMENTS AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH 6 ARE AN INTEGRAL PORTION OF THIS LEASE AND THAT LANDLORD WOULD NOT AGREE TO LEASE THE PREMISES TO TENANT AS SET FORTH HEREIN WITHOUT THE DISCLAIMERS, AGREEMENTS AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH 6. TENANT FURTHER ACKNOWLEDGES THAT TENANT IS NOT IN A DISPARATE BARGAINING POSITION WITH RESPECT TO LANDLORD. TENANT ACKNOWLEDGES AND AGREES FURTHER THAT THIS LEASE IS SUBJECT TO ANY AND ALL CURRENTLY EXISTING TITLE EXCEPTIONS OR OTHER MATTERS OF RECORD OR VISIBLE OR APPARENT FROM AN INSPECTION AFFECTING THE PREMISES.**

**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 required for the use and occupancy of the Premises, as set forth in Paragraph 5 above, including but not limited to the issuance of a valid Certificate of Occupancy prior to Tenant occupying the Premises pursuant to Paragraph 44 hereinbelow.

B. Tenant shall promptly comply with all governmental orders and directives and all other Laws 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.

C. 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 shall not, either voluntarily or involuntarily, by operation of law or otherwise, assign, sell, pledge, encumber, mortgage, license, transfer, or otherwise convey (together, "assign" or "assignment," and any person or entity to whom an assignment is made being an "assignee") this Lease or any rights or obligations of Tenant hereunder, or sublet the whole or any part of the Premises. Any such assignment or any subletting, without the prior written consent of Landlord, 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 assignment or subletting, Tenant shall not assign this Lease or sublet the Premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this 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 assigned or sublet, Landlord, in addition to any other remedies provided herein or by Law, may, at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder. Landlord's consent to any assignment or subletting will not waive its rights or remedies, and it will not stop Landlord from exercising its rights or remedies, with respect to any other actual or proposed assignment or subletting, and Landlord's consent to any assignment or subletting will not relieve Tenant or any guarantor of Tenant hereunder of any liability to Landlord under this Lease or otherwise.



B. Notwithstanding the foregoing, 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) made available for Landlord's review and inspection during Tenant's normal business hours upon Landlord's written request, and 2) evidenced by written agreement, signed and executed by Tenant and the subtenant, and has incorporated therein and fairly states that:

1. each subtenant agrees to be bound by the terms and provisions of this 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 this 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 sublet, Landlord, in addition to any other rights or remedies provided herein or by Law, in equity, or otherwise, may, at Landlord's option, collect directly from such subtenant all rents becoming due under such subletting and apply such rent against any sums due to Landlord under this Lease;
4. subtenant shall be obligated to obtain Landlord's consent to any action as to which Tenant is obligated to obtain such consent under this Hangar Lease;
5. any such sublease is to automatically terminate upon termination of this 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; and
7. neither this consent, the exercise by Landlord of its rights and/or remedies 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 this Hangar Lease; that this consent does not constitute approval by Landlord of the terms of any such sublease; that nothing herein contained shall be deemed a waiver or release of any of the Landlord's rights under this 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 this Hangar Lease including, without limitation, the duty to make any and all payments of Rent. Any violation of any terms and conditions of this Hangar Lease by a subtenant will constitute a default by Tenant under this Hangar Lease.

Upon Landlord's written request, 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 by Tenant or any subtenant.

**9. Property Taxes and Assessments:** Tenant shall pay, before they become delinquent, any and all property taxes or assessments, and any other governmental charges, fees or expenses, 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 notices and, or statements delivered to Landlord, Tenant has the right to legally protest or appeal, as provided for by Law, any tax levy or assessment of Tenant's Taxes provided Landlord has not already filed or does not intend to file such protest or appeal of (i) the appropriateness of such tax and, or (ii) the taxable value as assessed by the respective taxing authority. 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 from Landlord accompanied by evidence of Landlord's computation of the portion thereof representing Tenant's Taxes. In the event Tenant fails to pay any Tenant's Taxes, Landlord shall have the right (but not the obligation) to pay or cause to be paid such Tenant's Taxes, and the costs thereof expended by or caused to be expended by Landlord plus interest thereon as provided in Paragraph 40 of this Lease shall be paid by Tenant on demand.

**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 those areas, items and matters identified in the "Landlord" column as set forth in Exhibit E, Maintenance and Repair Responsibilities, to this Agreement, which Exhibit is attached hereto and incorporated herein by reference. Landlord shall not be responsible for Tenant's or any third party's equipment, fixtures, or personal property comprising a part of or located upon the Premises.

B. Except as provided by subparagraph A. of this Paragraph 10, Tenant shall, to the Landlord's satisfaction, maintain the Premises in good order, condition and repair throughout the term of this Lease including, but not limited to, those areas, items and matters identified under the "Tenant" column set forth in the attached Exhibit E to this Agreement. Tenant shall be responsible for any alterations, additions or improvements made by Tenant to the Premises and/or any improvements thereon or therein. 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 or by Tenant's owners, employees, agents, contractors, 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 any repossession of the Premises by Landlord, deliver the Premises clean and free of trash and in good condition and repair, 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.

Notwithstanding anything in this Lease to the contrary, Tenant shall bear the risk of complying with the Americans With Disabilities Act of 1990, any other federal or any state laws governing handicapped access or architectural barriers, and all rules, regulations, and guidelines promulgated under such Laws, as amended from time to time, in or pertaining to the Premises.

C. In the event Tenant fails to so maintain or repair the Premises and/or the improvements, fixtures, equipment and personal property comprising a part of or located upon the Premises, and/or otherwise fails to comply with any of the provisions of subparagraph B. or D. of this Paragraph or any other provision of this Lease requiring Tenant to maintain or repair the Premises or keep them in a particular condition, Landlord shall have the right (but not the obligation) to cause all such repairs or other maintenance or work to be made, and the reasonable costs therefor expended by Landlord plus interest thereon as provided in Paragraph 40 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, and with all applicable Laws.

**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 Laws in connection therewith. All alterations, additions and improvements in and to the Premises shall be performed in accordance with the terms and provisions of this Lease, with all Laws, 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. 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 insurance 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 this Lease.
2. 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. 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 Town of Addison, Texas, URS Energy & Construction, Inc. (an Ohio corporation), and SAMI Management, Inc. (a Texas corporation) (and/or such other person or entity that may be the Airport Manager) and their respective officials, officers, agents, and employees; (ii) in all liability policies, provide that such policies are primary insurance regardless of the application of any other insurance available to the additional insureds, with respect to any claims arising out of activities conducted under this Lease, and that insurance applies separately to each insured against whom a claim is made or suit is brought; and (iii) a waiver of subrogation in favor of the Town of Addison, Texas, URS Energy & Construction, Inc. (an Ohio corporation) and SAMI Management, Inc. (a Texas corporation) (and/or such other person or entity that may be the Airport Manager), and their respective officials, officers, agents, and employees, 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, non-renewal, 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, or any other improvements, on or at the Premises, or any part thereof, Tenant shall promptly give written notice thereof to Landlord, generally describing the nature and extent of such damage and/or destruction.

B. If the Premises (the hangar building or structure, 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 (the hangar building or structure, but 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 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 and notifies Tenant in writing of such election, 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 or destruction from Tenant. If Landlord elects to rebuild or repair the Premises and the Premises are untenable in whole or in part following such destruction or damage, during the period of such rebuilding or repair the Rent payable hereunder shall be equitably adjusted for that period during which the Premises are untenable. However, if the destruction or damage was caused by the negligence, gross negligence, or

willful or wanton act or omission of Tenant, or any of Tenant's officers, employees, agents, subtenants, licensees, contractors, subcontractors, or invitees, or any other person for whom Tenant is responsible, Rent shall not be abated and Tenant shall have the continuing obligation to pay Rent during the period of such rebuilding or repair.

If Landlord elects to rebuild or repair the Premises (the hangar building or structure) as set forth above, Tenant shall, immediately upon notice from Landlord, remove from the Premises its equipment and property as reasonably required by Landlord to complete such rebuilding or repair. Upon the completion of such rebuilding or repair, Tenant shall restore the Premises and Tenant's property and promptly reopen for business. Tenant shall use the proceeds from Tenant's insurance policies for restoration of improvements made by Tenant to the Premises, for restoration and/or replacement of Tenant's equipment, trade fixtures, and inventory, and to cover any business interruption loss.

C. Landlord's election to pay for the cost of the repair or rebuilding of the Premises (the hangar building or structure) or any part thereof may, at Landlord's option, 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 Base Rent 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 Base Rent installment due hereunder (as adjusted from time to time pursuant to Paragraph 4, above) 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 Base Rent 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:** Except where provided to the contrary below, Tenant shall be responsible, at Tenant's sole cost and expense, for obtaining all utility connections at or for the Leased Hangar and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, impact fees, tap-in fees and services furnished to the Leased Hangar during the term hereof. Tenant agrees to contact all utility service providers prior to any excavation or digging on the Leased Hangar or the premises in and around the Leased Hangar. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

A. Notwithstanding the foregoing, Landlord and Tenant hereby acknowledge and agree to the terms and conditions contained in Exhibit D – Utility Expense Reimbursement Addendum, attached hereto and incorporated herein by reference wherein it sets forth which utility services will be provided and paid for by the Landlord and subsequently reimbursed by Tenant upon demand.

B. 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 to obtain any of such utility connections may be made only with Landlord's prior consent and at Tenant's sole expense.

C. In the event Tenant fails to pay any utility or connection charges for which Tenant is responsible, Landlord shall have the right (but not the obligation) to pay or cause to be paid such charges, fees or expenses, incurred by Tenant and the costs thereof expended by or caused to be expended by Landlord plus interest thereon as provided in Paragraph 40 of this Lease shall be paid by Tenant upon written demand.

D. Prior to executing this Lease Tenant acknowledges that it has, at its sole costs and expense, determined that all necessary utilities are available to the Premises and are adequate for Tenant's intended commercial use, and that there are no other utility services needed or required by Tenant at the Premises in connection herewith.

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 owners, 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 at the Airport 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, restricted, closed, or terminated from time to time at Landlord's sole discretion.

**B. Access Gates, Access Easements:** *(Intentionally Left Blank)*

**17. Special Events:** Landlord may sponsor or hold certain special events, including, but not limited to, air shows and fireworks displays 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 limit or obstruct access to the Premises and/or to the Airport; (ii) releases, waives and discharges Landlord and Manager, and their respective officials, officers, employees and agents, from all liability for any loss, damage, cost, expense or claim arising or resulting from or pertaining to the limitation or obstruction of access to the 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 Law; 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 the Airport Minimum Standards (as defined in Paragraph 12.A., above) and the "Addison Airport Rules and Regulations" (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 Airport Minimum Standards and 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 and reserves the right, in its sole discretion, to discontinue, amend, modify and alter the Airport Minimum Standards and the Rules and Regulations from time to time, and to adopt other rules, standards, or regulations applicable to the Airport, the Premises and Tenant as Landlord may deem necessary or appropriate, in its sole discretion, including for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants, users, 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, and all changes to such Laws, including the Town of Addison's sign ordinance, with the Airport Minimum Standards and the Rules and Regulations, with all provisions of this Lease, 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. Landlord and Landlord's authorized representatives have the right to enter the Premises at any time in the event of an emergency pertaining to the Premises. 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 SUBPARAGRAPH 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 SUBPARAGRAPH 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 SUBPARAGRAPH B, "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 DAMPNES 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.

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 SUBPARAGRAPH B. OF THIS PARAGRAPH 21) AND AIRPORT MANAGER AND ALL OTHER MANAGER PERSONS (AS THE TERM "MANAGER PERSONS" IS DEFINED IN SUBPARAGRAPH B. OF THIS PARAGRAPH 21) 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 SUBPARAGRAPH B. OF THIS PARAGRAPH 21) 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 DAMPNES 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, allow, or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by Tenant or by any Tenant Persons) 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 and Recovery Act (42 U.S.C. §6901 et seq., as amended or superseded), the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §9601 et seq., as amended or superseded), the Hazardous Materials Transportation Act (49 U.S.C. §5101 et seq., as amended or superseded), the Toxic Substances Control Act (15 U.S.C. §2601 et seq., as amended or superseded), the Clean Air Act (42 U.S.C. §7401 et seq., as amended or superseded), and/or the Clean Water Act (33 U.S.C. §1251 et seq., as amended or superseded) (and any regulations promulgated pursuant to the foregoing Laws), or any other federal, state, county, regional, local or other governmental Laws, 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 the foregoing (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 (including all 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 cost or expense to Landlord, Tenant shall promptly provide all information requested by Landlord for preparation of affidavits or other documents required by Landlord to determine the applicability of the Cleanup Laws to the 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 SUBPARAGRAPH B OF PARAGRAPH 21, ABOVE), AND THE MANAGER PERSONS (AS THE TERM "MANAGER PERSONS" IS DEFINED IN SUBPARAGRAPH B OF PARAGRAPH 21, ABOVE), FROM AND AGAINST, AND REIMBURSE THE TOWN OF ADDISON, TEXAS, ALL OTHER ADDISON PERSONS, THE AIRPORT MANAGER AND ALL OTHER MANAGER PERSONS (AS THE CASE MAY BE) FOR, ANY AND ALL OBLIGATIONS, DAMAGES, INJUNCTIONS, FINES, PENALTIES, DEMANDS, CLAIMS, COSTS, FEES, CHARGES, EXPENSES, ACTIONS, CAUSES OF ACTION, JUDGMENTS, LIABILITIES, SUITS, PROCEEDINGS, HARM, AND LOSSES OF WHATEVER KIND OR NATURE (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS), AND ALL CLEANUP OR REMOVAL COSTS AND ALL ACTIONS OF ANY KIND, MADE UPON, INCURRED BY, SUFFERED BY, OR ASSERTED AGAINST ANY ADDISON PERSON OR ANY MANAGER PERSON OR THE PREMISES, WHETHER DIRECTLY OR INDIRECTLY, 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 SUBPARAGRAPH B OF PARAGRAPH 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.

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 PARAGRAPH 22 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:** Each of the following shall be deemed to be an event of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of Rent, or 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 (the "10-day Grace Period") and such failure shall not be cured within ten (10) days after written notice thereof (the "Cure Period") to Tenant (which Cure Period may overlap, in whole or in part, the 10 day Grace Period).

B. Failure of Tenant to comply with any term, condition or covenant of this Lease (other than the payment of Rent or other sum of money, or the payment of taxes, utilities or insurance premiums, or other payments Tenant is to make under this Lease) 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. Tenant, or any guarantor of Tenant hereunder, (i) becomes or is declared insolvent according to any Law, (ii) makes a transfer in fraud of creditors according to any applicable Law, or (iii) assigns or conveys all or a substantial portion of its property for the benefit of creditors.

E. Tenant or any guarantor of Tenant hereunder, files a petition for relief, or is the subject of an order for relief, under the United States Bankruptcy Code, as amended, or any other present or future federal or state insolvency, bankruptcy or similar Laws (collectively "Applicable Bankruptcy Law").

F. Appointment of a receiver or trustee for Tenant (or any guarantor of Tenant hereunder) or Tenant's (or any such guarantor's) property; or the interest of Tenant (or any such guarantor) under this Lease is levied on under execution or under other legal process; or any involuntary petition is filed against Tenant (or any such guarantor) under

Applicable Bankruptcy Law (provided, however, that no action described in this subparagraph F. or in subparagraphs D. or E. shall constitute a default by Tenant if Tenant (or any guarantor of Tenant hereunder) shall vigorously contest the action by appropriate proceedings and shall remove, vacate or terminate the action within sixty (60) days after the date of its inception.).

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

H. Tenant is in default of any other lease or agreement with, or any permit or license issued by, the Town of Addison, Texas.

**24. Remedies of Landlord:** Upon the occurrence of any of the events of default listed in Paragraph 23, Landlord, without prejudice to any legal, equitable, or other (including contractual) right or remedy to which it may be entitled, shall have the option to pursue any one or more of the following remedies without notice or demand whatsoever (and using lawful force if necessary or appropriate after providing written notice thereof, if any is required):

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

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

C. Recover unpaid rent and any Breach Damages (as "Breach Damages" are defined in this Paragraph 24, below).

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

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

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

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

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

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

J. Charge interest on any amount not paid when due through the date of its payment at the Default Interest Rate (as set forth in Paragraph 40).

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

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

For purposes of this Paragraph 24, "Breach Damages" means and includes, without limitation, all actual, incidental, and consequential damages, court costs, interest, and attorneys' fees arising from Tenant's breach or default of this Lease, including, without limitation, the cost to or incurred by Landlord of (a) recovering possession of the Premises,

(b) removing and storing the property of Tenant and any other occupant or user of the Premises, (c) re-letting of the Premises (including, without limitation, the costs of brokerage commissions and cleaning, decorating, repairing, or altering the Premises for a substitute tenant or tenants), (d) collecting any money owed by Tenant or a substitute tenant, (e) repairing any damage to the Premises caused by any Tenant or other occupant or user of the Premises, (f) performing any obligation of Tenant under this Lease, (g) any other loss or cost reasonably incurred by Landlord as a result of, or arising from, Tenant's breach of this Lease or Landlord's exercise of its rights and remedies for such breach, (h) any contractual or liquidated type or measure of damages, including but not limited to Rental Deficiency as such is defined below; and (i) any other type or measure of damages recoverable for any particular breach under applicable Law.

For purposes of this Paragraph 24, "Rental Deficiency" means a contractual measure of Breach Damages for Tenant's non-payment of Rent measured by either the (a) actual Rental Deficiency, which is the difference (never less than zero) between (i) the Rent due for, and other Rent allocable under this Lease to, each month beginning with the first month with respect to which Landlord receives Rent from re-letting the Premises, and (ii) the proceeds, if any, that Landlord actually collects from any substitute tenant for any part of the Premises in each corresponding month in which the Term and the term of the substitute tenant's lease overlap; or (b) market Rental Deficiency, which is the present value, discounted at 6% simple annual interest, of the difference (never less than zero) between (i) the rent otherwise due under this Lease during any period after Tenant's breach in which Landlord may elect to recover this damage measure, and (ii) the fair rental value of the Premises during that period, *plus* any costs incurred in connection with any actual or attempted re-letting and any other Breach Damages.

In determining the market Rental Deficiency, the fair rental value will be the total rent that a comparable tenant would pay for comparable space in a building of substantially equivalent quality, size, condition, and location, considering rental rates and concessions then prevalent in the marketplace, the remaining lease term, the expected vacancy, and any other relevant factors. An independent MAI appraiser selected by Landlord will determine the fair rental value of the Premises, and that determination will conclusively bind the parties in any computation of the market Rental Deficiency.

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

Pursuit of any of the foregoing remedies or rights shall not preclude pursuit of any of the other remedies or rights herein provided or any other remedies or rights provided by Law, in equity, or otherwise; nor shall pursuit of any remedy or right 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, of any kind or nature, 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.

In the event that Landlord fails to cure such default within the said thirty (30) day period, or within said the additional reasonable period of time, Tenant shall have the right, as its sole and exclusive remedy, to proceed to cure such default and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding Base Rent installment(s) due by Tenant to Landlord hereunder.

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.

The liability of Landlord (and all other Addison Persons and all Manager Persons) for any default by Landlord under this Lease shall be limited to an amount equal to twelve (12) months of Base Rent (the amount of such Base Rent being the amount in effect at the time of such default), and Landlord (and all other Addison Persons and all Manager Persons) shall not be otherwise or personally liable for any deficiency, claim, harm, loss, judgment, liability, or for any other matter whatsoever, and Tenant (for itself and all Tenant Persons) fully waives all other rights of recovery against Landlord (and all other Addison Persons and all Manager Persons) and any assets of Landlord (and all other Addison Persons and all Manager Persons).

**26. Mitigation of Damages:**

A. Landlord and Tenant agree to the following criteria in connection with Landlord's mitigation of damages after a default by Tenant and abandonment of the Premises by Tenant under this Lease (such mitigation, being by means of marketing the Premises for lease, to commence not more than sixty (60) days after Tenant physically vacates the Premises and to continue until the Premises have been relet):

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

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

3. Landlord will not have any obligation to lease the Premises for any rental less than the current rate then prevailing for similar space at Addison Airport (or if no similar space is available, the current fair market rental then prevailing for similar space in comparable buildings in the same market area as the Premises) nor shall Landlord be obligated to enter into a new lease under any terms or conditions that are unacceptable to Landlord.

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

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

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

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

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

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

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

**28. Title to Improvements:** The Town of Addison, Texas, is the sole owner of 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 removable 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.

**29. 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 BY, THROUGH, OR 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 40 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.**

**30. Title:** Tenant enters into this Lease and accepts the Premises subject to: (i) the Airport Minimum Standards and the Rules and Regulations as amended or modified from time to time; (ii) easements, rights-of-way, and other interests in or encumbrances on Property (whether or not recorded) that may affect the Premises; (iii) all Laws promulgated by any governmental authority having jurisdiction over the Premises, and (iv) all of the terms, conditions, and provisions of this Lease.

**31. Quiet Enjoyment and Subordination:** Landlord represents that Tenant, upon Tenant's payment of the Rent and other payments herein required and provided for, and Tenant's 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, or to any other matter affecting, 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, ground or other lease ("ground lease"), or other lien now existing or hereafter placed on the Premises or to declare this Lease prior and superior to any mortgage, ground lease, deed of trust or other lien now existing or hereafter placed on the Premises (and 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 (or ground lessor or holder of such other lien or interest) 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 attorns to the mortgagee, its successor and assigns (or ground lessor or holder of such other lien or interest, their successors and assigns) and pays timely all Rent and other payments due hereunder 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, ground lease, 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 and attorn to the mortgagee, its successor and assigns (or ground lessor or holder of such other lien or interest, their successors and assigns). Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust, ground lease, or other lien and specifically providing that this Lease shall survive any foreclosure of such mortgage, deed of trust or other lien, or action to terminate a ground lease affecting the Premises. Upon any foreclosure of any mortgage, deed of trust or other lien now existing or hereafter placed on the Premises (or any sale in lieu thereof), or upon termination of a ground lease affecting 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 (or sale in lieu thereof) pursuant to any such mortgage, deed of trust or other lien, or the ground lessor (in the event of termination of a ground lease), if Tenant is required to do so by the applicable party (and Tenant agrees to execute an instrument to that effect as may be provided by such applicable party).

**32. 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 or improvements 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.

**33. 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.

**34. 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 Base Rent paid for the last month of the Term of this Lease.

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

**36. 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.

**37. 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.

**38. 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.

**39. 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 then 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, (v) that this Lease will not be amended without notice to Landlord's mortgagee (or such other person as Landlord may identify), and (vi) that this Lease will not be terminated by Tenant without the same notice required by this Lease to be furnished by Tenant to Landlord also being furnished by Tenant to Landlord's mortgagee (or such other person as Landlord may identify), and Landlord's mortgagee (or such other person as Landlord may identify) shall have the same opportunity to cure such default within the curative period as allowed Landlord under this Lease; and (vii) 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 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; 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.

**40. 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 lesser of ten percent (10%) or the highest non-usurious rate then allowed by Law (the "Default Interest Rate"), 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.

**41. 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, as debtor, and deliver to Landlord financing statements in form sufficient as may be necessary to perfect the security interest of Landlord in the aforementioned property and proceeds thereof under the provisions of the Texas Business and Commerce Code. Landlord may at its election at any time file in the appropriate County records a copy of this Lease as a Financing Statement. Landlord, as Secured Party, has all of the rights and remedies afforded a secured party under the Texas Uniform Commercial Code in addition to and cumulative of the landlord's liens and rights provided by Law or by the other terms and provisions of this Lease. The constitutional and statutory liens for rent are expressly reserved; the security interest herein granted is in addition and supplementary thereto.

**42. 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.

**43. 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.

**44. Certificate of Occupancy:** Tenant may take possession of the Premises pursuant to the terms and conditions of this Hangar Lease, however may not occupy the Premises without first being issued a valid Certificate of Occupancy pursuant to the Town of Addison, Texas Code of Ordinances, Part II, Chapter 18, Article II, Division 2, Section 18-53. Tenant may apply for a Certificate of Occupancy any time after the Effective Date of this Agreement. If for any reason, beyond the reasonable control of Tenant, Tenant is unable to secure a Certificate of Occupancy within thirty (30) days prior to the 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.

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



**46. 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.

**47. 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.

**48. Use of Language; No Third Party Beneficiaries:** 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. For purposes of this Lease, "includes" and "including" are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded.

Where Landlord consent or approval is required in this Lease, such consent or approval may be given by the City Council of the Town of Addison, Texas or by the City Manager of the Town of Addison.

Except as otherwise set forth in this Lease, this Lease and each of its provisions are solely for the benefit of the parties hereto and are not intended to and shall not create or grant any rights, contractual or otherwise, to any third person or entity.

**49. 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.

**50. 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.

**51. Severability:** The terms and provisions of this Lease are severable, and if any term or 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, and the invalid or unenforceable term or provision will be reformed to give effect (to the fullest extent possible) to the parties' intentions in a manner that is legal, valid, and enforceable. It is the parties' intent that the term of this Lease not exceed any statutory limit; if it should be determined that the term of this Lease exceeds such period of time, the term hereof shall be reformed so as to make the term hereof not exceed such period of time.

**52. Notices:** Any notice or document required to be delivered or given 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 Airport Manager  
16051 Addison Road, Suite 220  
Addison, Texas 75001  
Attn: Real Estate Manager  
and  
Town of Addison, Texas  
P.O. Box 9010  
5300 Beltline Road  
Dallas, TX 75001-9010

**TO TENANT:**  
ADS US Sport Aircraft LLC  
4700 Airport Parkway  
Addison, Texas 75001  
Attn: Patrick Arnzen  
Title: President

**53. 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.**

**54. 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.

**55. 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, without regard to conflict of Law provisions of any jurisdiction; 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, and the parties submit themselves to the jurisdiction of such courts.

**56. 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.

**57. Diagram:** The diagram of the Leased Premises 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.

**58. 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.

**59. 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.

**60. Special Conditions:**

*Intentionally Left Blank*

**61. Authority to Execute.** The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Lease 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.

**62. Entire Agreement and Amendments:** This Lease, consisting of sixty-two (62) Paragraphs and Exhibits A through E attached hereto and made a part hereof, together with the premises and recitals 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.

**LANDLORD:**

**TOWN OF ADDISON, TEXAS**  
a home-ruled municipality

**TENANT:**

**ADS US SPORT AIRCRAFT LLC**  
a Texas limited liability company

By: \_\_\_\_\_  
Charles W. Daniels, City Manager

By: \_\_\_\_\_  
Patrick Arnzen, President

**EXHIBIT A**

**Legal Description of Leased Premises**

4660 Jimmy Doolittle Drive, Addison Airport, Addison, Texas 75001

PROPERTY # 0210      BUILDING # S1

BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, in the Town of Addison, Dallas County, Texas, being located on the Addison Municipal Airport, and being more particularly described as follows:  
COMMENCING at a 1/2-inch iron rod found at the southwest corner of Tract 1 as described in the unrecorded Ground Lease #0200-3502 to Turbine Aircraft Service;  
THENCE N 68°46'16" E, along the south line of said Tract 1, 382.13 feet to a cut "X" set at the northeast corner of Parcel E as described in said unrecorded Ground Lease #0200-3502 to Turbine Aircraft Service and the POINT OF BEGINNING;  
THENCE N 68°46'16" E, continuing along the south line of said Tract 1, 11.38 feet to a cut "X" found at the southeast corner of said Tract 1;  
THENCE N 21°13'15" W, along the east line of said Tract 1, 30.99 feet to a cut "X" found at the southwest corner of Parcel D as described in said unrecorded Ground Lease #0200-3502 to Turbine Aircraft Service;  
THENCE N 68°56'04" E, departing the east line of said Tract 1, along the south line of said Parcel D, 14.96 feet to a cut 'IX' found at the southeast corner of said Parcel D;  
THENCE N 21°16'25" W, along the east line of said Parcel D, 113.96 feet to a 1/2-inch iron rod found at the northeast corner of said Parcel D;  
THENCE S 68°43'35" W, along the north line of said Parcel D, 14.96 feet to a "PK" nail set at the northwest corner of said Parcel D and lying in the east line of said Tract 1;  
THENCE N 21°16'25" W, along the east line of said Tract 1, 3.76 feet to a '1PK" nail set in the south line of Jimmy Doolittle Drive (Unrecorded 60 foot right-of-way);  
THENCE N 68°19'44" E, along the south line of said Jimmy Doolittle Drive, 112.95 feet to a 5/8- inch iron rod set with plastic cap stamped "Sparr Surveys";  
THENCE S 21°13'44" E, departing the south line of said Jimmy Doolittle Drive, 130.21 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";  
THENCE S 68°46'16" W, 15.16 feet to a 5/8-inch iron rod set with plastic cap stamped 'Sparr Surveys";  
THENCE S 21°13'44" E, 11.87 feet to a 5/8-inch iron rod set with plastic cap stamped 'Sparr Surveys";  
THENCE N 68°46'16" E, 20.85 feet to a "PK" nail set;  
THENCE S 21°13'44" E, 52.03 feet to a "PK" nail set in the north line of Taxiway Sierra;  
THENCE S 68°36'46" W, along the north line of said Taxiway Sierra, 129.93 feet to a "PK" nail set;  
THENCE N 21°13'44" W, continuing along the north line of said Taxiway Sierra, at 15.72 feet passing the north line of said Taxiway Sierra and southeast corner of said Parcel E, continuing along the east line of said Parcel E, in all a distance of 44.95 feet to the POINT OF BEGINNING and containing 0.478 acre of land;

To: Addison Airport, exclusively;

I, Brad Sparr, a Registered Professional Land Surveyor for Sparr Surveys, do hereby certify that this survey was made on the ground, that this drawing correctly represents the facts found at the time of survey and that this professional service conforms to the current Texas Society of Professional Land Surveyors Standards and Specifications for a Category 15 Condition II Survey.

Brad Sparr, Registered Professional,  
Land Surveyor No. 3701



**EXHIBIT C**

**Aerial Depiction 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 FOR COMMERCIAL AVIATION USE WITH THE EFFECTIVE DATE OF AUGUST 1, 2015 CONCERNING THE LEASED PREMISES LOCATED AT 4660 JIMMY DOOLITTLE DRIVE, ADDISON AIRPORT, ADDISON, DALLAS COUNTY, TEXAS 75001**

**A.** The party designated below will pay for the following utility charges serving the Premises including any related connection/disconnection charges assessed by the service provided:

(Check or mark once per line. Note: if a check is omitted or not made for any one line item or, if more than one check or mark is made per any one line item, Tenant is the responsible party to procure and pay for such service).

(1)	(2) N/A	(3) Landlord	(4) Tenant	(5) Provided by Landlord & Reimbursed By Tenant	(6) Further Description If Any
1. Water	<input type="checkbox"/>			√	
2. Sewer	<input type="checkbox"/>			√	
3. Electric	<input type="checkbox"/>			√	
4. Gas				√	
5. Telephone/Data	<input type="checkbox"/>	<input type="checkbox"/>	√	<input type="checkbox"/>	
6. Trash	<input type="checkbox"/>	<input type="checkbox"/>	√	<input type="checkbox"/>	
7. Cable	<input type="checkbox"/>	<input type="checkbox"/>	√	<input type="checkbox"/>	
8. Other _____	√	<input type="checkbox"/>	√	<input type="checkbox"/>	
9. Other _____	√	<input type="checkbox"/>	<input type="checkbox"/>		
10. Other _____	√	<input type="checkbox"/>	<input type="checkbox"/>		

The responsible party so designated above (i) may select or change the utility service provider from time to time over the term of the Lease, and (ii) shall be responsible, at its sole cost and expense, for obtaining and maintaining said utility connections at or for the Premises.

**B.** All utilities to be provided by Landlord and reimbursed by Tenant as indicated above (Column 5) shall be paid as follows:

- In addition to the Base Rent, Tenant will pay Landlord as Additional Rent the costs for the utility services indicated herein and directly attributable or reasonably allocable to the Premises and associated with the referenced accounts (where each account is an account of or for Landlord)

Initialed By Tenant: \_\_\_\_\_

2. Each month Landlord shall submit to Tenant an invoice for all such utility costs, including taxes, fees and other related costs, billed to Landlord for the preceding billing cycle. Tenant shall pay, as Additional Rent, the amount of each such invoice no later than the first day of the month following the date of the invoice (and the obligation to pay the invoice for the last month (or partial month) of this Hangar Lease shall survive the expiration or termination of this Hangar Lease). Landlord agrees to reasonably cooperate with Tenant in the event Tenant, at Tenant's sole cost, should desire to inquire about, or to protest or appeal, the charges being assessed by the utility service provider. To this end, Tenant shall give Landlord prior written notice of any such protest or appeal, and resolution thereof.

3. Landlord agrees not to assess any rebilling or administrative service fees for utility costs covered under this addendum.

4. Tenant's failure to timely pay said utility costs as Additional Rent shall be deemed to be an event of default by Tenant under the Lease. Landlord reserves all rights and remedies available to it under the Lease and by Law to collect all Rent due.

Initialed By Tenant: \_\_\_\_\_



**EXHIBIT E**

4660 Jimmy Doolittle Drive  
Addison, Texas

Maintenance and Repair Responsibilities

	<b><u>Landlord</u></b>	<b><u>Tenant</u></b>	<b><u>Comment</u></b>
<b>Ground Maintenance</b>			
Building & Gate Locksmithing & Security	Maintains Public Access <b>Gate 7</b>	All, as required by Tenant's use and all Laws, including ordinances, rules and regulations. All doors and gates leading to Airport Operations Area are to be kept secured at all times.	
Fencing	Landlord maintains Airport perimeter fence (damage to such fence caused by or resulting from any of Tenant's, or its guests' and invitees, acts or omissions shall be paid for by Tenant)	All other fencing upon the Premises, <i>if any</i> , is Tenant's responsibility.	The fence at 4550 Jimmy Doolittle Drive is not included on the leased premises herein described.
Landscaping & Lawn Care	All turf, beds and planters within the Premises		
Landscape Irrigation	Minimum requirements by City ordinance		
Pavement - Parking	Structural repairs and reconstruction	Regular sweeping and snow removal. Any damage other than that resulting from normal wear and tear. Painting and striping as required for intended use or required by ordinance or otherwise by Landlord with Landlord's prior written consent.	
Pavement - Ramp	Structural repairs and reconstruction	Regular sweeping and snow removal. Any damage other than that resulting from 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	

	<u>Landlord</u>	<u>Tenant</u>	<u>Comment</u>
		consent.	
Trash Dumpster	Landlord to manage and maintain service.		
Trash Dumpster screening, if required	Landlord is responsible for constructing and maintaining screening, if required.	Constructed and maintained at Tenant's sole cost and expense.	
<b><u>Building Shell</u></b>			
Garage Overhead & Service Doors	Major repairs and replacement if required at sole discretion of Landlord.	General preventive maintenance and basic service.	(damage caused by or resulting from Tenant, Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
Hangar Doors	Major repairs and replacement if required at sole discretion of Landlord	General preventive maintenance and basic service.	(damage caused by or resulting from Tenant, Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
Hangar Floor	Major repairs and replacement if required at sole discretion of Landlord.	General preventive maintenance, sweeping, cleaning and safety markings as required by Landlord.	
Building & Hangar Insulation, if existing	Major repairs and replacement if required at sole discretion of Landlord.	General preventive maintenance, repair and replacement where required.	
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	Performed by Landlord at Landlord's sole expense and discretion	General preventive maintenance, repair and replacement where required.	(damage caused by or resulting from Tenant, Tenant's employees, or its

	<u>Landlord</u>	<u>Tenant</u>	<u>Comment</u>
building, fascia, trim, etc.			guests' and invitees, acts or omissions shall be paid for by Tenant)
Window and Glass Curtain Walls	Major repairs and replacement when required at sole discretion of Landlord.	General preventive maintenance, repair and replacement where required.	(damage caused by or resulting from Tenant, Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
Roof	Major repairs and replacement when required at sole discretion of Landlord.	No penetrations without Landlord's prior written approval.	
Roof rain-gutters and downspouts	Major repair and replace as required.	General preventive maintenance, repair and replacement where required.	
<b>Interior - Finish-out</b>			
Interior Doors	Major repairs and replacement when required at sole discretion of Landlord.	General preventive maintenance, repair and replacement where required.	(damage caused by or resulting from Tenant, Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
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.	(damage caused by or resulting from Tenant, Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
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,	Office area only

	<u>Landlord</u>	<u>Tenant</u>	<u>Comment</u>
		repair and replacement where required.	
Walls & 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, cleaning, repair and replacement where required. Applicable to office area only.	(damage caused by or resulting from Tenant, Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
<b>Building Systems</b>			
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.	(damage caused by or resulting from Tenant, Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
Exterior Lighting & maintenance	Major repairs and replacement at sole discretion of Landlord. Landlord to replace bulbs as necessary.	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. Landlord to replace bulbs as necessary.	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 of equipment.	Replacement or material change only with Landlord's prior written consent.	(damage caused by or resulting from Tenant, Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
Window a/c units, if any	Major repairs and replacement at sole discretion of Landlord.	General maintenance and repair. Replacement or material	(damage caused by or resulting from Tenant,

	<u>Landlord</u>	<u>Tenant</u>	<u>Comment</u>
		change only with Landlord's prior written consent.	Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
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.	(damage caused by or resulting from Tenant, Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
Water heater	Replacement at Landlord's sole discretion.	General maintenance and repair. Replacement with Landlord's prior written consent.	
Storm water drains	Major repairs and replacement and general maintenance.	Damage caused by or resulting from acts of Tenant, Tenant's employees, guests or invitees shall be paid for by Tenant.	(damage caused by or resulting from Tenant, Tenant's employees, or its guests' and invitees, acts or omissions shall be paid for by Tenant)
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:			