REGULAR WORK SESSION & MEETING OF THE CITY COUNCIL

November 10, 2015

ADDISON TOWN HALL

5300 BELT LINE RD., DALLAS, TX 75254

5:30 PM DINNER & EXECUTIVE SESSION
6:30PM WORK SESSION
7:30PM REGULAR MEETING

WORK SESSION

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1. Discuss **Health Insurance Options For Town Of Addison Employees For Calendar Year 2016.**

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2. Discuss The **Status Of The Redevelopment Of The Former Sam's Club Site Which Is Approximately 17.3 Acre Tract At 4150 Belt Line Road.**

REGULAR MEETING

Pledge of Allegiance

Announcements and Acknowledgements regarding Town and Council Events and Activities

Discussion of Events/Meetings

Public Comment.
The City Council invites citizens to address the City Council on any topic not on this agenda. Please fill out a **City Council Appearance Card** and submit it to a city staff member prior to Public Participation. Speakers are allowed **up to three (3) minutes per speaker** with **fifteen (15) total minutes** on items of interest or concern and not on items that are on the current agenda. In accordance with the Texas Open Meetings Act, the City Council cannot take action on items not listed on the agenda. The Council may choose to place the item on a future agenda.

Consent Agenda:
All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.

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3. Present A **Proclamation Declaring November2015 American Diabetes Month.**

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4. Consider **Approval Of The October 12, 2015 Special Meeting, October 13 & 27 ,2015 Regular Meeting, October 15, 16, 20 & 23, 2015 Executive Session Minutes.**

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5. Consider And Approve A **Resolution Authorizing The City Manager To Approve A Contract With Shiroma Southwest For Public Relations And Media Publicity Programs To Promote The Town Of Addison's Events And Selected Special Projects.**

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6. Consider And Approve A **Resolution Authorizing The City Manager To Approve A Contract With Shiroma Southwest For Website Content Management and Social Media** In An Amount Not To Exceed $49,500.00.

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7. Consider And Approve A **Resolution Authorizing The City Manager To Approve a Contract with Rodney Hand Associates Marketing Communications, LP For The Production Of Addison - The Magazine Of The North Dallas Corridor** In An Amount Not To Exceed $132,000.00.

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8. Consider And **Approve A Final Plat For One Lot Totaling 6.484 Acres Located Generally At 14675 Dallas Parkway**. FINAL PLAT/Crescent Crown Addition/ Cawley Partners/Mr. Kim Sutton.

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9. Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Contract With Kimley-Horn And Associates To Update The Town's Master Transportation Plan** In An Amount Not To Exceed $76,597.00.

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10. Consider **Authorizing The City Manager To Approve Final Payment to Lea Park and Play, Inc. For The Purchase And Installation Of the Les Lacs Park Playground System** In An Amount No To Exceed $9,969.70.

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11. Consider And Approve An **Ordinance Amending Chapter 2, Article IV, Division 2 Of The Code Of Ordinances, Regarding The Town's Investment Policy.**

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12. Consider And Approve A **Resolution Adopting The Town Of Addison Investment Strategy For FY 2016.**

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13. Consider And Approve A **Resolution Casting A Vote For Blake Clemens As The Fourth Member Of The Board Of Directors Of The Dallas Central Appraisal District.**

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14. Consider And Approve A **Resolution Authorizing The City Manager To Apply For A Grant Purchase And Install Permanent Recycling Stations Through The North Texas Council Of Government Materials Management Grant Program.**

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15. Consider And Approve A **Resolution Authorizing The City Manager To Enter Into An Agreement With Harris Corporation For Maintenance On All Town Owned Portable Mobile And Control Station Radio Equipment For A Five Year Agreement.**

16. Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With Launchability** In An Amount Not To Exceed $2,500.00.

17. Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With Metrocrest Chamber Of Commerce** In An Amount Not To Exceed $35,000.00.

18. Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With Metrocrest Community Clinic** In An Amount Not To Exceed $3,000.00.

19. Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With Metrocrest Services** In An Amount Not To Exceed $61,000.00.

20. Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With The Family Place** In An Amount Not To Exceed $12,000.00.

21. Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With WaterTower Theatre** In An Amount Not To Exceed $295,000.00.

22. Consider And Approve A **Resolution Authorizing The City Manager To Enter Into An Agreement With The WaterTower Theatre For Use Of The Addison Theatre Center.**

23. Consider And Approve An **Ordinance Amending Chapter 10, Animals Of The Code Of Ordinance For The Town Of Addison.**

Regular Items

24. Hold A Public Hearing, Consider And Approve An **Ordinance Amending Planned Development O93-018, 8 Tracts Of Land Totaling Approximately 40.7 Acres Addressed From 3712 Belt Line Road to 3910 Belt Line Road, In Order To Grant Additional Allowed Uses And Amend Requirements Relating To Parking And Building Elevations** . Case 1720-Z/Addison Town Center/Cencor Realty Services, Mr. Bernard Shaw.

25. Hold A Public Hearing,Consider And Approve An **Ordinance Approving A Special Use Permit For A Gasoline Service Station On Property Located At 3770 Belt Line Road.** The Property Is Currently Zoned PD (Planned Development) Through Ordinance O93-18. Case 1717-SUP/Kroger Fuel Center/CEI Engineering Associates, Inc./ Mr. Jim Evans.

26. Hold A Public Hearing, Consider And Approve An **Ordinance Approving A Special Use Permit For The Sale Of Alcoholic Beverages For On-Premises Consumption Only On Property Located At 15650 Addison Road On Application From The Town Of Addison** . Case 1721-SUP/Addison Conference and Theatre Centre/Mr. Mark Gooch.

27. Hold A Public Hearing,Consider And Approve An **Ordinance Amending Article XXI (Landcaping Regulations) By Revising The Requirements Relating To The Maintenance Of Irrigation Systems And Enforcement.** Case 1722-Z/Town of Addison/Charles Goff.

28. Consider And Approve A **Resolution Authorizing The City Manager To Approve A Ground Lease Assignment From Tailwind Worldwide To Mills Group, Inc. On Addison Airport For Office Space At 4584 Claire Chennault And The Creation Of A Leasehold Mortgage.**

29. Consider And Approve A **Resolution Authorizing The City Manager To Approve An 8-Year Ground Lease Extension At Addison Airport For Key Development, LLC, At 4500 Westgrove Drive.**

30. Consider And Approve A **Resolution Authorizing The City Manager To Accept A Grant From TXDOT Aviation For A Runway Incursion Mitigation (RIM) Study At Addison Airport** In The Amount Of $48,460.00.

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31. Consider And Approve A **Resolution Authorizing The City Manager To Approve A Professional Services Contract With Cobb Fendley & Associates, Inc. For Engineering Services Associated With Development Review** In An Amount No To Exceed $100,000.00.

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32. Present An **Update On Various Capital Improvement Program Projects.**

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33. Discuss And Take Needed Action Regarding **City Manager Welcome Event Council Subcommittee Report**.

Executive Session

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34. Closed (executive) session of the Addison City Council pursuant to:

Section 551.071, Tex. Gov. Code, to conduct a private consultation with its attorney(s) on a mater in which the duty of the attorney(s) to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Tex. Gov. Code, pertaining to

- **Town of Addison v. Landmark Structures I, L.P. and Urban Green Energy Cause No. DC-15-0761 44th Judicial District Court, Dallas County, Texas**
- **The ponds or lakes at Vitruvian Park, located within the vicinity and east of the intersection of Vitruvian Way and Ponte Ave, and Farmers Branch Creek**
- **Automotive Use Issues- 15600 Midway Road**

Section 551.072, Tex. Gov. Code, to deliberate the purchase, exchange, lease or value of real property

- **Duke's Icehouse**

Section 551.087, Tex. Gov. Code, to deliberate commercial or financial information that was received from a business prospect that seeks to locate, stay, or expand in or near the territory of the governmental body, and with which the governmental body is conducting economic development negotiations.

- **Former Sam's Club Property**

Reconvene from Executive Session

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35. **RECONVENE INTO REGULAR SESSION:** In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matter discussed in Executive Session.

Adjourn Meeting

NOTE: The City Council reserves the right to meet in Executive Session closed to the public at any time in the course of this meeting to discuss matters listed on the agenda, as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551, including §551.071 (private consultation with the attorney for the City); §551.072 (purchase, exchange, lease or value of real property); §551.074 (personnel or to hear complaints against personnel); §551.076 (deployment, or specific occasions for implementation of security personnel or devices); and §551.087 (economic development negotiations). Any decision held on such matters will be taken or conducted in Open Session following the conclusion of the Executive Session.

Posted:
Laura Bell, 11/06/2015, 5:00pm

THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH DISABILITIES. PLEASE CALL (972) 450-7090 AT LEAST 48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.

AI-1385 **WS4**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Human Resources

AGENDA CAPTION:

Discuss **Health Insurance Options For Town Of Addison Employees For Calendar Year 2016.**

BACKGROUND:

N/A

RECOMMENDATION:

N/A

AI-1420 **Item # 2.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Discuss The **Status Of The Redevelopment Of The Former Sam's Club Site Which Is Approximately 17.3 Acre Tract At 4150 Belt Line Road.**

BACKGROUND:

Staff will provide an update on the status of the proposed redevelopment for the former Sam's Club site.

RECOMMENDATION:

n/a

AI-1407 **Item # 3.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Present A **Proclamation Declaring November2015 American Diabetes Month.**

BACKGROUND:

n/a

RECOMMENDATION:

n/a

AI-1399 **Item # 4.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider **Approval Of The October 12, 2015 Special Meeting, October 13 & 27 ,2015 Regular Meeting, October 15, 16, 20 & 23, 2015 Executive Session Minutes.**

BACKGROUND:

n/a

RECOMMENDATION:

n/a

Attachments

October 12, 2015 Minutes
October 16, 2015 Minutes
October 23, 2015 Minutes
October 13, 2015 Minutes
October 27 2015 Minutes
October 15, 2015 Minutes
October 20, 2015 Minutes

D R A F T

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
WORK SESSION

October 12, 2015
6:00 pm
Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254

Present: Arfsten; Carpenter; Heape; Hughes; Meier, Mayor; Moore; Wilcox

Mayor Meier called the Worksession to order at 6:00pm.

WORK SESSION

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1. Presentation By Jay Ihrig On Behalf Of The Arbor Foundation Regarding The Dove Sculpture In Oaks North Neighborhood.

   Council received an update on the sculpture for the Oaks North neighborhood. Council agreed the sculpture would be appropriate in the neighborhood. Council thanked the Arbor Foundation for their work on this project.

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2. Discuss Council Calendar For November & December 2015 And January & February 2016.

   Council discussed the calendar for upcoming meetings in November through February 2016. Council agreed to the following schedule:

   November 10th- Regular Worksession & Meeting
   November 17th- placeholder for Worksession & Meeting if needed
   December 8th- Regular Worksession & Meeting
   December 14th- placeholder for Worksession & Meeting if needed
   January 12th & 26th- Regular Worksesion & Meeting
   February 9th & 23rd- Regular Worksession & Meeting

   Any extra worksessions or meetings will be scheduled as needed and with appropriate notice.

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3. Discuss Boards & Commission Application Revisions.

   City Secretary, Laura Bell, presented a draft application to Council for the Boards and Commission process. Ms. Bell stated that this application could also be used for special ad hoc committees throughout the year if needed. This process would allow Council to gather the information for potential applicants for any board, commission, ad hoc committee, special project, etc.

   Council agreed upon the main areas of the application. Ms. Bell was instructed to put together minor edits that were needed and move forward with the process. Ms. Bell informed Council that the process

as a whole would come back for discussion at a future worksession. The overall goal is to get the process approved and ready to proceed by January 1, 2016.

4. Discuss The Cost Of Living Adjustment For The Town Of Addison Retirees And Texas Municipal Retirement System.

   Deputy City Manager, Cheryl Delaney, presented the item to Council. She stated that the decision to fund a COLA increase is made by Council each year. In 2008, Council decided to make this decision yearly instead of granting an automatic increase. She stated that about half of the cities who participate in the TMRS retirement system have the automatic increase. This year the increase would be $27,000 to cover all retirees. This amount was already in the budget approved by Council in September.

   Council discussed the item. Several points were brought up about future budget impact and the fact that Social Security was not giving a COLA increase this year.

   Deputy City Manager Delaney stated that this item would be included in the agenda for the meeting on October 13 for action.

5. Discuss Proposed Revisions To The Addison Code Of Ordinances Chapter 66 - Solid Waste.

   Director of Infrastructure & Development, Lisa Pyles, presented this item to Council. She stated that staff looked at the ordinances from several neighboring cities. She stated that the options presented were what staff believed would work in Addison.

   Council discussed the item. Discussion included screening the bins from sight, placement of bins on collection day, alley entry homes and placement and other concerns from Council.

   Staff was directed to bring the ordinance forward at the October 27th meeting. Staff will work with the vendor for options on bin size and with citizens on placement and enforcement.

   Mayor Meier recessed the Worksession at 6:56pm.

EXECUTIVE SESSION

6. Closed (executive) session of the Addison City Council pursuant to:

   Section 551.071, Tex. Gov. Code, to conduct a private consultation with its attorney(s) on a matter in which the duty of the attorney(s) to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Tex. Gov. Code, pertaining to

   - ***Town of Addison v. Landmark Structures I, L.P. and Urban Green Energy*** **Cause No. DC-15-0761 44th Judicial District Court, Dallas County, Texas**

   Section 551.074, Tex. Gov. Code, to deliberate the appointment,

employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, pertaining to

- **City Manager Search Update.**

RECOMMENDATION:
N/A

Council convened into Executive Session at 7:05pm.
Council recessed from Executive Session at 7:29pm.
Council reconvened into Executive Session at 7:37pm.
Council recessed from Executive Session at 9:25pm.

Adjourn Meeting

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_____
Mayor-Todd Meier

Attest:

_____
City Secretary-Laura Bell

D R A F T

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
WORK SESSION

October 16, 2015
Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254
4:30 PM- Executive Session

Present: Arfsten; Carpenter; Heape; Meier, Mayor; Moore; Wilcox

Absent: Hughes

EXECUTIVE SESSION

Closed (executive) session of the Addison City Council pursuant to:
Section 551.074, Tex. Gov. Code, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, pertaining to:

- **City Manager Interview Discussion & Debrief.**

Council convened into Executive Session at 4:40pm.
Council adjourned from Executive Session at 6:17 pm.

No action taken.

Adjourn Meeting

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Mayor-Todd Meier

Attest:

_____
City Secretary-Laura Bell

D R A F T

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
Executive Session

October 23, 2015
Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254
5:00 PM Executive Session

Present:	Arfsten; Carpenter; Heape; Hughes; Meier, Mayor; Moore
Absent:	Wilcox

EXECUTIVE SESSION

1. Closed (executive) session of the Addison City Council pursuant to:

   Section 551.074, Tex. Gov. Code, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, pertaining to

   - **City Manager Search Update**

   Council convened into Executive Session at 5:01 pm.
   Council adjourned from Executive Session at 6:17 pm.

REGULAR ITEMS CONTINUED

2. **RECONVENE INTO REGULAR SESSION:** In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matter discussed in Executive Session.

   No action taken.

Adjourn Meeting

NOTE: The City Council reserves the right to meet in Executive Session closed to the public at any time in the course of this meeting to discuss matters listed on the agenda, as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551, including §551.071 (private consultation with the attorney for the City); §551.072 (purchase, exchange, lease or value of real property); §551.074 (personnel or to hear complaints against personnel); §551.076 (deployment, or specific occasions for implementation of security personnel or devices); and §551.087 (economic development negotiations). Any decision held on such matters will be taken or conducted in Open Session following the conclusion of the Executive Session.

_____
Mayor-Todd Meier

Attest:

_____
City Secretary-Laura Bell

D R A F T

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
WORK SESSION

October 13, 2015
Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254
5:30 pm Work Session I 7:30pm Regular Meeting

Present: Arfsten; Carpenter; Heape; Hughes; Mayor Meier; Moore; Wilcox

Mayor Meier called the Worksession to order at 5:30pm.

WORK SESSION

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1. Discuss The **FY 2016 Program Of Work For The Development Services Division Of The Infrastructure And Development Services Department.**

   Charles Goff, Assistant Director Development Services, presented this item, Mr. Goff discussed the three major projects that were funded in the FY2016 Budget. The Master Transportation Plan will be coming forward for consideration at the November 10th Meeting. Staff also discussed with Council that there is funding for two special area studies as call for in the Comprehensive Land Use Plan. Staff reminded Council that Council input was needed on the study area which was completed last year which included the properties on the west side of Midway Road south of Beltway. Council asked staff to schedule a work session time to revisit this item. For the two new studies, Council selected Inwood Road and the east side of Midway Road north of Belt Line Road for completion this year. Staff was directed to meet with Mayor Pro Tem Moore and Councilmember Hughes for further discussion.

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2. Discuss A **Recognition Garden At The Corner Of Beltway And Proton Drives.**

   Slade Strickland, Director of Parks and Michael Kashuba, Landscape Architect, presented the item to Council. Council listened to the options presented. Council agreed that the location proposed is not the ideal location. Council also agreed to rethink the sculpture that would have been placed in the park originally. Council agrees the idea of a recognition garden is a good one. However, the location needs to the right fit for Addison.

   Staff will direct the contractor to proceed with the original project as approved. Staff will bring back other options and considerations to Council at a later date.

REGULAR MEETING

Pledge of Allegiance

Announcements and Acknowledgements regarding Town and Council Events and Activities

Discussion of Events/Meetings

Public Comment.
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Consent Agenda:
All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.

3. Consider **Approval Of The September 22, 2015 City Council Regular Meeting and Work Session Minutes**

Motion made by Moore
Seconded by Hughes

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore, Wilcox

Passed

4. Consider **Authorizing The City Manager To Enter Into A Contract With Mister Sweeper, LP For Street Sweeping Services** In An Amount Not To Exceed $65,875.28.

Council pulled Item 4 from Consent Agenda and considered it separately.

Assistant Director-Infrastructure, Jason Shroyer, explained to Council that this contract does include a stipulation for clean up after severe weather incidents.

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore, Wilcox

Passed

5. Consider An **Ordinance Providing For Increased Prior And Current Service Annuities Through Texas Municipal Retirement System For Retirees.**

Motion made by Arfsten Council pulled Item 5 for separate consideration.

Councilmember Wilcox seconded Councilmember Arfsten's motion initially. After discussion, Councilmember Wilcox rescinded his second. Councilmember Hughes then seconded the motion.

Seconded by Hughes

Voting AYE: Arfsten, Hughes
NAY: Carpenter, Heape, Mayor Meier, Moore, Wilcox
Failed

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6. Consider **Approval Of The Final Payment To Starkbuilt Construction Company For Completion Of The Celestial Park Trail Project** In An Amount Not To Exceed $6,612.82.

Motion made by Moore

Seconded by Hughes

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore, Wilcox

Passed

Regular Items

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7. Consider A **Resolution Appointing A Member To The Planning & Zoning Commission.**

Motion made by Hughes Council considered Item 7 after recessing from Executive Session at 9:30pm.

Seconded by Moore

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore, Wilcox

Passed

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8. Consider An **Ordinance Amending The Property Maintenance Code Chapters 18 & 34, Various Sections To Provide Revised Property Maintenance Standards Within The Town.**

Motion made by Arfsten Assistant Director-Development Services, Charles Goff, presented the item to Council.

Council discussed the proposed amendments. Council agreed to change the days a POD could be in a driveway from 72 hours to 5 days.

Seconded by Carpenter

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore, Wilcox

Passed

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9. Consider An **Ordinance Amending Various Sections Of Chapter 62 Of The Town Of Addison Code Of Ordinances In Regards To Sign Regulations.**

Motion made by Moore Assistant Director-Development Services, Charles Goff, presented the item.

Council mentioned that this item had been discussed in several previous meetings and Council had given direction then.

Seconded by Carpenter

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore, Wilcox

Passed

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10. Hold A **Public Hearing** And Consider An **Ordinance Amending The Zoning And Establish A Special Use Permit For A Hotel**, Located In A Commercial-1 (C-1) District, On A 1.64 Acre Vacant Tract Of Land Located Approximately 250 Feet Northeast Of The Intersection Of Addison Road And Belt Line Road. Case 1718-SUP/TownePlace Suites By Mariott.

    Motion made by Moore Assistant Director-Development Services, Charles Goff, presented the item to Council.

    Mr. Shawn Trainnm, Ron Stewart and Ron Smith spoke on behalf of the applicants and Marriott Hotels.

    Mr. Cole Snadon, on behalf of Beltway Commercial Real Estate, spoke in favor of this item.

    Aubri Simmons stated that she would hope that this is the right brand and right decision for this property. She stated she hoped that this development would attract crowds to the special events for the town.

    The motion was made to DENY the application.

    Seconded by Carpenter

    Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore

    NAY: Wilcox

    Passed

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11. Hold A **Public Hearing** And Consider An **Ordinance Amending Article XXX (Definitions) Of The Zoning Code** In Regards To The Definition Of A Hotel Or Motel. Case No. 1719-Z/Town Of Addison.

    Motion made by Moore Assistant Director-Development Services, Charles Goff and City Attorney Brenda McDonald presented the item to Council.

    City Attorney Brenda McDonald stated that the ordinance should include a stipulation requiring a full commercial kitchen. The ordinance included in the packet was missing that stipulation.

    Council agreed that this item has been discussed at many previous meetings and the proposed ordinance looked good.

    Seconded by Carpenter

    Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore, Wilcox

    Passed

12. Present And Discuss **The Town Of Addison Sustainability Plan.**

Infrastructure & Development Services Management Assistant, Taylor Hollingshead presented the item to Council.

Council agreed that the first steps were great and the program seemed to be doing well. Council would like to discuss the future of the program further at a future meeting. Staff will bring the item back to discuss.

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore, Wilcox

Passed

Mayor Meier adjourned the Regular Meeting at 9:21 pm.

Executive Session

Closed (Executive) session of the Addison City Council pursuant to Section 551.087, Texas Government Code, to discuss or deliberate regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or to deliberate the offer of a financial or other incentive to such business prospect or business prospects.

Council convened into Executive Session at 9:23pm.
Council recessed out of Executive Session at 9:30pm.
Council reconvened into Executive Session at 9:34pm.
Council recessed out of Executive Session at 9:54pm.

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore, Wilcox

Passed

Reconvene from Executive Session

Discuss, consider, and take action regarding a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or regarding the offer of a financial or other incentive to such business prospect or business prospects.

Motion made by Moore

Seconded by Arfsten

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Moore, Wilcox

Passed

Adjourn Meeting

Mayor Meier adjourned the meeting at 9:55pm.

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Mayor-Todd Meier

Attest:

_____
City Secretary-Laura Bell

D R A F T

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
REGULAR MEETING

October 27, 2015
Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254
7:30 pm Regular Meeting

Present:	Arfsten; Carpenter; Heape; Hughes; Mayor Meier; Wilcox
Absent:	Moore

WORK SESSION

1. Reception For **Addison Citizen Academy Graduates.**

REGULAR MEETING

Pledge of Allegiance

Announcements and Acknowledgements regarding Town and Council Events and Activities

Discussion of Events/Meetings

Public Comment.
The City Council invites citizens to address the City Council on any topic not on this agenda. Please fill out a **City Council Appearance Card** and submit it to a city staff member prior to Public Participation. Speakers are allowed **up to three (3) minutes per speaker** with **fifteen (15) total minutes** on items of interest or concern and not on items that are on the current agenda. In accordance with the Texas Open Meetings Act, the City Council cannot take action on items not listed on the agenda. The Council may choose to place the item on a future agenda.

Regular Items

2. Present **Certificates To The 2015 Citizen's Academy Graduates.**

Mayor Meier and Assistant To The City Manager Caitlan Smelley, presented Certificates of Completion to the graduates.

3. Consider A **Resolution Authorizing The City Manager To Enter Into A Professional Services Agreement With Halff Associates, Inc., To Complete The Detailed Studies Of The Remaining Stormwater Drainage Basins** In An Amount Not To Exceed $900,350.00.

Lisa Pyles, Director of Infrastructure & Development Services, presented this item to Council.

Motion made by Hughes
Seconded by Arfsten

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Wilcox

Passed

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4. Consider A **Resolution Authorizing The City Manager To Enter Into An Agreement For Fire Department Automatic Aid Between The Town Of Addison And The Cities Of Carrollton, Coppell And Farmers Branch.**

John O'Neal, Fire Chief, presented the item to Council.

Motion made by Carpenter
Seconded by Heape

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Wilcox

Passed

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5. Consider A **Resolution Authorizing The City Manager To Enter Into An Agreement With The Texas Department Of Transportation To Participate In The Routine Airport Maintenance Program (RAMP) Grant For Airport Improvements At Addison Airport** In An Amount Not To Exceed $50,000.00.

Lisa Pyles, Director of Infrastructure & Development Services, presented this item to Council.

Motion made by Heape
Seconded by Arfsten

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Wilcox

Passed

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6. Consider An **Ordinance Amending Chapter 66 (Solid Waste) Of The Code Of Ordinances For The Town Of Addison To Provide Regulations For The Placement Of Recycle Containers.**

Lisa Pyles, Director of Infrastructure & Development Services, presented the item to Council. Questions concerned rear entry alleyways screening, enforcement of violations and placement time of the containers.

Motion made by Carpenter
Seconded by Wilcox

Voting AYE: Arfsten, Carpenter, Heape, Hughes, Mayor Meier, Wilcox

Passed

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8. **Review, Discuss & Take Needed Action Regarding Public Comment Guidelines**.

City Secretary, Laura Bell, presented this item to Council. The new guidelines and cards are meant to help speakers with presentations and help with the efficiency of the meetings. Council agreed that the new cards and guidelines were appropriate. Staff will have them available at the next regular meeting.

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9. Discuss And Consider **Action Needed Regarding The Selection And Employment Of The City Manager.**

Mayor Meier stated that the Council had selected Wes Pierson as the next Addison City Manager. Each Councilmember stated how excited they were to have Mr. Pierson come aboard.

Motion made by Mayor Meier, David Heape & Mary Carpenter with a second by Ivan Hughes, Bruce Arfsten & Dale Wilcox. The motion passed unanimously.

Executive Session

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10. Closed (executive) session of the Addison City Council pursuant to:

Section 551.071, Tex. Gov. Code, to conduct a private consultation with its attorney(s) on a mater in which the duty of the attorney(s) to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Tex. Gov. Code, pertaining to

- **Town of Addison v. Landmark Structures I, L.P. and Urban Green Energy Cause No. DC-15-0761 44th Judicial District Court, Dallas County, Texas**
- **The ponds or lakes at Vitruvian Park, located within the vicinity and east of the intersection of Vitruvian Way and Ponte Ave, and Farmers Branch Creek.**

Council convened into Executive Session at 8:39 pm.

Reconvene from Executive Session

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11. **RECONVENE INTO REGULAR SESSION:** In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matter discussed in Executive Session.

Council reconvened out of Executive Session at 9:55pm.

Mayor Meier adjourned the meeting at 9:55pm.

Adjourn Meeting

NOTE: The City Council reserves the right to meet in Executive Session closed to the public at any time in the course of this meeting to discuss matters listed on the agenda, as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551, including §551.071 (private consultation with the attorney for the City); §551.072 (purchase, exchange, lease or value of real property); §551.074 (personnel or to hear complaints against personnel); §551.076 (deployment, or specific occasions for implementation of security personnel or devices); and §551.087 (economic development negotiations). Any decision held on such matters will be taken or conducted in Open Session following the conclusion of the Executive Session.

_____
Mayor-Todd Meier

Attest:

_____
City Secretary-Laura Bell

D R A F T

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
SPECIAL MEETING

October 15, 2015
Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254
1:00 pm Executive Session

Present: Arfsten; Carpenter; Heape; Hughes; Meier, Mayor; Moore; Wilcox

Notice is hereby given that a quorum of the City Council of the Town of Addison, Texas may be in attendance at various City Manager Interview Events on October 15, 2015 beginning at 1:00 pm. to end at 6:30 pm at Town Hall located at 5300 Belt Line Rd, Addison, Texas 75254 at which time Town business/issues may be discussed, but no action will be taken.

Council will convene in Executive Session at 1pm to 5pm pursuant to **Section 551.074 Tex. Gov. Code, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, pertaining to:**

- **City Manager Search Update.**

Reception will follow from 5-6:30pm with Council in attendance.

Council convened into Executive Session at 1:00pm
Council recessed out of Executive Session at 4:50pm.

No action taken.

_____
Mayor-Todd Meier

Attest:

_____
City Secretary-Laura Bell

D R A F T

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
WORK SESSION

October 20, 2015
Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254
5:00 PM- Executive Session

Present: Arfsten; Carpenter; Heape; Hughes; Meier, Mayor; Moore; Wilcox

EXECUTIVE SESSION

6. Closed (executive) session of the Addison City Council pursuant to:

   Section 551.074, Tex. Gov. Code, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, pertaining to

   - **City Manager Search Update**

   Council convened into Executive Session at 5:01 pm.
   Council adjourned from Executive Session at 6:49 pm.

   No action taken.

Adjourn Meeting

_____
Mayor-Todd Meier

Attest:

_____
City Secretary-Laura Bell

AI-1350 **Item # 5.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Communications & Marketing

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Approve A Contract With Shiroma Southwest For Public Relations And Media Publicity Programs To Promote The Town Of Addison's Events And Selected Special Projects.**

BACKGROUND:

Shiroma Southwest has worked with the Town of Addison to help promote our special events like Fork & Cork, Summer Series, Kaboom Town! and Oktoberfest for the past few years. Their efforts have garnered national media recognition for the community, which reinforces Addison's brand and drives traffic to our hotels, restaurants and events.

This year, Shiroma will continue to develop and execute public relations and media publicity programs to promote Addison's events, including but not limited to:

Out of Loop
Taste Addison
Summer Series
Kaboom Town!
Oktoberfest

RECOMMENDATION:

Administration recommends approval.

Fiscal Impact

Budgeted Yes/No:	Yes
Funding Source:	Hotel Fund
Amount:	$80,000

Attachments

Resolution
Supplemental Information

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A LETTER AGREEMENT BETWEEN TOWN OF ADDISON AND SOUTHWEST SPEAKERS BUREAU, INC. D.B.A. SHIROMA/SOUTHWEST FOR EVENT PUBLIC RELATIONS AND PUBLICITY, AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. The Letter Agreement between the Town of Addison and Southwest Speakers Bureau, Inc. D.B.A. Shiroma/Southwest for event public relations and publicity, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute the agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

shiroma | southwest

17311 North Dallas Parkway, Suite 110 Dallas, TX 75248 972-732-6100 info@shiromasouthwest.com

OCTOBER 15, 2015

LETTER OF AGREEMENT ("AGREEMENT") BETWEEN THE TOWN OF ADDISON, TEXAS ("TOWN") AND SOUTHWEST SPEAKERS BUREAU, INC., D.B.A. SHIROMA/SOUTHWEST ("AGENCY"), FOR EVENT PUBLIC RELATIONS AND PUBLICITY

This Letter confirms the agreement between the Town and Agency. In consideration of the covenants and mutual agreements set forth herein, the parties agree herein as follows:

SERVICES:
Agency will develop and execute public relations and media publicity programs to promote the Town's events and selected projects.

EVENTS AND PROJECTS ARE AS FOLLOWS:
Taste Addison
Summer Series
Kaboom Town
Oktoberfest
Special Events Social Media

DELIVERABLES:
- Active, on-going participation in the Special Events planning process, which includes attendance at all bi-weekly Special Events team meetings; continuous participation with all members of the special events team including advertising agency, sponsorship agency, and other key participants.
- Working with Special Events department staff to develop and execute specific features for each event to maximize overall publicity value and build attendance.
- Development of a comprehensive media and publicity plan and execution strategy for each event.
- Work with featured chefs, restaurants, performers, and other featured personalities to create maximum event media exposure.
- Creation and placement of all publicity including customized local, regional and national media targeting and list development; messaging and talking points creation; drafting of all media materials; targeted and comprehensive media placement; one-on-one outreach to media members to place stories; follow-up, closing, coordination and confirmation of all stories for TV, print, on-line media interviews; on-site coordination and field production of all TV and key print interview.
- Coordination of all on-line media including the development and execution of blogger campaigns.
- Development, planning and execution of a comprehensive Special Events social media campaign for each event.
- Media monitoring, documentation and analysis of all media exposure obtained for each event including calculations of impressions and assignment of media dollar values; creation of a summary recap for each event.
- Participation in the post-analysis of each event to determine steps to be made to improve the event in future years.

- Preparation and distribution of a monthly activity report to the Marketing and Special Events directors.

ANNUAL FEE: The annual fee is not to exceed Eighty Thousand Dollars and No/100s ($80,000.00) with fees allotted proportionately to each event, based on the amount of hours required. The fee will be billed monthly, as follows:

Monthly: Six Thousand and Five Hundred Dollars and No/100s ($6,500.00)

SPECIAL PROJECT FEES, SUCH AS ECONOMIC DEVELOPMENT OR TOURISM SUPPORT PROGRAMS, OR OTHER PROJECTS AS ASSIGNED: $125/hour

All hourly fees shall be billed on a monthly basis. If the Town elects to add a special project or pilot program that exceeds the scope of the deliverables listed above and/or annual fee provided herein, then an addendum to this Agreement will be drafted to cover the additional Agency services and/or fees.

EXPENSE REIMBURSEMENT:
Expenses will be billed monthly and are not included within the annual fee. Agency will provide the Town with a budget of anticipated charges. The Town agrees to provide any necessary collateral pieces, if possible, to reduce the need for additional expenses. Agency will be reimbursed for all expenses pertaining to the programs, which may include copies, long distance phone, faxes, postage, printing, messenger services, overnight deliveries, press kit materials and assembly, photo reproduction, print and electronic clipping services, etc. All outside purchases are made only under the written authorization of the Town, and insomuch, the Town agrees to accept full responsibility for all obligations made under the client's authorization.

All amounts are due in Dallas, Dallas County, Texas. Balances that are more than sixty (60) days past due are subject to a finance charge of 1.33% per month (16% annually) or the current amount allowable by law.

This Agreement is effective immediately upon signing and shall remain in effect through September 30, 2016.

TERMINATION AND DEFAULT
The Town may terminate this Agreement at any time for any reason or no reason with written notice.

In the event of default, the Town may provide written notice to the Agency and grant the Agency a seven (7) day period to cure the default. In the event the default is not cured, the Town may terminate the Agreement and/or exercise any and all remedies available to it in law and in equity.

MISCELLANEOUS PROVISIONS

Entire Agreement.
This Agreement contains the entire agreement of the parties with respect to the matters contained herein. All provisions of the Agreement shall be strictly complied with and conformed to by the Agency, and no amendment to the Agreement shall be made except upon the written agreement of the parties, which shall not be construed to release either party from any obligation of the Agreement except as specifically provided for in such amendment.

Counterparts.
This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

Venue.
This Agreement shall be constructed under and in accordance with the laws of the State of Texas and venue shall be in Dallas County, Texas.

Binding Effect.
This Agreement shall be binding on and inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns when permitted by this Agreement.

Ordinances.
Except as specifically provided in the Agreement, the parties agree that Agency shall be subject to all Ordinances of the Town, whether now existing or in the future arising.

Authority to Execute.
The individuals executing this Agreement on behalf of the respective parties below represent to each other and to others that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the party for whom the individual is signing this Agreement and that each individual affixing his or her signature hereto is authorized to do so, and such authorization is valid and effective on the date hereof.

Assignment.
This Agreement may not be assigned without the written agreement of both parties.

Sovereign Immunity.
The parties agree that the Town has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.

Notice.
Any notice provided or permitted to be given under this Agreement must be in writing and may be served by depositing same in the United States mail, addressed to the party to be notified, postage pre-paid and registered or certified with return receipt requested, or by delivering the same in person to such party via a hand-delivery service, Federal Express or any courier service that provides a return receipt showing the date of actual delivery of same, to the addressee thereof. Notice given in accordance herewith shall be effective upon receipt at the address of the addressee. For purposes of notification, the addresses of the parties shall be as follows:

If to Agency, to:	Shiroma Address City, State, Zip Code
If to Town, to:	Town of Addison Attn: Town Manager 5300 Belt Line Road Dallas, Texas 75254

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

Representations.
Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had an opportunity to confer with its legal counsel.

Force Majeure.
If the performance of any covenant or obligation to be performed hereunder by any party is delayed as a result of circumstances which are beyond the reasonable control of such party (which circumstances may include, without limitation, pending litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not of limitation, severe rain storms or below freezing temperatures, or tornados] labor action, strikes or similar acts, moratoriums or regulations or actions by governmental authorities), the time for such performance shall be extended by the amount of time of such delay, but no longer than the amount of time reasonably occasioned by the delay. The party claiming delay of performance as a result of any of the foregoing "force majeure" events shall deliver written notice of the commencement of any such delay resulting from such "force majeure" event not later than seven (7) days after the claiming party becomes aware of the same, and if the claiming party fails to so notify the other party of the occurrence of a "force majeure" event causing such delay and the other party shall not otherwise be aware of such "force majeure" event, the claiming party shall not be entitled to avail itself of the provisions for the extension of performance contained in this subsection.

Miscellaneous Drafting Provisions.
This Agreement shall be deemed drafted equally by all parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against any party shall not apply. Headings in this Agreement are for the convenience of the parties and are not intended to be used in construing this document.

FOR TOWN OF ADDISON	**FOR SOUTHWEST SPEAKERS BUREAU, INC. D.B.A. SHIROMA/SOUTHWEST**
BY:_____	**BY:**_____
ITS:_____	**ITS:**_____
DATE: _____	**DATE:** _____

MEMO

TO: Mayor and Council

FROM: Mary Rosenbleeth, Public Communications Director

DATE: November 5, 2015

RE: Special Events Advertising

Since we are requesting funding for Shiroma Southwest to again do the public relations for our special events, I wanted to share with you a snapshot of the team's efforts this year. Public relations campaigns are often difficult to quantify. One industry norm is to determine the advertising equivalency for stories that appear on television, print, and online. The table below details not only the number of stories and amount of air time generated through Shiroma's efforts, but it also shows gross impressions. For a 4.4 square mile community to have a program that generates more than $2.4 million dollars in publicity and garners in excess of 957 million impressions is impressive. Staff recommends to Council that Addison renew its contract with Shiroma at the same funding level as last year ($80,000 per year).

Total Impressions for all 3 events:	**957,586,206**
Total Publicity Value for all 3 events:	**$2,464,556**

Number of Television and Radio Stories	48 minutes	20 minutes	110 Stories
Value of TV/Radio	$170,000	$150,000	$307,320.58
Number of Print Stories	10	26	265
Value of Print Stories	$142,000	$165,000	$1,368,213
Highlights	Online media and blogger coverage on approximately 30 sites, reaching 190,419,151 viewers	Continuous online coverage with weekly listings in top sites including Angie's A-list on WFAA.com, DMN, Thrillist, Dallas Child and more, with nearly 136,000,000 views Coverage by top media including: WFAA-TV, Dallas Morning News, Dallas Child, North Dallas Neighbors Go, Art and Seek, Dallas Observer	Top Listings, Including: Fodors, Mashable, Travel Channel, USA Today, Yahoo
Gross Impressions	**193,324,501**	**144,131,188**	**620,130,517**
Total Publicity Value (Radio, TV, Print + Online)	**$311,863**	**$477,160**	**$1,675,533**

AI-1381 **Item # 6.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Communications & Marketing

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Approve A Contract With Shiroma Southwest For Website Content Management and Social Media** In An Amount Not To Exceed $49,500.00.

BACKGROUND:

Over the past year, Shiroma Southwest has been instrumental in helping the town navigate the new website development. They have served as an interface between the Town and the developer, populated the site with new content and trained staff on how to make content additions. During this same time, they have also been actively involved in helping set up Facebook Pages for Police and Animal Control, as well as helping create posts for both of Addison's facebook pages, developing a user policy and monitoring the sites for violations of that policy. In FY2016, staff recommends extending this relationship. Shiroma's staff is intimately familiar with the intricacies of the new website and their ongoing counsel will be invaluable until staff is able to fully understand the site. Also, Shiroma's team is well versed in social media and has already helped us elevate and expand our social media presence. Staff has already begun working with Shiroma to define and broaden Addison's digital footprint in an effort to communicate more effectively with our residents and business community, but also increase visibility to potential visitors and corporate relocations.

RECOMMENDATION:

Staff recommends approval.

Fiscal Impact

Budgeted Yes/No: Yes
Funding Source: Hotel
Amount: $49,500

Attachments

Resolution

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A LETTER AGREEMENT BETWEEN TOWN OF ADDISON AND SOUTHWEST SPEAKERS BUREAU, INC. D.B.A. SHIROMA/SOUTHWEST FOR WEBSITE CONTENT MANAGEMENT AND SOCIAL MEDIA, AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. The Letter Agreement between the Town of Addison and Southwest Speakers Bureau, Inc. D.B.A. Shiroma/Southwest for website content management and social media, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute the agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

shiroma | southwest

17311 North Dallas Parkway, Suite 110 Dallas, TX 75248 972-732-6100 info@shiromasouthwest.com

OCTOBER 15, 2015

LETTER OF AGREEMENT ("AGREEMENT") BETWEEN THE TOWN OF ADDISON, TEXAS ("TOWN") AND SOUTHWEST SPEAKERS BUREAU, INC., D.B.A. SHIROMA/SOUTHWEST ("AGENCY"), FOR WEBSITE CONTENT MANAGEMENT AND SOCIAL MEDIA

This Letter confirms the agreement between the Town and Agency. In consideration of the covenants and mutual agreements set forth herein, the parties agree herein as follows:

SERVICES:
Agency will develop and execute website content, content management, staff training and on-going website support for the Town's new website. Agency will execute social media management.

ESSENTIAL WEBSITE PROGRAM ELEMENTS/DELIVERABLES ARE CURRENTLY DEFINED AS:

- Website/content update and content management
- Assist Town staff with twenty-four (24) hour/seven (7) day a week monitoring of the Town's three (3) Facebook pages, Addison, Visit Addison and Addison Police Department, to ensure compliance with the Town's User Policy Compliance, and notify Town staff of any violations of the Town's User Policy
- Include a minimum of five (5) weekly posts on the Addison and Visit Addison Facebook pages
- Manage and execute website content on an ongoing basis; monitor and integrate departmentally submitted copy and coordinate all materials in a unified voice consistent with Addison's branding and communication style
- Wordpress services, changes, miscellaneous web and Wordpress-based tasks
- Ongoing training and training updates departmental designees to use the Content Management System to update departmental information and keep it timely basis.

ESSENTIAL SOCIAL MEDIA PROGRAM ELEMENTS/DELIVERABLES ARE DEFINED AS:
Handle all social media posts, analytics for all Town social media sites; create on-going social media calendar; monitor, track and analyze results.

ANNUAL FEE: The annual fee is not to exceed Forty Nine Thousand and Five Hundred Dollars and No/100s ($49,500.00), based upon the following hourly rates:

Website completion, content, training, on-going support, $95/hour
Social media, $95/hour

All hourly rates shall be billed on a monthly basis. Agency is prepared to provide additional service hours, as required and if requested by the Town. If the Town elects to request additional services that exceed the scope of the deliverables listed above and/or annual fee provided herein, then an addendum to this Agreement will be drafted to cover the additional Agency services and/or fees.

EXPENSE REIMBURSEMENT: To be included within the project fee.
Expenses will be billed monthly. Agency will provide the Town with a budget of anticipated charges. The Town agrees to provide any necessary collateral pieces, if possible, to reduce the need for additional expenses. Agency will be reimbursed for all expenses pertaining to the programs, which may include copies, long distance phone, faxes, postage, printing, messenger services, overnight deliveries, press kit materials and assembly, photo reproduction, print and electronic clipping services, etc. All outside purchases are made only under the written authorization of the Town, and insomuch, the Town agrees to accept full responsibility for all obligations made under the client's authorization.

All amounts are due in Dallas, Dallas County, Texas. Balances that are more than sixty (60) days past due are subject to a finance charge of 1.33% per month (16% annually) or the current amount allowable by law.

Expense reimbursements to be itemized but will be included in the "not to exceed" cap.

This Agreement is effective immediately upon signing and shall remain in effect through September 30, 2016.

TERMINATION AND DEFAULT
The Town may terminate this Agreement at any time for any reason or no reason with written notice.

In the event of default, the Town may provide written notice to the Agency and grant the Agency a seven (7) day period to cure the default. In the event the default is not cured, the Town may terminate the Agreement and/or exercise any and all remedies available to it in law and in equity.

MISCELLANEOUS PROVISIONS

Entire Agreement.
This Agreement contains the entire agreement of the parties with respect to the matters contained herein. All provisions contained herein shall be strictly complied with and conformed to by the Agency, and no amendment to the Agreement shall be made except upon the written agreement of the parties, which shall not be construed to release either party from any obligation of the Agreement except as specifically provided for in such amendment.

Counterparts.
This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

Venue.
This Agreement shall be constructed under and in accordance with the laws of the State of Texas and venue shall be in Dallas County, Texas.

Binding Effect.
This Agreement shall be binding on and inure to the benefit of the Parties and their respective

heirs, executors, administrators, legal representatives, successors, and assigns when permitted by this Agreement.

Ordinances.
Except as specifically provided for in the Agreement, the parties agree that Agency shall be subject to all Ordinances of the Town, whether now existing or in the future arising.

Authority to Execute.
The individuals executing this Agreement on behalf of the respective parties below represent to each other and to others that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the party for whom the individual is signing this Agreement and that each individual affixing his or her signature hereto is authorized to do so, and such authorization is valid and effective on the date hereof.

Assignment.
This Agreement may not be assigned without the written agreement of both parties.

Sovereign Immunity.
The parties agree that the Town has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.

Notice.
Any notice provided or permitted to be given under this Agreement must be in writing and may be served by depositing same in the United States mail, addressed to the party to be notified, postage pre-paid and registered or certified with return receipt requested, or by delivering the same in person to such party via a hand-delivery service, Federal Express or any courier service that provides a return receipt showing the date of actual delivery of same, to the addressee thereof. Notice given in accordance herewith shall be effective upon receipt at the address of the addressee. For purposes of notification, the addresses of the parties shall be as follows:

If to Agency, to:	Shiroma Address City, State, Zip Code
If to Town, to:	Town of Addison Attn: Town Manager 5300 Belt Line Road Dallas, Texas 75254

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

Representations.
Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had an opportunity to confer with its legal counsel.

Force Majeure.
If the performance of any covenant or obligation to be performed hereunder by any party is delayed as a result of circumstances which are beyond the reasonable control of such party (which circumstances may include, without limitation, pending litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not of limitation, severe rain storms or below freezing temperatures, or tornados] labor action, strikes or similar acts, moratoriums or regulations or actions by governmental authorities), the time for such performance shall be extended by the amount of time of such delay, but no longer than the amount of time reasonably occasioned by the delay. The party claiming delay of performance as a result of any of the foregoing "force majeure" events shall deliver written notice of the commencement of any such delay resulting from such "force majeure" event not later than seven (7) days after the claiming party becomes aware of the same, and if the claiming party fails to so notify the other party of the occurrence of a "force majeure" event causing such delay and the other party shall not otherwise be aware of such "force majeure" event, the claiming party shall not be entitled to avail itself of the provisions for the extension of performance contained in this subsection.

Miscellaneous Drafting Provisions.
This Agreement shall be deemed drafted equally by all parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against any party shall not apply. Headings in this Agreement are for the convenience of the parties and are not intended to be used in construing this document.

FOR TOWN OF ADDISON	**FOR SOUTHWEST SPEAKERS BUREAU, INC. D.B.A. SHIROMA/SOUTHWEST**
BY:_____	**BY:**_____
ITS:_____	**ITS:** _____
DATE: _____	**DATE:** _____

AI-1382 **7.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Approve a Contract with Rodney Hand Associates Marketing Communications, LP For The Production Of Addison - The Magazine Of The North Dallas Corridor** In An Amount Not To Exceed $132,000.00.

BACKGROUND:

A redesign and move to six time schedule for *ADDISON- The Magazine of the North Dallas Corridor*

Background: *Addison - The Magazine of the North Dallas Corridor* began in 1998 as a two time per year publication that was distributed only in Addison hotels. Addison's financial contribution at that time was $40,000 per issue, for a yearly contribution of $80,000.

In 2000 the magazine went to three times a year and greatly expanded its scope to include the business and residential communities and additional hotels in the North Dallas Corridor (now at 32). The commitment per issue for Addison went down to $30,000 per issue ($90,000 yearly). In 2006 the publisher redesigned the magazine, went to four times a year and added more distribution points totaling over 7,500 businesses, 8,000 residents, 6,500 hotel Rooms, newsstand and retail. The Town's financial commitment went to $27,750 per issue($111,000 yearly).

In 2012 the magazine made a very large investment in a multi-channel digital platform to better serve the Town and other clients. The Town's exposure was greatly increased because the ad schedule now includes the **website, digital edition and *E-News Weekly*** platforms, in addition to print. Since Addison Magazine had been a longtime partner with the Town, the publication did not ask for increased financial commitment.

The Magazine is now increasing its frequency to **six times a year** and requesting a financial commitment of $22,000 per issue. This is a significant drop per issue; however, this makes the Town's total annual commitment slightly more, increasing it from $111,000 to $132,000

	Time per year	Cost Per Issue	Annual Cost	Distribution
1998	2	$40,000	$80K	Addison Hotels

2000	3	$30,000	$90k	Addison Hotel, plus North Dallas Corridor, businesses and residential community
2006	4	$27,750	$111K	Increased Distribution to 7,500 businesses, 8,000 residents, 6,500 hotel rooms and added newsstands and retail
2012	52	$0	$0	Added a digital platform
2015-16	6	$22,000	$132,000	Have continued to increase circulation, adding Foreign consulates per EDT request in 2014-15.

The partnership between the Town and the magazine has spanned over 16 years and by all accounts has been a tremendous value.

WHY GO TO SIX TIMES PER YEAR?

According to Addison Magazine, a more established, six-time-a-year schedule will give them more viability with the advertising agency community. As well it allows them to cover the events and happenings on a timely basis, engaging readers even more. In the modern publishing industry a quarterly schedule is an outlier and puts them as a disadvantage with their competitors.

Some additional benefits the six time schedule will offer:

- The magazine works closely with the Economic Development Department to distribute the magazine to potential new businesses considering relocating to Addison or other economic activity in the Town. It has added hundreds of businesses to its circulation list at the direction of the Economic Development Department, including a recent list of over one hundred foreign consulates. An increased frequency will help the information flow be more top of mind for these important decision makers.

- The magazine is also involved in promoting the events and priorities of the Economic Development Department, including the Addison Treehouse. An increased frequency can help to promote their activities and events more timely.

- The magazine has begun performing ad resizing changes both in print and digital for the Town at no charge , saving the Town in ad agency production

fees.

- The magazine is and will continue to allow ads from **WaterTower Theatre** and **Cavanaugh Flight Museum** at no charge so the Town isn't double supporting those organizations.

- It will be actively identifying large groups coming to Addison's convention hotels who would like to distribute the magazine to their group in advance and will print and ship to those selected groups at no charge.

- Senior staff of the magazine will be available to the Town for a marketing committee to identify ways the magazine may be able to help save money in other areas and add our considerable experience and expertise in marketing communications.

The increase is included in this year's budget and Town staff recommends it forward to Council.

RECOMMENDATION:

Administration recommends approval.

Fiscal Impact

Budgeted Yes/No: Yes
Funding Source: 11
Amount: 132,000

Budgeted Yes/No:
Funding Source:
Amount:

Attachments

Resolution

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING AN AGREEMENT FOR ADVERTISING BETWEEN TOWN OF ADDISON AND RODNEY HAND & ASSOCIATES MARKETING COMMUNICATIONS, LP FOR PRODUCTION, PROMOTION AND DISTRIBUTION OF ADDISON MAGAZINE PUBLICATIONS AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. The Agreement for Advertising between the Town of Addison and Rodney Hand & Associates Marketing Communications, LP for production, promotion and distribution of *Addison the Magazine of the North Dallas Corridor* and *Addison and the North Dallas Corridor Visitors Guide*, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute the agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 27th day of October, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

STATE OF TEXAS §
§
COUNTY OF DALLAS §

Agreement for Advertising

This Agreement for Advertising ("Agreement") is made as of_____, 2015 by and between the Town of Addison, Texas ("Addison" or the "Town") and Rodney Hand & Associates Marketing Communications, LP ("Hand") (Addison and Hand are sometimes referred to herein together as the "Parties" and individually as a "Party").

Recitals:

1. The Town is a home rule Texas municipality. Hand is a Texas limited partnership.

2. Hand is the owner of two publications known as *Addison the Magazine of the North Dallas Corridor,* (the "Magazine"), published by Hand in both print and digital editions, and *Addison and The North Dallas Corridor Visitors Guide* (the "Visitors Guide") (the Magazine and the Visitors Guide being sometimes referred to in this Agreement together as the "Publications"). Hand also owns and publishes (a) a website (www.addisonmag-digital.com) that reproduces the Magazine in a digital format (the "Digital Magazine") (b) a website (www.addisonmagazine.com) that promotes the Magazine, and Addison and the North Dallas area (the "Website"), and (c) a weekly edition of the Magazine (*Addison The Weekly)* that includes stories, promotions, and information regarding Addison and the North Dallas area that Hand promotes through a weekly electronic mail distribution ("Weekly E-News"). The Town desires to advertise in the Publications, on the Website and in the Weekly E-News for the purpose of promoting the Town and the surrounding area to residents and visitors through distribution in hotel rooms and elsewhere in the Town and North Dallas area.

3. Hand agrees to produce the Publications, the Digital Magazine, the Website, and the Weekly E-News and promote and distribute them in accordance with the terms, conditions, and provisions of this Agreement, including Exhibit A and Exhibit B attached hereto and incorporated herein).

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the mutual promises and covenants contained herein, and other good and valuable consideration, the Town of Addison, Texas and Rodney Hand & Associates Marketing Communications, LP do contract and agree as follows:

1. Incorporation of Recitals. The above and foregoing Recitals are true and correct and are incorporated into and made a part of this Agreement.

2. Term. This Agreement shall be in effect for a period of one (1) year, beginning on the date of execution hereof by the last of the Town and Hand and ending one (1) year thereafter, subject, however, to the termination provisions of this Agreement. Following the initial one (1) year term, this Agreement may be renewed by the Town for four (4) additional one (1) year terms (each such one (1) year term being a "Renewal Term") by the Town giving written notice to Hand of its election to renew not later than 30 days prior to the end of the initial

term or a Renewal Term, as applicable. The terms, conditions, and provisions of this Agreement shall apply to each Renewal Term except as the parties may otherwise agree in writing (each Renewal Term, the dates for various items included in this Agreement will be modified).

3. Distribution of Publications, the Digital Magazine, the Website, and the Weekly E-News. Hand will direct and distribute the Visitors Guide primarily to Addison and North Dallas hotels and visitors (as identified and agreed upon by the Town and Hand). The Magazine shall be directed and distributed primarily to Addison and North Dallas residential properties (as identified and agreed upon by the Town and Hand). The content of the Visitors Guide and of the Magazine will be similar, but the Magazine may include some additional information or features which is pertinent and unique to a residential audience.

Hand will also direct and distribute the Digital Magazine, the Website, and the Weekly E-News.

The production, distribution, and promotion of the Publications, the Digital Magazine, the Website, and the Weekly E-News will be provided and performed by Hand in accordance with the terms, conditions, and provisions of this Agreement.

4. Obligations, Representations and Warranties of Hand and the Town; **Waiver; *Hand's Indemnification Obligation***.

A. *Hand's Obligations, Representations, Warranties.*

(1) In connection with the Publications, the Digital Magazine, the Website, and the Weekly E-News, and their publication, promotion, and distribution, Hand agrees to provide its professional work and services set forth in this Agreement to the Town's satisfaction, in a professional manner, and represents, warrants and covenants that:

(a) Hand shall acquire any and all licenses, agreements, permits, waivers, releases, registrations, approvals, authorizations, or any other permit or document required or necessary to produce and distribute the Publications, the Digital Magazine, the Website, and the Weekly E-News.

(b) In the production and distribution of the Publications, the Digital Magazine, the Website, and the Weekly E-News, Hand shall comply with all applicable federal, state and local laws, rules and regulations.

(c) During the term of this Agreement, neither Hand nor any of Hand's associates or employees shall participate, whether directly or indirectly, financially or otherwise, in the production of any other publication related to Addison or the North Dallas area.

(d) Hand shall keep and hold all information provided to it by the Town in connection with this Agreement in confidence and shall not disclose such information to any third party. This paragraph shall survive the termination hereof.

(e) No later than the 10th day following publication of any issue, Hand shall provide a report in writing to the Town that provides information and data regarding the Publications, the Digital Magazine, the Website, and the Weekly E-News and their distribution, use, progress, development, and accomplishments. Each report shall be certified as true and correct by an officer of Hand authorized to provide such certification and shall include, among other things:

(i) the number of Magazines and Visitor Guides that have been distributed to third parties (e.g., hotels, businesses, individuals), identifying the number of each that have been sold;

(ii) the number of Weekly E-News publications distributed to unique e-mail addresses;

(iii) the number of visitors to the Website, including the number of visitors who visited the Website through a search engine (e.g., Google) and through a link on another website, the average number of pages per visit by a visitor to the Website, the average time spent on the Website by a visitor to the Website, and the bounce rate (the percentage of visitors to the Website that leave the Website before clicking anything on the Website); and

(iv) how the Town's digital advertisements are tracking and performing.

Hand and the Town (through the Town's Director of Public Communications or such other person as the Town Manager may designate (the "Director")) will work together to determine other information and data to be included in a report.

(2) ***Hand's Indemnification Obligation.*** **Hand covenants, agrees to, and shall DEFEND (with counsel reasonably acceptable to Addison), INDEMNIFY, AND HOLD HARMLESS the Town of Addison, Texas, the past, present and future elected and appointed officials, and the past, present and future officers, employees, agents, and representatives of the Town of Addison, Texas, individually or collectively, in both their official and private capacities (the Town and such elected and appointed officials, and such officers, employees, agents, and representatives of the Town each being an "Addison Person" and collectively the "Addison Persons"), from and against any and all claims, liabilities, judgments, lawsuits, demands, harm, losses, damages, proceedings, suits, actions, causes of action, liens, fees, fines, penalties, expenses, or costs, of any kind and nature whatsoever made upon or incurred by the Town of Addison, Texas and/or any other Addison Person, whether directly or indirectly, (the "Claims"), that arise out of, result from, or relate to: (i) the work and services to be provided by Hand pursuant to this Agreement as described herein, including in Sections 3 and 4, above, and in Exhibit A and Exhibit B attached hereto and incorporated herein, (ii) any representations and/or warranties by Hand under this Agreement, (iii) any personal injuries (including but not limited to death) to any Hand Persons (as hereinafter defined) and any third**

persons or parties arising out of or in connection with Hand's provision of its work and services under or in connection with this Agreement, and/or (iv) any act or omission under, in performance of, or in connection with this Agreement by Hand or by any of its owners, directors, officers, managers, partners, employees, agents, contractors, subcontractors, invitees, patrons, guests, customers, licensees, sublicensees, or any other person or entity for whom Hand is legally responsible, and their respective owners, directors, officers, directors, officers, managers, partners, employees, agents, contractors, subcontractors, invitees, patrons, guests, customers, licensees, sublicensees (collectively, "Hand Persons"). SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND. However, Hand's liability under this section shall be reduced by that portion of the total amount of the Claims (excluding defense fees and costs) equal to the Addison Person or Addison Persons' proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss. Likewise, Hand's liability for Addison Person's defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to Addison Person or Persons' proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss.

Hand shall promptly advise the Town of Addison in writing of any claim or demand against any Addison Person related to or arising out of Hand's activities under this Agreement and shall see to the investigation and defense of such claim or demand at Hand's sole cost and expense. The Addison Persons shall have the right, at the Addison Persons' option and own expense, to participate in such defense without relieving Hand of any of its obligations hereunder. This defense, indemnity, and hold harmless provision shall survive the termination or expiration of this Agreement.

(3) **Waiver. Hand, its officers, agents and employees do hereby waive any and all claims for damage, injury or loss to any person or property, including the death of any person, that may be caused, in whole or in part, by the act or failure to act of any officer, agent or employee of the Town. Hand, its officers agents and employees assume the risk of all conditions whether dangerous or otherwise, in and about the premises of the Town, and waive any and all specific notice of the existence of any defective or dangerous condition in or about the said premises. The provisions of this paragraph shall survive the termination of this Agreement.**

B. *Town's Obligations.* The Town agrees that it will:

(1) Pay Hand the sum of $22,000.00 for 18 pages of R.O.B. (Run of Book) advertising in each of the six (6) issues of the Publications identified in Exhibit B. Such payment shall be made in accordance with the terms of this Agreement, including Exhibit A attached hereto and incorporated herein.

(2) Such payments identified in Subsection (1) above, include payment to Hand for Hand's delivery of each issue of the Publications to various locations approved by

the Director. The area distribution will include the Town and extends from the borders of the Town south to LBJ Freeway (IH 635), north to Legacy, east to Hillcrest Road, and west to Marsh Lane. The various local distribution points shall be determined by the Town. Such sum shall be paid by the Town to Hand upon the Town receiving proof acceptable to the Town of the completion of the distribution.

The payments described in (1) and (2) of this subsection B., in addition to being full payment for Hand's work and services regarding the Publications, are and constitute full payment for Hand's work and services regarding the Digital Magazine, the Website, and the Weekly E-News as described in this Agreement.

5. Termination.

A. This Agreement may be terminated at any time by either party hereto in the event that the other party is in breach of any term of this Agreement and such breach continues for more than three (3) days after receipt by the breaching party of written notice of the breach from the non-breaching party. In the event of such termination Hand shall be compensated for all work and services properly performed pursuant to this Agreement to the date of termination. In the event of such termination, should Hand have been paid by the Town for services not yet properly performed then Hand shall reimburse the Town all such payments. Acceptance or payment of such reimbursement shall not constitute a waiver of any claim that may otherwise arise out of this Agreement.

B. In addition, the Town may terminate this Agreement at any time and for any reason (or for no reason) by giving Hand at least sixty (60) days written notice of such termination ("Termination Notice"). If a Space Reservation deadline listed on the attached Exhibit B for any issue of the Publications will occur prior to the expiration of the said 60 day period that begins on the day that such notice is actually received or deemed received (as set forth in Section 7 below) by Hand and ends at the conclusion of the 60th day thereafter, then this Agreement shall continue in effect as to such Publications only (the "Continued Publications"), and upon the completion of the work and services of Hand in connection with such Publications and payment by the Town therefor in accordance with this Agreement, this Agreement shall terminate. Upon receipt of the termination notice, Hand will stop work in an orderly and expeditious manner (except for the Continued Publications), place no further subcontracts or orders in connection with this Agreement, and terminate all subcontracts (if any).

6. Delays; Breach. No delay by either of the parties hereto in performing their respective duties, or obligations hereunder shall be deemed a breach of this Agreement if such delay arises from causes beyond the reasonable control of party and not avoidable by diligence of that party, including delays resulting from labor disputes, strikes, wars, riots, insurrection, civil commotion, government regulations, fire, flood, storm, or acts of God, provided that such affected party uses its best efforts to avoid non-performance and resumes full performance hereunder as soon as practical. Shortage of material or equipment or changes in price of materials or equipment shall not constitute valid grounds for delay.

It will constitute a breach of this Agreement, allowing for termination and/or recovery of damages which the non-breaching party sustains if:

A. The Town fails to make any payment due hereunder that is not then in dispute within thirty (30) days following the receipt of an invoice provided in accordance with this Agreement therefor (and each such invoice shall include a summary statement of services rendered; and Hand shall supply such supporting documentation with each invoice regarding the services performed by Hand as may be requested by Town from its Staff employees), or

B. Hand fails to deliver the Publications as follows: the December/January 2016 issue in the required quantities (see Exhibit A) on or before December 11, 2015, the February/March issue in the required quantities (see Exhibit A) on or before February 12, 2016, the April/May issue in the required quantities (see Exhibit A) on or before April 11, 2016, the June/July issue in the required quantities (see Exhibit A) on or before June 10, 2016, the August/September issue in the required quantities (see Exhibit A) on or before August 12, 2016, or the October/November issue in the required quantities (see Exhibit A) on or before October 10, 2016; provided, however, that the Town agrees to allow Hand a period not to exceed five (5) business days from the delivery date set out above to fully complete Hand's required distribution of the Publications. Failure by Hand to deliver on the dates set above shall result in a late fee of $400.00 per day which the Town may deduct from the final amount then payable.

7. Notice: Where the terms of this Agreement require that notice in writing be provided, such notice shall be deemed received by the party to whom it is directed upon being hand-delivered or upon three (3) days following the deposit of the notice in the United States mail, postage pre-paid, and sent by certified mail, return receipt requested and properly addressed as follows:

To Addison:	To Hand:
5300 Belt Line Road Dallas, Texas 75254 Attn: Carrie Sloan Rice Director of Marketing	Rodney Hand & Associates Marketing Communications, LP 3939 Belt Line Road Addison, Texas 75001 Attn: Rodney Hand

8. Assignment. This Agreement shall not be assigned or otherwise conveyed in whole or in part by Hand without the prior written consent of the Town. For purposes hereof, a change in control of ownership of Hand constitutes an assignment ("control" means the possession, directly or indirectly, of the power (whether alone or in conjunction with another) to direct or cause the direction of the management and/or policies of an entity, whether through ownership of voting securities or partnership interests, by contract or otherwise). Because this is a services contract, the Town is not obligated to consent to any assignment or other conveyance of any portion of this Agreement. Any attempted assignment or other conveyance hereof by Hand shall be null, void and of no force or effect, and shall entitle the Town to treat such attempted assignment or other conveyance as a breach of this Agreement and to terminate this Agreement in accordance with Section 5.A., above.

9. Independent Contractor. The relationship of Hand to the Town is that of an independent contractor. The Town is solely an advertiser in the Publications and, except for its advertisements, does not control and has no authority to control the content of the Publications, the Website, *Addison The Weekly*, or the Weekly E-News, all such control being under the sole authority of Hand. Neither the Town nor Hand shall be deemed to be the agent of the other and

neither is authorized to take any action binding upon the other. No term or provision of this Agreement or any action in the performance hereof is intended nor shall be construed as making Hand the agent, servant or employee of the Town, or to create an employer-employee relationship, a joint venture relationship, or a joint enterprise relationship.

10. Texas Law to Apply. This Agreement shall be governed by the laws of the State of Texas (without reference to choice of law provisions of any jurisdiction), and shall be performable and all compensation payable in Dallas County Texas. Exclusive venue under this Agreement lies in Dallas County, Texas.

11. Entire Agreement; No Third Party Beneficiaries; "Includes"; No Waiver of Immunity. This Agreement is the entire and integrated agreement between the Town and Hand and supersedes all prior negotiations, representations and/or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both parties. This Agreement and each of its provisions are solely for the benefit of the parties hereto and do not, and are not intended to, create or grant any rights, contractual or otherwise, to any third person or entity. For purposes of this Agreement, "includes" and "including" are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded.

Notwithstanding any other provision of this Agreement, nothing in this Agreement shall or may be deemed to be, or shall or may be construed to be, a waiver or relinquishment of any immunity, defense, or tort limitation to which the Town, its officials, officers, employees, representatives, and agents are or may be entitled, including, without limitation, any waiver of immunity to suit.

12. Severability. If any clause, paragraph, section or portion of this Agreement shall be found to be illegal, unlawful, unconstitutional or void for any reason, the balance of the Agreement shall remain in full force and effect.

13. Authority to Execute. The undersigned officers and/or agents of the Town and Hand are properly authorized officials of the said parties and have the authority necessary to execute this Agreement on behalf of the respective party, and the parties hereby certify one to the other that any necessary resolutions extending said authority have been duly passed and are now in full force and effect.

EXECUTED at Dallas County, Texas on the day and year first written above.

TOWN OF ADDISON, TEXAS	**RODNEY HAND & ASSOCIATES MARKETING COMMUNICATIONS, LP**
_____	By: _____
Charles W. Daniels, Interim City Manager	_____
Date of signing: _____	Date of signing: _____

Exhibit A

DESCRIPTION OF ADDISON/NORTH DALLAS PUBLICATIONS

A. Schedule: The (i) December/January 2016 issue of the Publications shall be completed and distributed by Hand on or before December 11, 2015, (ii) the February/March issue of the Publications shall be completed and distributed by Hand on or before February 12, 2016, (iii) the April/May issue of the Publications shall be completed and distributed by Hand on or before April 11, 2016, (iv) the June/July issue of the Publications shall be completed and distributed by Hand on or before June 10, 2016; (v) the August/September issue of the Publications shall be completed and distributed by Hand on or before August 12, 2016, and the (vi) October/November issue of the Publications shall be completed and distributed by Hand on or before October 10, 2016.

B. Duties of Town: The Town shall:

1. Become the anchor advertiser for the six issues of the Publications identified above. The Town shall be provided (a) 18 pages of R.O.B. (Run of Book) advertising and editorial for each of the six (6) issues of the Publications for the total cost of $22,000.00 per issue. Payments will be due for each issue not later than 30 days after the Town's receipt from Hand of Hand's certification, in form and content satisfactory to the Town, that Hand has completed (a) delivery of the Visitors Guide to all the hotels, and delivery of the Magazine to all the residential properties, contained on a distribution list designated by the Town, and (b) the distribution of the Publications to all other sources as described herein or as may be designated by the Town.

2. Submit to Hand in writing: changes and/or corrections to proofs or artwork, photos, and editorial layout. The Town shall return requests for proofing within 96 hours of receipt from Hand.

3. The Town agrees to permit Hand to review its collection of photographs, and agrees to grant to Hand a non-exclusive, royalty free license to use or reproduce such photographs, but solely as a part of the content of the publications which are the subject hereof; provided, however, that if any other person, firm or entity is the owner of any intellectual property rights in connection with any of such photographs, Hand is required to pay such fees, or enter into agreements with third parties as Hand and such third party may agree, without any cost or expense to the Town

4. Town authorizes Hand to produce the Town's logo, royalty free, but solely in connection with the publications which are the subject of this Agreement, and for no other purpose.

C. Duties of Hand: In addition to all other work and services to be provided by Hand under this Agreement, Hand shall provide:

1. A minimum 64-page Perfect Bound Magazine of 20,000 copies each for the six (6) issues of the Publications identified above. In each of those issues, Hand will provide the Town (a) full page premium ad position of inside back cover, and (b) up to two additional full page ads per issue in the Town's section of choice.

2. Proofs of the editorial outline, story ideas, cover design, photos, artwork, and layout and input for all matters pertaining to the Town (e.g., Town officials, employees, services, special events, etc.) for approval by the Town. No editorial material of any nature pertaining to the Town (e.g., Town officials, employees, services, special events, etc.) will appear in the Publications (in any format, including paper, digital, electronic, or otherwise) unless it has been reviewed and approved by the Director.

3. (a) With respect to the Visitors Guide, its distribution to the participating hotels and shall also verify placement of the Visitors Guide in guest rooms. Hand shall also provide replacement copies of the Visitors Guide to hotels as needed. In addition, Hand shall also distribute the Visitors Guide to the following sources:

Participating Hotel Sales Offices
Corporate Concierges
Commercial Leasing Offices and Residential Real Estate Offices
Certain Advertisers

(b) With respect to the Magazine, its distribution to the residential properties identified and agreed upon by Hand and the Town, and Hand shall verify the distribution of the same.

(c) To the Town a list of all sources to whom copies of the Publications are distributed.

4. Copies to the Town for distribution.

5. That the advertising sales area will be limited to:

South of Legacy
East of Marsh Lane
North of Harvest Hill
West of Hillcrest Road

6. That no restaurants outside the area will be included.

7. That no advertising will be accepted from any person, business or organization unless it meets the geographic limitations set out above without express permission from the Director and that the Town shall receive a list of advertisers one (1) week following the posted space reservation deadline for each issue.

8. A ratio of advertising to editorial that shall not exceed 40% ads to 60% editorial.

9. That the average ad rate for a run of space, full page/4 color insertion shall not exceed $3,500.00 and for exclusive positions, a full page/4 color insertion shall not exceed $4,595.00.

10. *Digital Edition*. That Hand will publish, at the same time as the publication of the print edition of the Magazine, a digital edition of the Magazine at a website owned and controlled by Hand at www.addisonmag-digital.com (with a link to that website being included on a website owned and controlled by Hand at www.addisonmagazine.com and included in each edition of the Weekly E-News (described in the Recitals to this Agreement)). By November 1st, Hand shall coordinate with the Town on a year-long editorial calendar for the digital editions of the Magazine. For the digital edition of the Magazine, Hand shall provide to the Town the following:

(a) full page ad position of the inside back cover in each of the quarterly issues;

(b) up to two (2) additional full page per issue in the section of the Town's choice in each of the quarterly issues; and

(c) up to three (3) enhancements for each digital issue, including: *Cover Sponsorship, Blow-In, Web Content (iFrame) Blow-in, Button Drawer, Belly Band, Slideshows, 360° Animation, Audio-Video*, in each of the quarterly issues.

11. *Website*. Hand shall produce and maintain a website for the Magazine (at www.addisonmagazine.com). By November 1st, Hand will provide the Town a year-long editorial calendar for the Town of Addison ads that will appear on the website; with respect to that website, Hand shall provide to the Town the following:

(a) full page ad zone (rotation ad zones 2, 3 and 4) three (3) times each year (Hand and the Town will consult with one another as to what times during the year this will occur, but preference to the Town's choice of times will be given);

(b) category page I (rotation ad zones 2, 3 and 4) every day of each month;

(c) category page II (rotation ad zones 2, 3 and 4) every day of each month; and

(d) category page III (rotation ad zones 2, 3 and 4) every day of each month.

12. Hand shall provide to the Town E-News services, as follows:

(a) one portrait and position each for 26 weeks (Hand and the Town will consult with one another as to which weeks will be selected, but preference to the Town's choice of weeks will be given); and

(b) middle banner ad position each week for 13 weeks (Hand and the Town will consult with one another as to which weeks will be selected, but preference to the Town's choice of weeks will be given).

EXHIBIT B

6X Annual Schedule 2015-2016

December/January 2015-16
Ad Space Reservation: October 30
Ad Materials Deadline: November 6
Distribution Date: December 1-8

February/March 2016
Ad Space Reservation: January 8
Ad Materials Deadline: January 15
Distribution Date: February 1-8

April/May 2016
Ad Space Reservation: March 4
Ad Materials Deadline: March 11
Distribution Date: April 1-8

June/July 2016
Ad Space Reservation: May 6
Ad Materials Deadline: May 13
Distribution Date: June 1-8

August/September 2016
Ad Space Reservation: July 8
Ad Materials Deadline: July 15
Distribution Date: August 1-8

October/November 2016
Ad Space Reservation: September 9
Ad Materials Deadline: September 16
Distribution Date: October 1-7

AI-1390 **Item # 8.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Consider And **Approve A Final Plat For One Lot Totaling 6.484 Acres Located Generally At 14675 Dallas Parkway**. FINAL PLAT/Crescent Crown Addition/ Cawley Partners/Mr. Kim Sutton.

BACKGROUND:

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on October 20, 2015, voted to recommend approval of a final plat for one lot totaling 6.484 acres located generally at the 14675 Dallas Parkway, subject to no conditions:

Voting Aye: Griggs, Morgan, Robbins, Robinson, Schaeffer, Smith
Voting Nay: none
Absent: Ennis

RECOMMENDATION:

Administration recommends approval.

Attachments

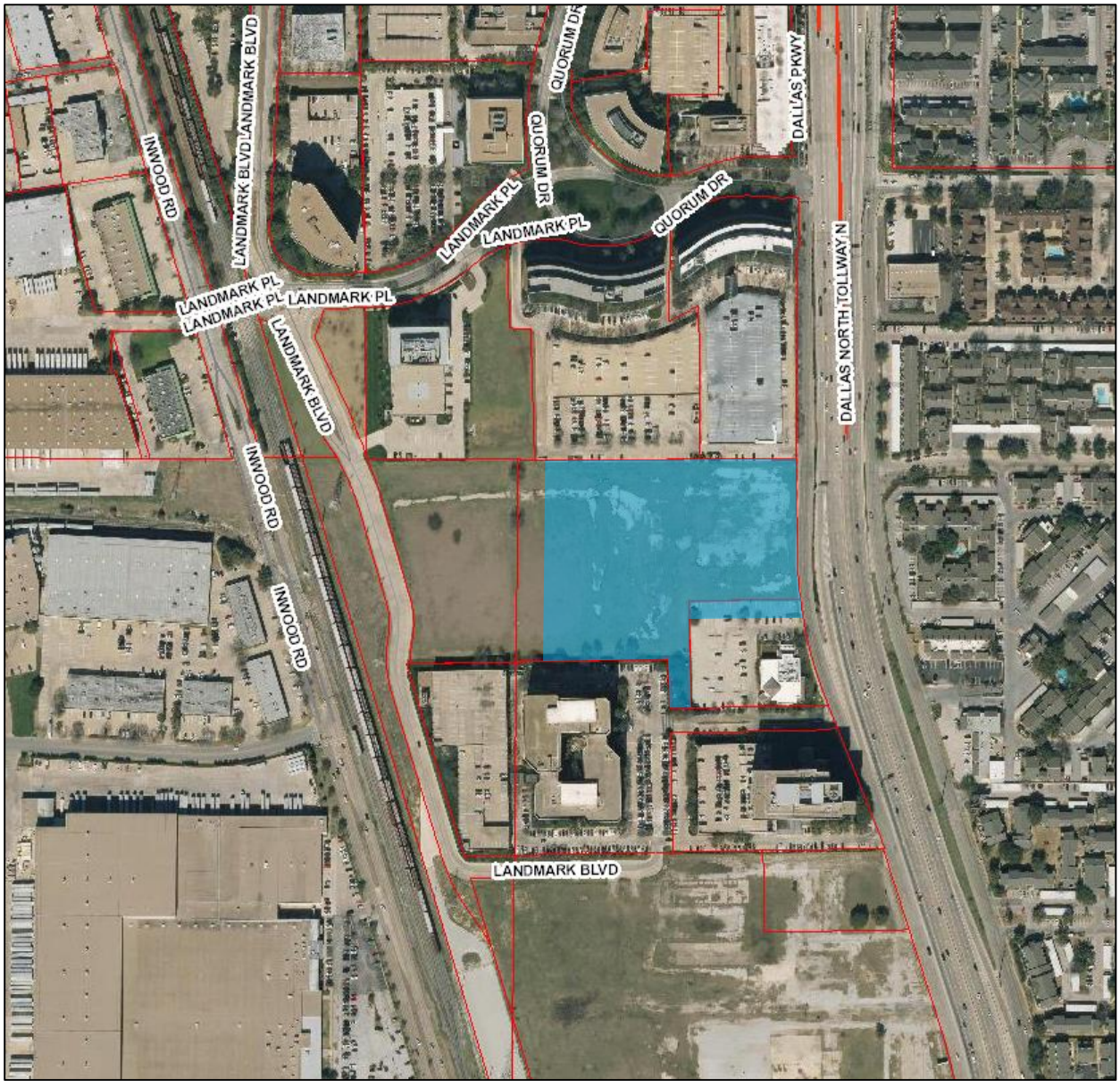
Crescent Crown Addition Council Packet

Crescent Crown Addition Final Plat

FINAL PLAT/Crescent Crown Addition

FINAL PLAT/Crescent Crown Addition. Presentation, discussion and consideration of a recommendation regarding a final plat for one lot totaling 6.484 acres located generally at 14675 Dallas Parkway, on application from Cawley Partners, represented by Mr. Kim Sutton.

LOCATION MAP



October 15, 2015

STAFF REPORT

RE:	FINAL PLAT/ Crescent Crown Addition
LOCATION:	14675 Dallas Parkway
REQUEST:	Approval of a final plat.
APPLICANT:	Cawley Partners, represented by Mr. Kim Sutton.

DISCUSSION:

Background. This property has never been platted. Last year, the Town rezoned the property to accommodate an office building with a mixture of structured and surface parking. This plat records the subdivision of the tract and the easements associated with the development that is occurring on the property.

Engineering Review. The plat has been reviewed by Town staff and found to be in compliance with all requirements.

RECOMMENDATION:

Staff recommends approval of the proposed plat subject to no conditions.

FINAL PLAT/Crescent Crown Addition
October 20, 2015

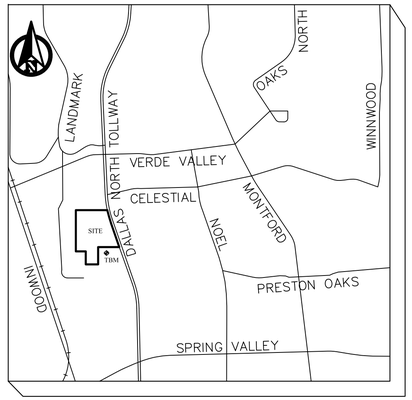
COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on October 20, 2015, voted to recommend approval of a final plat for one lot totaling 6.484 acres located generally at the 14675 Dallas Parkway, subject to no conditions:

Voting Aye: Griggs, Morgan, Robbins, Robinson, Schaeffer, Smith
Voting Nay: none
Absent: Ennis

Vicinity Map

Not to Scale



REMAINDER OF BLOCK 3 QUORUM VOLUME 79100, PAGE 1895 D.R.D.C.T.

TRACT A, BLOCK 3 QUORUM VOLUME 82010, PAGE 312 D.R.D.C.T.

35' DRAINAGE & UTILITY EASEMENT VOLUME 81005, PAGE 1454 D.R.D.C.T.

CM X: 2,482,070.29' Y: 7,031,487.09' BEARS S05°50'37"E 3777.30' FROM TOWN OF ADDISON GPS MONUMENT COA-5

FOUND BRASS DISK STAMPED "TOWN OF ADDISON" BEARS N7°E, 0.3'

FOUND 1/2" CAPPED REBAR STAMPED "DAVIS SURVEYING"

20' DRAINAGE & UTILITY EASEMENT VOLUME 79100, PAGE 1895 P.R.D.C.T.

N88°46'28"E 621.07'

MNS

CRS

P.O.B.

WATER LINE EASEMENT BY THIS PLAT

N88°46'28"E 90.20'

S88°46'28"W 56.55'

S00°55'54"W 200.31'

ACCESS EASEMENT INST.# 201500089122 O.P.R.D.C.T.

ACCESS EASEMENT INST.# 201500089122 O.P.R.D.C.T.

WATER MAIN EASEMENT VOLUME 86128, PAGE 1555 D.R.D.C.T.

N88°46'28"E 530.00'

S88°46'28"W 324.00'

N88°46'28"E 142.00'

WATER EASEMENT BY THIS PLAT

ACCESS MAINTENANCE EASEMENT INST.# 201500089122 O.P.R.D.C.T.

ONCOR ELECTRIC DELIVERY COMPANY, LLC EASEMENT INST.# O.P.R.D.C.T.

SIGNAGE EASEMENT INST.# 201500089124 O.P.R.D.C.T.

DALLAS NORTH TOLLWAY

DALLAS NORTH TOLLWAY FRONTAGE ROAD

ACCESS MAINTENANCE EASEMENT INST.# 201500089122 O.P.R.D.C.T.

10'x10' WATER EASEMENT BY THIS PLAT

LOT 1, BLOCK 1

6.484 ACRES

24' FIRE LANE, WATER AND DRAINAGE EASEMENT BY THIS PLAT

TOWN OF ADDISON VOLUME 2002001, PAGE 10340 D.R.D.C.T.

REMAINDER LOT 1, BLOCK 1 ANDERSON AND WHITE ADDITION VOLUME 953, PAGE 895 D.R.D.C.T.

FARMERS BRANCH CITY LIMITS

ADDISON TOWN LIMITS (see surveyors notes)

N88°46'28"E 296.00'

S46°13'32"E 7.07'

N01°13'32"W 58.55'

DETENTION EASEMENT BY THIS PLAT

S88°46'28"W 296.00'

43.17'

N01°13'32"W 492.35'

ST PARKWAY (VARIABLE WIDTH)

COMMONLY KNOWN AS LANDMARK BOULEVARD

WATER LINE EASEMENT BY THIS PLAT

PARKING GARAGE EASEMENT INST.# 201500089122 O.P.R.D.C.T.

14675 DALLAS NORTH TOLLWAY, LLC INST.# 201500089123 O.P.R.D.C.T.

L=13.11', R=964.93' Δ=000°46'42" S00°04'42"W~13.11'

FOUND 1/2" REBAR

FOUND 1/2" REBAR

L=35.64', R=1270.92' Δ=001°36'24" S09°03'58"E~35.64'

STREET EASEMENT BY THIS PLAT

L=132.06', R=959.93' Δ=007°52'57" S05°57'41"E~131.96'

TEXAS TURNPIKE AUTHORITY VOLUME 84143, PAGE 5195 D.R.D.C.T.

10'x10' WATER EASEMENT BY THIS PLAT

20'x20' ELECTRIC EASEMENT BY THIS PLAT

PARKING EASEMENT VOLUME 2000051, PAGE 5506 D.R.D.C.T.

S88°04'31"W 142.01'

S88°04'31"W 179.60'

WATER EASEMENT BY THIS PLAT N01°13'32"W 52.34'

FOUND 1/2" REBAR

S88°04'31"W 269.37'

FOUND X X: 2,482,707.14' Y: 7,031,120.62'

SIGNAGE EASEMENT INST.# 201500089124 O.P.R.D.C.T.

5' UTILITY EASEMENT VOLUME 84011, PAGE 2089 D.R.D.C.T.

25' BUILDING LINE VOLUME 84011, PAGE 2089 D.R.D.C.T.

FOUND 5/8" CAPPED REBAR STAMPED "BGT"

CRESCENT CROWN LAND HOLDING SPV, LLC INST.# 200900330332 O.P.R.D.C.T.

REMAINDER LOT 2, BLOCK 1 ANDERSON AND WHITE ADDITION VOLUME 953, PAGE 895 D.R.D.C.T.

FOUND 5/8" CAPPED REBAR STAMPED "BGT"

UTILITY EASEMENT VOLUME 73142 PAGE 2053 D.R.D.C.T.

FOUND 5/8" CAPPED REBAR STAMPED "BGT"

CM X: 2,482,080.80' Y: 7,030,994.82' BEARS S03°32'30"E 4269.22' FROM TOWN OF ADDISON GPS MONUMENT COA-5

FOUND 1/2" REBAR

74.97'

S88°04'46"W 300.91'

15' WATER AND T.P.& L. CO. EASEMENT VOLUME 79220, PAGE 2203 D.R.D.C.T.

WATER EASEMENT BY THIS PLAT

N43°46'28"E 23.94' 1.35'

10'X10' SANITARY SEWER EASEMENT BY THIS PLAT

FOUND 1/2" REBAR

"LOT 1, BLOCK 1, RUSTY PELICAN ADDITION" DEDICATED AS LOT 1, BLOCK 1, RUSTY PELICAN RESTAURANTS, INC. VOLUME 84011, PAGE 2089 D.R.D.C.T.

S01°54'50"E 224.81'

24' FIRE LANE, ACCESS & UTILITY EASEMENT VOLUME 79220, PAGE 2203 D.R.D.C.T.

15' WATER LINE EASEMENT VOLUME 79220, PAGE 2203 D.R.D.C.T.

N01°57'08"W 120.19'

60' UTILITY EASEMENT VOLUME 79220, PAGE 2203 M.R.D.C.T.

FOUND 1/2" REBAR BEARS N2°E, 0.3'

FOUND 1/2" REBAR

11.60'

S88°05'53"W 59.93'

TEXAS TURNPIKE AUTHORITY VOLUME 84143, PAGE 5199 D.R.D.C.T.

FOUND 5/8" CAPPED REBAR STAMPED "BGT" VOLUME 2002001, PAGE 10340 D.R.D.C.T.

COUNTY OF DALLAS

LOT 4, BLOCK 1 WELLINGTON SQUARE VOLUME 79206, PAGE 350 D.R.D.C.T.

LOT 1, BLOCK 1 WELLINGTON SQUARE VOLUME 79220, PAGE 2203 D.R.D.C.T.

60' FIRE LANE, ACCESS AND UTILITY EASEMENT WELLINGTON SQUARE VOLUME 79220, PAGE 2203, D.R.D.C.T.

LOT 2, BLOCK 1 WELLINGTON SQUARE VOLUME 79220, PAGE 2203 D.R.D.C.T.

TEXAS TURNPIKE AUTHORITY VOLUME 84143, PAGE 5190 D.R.D.C.T.

JPH LaNd Surveying, Inc

JPH Job No.
6.5ac 2014.010.003 - Final Plat.dwg
© 2015 JPH Land Surveying, Inc. - All Rights Reserved
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TBPLS Firm #10019500 #10194073 #10193867
DFW | Austin | Abilene

0 50 100
Scale: 1" = 50'

Final Plat
Crescent Crown Addition

6.484 acres
Josiah Pancoast Survey
Abstract No. 1146
Town of Addison
Dallas County, Texas
September 2015
Sheet 1 of 2

Line Data Table		
Line #	Distance	Bearing
L1	33.09'	N15°24'04"E
L2	38.55'	N12°29'48"W
L3	48.15'	N01°13'32"W
L6	62.36'	S77°03'48"W
L7	48.15'	S01°13'32"E
L8	38.55'	S12°29'48"E
L9	21.44'	S15°24'04"W
L10	25.98'	S88°05'53"W
L11	10.00'	N01°13'32"W
L12	5.00'	N88°46'28"E
L13	9.36'	S01°13'32"E
L14	10.00'	S88°46'28"W
L15	10.00'	N01°13'32"W
L16	10.00'	N88°46'28"E
L17	9.30'	S01°13'32"E
L18	9.99'	S88°46'28"W
L19	21.62'	S25°35'45"W
L20	17.48'	S37°05'30"E
L21	4.17'	N01°13'32"W
L22	10.00'	N88°46'28"E
L23	10.00'	S01°13'32"E
L24	9.13'	S88°46'28"W
L27	10.88'	S00°55'54"W
L28	11.40'	S14°37'25"W
L29	25.56'	S12°56'12"E
L30	24.10'	S43°37'44"E
L31	18.89'	S88°05'06"W

Curve Data Table					
Curve #	Arc	Radius	Delta	Chord Bearing	Chord
C1	42.85'	88.00'	027°53'52"	N01°27'07"E	42.43'
C2	41.70'	212.00'	011°16'16"	N06°51'40"W	41.64'
C3	42.81'	44.00'	055°45'01"	N26°38'58"E	41.14'
C4	24.51'	25.00'	056°09'55"	N26°26'25"E	23.54'
C5	31.42'	20.00'	090°00'00"	N46°13'32"W	28.28'
C11	8.46'	44.00'	011°00'43"	S82°34'09"W	8.44'
C12	4.49'	5.00'	051°28'30"	S62°20'16"W	4.34'
C13	14.52'	50.16'	016°34'51"	S44°59'40"W	14.46'
C14	20.28'	20.00'	058°05'10"	S27°49'03"W	19.42'
C15	36.98'	188.00'	011°16'16"	S06°51'40"E	36.92'
C16	54.53'	112.00'	027°53'52"	S01°27'08"W	54.00'
C17	4.03'	10.00'	023°06'13"	S03°50'57"W	4.01'
C18	31.42'	20.00'	090°00'00"	N43°46'28"E	28.28'
C19	31.42'	20.00'	090°00'00"	S46°13'32"E	28.28'
C20	31.17'	20.00'	089°18'03"	S43°25'29"W	28.11'
C21	31.66'	20.00'	090°41'57"	N46°34'31"W	28.46'
C22	5.92'	20.00'	016°56'43"	N09°41'54"W	5.89'
C23	0.70'	20.00'	002°00'51"	S00°13'07"E	0.70'
C24	5.05'	20.00'	014°28'39"	S83°59'13"E	5.04'
C26	9.03'	243.50'	002°07'31"	S12°39'35"W	9.03'
C27	46.10'	206.50'	012°47'26"	S07°19'37"W	46.00'
C28	112.13'	972.00'	006°36'35"	S02°17'59"E	112.07'
C29	16.90'	976.00'	000°59'31"	S06°43'43"E	16.90'
C30	8.54'	20.00'	024°27'51"	S30°24'11"E	8.47'
C31	4.54'	25.00'	010°24'18"	N03°33'35"E	4.53'

Surveyor's Notes

1. This survey was performed with the benefit of a title commitment by Chicago Title Insurance Company, Commitment Number 8000371400069. Effective Date: October 02, 2014 and issued November 04, 2014. Complete copies of the record description of the property, any record easements benefiting the property, the record easements or servitudes and covenants affecting the property ("record documents"), documents of record referred to in the record documents, and any other documents containing desired appropriate information affecting the property being surveyed and to which the survey shall make reference were not provided to this surveyor for notation on this survey except for those items listed within Schedule B of said commitment.
2. The subject property surveyed hereon, lies within OTHER AREAS - Zone X (Unshaded) - areas determined to be outside the 0.2% annual chance floodplain, as shown on the National Flood Insurance Program's, Flood Insurance Rate Map (FIRM) for Dallas County, Texas and Incorporated Areas, Map Number 48113C0180K, Revised Date: July 07 2012 as published by the Federal Emergency Management Agency (FEMA).
3. Town limits as shown on Dallas County Appraisal District's G.I.S. Map (www.dallascad.org)

Legend of Abbreviations

D.R.D.C.T. ~ Deed Records, Dallas County, Texas
P.R.D.C.T. ~ Plat Records, Dallas County, Texas
O.P.R.D.C.T. ~ Official Public Records, Dallas County, Texas
P.O.B. ~ Point of Beginning
CM ~ Concrete Monument

OWNERS CERTIFICATE

STATE OF TEXAS §
COUNTY OF DALLAS §

WHEREAS, 14675 Dallas North Tollway, LLC are the owners of that certain tract of land situated in the Town of Addison, within the Josiah Pancoast Survey, Abstract Number 1146, Dallas County, Texas, as described in the deed to 14675 Dallas North Tollway, LLC, recorded under Instrument Number 201500089123 of the Official Public Records of Dallas County, Texas, and being more particularly described as follows:

Beginning at a 1/2 inch capped rebar stamped "JPH LAND SURVEYING" set on the south line of Block 3, Quorum as shown on the plat recorded in Volume 79100, Page 1895 of the Deed Records of Dallas County, Texas;

THENCE NORTH 88 degrees 46 minutes 28 seconds EAST, with the south line of said Block 3, a distance of 621.07 feet to a mag nail with washer stamped "JPH LAND SURVEYING" set at the northwest corner of the tract described in the deed to the Texas Turnpike Authority recorded in Volume 84143, Page 5195 of the Deed Records of Dallas County, Texas;

THENCE in a southerly direction, with the west line of the said Texas Turnpike Authority tract, the following calls:

1. SOUTH 00 degrees 55 minutes 54 seconds WEST, a distance of 200.31 feet to a 1/2 inch rebar found at the beginning of a non-tangent curve concave to the east, having a radius of 964.93 feet;
2. along the arc of the said non-tangent curve, an arc length of 13.11 feet (a chord bearing of SOUTH 00 degrees 04 minutes 42 seconds WEST, a chord distance of 13.11 feet) to a 1/2 inch rebar found at the beginning of a non-tangent compound curve concave to the east, having a radius of 1270.92 feet;
3. along the arc of the said non-tangent compound curve, an arc length of 35.64 feet (a chord bearing of SOUTH 09 degrees 03 minutes 58 seconds EAST, a chord distance of 35.64 feet) to a mag nail with washer stamped "JPH LAND SURVEYING" set at the beginning of a non-tangent compound curve concave to the east, having a radius of 959.93 feet;
4. along the arc of the said non-tangent compound curve, an arc length of 132.06 feet (a chord bearing of SOUTH 05 degrees 57 minutes 41 seconds EAST, a chord distance of 131.96 feet) to a scribed "x" on concrete found at the northeast corner of "Lot 1, Block 1, Rusty Pelican Addition" dedicated as Lot 1, Block 1, Rusty Pelican Restaurants, Inc. as shown on the plat recorded in Volume 84011, Page 2089 of the Deed Records of Dallas County, Texas;

THENCE SOUTH 88 degrees 04 minutes 31 seconds WEST, with the north line of said Lot 1, Block 1, Rusty Pelican Addition, a distance of 269.37 feet to a 1/2 inch rebar found at the northwest corner of Lot 1, Block 1, Rusty Pelican Addition;

THENCE SOUTH 01 degree 54 minutes 50 seconds EAST, with the east line of a 60-foot Utility Easement as shown on the plat of said Rusty Pelican Addition, a distance of 224.81 feet to the southwest corner of Lot 1, Block 1, Rusty Pelican Addition, from which a found 1/2 inch rebar bears NORTH 2 degrees EAST, 0.3 feet;

THENCE SOUTH 88 degrees 05 minutes 53 seconds WEST, with the north line of a 60-foot Fire Lane, Access, & Utility Easement as shown on the plat Wellington Square recorded in Volume 79220, Page 2203 of the Deed Records of Dallas County, Texas, a distance of 59.93 feet to a 1/2 inch rebar found on the east line of Lot 1, Block 1 of said Wellington Square;

THENCE NORTH 01 degree 57 minutes 08 seconds WEST, with the east line of said Lot 1, Block 1 of Wellington Square, a distance of 120.19 feet to a 1/2 inch rebar found at the northeast corner of Lot 1, Block 1 of Wellington Square;

THENCE SOUTH 88 degrees 04 minutes 46 seconds WEST, with the north line of Lot 1, Block 1 of Wellington Square, a distance of 300.91 feet to a set 1/2 inch capped rebar stamped "JPH LAND SURVEYING";

THENCE NORTH 01 degree 13 minutes 32 seconds WEST, with the west line of the tract described in the deed to 14675 Dallas North Tollway, LLC, recorded under Instrument Number 201500089123 of the Official Public Records of Dallas County, Texas, a distance of 492.35 feet returning to the Point of Beginning and enclosing 6.484 acres.

Basis of Bearings for this description is the Texas Coordinate System of 1983, North Central Zone 4202 (by GPS observation)

NOW THERE, KNOW ALL BY THESE PRESENTS:

That 14675 Dallas North Tollway, LLC, the owners of the property described in this plat do hereby adopt this plat, designating the hereinabove described property as ***CRESCENT CROWN ADDITION***, an addition in the Town of Addison, Dallas County, Texas, and do hereby dedicate, in fee simple, to the public use forever the streets, rights-of-way, and easements shown thereon for the purposes indicated.

This plat approved subject to all platting ordinances, rules, regulations and resolutions of the Town of Addison, Dallas County, Texas.

WITNESS, my hand, this the _____day of _____, 2015.

_____
Authorized Agent for 14675 Dallas North Tollway, LLC Name and Title

STATE OF TEXAS §
COUNTY OF _____ §

Before me, the undersigned authority, on this day personally appeared _____authorized agent for 14675 Dallas North Tollway, LLC known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration and under the authority therein expressed.

GIVEN under my hand and seal of office this _____ day of _____, 2015.

_____
Notary Public for and in the Sate of Texas

My commission expires: _____

CERTIFICATE OF APPROVAL

Approved and accepted by the City Council of the Town of Addison this ____ day of _____, 2015.

_____
Mayor, Town of Addison

_____
City Secretary, Town of Addison

DETENTION AREA EASEMENT STATEMENT

This plat is approved by the Town of Addison and accepted by the owner(s), subject to the following conditions which shall be binding upon the owner(s), his heirs, grantees and successors, and assigns:

The proposed detention area easement(s) within the limits of this addition, will remain as detention area(s) to the line and grade shown on the plans at all times and will be maintained by the individual owner(s) of the lot or lots that are traversed by or adjacent to the detention area(s). The Town of Addison will not be responsible for the maintenance and operation of said detention area(s) or any damage or injury to private property or person that results from the flow of water along, into or out of said detention area(s), or for the control of erosion.

No obstruction to the natural flow of storm water run-off shall be permitted by filling or construction of any type of dam, building, bridge, fence, walkway or any other structure within the designated detention area(s) unless approved by the Director of Public Works, provided; however, it is understood that in the event it becomes necessary for the Town of Addison to erect any type of drainage structure in order to improve the storm drainage that may be occasioned by the streets and alleys in or adjacent to the subdivisions, then, in such event, the Town of Addison shall have the right to enter upon the detention area(s) at any point, or points, to erect, construct and maintain any drainage facility deemed necessary for drainage purposes. Each property owner shall keep the detention area(s) traversing or adjacent to his property clean and free of debris, silt and any substance which would result in unsanitary conditions or blockage of the drainage. The Town of Addison shall have the right of ingress and egress for the purpose of inspection and supervision of maintenance work by the property owner(s), or to alleviate any undesirable conditions, which may occur.

The detention area(s) as in the case of all detention areas are subject to storm water overflow(s) to an extent which cannot be clearly defined. The Town of Addison shall not be held liable for any damages of any nature resulting from the occurrences of these natural phenomena, nor resulting from the failure of any structure or structures, within the detention area(s) or subdivision storm drainage system.

The detention area easement line identified on this plat shows the detention area(s) serving this addition.

Notice: Selling a portion of this addition by metes and bounds is a violation of Town ordinance and state law and is subject to withholding of utilities and building permits.

KNOW ALL MEN BY THESE PRESENT:

THAT I, JEWEL CHADD do hereby certify that I prepared this plat from and actual and accurate survey of the land and that the corner monuments shown thereon were properly placed under my personal supervision, in accordance with the subdivision regulations of the Town of Addison, Texas.

PRELIMINARY: THIS DOCUMENT SHALL NOT BE RECORDED FOR ANY PURPOSE AND SHALL NOT BE USED OR VIEWED OR RELIED UPON AS A FINAL SURVEY DOCUMENT.
~RELEASED FOR REVIEW TO THE TOWN OF ADDISON ON SEPTEMBER 15, 2015
~RELEASED FOR REVIEW TO THE TOWN OF ADDISON ON OCTOBER 15, 2015

Signature: _____ Date: _____

STATE OF TEXAS §
COUNTY OF TARRANT §

Before me, the undersigned authority, on this day personally appeared Jewel Chadd known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration and under the authority therein expressed.

GIVEN under my hand and seal of office this _____ day of _____, 2015.

_____
Notary Public for and in the Sate of Texas

My commission expires: _____

GENERAL PLAT NOTES

The easement shown on this plat are hereby reserved for the purposes as indicated, including, but not limited to, the installation and maintenance of water, sanitary sewer, storm sewer, drainage, election, telephone, gas and cable television. Owner shall have the right to use these easements, provided, however, that it does not unreasonably interfere or impede with the provision of the services to others. Said utility easements are hereby being reserved by mutual use and accommodation of all public utilities using or desiring to use the same. An express easement of ingress and egress is hereby expressly granted on, over and across all such easements for the benefit of the provider of services for which easements are granted.

Any drainage and floodway easement shown hereon is hereby dedicated to the public's use forever, but including the following covenants with regards to maintenance responsibilities. The existing channels or creeks traversing the drainage and floodway easement will remain as an open channel, unless required to be enclosed by ordinance, at all times and shall be maintained by the individual owners of the lot or lots that are traversed by or adjacent to the drainage and floodway easement. The town will not be responsible for the maintenance and operation of said creek or creeks or for any damage or injury of private property or person that results from the flow of water along said creek, or for the control of erosion. No obstruction to the natural flow of water runoff shall be permitted by construction of any type building, fence or any other structure within the drainage and floodway easement. Provided, however, it is understood that in the event it becomes necessary for the town to channelize or consider erecting any type of drainage structure in order to improve the storm drainage, then in such event, the town shall have the right, but not the obligation, to enter upon the drainage and floodway easement at any point, or points, with all rights of ingress and egress to investigate, survey, erect, construct or maintain any drainage facility deemed necessary by the town for maintenance or efficiency of its respective system or service.

Water main and sanitary sewer easements shall also include additional area of working space for construction and maintenance of the systems. Additional easement area is also conveyed for installation and maintenance of manholes, cleanouts, fire hydrants, water service and sewer services from the main to curb or pavement line, and the descriptions of such additional easements herein granted shall be determined by their locations as installed.

This plat is approved subject to all platting ordinances, rules, regulations and resolutions of the Town of Addison, Texas.

The construction plans shall be prepared by or under the supervision of a registered professional engineer in the State of Texas and shall bear his seal on each sheet.

JPH LaNd Surveying, Inc

JPH Job No.
6.5ac 2014.010.003 - Final Plat.dwg
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TBPLS Firm #10019500 #10194073 #10193867
DFW | Austin | Abilene

Owner
14675 Dallas North Tollway, LLC
1999 Bryan Street, Suite 900
Dallas, TX 75201

Title Company
Chicago Title of Texas, LLC
1999 Bryan Street, Suite 900
Dallas, Texas 75201

Client
Cawley Partners
17330 Preston Road, Suite 205 B
Dallas, Texas 75252

Final Plat

Crescent Crown Addition

6.484 acres
Josiah Pancoast Survey
Abstract No. 1146
Town of Addison
Dallas County, Texas
September 2015
Sheet 2 of 2

AI-1391 **Item # 9.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Contract With Kimley-Horn And Associates To Update The Town's Master Transportation Plan** In An Amount Not To Exceed $76,597.00.

BACKGROUND:

The Master Transportation Plan is the guiding document for all major transportation related improvements within a municipality. This plan indicates the location and alignments of existing and future components of the Town's multi-modal transportation system, establishes road classifications with technical design standards for each class, and identifies desired improvements and expansion to the transportation system.

The Town's current Master Transportation Plan was approved in 1998 and was intended to accommodate travel demand through 2010. It is time to update the plan to reflect current best practices on a wide variety of transportation related requirements and to plan for the system improvements that will be necessary to accommodate future growth.

Traffic engineering and the activities related to that, are considered a professional service and therefore are not competitively bid. We can, however, base a selection on statements of qualifications. The Town has worked with Kimley-Horn and Associates for several years on traffic related matters and they are therefore pre-qualified for this type of work and are& uniquely familiar with the Town's transportation system and current requirements. For this reason, Kimley-Horn was chosen to propose a scope of work and cost estimate for updating the Master Transportation Plan. Because the transportation system is closely related to land use planning, Kimley-Horn is partnering with Prologue Planning Services. Prologue Planning Services has provided land use/planning consulting services to the Town for approximately two years on an as needed basis.

Kimley-Horn and Prologue Planning have proposed a scope of work that contemplates the collection and analysis of pertinent traffic data regionally and within the Town. This data will guide the team as they develop recommendations regarding street classifications and cross sections, traffic calming applications, road diets, and overall system improvements including an emphasis on pedestrian, bicycle and transit connectivity. The team will also review and revise the technical requirements of the design criteria manual.

The scope of work anticipates several opportunities for public involvement throughout the process. Two community workshops will be held. One early in the process to solicit input regarding transportation matters that should be explored and the second later in

the process to present and receive input on the preliminary draft of the plan. Additionally, an online survey tool will be utilized to solicit input from the broader community that may not be able to attend the community workshops. The scope also calls for a small advisory group to meet with the team twice during the process for more detailed discussion and input regarding the transportation issues and draft proposals. At the conclusion of the process, the final draft of the plan will need to be formally adopted through the public hearing process at both the Planning and Zoning Commission and City Council.

Staff anticipates that this process will take roughly nine months to complete. The cost of this project is $76,597.00 which was included in the approved FY2015-16 budget. This project was discussed at the October 13, 2015 work session.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution & Agreement

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A PROFESSIONAL SERVICES AGREEMENT BETWEEN TOWN OF ADDISON AND KIMLEY-HORN AND ASSOCIATES, INC. IN AN AMOUNT NOT TO EXCEED $76,597.00, FOR THE ADDISON MASTER TRANSPORTATION PLAN UPDATE, AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. The Professional Services Agreement between the Town of Addison and Kimley-Horn and Associates, Inc., in an amount not to exceed $76,597.00 for the Addison Master Transportation Plan Update, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved and the City Manager is authorized to execute the agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made this _____ day of _____, 201___, by and between ("the Client") and KIMLEY-HORN AND ASSOCIATES, INC., ("the Consultant").

NAME OF PROJECT: **Addison Master Transportation Plan Update** ("the Project").

The Client and the Consultant agree as follows:

(1) Scope of Services and Additional Services. The Consultant's undertaking to perform professional services extends only to the services specifically described in **Exhibit A**, which is attached and made a part of this Agreement ("the Services"). However, if requested by the Client and agreed to by the Consultant, the Consultant will perform Additional Services, which shall be governed by these provisions. Unless otherwise agreed to in writing, the Client shall pay the Consultant for the performance of any Additional Services an amount based upon the Consultant's then-current hourly rates plus an amount to cover certain direct expenses including telecommunications, in-house reproduction, postage, supplies, project related computer time, and local mileage. Other direct expenses will be billed at 1.15 times cost.

(2) Client's Responsibilities. In addition to other responsibilities described herein or imposed by law, the Client shall:

(a) Designate in writing a person to act as the Client's representative with respect to this Agreement. Such person shall have complete authority to transmit instructions, receive information, interpret and define the Client's policies and decisions with respect to the Consultant's services for the Project.

(b) Provide all criteria and information as to the Client's requirements, objectives and expectations for the Project, including performance requirements, budgetary limitations, and copies of all design and construction standards which the Client will require to be used or included in the drawings and specifications.

(c) Assist the Consultant by placing at its disposal all available information pertinent to the Project including previous reports and any other data relative to studies, design, or construction or operation of the Project.

(d) Furnish to the Consultant, as required for performance of the Consultant's Services (except to the extent provided otherwise in Exhibit A), data prepared by or services of others, including without limitation borings, probings and subsurface explorations, hydrographic surveys, laboratory tests and inspection of samples, materials and equipment; appropriate professional interpretations of all of the foregoing; environmental assessment and impact statements; property, boundary, easement, right-of-way, topographic and utility surveys; property descriptions; zoning, deed and other land use restrictions;

and other special data or consultations; all of which Consultant may use and rely upon in performing services under this Agreement.

(e) Provide Consulting surveys to establish reference points for construction (except to the extent provided otherwise in Exhibit A).

(f) Arrange for access to and make all provisions for the Consultant to enter upon public and private property as required for the Consultant to perform services under this Agreement.

(g) Examine all studies, reports, sketches, drawings, specifications, proposals and other documents presented by the Consultant, obtain advice of an attorney, insurance counselor and other consultants as the Client deems appropriate for such examination and render in writing decisions pertaining thereto within a reasonable time so as not to delay the services of the Consultant. The Consultant shall have no liability to the Client for delays resulting from Client's failure to review documents promptly.

(h) Furnish approvals and permits for all government authorities having jurisdiction over the Project and such approvals and consents from others as may be necessary for completion of the Project.

(i) Cause to be provided such accounting, legal, independent cost estimating and insurance counseling services as may be required for the Project.

(j) If the Client designates a person to represent it at the site other than Consultant or its agent or employee, set forth the duties, responsibilities and limitations of authority of the representative and the effect on the responsibilities of the Consultant in an exhibit to this Agreement before services begin.

(k) Furnish to the Consultant data or estimates as to the Client's anticipated costs for services to be provided by others as required for the Consultant to support opinions of probable total Project costs.

(l) Attend the pre-bid conference, bid opening, pre-construction conferences, construction progress and other job-related meetings and substantial completion inspections and final payment inspections.

(m) Give prompt written notice to the Consultant whenever the Client observes or otherwise becomes aware of any development that affects the scope, timing, or payment of Consultant's services, or any defect or nonconformance in any aspect of the Project.

(n) Bear all costs incidental to the responsibilities of the Client.

(3) Period of Services. This Agreement has been made in anticipation of conditions permitting orderly and continuous progress of the Project through completion of the Services. The Consultant shall begin work timely after receipt of a fully executed copy of this Agreement and any required retainer amount. The times for performance shall be extended as necessary for periods of delay or suspension resulting from circumstances the Consultant does not control. If such delay or suspension extends for more than six months (cumulatively) for reasons beyond the Consultant's control, the rates of compensation provided for in this Agreement shall be renegotiated.

(4) Compensation for Services.

(a) The Consultant's compensation shall be as stated herein, unless otherwise provided in Exhibit A. The Client shall pay the Consultant an amount based upon the Consultant's then-current hourly rates plus an amount to cover certain direct expenses including telecommunications, in-house reproduction, postage, supplies, project related computer time, and local mileage. Other direct expenses will be billed at 1.15 times cost.

(b) If the Consultant's compensation is on an hourly basis, the parties may have estimated in Exhibit A costs and expenses for the various portions of the scope of Services. Services undertaken or expenses incurred by the Consultant exceeding any estimates shall be the liability of the Client.

(c) The Client shall also be invoiced for and shall pay to the Consultant all taxes, if any, whether state, local, or federal levied with respect to amounts paid hereunder.

(5) Method of Payment.

(a) Invoices will be submitted periodically for services performed and expenses incurred. Each invoice shall (i) reflect and identify the personnel of Consultant providing services, the number of hours (or portion thereof) of services provided by each such person, and the then current hourly billing rates for each such person, (ii) include an itemized statement of reimbursable costs incurred (together with any receipts for the same) and the sum of all prior payments under this Agreement, and (iii) such other information or documentation as Client bay reasonably require to verify the accuracy of the invoice. Payment of each invoice will be due within 30 days of receipt and should include the invoice number and Kimley-Horn project number. The Client shall also pay any applicable sales tax. All retainers will be held by the Consultant for the duration of the project and applied against the final invoice. Interest will be added to accounts not paid within 30 days at the lower of the rate of 12% per annum or the highest rate permitted by law, beginning on the 30th day. If the Client fails to make any payment due the Consultant under this Agreement that is not disputed by Client, within 30 days after the Consultant's transmittal of its invoice, the Consultant may, after giving notice to the Client, suspend services and withhold deliverables until all amounts due are paid in full and may commence proceedings to secure its right to payment.

(b) If the Client relies on payment or proceeds from a third party to pay Consultant and Client does not pay Consultant's invoice within 60 days of receipt, Consultant may communicate directly with such third party to secure payment.

(c) If the Client objects to any charge on an invoice submitted by the Consultant, the Client shall so advise the Consultant in writing giving its reasons within 14 days of receipt of the invoice or all such objections shall be waived, and the amount stated in the invoice shall be conclusively deemed due and owing. If the Client objects to only a portion of the invoice, payment for all other portions remains due.

(d) The Client agrees that the payment to the Consultant is not subject to any contingency or condition except as Client may otherwise indicate in writing in connection with a payment. The Consultant

may negotiate payment of any check tendered by the Client, even if the words "in full satisfaction" or words intended to have similar effect appear on the check without such negotiation being an accord and satisfaction of any disputed debt and without prejudicing any right of the Consultant to collect additional amounts.

(6) Use of Documents. All documents, including but not limited to drawings, specifications , reports , and data or programs stored electronically, prepared by or for the Consultant pursuant to this Agreement are related exclusively to the services described in this Agreement, and, except to the extent described in this section below, shall belong to, and remain the sole property of Client's for its exclusive reuse at any time without further compensation and without any restrictions only if the Client has satisfied all of its payment obligations under this Agreement that are not in dispute. They are not intended or represented to be suitable for use, partial use or reuse by the Client or others on extensions of this project or on any other project. Any modifications made by the Client to any of the Consultant's documents, or any use, partial use or reuse of the documents without written authorization or adaptation by the Consultant will be at the Client's sole risk and without liability to the Consultant. The Consultant's electronic files and source code developed in the development of application code remain the property of the Consultant and shall be provided to the Client only if expressly provided for in this Agreement. Any electronic files not containing an electronic seal are provided only for the convenience of the Client, and use of them is at the Client's sole risk. In the case of any defects in the electronic files or any discrepancies between them and the hardcopy of the documents prepared by the Consultant, the hardcopy shall govern. Because data stored in electronic media format can deteriorate or be modified without the Consultant's authorization, the Client has 60 days to perform acceptance tests, after which it shall be deemed to have accepted the data.

(7) Opinions of Cost. Because the Consultant does not control the cost of labor, materials, equipment or services furnished by others, methods of determining prices, or competitive bidding or market conditions, all opinions rendered as to costs, including but not limited to opinions as to the costs of construction and materials, shall be made on the basis of its experience and represent its judgment as an experienced and qualified professional, familiar with the industry. The Consultant cannot and does not guarantee that proposals, bids or actual costs will not vary from opinions of cost prepared by it. If at any time the Client wishes greater assurance as to the amount of any cost, it shall employ an independent cost estimator. Consultant's services required to bring costs within any limitation established by the Client will be paid for as Additional Services.

(8) Termination. This Agreement may be terminated (a) by either party upon fifteen days' written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party, unless the non-terminating party corrects such default or presents a mutually agreeable plan to cure such failure within such time, or (b) upon thirty days' written

notice for the convenience of the terminating party. If any change occurs in the ownership of the Client, the Consultant shall have the right to immediately terminate this Agreement. In the event of any termination, the Consultant shall be paid for all services rendered and expenses incurred to the effective date of termination in accordance with and subject to the other terms and provisions of this Agreement. If the Consultant's compensation is a fixed fee, the amount payable for services will be a proportional amount of the total fee based on the ratio of the amount of the services performed, as reasonably determined by the Consultant, to the total amount of services which were to have been performed.

(9) Insurance.

(a) At all times in connection with this Agreement, the Consultant shall purchase, provide and maintain in a company or companies lawfully authorized to do business in Texas such insurance coverages as set forth below:

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

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

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

(iv) Professional Liability coverage at minimum limits of $2,000,000 covering claims resulting from negligent engineering errors and omissions. This coverage must be maintained for at least four (4) years after the project for which Consultant's services are being provided is finally completed. If coverage is written on a claims-made basis, a policy retroactive date equivalent to the inception date of this Agreement (or earlier) must be maintained during the full term of this Agreement and for the four year period thereafter described herein.

(b) With reference to the foregoing insurance, Consultant shall specifically endorse applicable insurance policies as follows:

(i) The Town of Addison, Texas shall be named as an additional insured with respect to General Liability and Automobile Liability.

(ii) All liability policies shall contain no cross liability exclusions or insured versus insured restrictions applicable to the claims of the Town of Addison.

(iii) A waiver of subrogation in favor of the Town of Addison, Texas shall be contained in the Workers Compensation and all liability policies.

(iv) All insurance policies shall be endorsed to require the insurer to immediately notify the Town of Addison of any material change in the insurance coverage.

(v) All insurance policies shall be endorsed to the effect that the Town of Addison will receive at least sixty (60) days' notice prior to cancellation or non-renewal of the insurance.

(vi) All insurance policies, which name the Town of Addison as an additional insured, must be endorsed to read as primary coverage regardless of the application of other insurance.

(vii) Required limits may be satisfied by any combination of primary and umbrella liability insurances.

(viii) Consultant may maintain reasonable and customary deductibles, subject to approval by the Town of Addison.

(ix) Insurance must be purchased from insurers that are financially acceptable to the Town of Addison.

(c) All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Certificates of Insurance, satisfactory to Client, shall be prepared and executed by the insurance company or its authorized agent, delivered to Client simultaneously with the execution of this Agreement (and updated as needed), and shall contain provisions representing and warranting the following:

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

(ii) Shall specifically set forth the notice-of-cancellation or termination provisions to the Town of Addison.

(d) Upon request, Consultant shall furnish the Client with complete copies of all insurance policies certified to be true and correct by the insurance carrier.

(e) Client reserves the right to review the insurance requirements contained herein and to adjust coverages and limits when deemed necessary and prudent by Client.

(10) Standard of Care. The standard of care applicable to Consultant 's services will be the degree of care and skill ordinarily exercised by consultants performing the same or similar services in the same locality at the time the services are provided. Consultant warrants and represents that its services shall, to the best of Consultant's knowledge, information and belief as an engineer performing the practice of engineering in accordance with the standards, duties, and obligations set forth herein, be free from material error. In accordance with the standard of care set forth herein, Consultant agrees that if it shall recommend unsuitable materials in connection with the project or this Agreement or if its services should be defective in any way, Consultant will assume sole responsibility for any damages, loss, claims, or expenses to the extent caused by Consultant's recommendation of unsuitable materials or defective design. Except as may be set forth in this Agreement, no other warranty, express or implied, is made or intended by the Consultant's undertaking herein or its performance of services, and it is agreed that the Consultant is not a fiduciary with respect to the Client.

(11) **Consultant's Indemnity Obligation.**

In consideration of the granting of this Agreement and notwithstanding any other provision of this Agreement, Consultant agrees to FULLY DEFEND, INDEMNIFY and HOLD HARMLESS Client and Client's elected and appointed officials, its officers, employees, agents, representatives, and volunteers, individually or collectively, in both their official and private capacities (collectively, "Client Persons" and each being a "Client Person"), from and against any and all damages, including but not limited to damages for, related to, or arising out of injuries (including but not limited to death), losses, expenses, liability, penalties, proceedings, judgments, actions, demands, causes of action, suits, harm, and costs (including reasonable attorneys' fees and costs of defense), of any kind or nature whatsoever, made upon or incurred by Client or by any other Client Persons, (collectively, "Claims"), that are caused by or result from an act of negligence, intentional tort, intellectual property infringement, or failure to pay a subcontractor or supplier committed by the Consultant or by the Consultant's employee, or the Consultant's agent, consultant under contract, or another entity over which the Consultant exercises control (the Consultant's employee, agent, consultant under contract, or such other entity being, collectively, "Consultant Persons").

SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS OBLIGATION SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED, IN WHOLE OR IN PART, BY THE

NEGLIGENCE OR INTENTIONAL TORT OF AN ADDISON PERSON. However, when Claims arise out of the co-negligence or other co-liability of Client or other Client Person and the Consultant or any Consultant Persons, Consultant's liability under this Article shall be reduced by that portion of the total amount of the Claims (excluding attorneys' fees and costs incurred in defense of Claims) equal to Client Person or Persons' proportionate share of the negligence or other liability that caused the loss attributable to such negligence or other liability. Likewise, in such instance, Consultant's liability, if any, for Client Person's defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to Client Person or Persons' proportionate share of the negligence or other liability that caused the loss attributable to such negligence or other liability.

The provisions in the foregoing defense, indemnity and hold harmless are severable, and if any portion, sentence, phrase, clause or word included therein shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, void, or unenforceable in any respect (including, without limitation, for violating Section 271.904(a), Tex. Loc. Gov. Code, or Section 130.002(b), Tex. Civ. Prac. & Rem. Code), such invalidity, illegality, voidness, or unenforceability shall not affect any other provision thereof, and this defense, indemnity and hold harmless provision shall be considered as if such invalid, illegal, void, or unenforceable provision had never been contained in this Agreement.

Consultant shall promptly advise Client in writing of any claim or demand against Client or any other Client Person, Consultant, or Consultant Person related to or arising out of Consultant's activities under this Agreement and shall see to the investigation and defense of such claim or demand at Consultant's sole cost and expense. Client Persons shall have the right, at Client Persons' option and at own expense, to participate in such defense without relieving Consultant of any of its obligations hereunder. The obligations set forth in this Section shall survive the expiration or termination of this Agreement.

(12) Consultant Representations. Consultant represents and warrants that it has all necessary licenses, permits, certificates, or other authorization to perform the work and services described in the Traffic Engineering Services Agreement. Consultant acknowledges that Client is entering into this Agreement in reliance on Consultant's professional abilities with respect to performing the services set forth in this Agreement.

Consultant further represents and warrants that:

- its services and work will be provided in a professional, good and workmanlike manner, consistent with the commercially accepted best practices and standards that are in use in Consultant's line of business as of the time such services and work are provided;

- it has the skills, qualifications, experience and financial capability necessary to perform the

services described in this Agreement and has performed and continues to perform the same and similar services for other businesses (including governmental entities);

- it is and shall be during all time of this Agreement validly existing and authorized to do business, and be in good standing in the State of Texas.

(13) Certifications. The Consultant shall not be required to execute certifications or third-party reliance letters that are inaccurate, that relate to facts of which the Consultant does not have actual knowledge, or that would cause the Consultant to violate applicable rules of professional responsibility.

(14) Dispute Resolution. All claims by either party arising out of this Agreement or its breach may by agreement of the parties be submitted first to mediation.

(15) Intentionally Deleted.

(16) Hazardous Substances. In no event shall Consultant be a custodian, transporter, handler, arranger, contractor, or remediator with respect to hazardous substances and conditions. Consultant's services will be limited to professional analysis, recommendations, and reporting, including, when agreed to, plans and specifications for isolation, removal, or remediation. The Consultant shall notify the Client of hazardous substances or conditions not contemplated in Exhibit A of which the Consultant actually becomes aware. Upon such notice by the Consultant, the Consultant may stop affected portions of its services until the hazardous substance or condition is eliminated.

(17) Assignment and Subcontracting. Nothing under this Agreement shall be construed to give any rights or benefits in this Agreement to anyone other than the Client and the Consultant, and all duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of the Client and the Consultant and not for the benefit of any other party. Neither party hereto shall assign, sublet, convey or otherwise transfer any rights or duties under, or interest in this Agreement, without the written consent of the other party. The Consultant may, with Client's prior written consent, augment its staff with subconsultants as it deems appropriate due to project logistics, schedules, or market conditions. If the Consultant does so, the Consultant will maintain the agreed-upon billing rates for services identified in the contract, regardless of whether the services are proved by in-house employees, contract employees, or independent subconsultants.

(18) Confidentiality. If any facts, data or information are specifically identified in writing by the Client as confidential, the Consultant shall use reasonable care to maintain the confidentiality of that material.

(19) Miscellaneous Provisions.

(a) This Agreement is to be governed by the law of the State of Texas, without regard to choice of laws rules of any jurisdiction. In the event of any suit, action, or proceeding under this Agreement, exclusive venue for the same shall lie in Dallas County, Texas. This Agreement contains the entire and fully integrated agreement between the parties, and supersedes all prior and contemporaneous negotiations, representations, agreements or understandings, whether written or oral. This Agreement can be supplemented or amended only by a written document executed by both parties. Provided, however, that any conflicting or additional terms on any purchase order issued by the Client shall be void and are hereby expressly rejected by the Consultant. Any provision in this Agreement that is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions or affecting the enforceability of the provision in any other jurisdiction. The non-enforcement of any provision by either party shall not constitute a waiver of that provision or affect the enforceability of that provision or the remainder of this Agreement.

(b) Consultant is and shall in all events be an independent contractor exercising control over its work and services and the manner in which they are is performed. Nothing in this Agreement is intended nor shall be construed to create an employer-employee relationship, a joint venture, a joint enterprise relationship, or to allow Client to exercise discretion or control over the professional manner in which Consultant performs the services which are the subject matter of this Agreement; provided always however that the services to be provided by Consultant shall be provided in a manner consistent with all applicable laws, rules, standards and regulations governing such work and services.

(c) The terms and provisions of this Agreement are severable, and if any term or provision is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision is not a part hereof, and the remaining provisions hereof shall remain in full force and effect. In lieu of any illegal, invalid or unenforceable provision herein, the parties agree to seek to negotiate the insertion of a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be possible, with the intent that such added provision is legal, valid and enforceable.

(d) Notwithstanding any other provision of this Agreement, nothing in this Agreement shall or may be deemed to be, or shall or may be construed to be, a waiver or relinquishment of

any immunity, defense, or tort limitation to which the Client, its officials, officers, employees, representatives, and agents are or may be entitled, including, without limitation, any waiver of immunity to suit.

(e) The persons signing this Agreement on behalf of the parties have the authority to do so.

(f) For purposes of this Agreement, "includes" and "including" are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded. Section headings herein are for convenience only and shall not be used in interpretation of this Agreement.

(g) For purposes of this Agreement, notices and all other communications provided for herein shall be in writing, addressed as provided hereinafter to the party to whom the notice or request is given, and shall be either (i) delivered personally, (ii) sent by United States certified mail, postage prepaid, return receipt requested, or (iii) placed in the custody of Federal Express Corporation or other nationally recognized carrier to be delivered overnight. Notice shall be deemed given when received if delivered personally or if sent by Federal Express or other nationally recognized carrier; or seventy-two (72) hours after deposit if sent by certified mail. Addresses for notices and communications are as follows:

To Consultant:	To Client:
Kimley-Horn and Associates, Inc.	Town of Addison, Texas
12750 Merit Drive	5300 Belt Line Road
Suite 1000	Dallas, Texas 75254
Dallas, Texas 75251	Attn: City Manager

(h) From time to time either party may designate another address and person to whom attention is to be sent within the State of Texas for all purposes of this Agreement by giving the other party not less than ten (10) days advance notice of such change of address in accordance with the provisions hereof.

(Signatures on Next Page)

EXHIBIT A

TOWN OF ADDISON, TEXAS	KIMLEY-HORN AND ASSOCIATES, INC.
BY: _____	BY: _____
ITS: _____	ITS: _____
ATTEST: _____	ATTEST: _____
(IF CORPORATION, AFFIX CORPORATE SEAL)	

EXHIBIT A

Kimley»Horn

PROLOGUE PLANNING SERVICES

Exhibit A

Addison Master Transportation Plan Update - Proposed Scope of Services

Project Understanding

The Town of Addison is located northwest of the City of Dallas along the Dallas North Tollway (DNT). It currently has a resident population of over 15,000 with a daytime population that exceeds 100,000. Besides the small segment of the DNT that lies within the City limits, other significant north/south roadways in the Town include Marsh Road, Midway Road, Inwood/Addison Road and Montfort Drive. East/west thoroughfares include Spring Valley Road, Belt Line Road, Arapaho Road and Keller Springs Road. The Town also includes Addison Airport, which is the third largest general aviation airport in the country.

The most current Master Thoroughfare Plan (MTP) was adopted in 1998. The purpose of this plan was to accommodate travel demands to the year 2010. City officials recognize the need to update this plan not only to accommodate changes in traffic patterns and volumes, but also to incorporate new design standards to address both existing traffic conditions and future traffic. These steps will be crucial to maintaining Addison as a choice location for living, working, entertainment and tourism. City officials are well aware of the constraints that existing development and rights-of-way pose in the accommodation of increasing traffic volumes. This factor must be taken into account as part of the MTP update.

Much has also changed since the adoption of the last MTP relative to multi-modal transportation efforts in the region. Most current transportation plans in the metroplex now include standards and accommodations for pedestrians, cyclists, and transit rider connectivity. To reinforce the importance of these multi-modal mobility options as part of the solution to future traffic congestion and air quality problems, one of the changes recommended in this effort will be to rename the revised plan as the Master Transportation Plan (MTP) since it will ultimately address more than just thoroughfares.

The Town of Addison has been at the forefront of recognizing and responding to changes and trends in the transportation industry. Developing and codifying the appropriate standards will allow City officials, developers and citizens the ability to plan for and implement the changes necessary to address Addison's transportation challenges. The following tasks are proposed to conduct an update of the existing Master Thoroughfare Plan:

kimley-horn.com | 12750 Merit Drive, Suite 1000, Dallas, TX 75251 | 972-770-1300

EXHIBIT A

Task 1: Project Management/Staff Coordination

This task involves project management, coordination and periodic meetings between the Consultant Team and Staff to support the transportation plan process. At the outset of the plan, a kick-off meeting will be held to define points of contact, schedule, identify initial project needs and data sources, discuss methodological approach to the project and tour the study area.

Monthly meetings with Staff will occur via the Lync online meeting system or in-person for the purpose of discussing progress, issues and upcoming tasks. Monthly progress reports will be submitted specifying works tasks completed to date.

Task 2: Collect and Analyze Data and Transportation Conditions

Collect the following data for analysis:

- Current NCTCOG Travel Demand Model (TDM) base year and forecast year model networks and demographics by Travel Survey Zone (TSZ)
- Traffic data from the Town of Addison, such as 24-hour counts and/or turning movement counts (City to provide latest data)
- Relevant GIS data pertaining to transportation issues in Addison

The project team will use the data collected to analyze current transportation conditions in the Town of Addison. The following deliverables will be produced in this task:

- Base year/forecast year traffic conditions maps
- Traffic count map
- Existing bicycle and pedestrian infrastructure map
- Existing transit map

Task 3: Multi-modal Design Standards

The data collection efforts in Task 2 will assist in identifying system needs and serve as a basis for roadway and multimodal integration recommendations on key corridors within the City.

Functional Street Classifications:

The Town of Addison currently has 5 classifications of thoroughfares: Principal Arterial, Minor Arterial, Commercial Collector, Residential Collector and Residential Local. This task will include research of national best practices and industry standards and recommendations for updates to the existing classifications and/or the addition of new functional street classifications as part of the plan update. Context Sensitive Design considerations, which take into consideration community goals/values and surrounding conditions, will be incorporated into the recommendation for all transportation modes. A cross section and plan view will be developed for each street classification.

EXHIBIT A

Corridor Cross Sections

- The MTP plan will apply the updated functional street classifications within the Town and test Context Sensitive recommendations by creating a preliminary schematic and cross sections for 1,200 feet of five key corridors identified by staff after the first Community Meeting and Advisory Committee Meeting.

Traffic Calming Applications

The Consultant Team will work with Staff to develop applications for traffic calming on key corridors throughout the Town of Addison. The purpose of this process is to develop a set of techniques which could be applied as the City chooses to meet traffic calming objectives in specific situations. Traffic calming best practices will also be included to demonstrate all of the different applications of traffic calming techniques. The design of traffic calming treatments for specific locations will not be a part of this project.

Design Criteria Manual Revision

The update will explore how the new functional street classifications and cross sections can be incorporated into the Town's Design Criteria Manual. A list of necessary revisions to the Design Criteria Manual will be produced and a process will be created to implement the changes.

Road Diets

The final plan will recommend potential road or lane diets as a means of utilizing existing street right-of-way more effectively for other transportation purposes.

Pedestrian, Bicycle and Transit Connectivity

The final plan will include a new map of the existing trail system, including opportunities for improved connectivity for pedestrians and cyclists—trails, bike lanes, related amenities—and potential cross sections for these types of facilities. Potential pedestrian/bicycle connections between City parks will be incorporated into the plan and criteria for the location of on-street and off-street bike lanes will be recommended. Issues regarding DART service to the Vitruvian area will be explored and the design for bus stops, shelters, and other pedestrian amenities will be reviewed as part of this effort.

Note

This project will not include a detailed analysis of Addison Airport except to consider the impacts of the airport on surface transportation issues.

EXHIBIT A

Task 4: Public Involvement

Community Workshops (2):

The Consultant Team will prepare for and conduct two workshops aimed at collecting input from the community to be used in the update of the Master Transportation Plan. A variety of means and methods will be used to gather information.

Two Community Workshops will be held. Between the first and second Community Workshop, an Advisory Group will meet to confirm and add to input received at the first Workshop. After the second Workshop, the Advisory Group will meet again to provide input and to review the Consultant Team's approach to the issues raised prior to finalizing the plan for presentation to the City Council. At the option of the City, a web-based engagement can be included so that persons who want information but do not attend the Community Workshops can provide their ideas and opinions. A general description of the Public Involvement component of the project is described below. A more detailed Public Involvement Plan will be developed once the overall scope has been accepted by the Town.

Community Workshop 1

The Consultant Team will facilitate a community event early in the update process to explain the purpose of the project, introduce the study process and the planning team, provide information about existing conditions and solicit community input about issues related to transportation. The first event will likely consist of a presentation and an open house to allow attendees to view boards, maps and exhibits conveying information about existing conditions and concepts and to take part in activities aimed at gathering ideas and opinions.

The City will take the lead on notification, venue selection and room set-up. If desired, the Consultant Team will assist with drafting up verbiage which could be included in the notification.

The Consultant Team will develop the agenda and meeting materials, conduct the workshop, document comments from participants and prepare a brief report summarizing the event, number of attendees and feedback received.

Community Workshop 2

The Consultant Team will present the Preliminary Draft Transportation Plan, incorporating comments from the first workshop and meetings with the Advisory Group. The purpose of this workshop will be to test the Preliminary Draft with the community prior to Public Hearings at the P&Z Commission and City Council. This event will probably be conducted in a format similar to the first workshop, but can be modified, if necessary.

The City will take the lead on notification, venue selection and room set-up. If desired, the Consultant Team will assist with drafting up verbiage to be included in the notification.

EXHIBIT A

The Consultant Team will develop the agenda and meeting materials, conduct the workshop, document comments from participants and prepare a brief report summarizing the event, number of attendees and feedback received.

Advisory Group Meetings (2)

The Town of Addison will appoint an Advisory Group representing various perspectives in the City—residents, business owners, property owners, for example. The Advisory Group members will provide input, review and direction for the MTP update. The Consultant Team will meet with the Advisory Group after each of the Community Workshops.

Advisory Group Meeting 1:

The purpose of the first meeting will be to briefly review the update process (and introduce the Consultant Team for those not in attendance at Community Workshop 1), provide information on existing conditions, describe feedback from Community Workshop 1 and solicit the Advisory Group's input on critical transportation issues in Addison.

The City will take the lead on notification, venue selection and room set-up. If desired, the Consultant Team will assist with drafting up verbiage to be included in the notification.

The Consultant Team will develop the agenda and meeting materials, conduct the meeting, document the Group's input and prepare a brief report summarizing the feedback received.

Advisory Group Meeting 2:

At the second Advisory Group Meeting, the Consultant Team will present a Preliminary Draft Transportation Plan incorporating feedback from the first Advisory Group Meeting, Community Workshop 2 and Addison Staff, and ask the Group to weigh-in on the Draft Plan prior to refinement for presentation to the P&Z and Council.

The City will take the lead on notification, venue selection and room set-up. If desired, the Consultant Team will assist with drafting up verbiage to be included in the notification.

The Consultant Team will develop the agenda and meeting materials, conduct the meeting, document the Group's input and prepare a brief report summarizing the feedback received.

Web-Based Engagement

The web and other online tools can increase the opportunities for participation in a public process, particularly for persons who want to contribute but are unable to attend a public meeting or prefer not to. Online methods may also encourage participation from segments of the community that might not engage otherwise. The final components of the web strategy will be determined in consultation with the City and included in the Public Involvement Plan. For this project the most appropriate tools would include:

EXHIBIT A

Online Surveys

An online survey utilizing the City's survey mechanism (for example, *SurveyMonkey)* to allow individuals to share their thoughts and opinions about transportation issues in Addison. Sometime around Community Workshop 1, the Consultant Team will create a survey for dissemination to residents and business owners regarding the transportation conditions in Addison. The feedback will be gathered early on in the process to help guide the recommendations developed throughout the planning process. The survey could be taken at the time and place of the participant's choosing.

The City would be responsible for outreach of the survey, which could include a link on the project website, the City's homepage or the City's electronic newsletter, and sent via email to the Advisory Group. The Consultant Team will generate the content of the survey for review by City Staff prior to posting of the survey; the survey will be posted and monitored by Staff. At the end of the survey, the results could be downloaded and provided to the Consultant Team to be summarized and incorporated into the presentation at the Community Workshop(s), the Advisory Group Meetings, and in the Public Hearings and Council briefing as appropriate. This scope assumes one survey will be developed by the Consultant Team as part of this project and the timeline for the posting and closure of the survey will determined by City staff.

Webpage

If the City chooses, a website for persons interested in this project could provide general information—background, notice of meetings, general information—in a timely and efficient manner to people with all types of interest and involvement in Addison—residents, business owners, property owners, commuters. It could accessed through the City's main page and be used to post workshop information, presentations, and reports, including the final recommendation and the adopted MTP. If the City decides to create a webpage, the Consultant Team can provide relevant content for the site. The site itself would be created and maintained by City staff.

Task 5: Public Hearings and Adoption

Council Briefings, Public Hearings and Adoption

A plan for streets and thoroughfares is an important component of a community's overall master plan/ comprehensive plan, and the ultimate outcome of this process is the adoption of an updated Master Transportation Plan. The adoption process will include a briefing of the City Council, public hearings before the P&Z and City Council and the adoption of an ordinance.

City Council Award of Contract

Key members of the consultant team will attend the meeting of the City Council where the contract for the project is awarded. The consultant team members will not be involved in

EXHIBIT A

developing the staff presentation but will be available to answer questions from the Council during the meeting, if any.

City Council Briefing 1

Near the end of the update effort, but prior to the P&Z Public Hearing, the Draft Master Transportation Plan, including the background for preparation of the plan—feedback from the Community Workshops, Advisory Group meetings, input from the online surveys—will be presented to the City Council. Refinements requested by the Council will be incorporated into the Draft Plan prior to the P&Z hearing.

City Council Briefing 2 (Optional Task 1)

Second briefing of the City Council, at the discretion of Staff, to address issues that arise during the process or to update the Council on progress. Staff will determine the need for the briefing as well as the date and time and identify issues for discussion in cooperation with the Consultant Team.

P&Z Public Hearing

The project manager and the lead transportation engineer will attend the P&Z Public Hearing and, if desired by the City, present the outcomes and recommendations of the Final Draft Plan. After the P&Z Hearing, any necessary changes will be incorporated into the draft prior to presentation to the City Council.

City Council Public Hearing

The project manager and the lead transportation engineer will attend the City Council Public Hearing and, if desired by the City, present the outcomes and recommendations in the Final Draft Plan. After the Council Hearing, any necessary changes will be incorporated into the draft prior to adoption of the final ordinance.

Adoption

The City will be responsible for preparing the ordinance and attending any City Council meetings necessary as part of the adoption process.

Task 6 – Documentation

Map and Report

A Final Draft MTP map and report will be prepared and presented to the P&Z and Town Council to facilitate the Public Hearing process.

EXHIBIT A

Kimley»Horn

Map and Roadway Sections

The Master Transportation Plan will be summarized on a single map depicting roadways by functional classification throughout the Town of Addison. Roadway section graphics will detail the composition of each functional class facility. Sample sections for bike lanes and trails will also be included.

Report

The MTP update process will be summarized in a concise report supporting the recommended Plan. The report will address existing conditions, technical background and results, feedback from the Community Workshops, Advisory Group meetings and online survey, and the Final Plan, including a set of multi-modal design standards.

Deliverables

Electronic files of the final updated MTP map, exhibits and report (PDF format) will be provided to the Town for reproduction and dissemination, as desired. Shape files will be included.

Schedule

It is anticipated that the works tasks will take approximately 7 months to complete from the notice to proceed, with approximately 2 months thereafter for the approval process. A more detailed preliminary schedule is attached.

Budget

Task		Budget
Task 1	Project Management/Staff Coordination	$5,801.00
Task 2	Collect Data and Analyze Transportation Conditions	$5,613.00
Task 3	Multi-modal Design Standards	$34,298.00
Task 4	Public Involvement	$12,341.00
Task 5	Public Hearings and Adoption	$4,738.00
Task 6	Documentation	$12,622.00
Total without Optional Task 1		**$75,413.00**
Optional Task 1	Optional Additional Council Briefing	$1,184.00
Total with Optional Task 1		**$76,597.00**

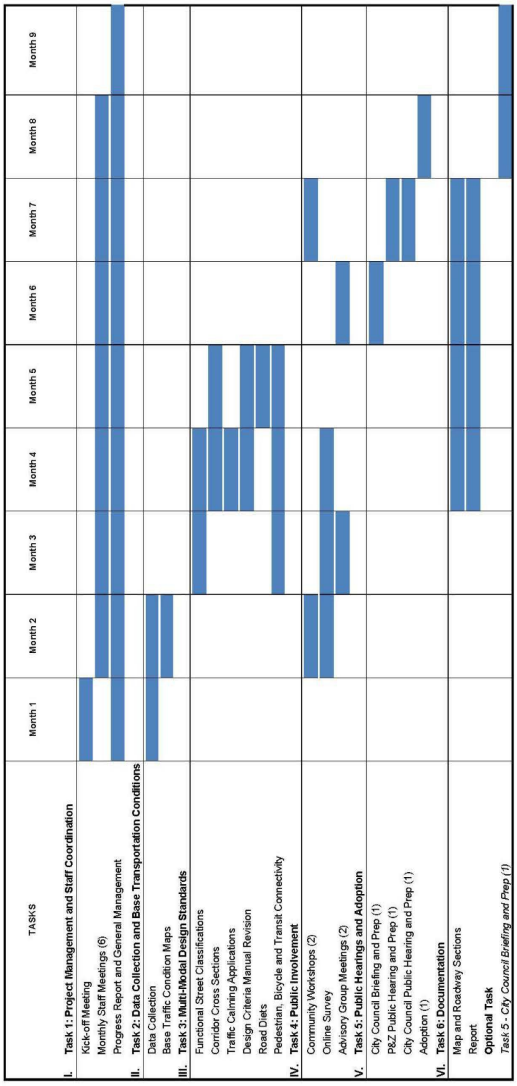
EXHIBIT A

EXHIBIT A

PROJECT SCHEDULE

Addison Master Transportation Plan Update

Kimley-Horn and Associates, Inc. / Prologue Planning Services



9/16/2015

1 of 1

Attachment D

EXHIBIT A

AI-1392 **Item # 10.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Parks & Recreation

AGENDA CAPTION:

Consider **Authorizing The City Manager To Approve Final Payment to Lea Park and Play, Inc. For The Purchase And Installation Of the Les Lacs Park Playground System** In An Amount No To Exceed $9,969.70.

BACKGROUND:

This project involved demolition of the existing twenty-year old playground structure and surfacing and replacement with a new playground system, including a shade structure and poured-in-place safety play surface. This is a request to make final payment of the 5% retainage held out of the total contract amount, now that all of the work and punch list items are complete.

The original budgeted amount in the Infrastructure Investment Fund was $200,000. The total contract amount was $199,394, which includes a change order to fund one additional piece of play equipment totaling $4,631.

RECOMMENDATION:

Lea Park and Play completed the improvements and punch list items within the calendar days allotted and within the project budget. Administration recommends making final payment for a project well done.

The attachments include the Final Payment Application and warranty information.

Fiscal Impact

Budgeted Yes/No: Yes

Funding Source: Infrastructure Investment Fund

Amount: $9,969.70

Attachments

Payment Application

Warranty

Warranty for Service

APPLICATION AND CERTIFICATE FOR PAYMENT

To Owner: Town of Addison
5350 Belt Line
Addison, TX 75254

Project: Les Lacs Linear Park North
3900 Beltway Drive
Addison, TX 75001

Application No. #2
Date: 10/28/2015

From
Sub-Contractor: Lea Park & Play, Inc.
1701 N. Greenville Ave., Suite 508
Richardson, TX 75081

Contract No: 15-25

SUB-CONTRACTOR'S APPLICATION FOR PAYMENT

Application is hereby made for Payment, as shown below, in connection with the Contract, Contract Continuation Sheet(s), as attached.

1.	ORIGINAL CONTRACT AMOUNT		$194,763.00
2.	Net Change by Change Order(s)		$4,631.00
3.	CONTRACT SUM TO DATE (line 1 +2)		$199,394.00
4.	TOTAL COMPLETED & STORED TO DATE (Column G on G703)		$199,394.00
5.	RETAINAGE		
	A. 5% Of Completed Work:	$9,969.70	
	B. 5% Of Stored Materials:		
	Total Retainage (line 5a + 5b or Total in Column I of G703)		$9,969.70
6.	TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total)		$189,424.30
7.	LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)		$0.00
8.	CURRENT PAYMENT DUE		$189,424.30
9.	BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6)		$9,969.70

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total Changes approved in previous months by Owner	$4,631.00	
Total Approved this Month		
TOTALS	$4,631.00	
NET CHANGES by Change Order	$4,631.00	

The undersigned Contractor certifies that to the best of the Contractors knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

SUB-CONTRACTOR:
By: David Lea Date: 10/28/15
State of: Texas
County of: DALLAS

Subscribed and sworn to before me
this 28 day of OCTOBER, 20 15

Notary Public: S. Janay Queen

STEPHANIE JANAY QUEEN
Notary Public, State of Texas
My Commission Expires
January 07, 2018

My Commission expires: 1/7/18

ARCHITECTS CERTIFICATE FOR PAYMENT

In accordance with Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of their knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED.....

(Attach explanation if the amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount.)

By: _____ Date: _____

This certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CONTINUATION SHEET

AIA DOCUMENT G703

APPLICATION AND CERTIFICATION FOR PAYMENT, containing Contractor's signed certification is attached.

In tabulations below, amounts are stated to the nearest dollar.

Use Column I on Contracts where variable retainage for line items may apply.

Town of Addison - Les Lacs Linear Park North

APPLICATION NO: 32
APPLICATION DATE: 10/28/2015
PERIOD TO: 10/28/2015
ARCHITECT'S PROJECT NO: 15-25

A	B	C	D	E	F	G		H	I
ITEM NO.	DESCRIPTION OF WORK	SCHEDULED VALUE	WORK COMPLETED FROM PREVIOUS APPLICATION (D+E)	WORK COMPLETED THIS PERIOD	MATERIALS PRESENTLY STORED (NOT IN D OR E)	TOTAL COMPLETED AND STORED TO DATE (D+E+F)	% (G÷C)	BALANCE TO FINISH (C-G)	RETAINAGE (IF VARIABLE RATE)
	Les Lacs Linear Park North - Playground Renovations								
1A	Installation: Removal & Disposal of Existing Equipment	$16,000.00		$16,000.00		$16,000.00	100.00%		$800.00
2A	Playground Equipment (Delivered & Installed)	$65,661.00		$65,661.00		$65,661.00	100.00%		$3,283.05
3A	Duraplay Poured-In-Place Safety Surfacing	$82,322.00		$82,322.00		$82,322.00	100.00%		$4,116.10
4A	SunPorts Shade Structure (Delivered & Installed)	$25,411.00		$25,411.00		$25,411.00	100.00%		$1,270.55
5A	Bonding	$6,000.00		$6,000.00		$6,000.00	100.00%		$300.00
6A	Registered Accessibility Specialist - TAS Review	$2,500.00		$2,500.00		$2,500.00	100.00%		$125.00
7A	Temporary Fencing	$1,500.00		$1,500.00		$1,500.00	100.00%		$75.00
	GRAND TOTALS	$199,394.00	$0.00	$199,394.00	$0.00	$199,394.00		$0.00	$9,969.70

Users may obtain validation of this document by requesting of the license a completed AIA Document D401 - Certification of Document's Authenticity

little tikes COMMERCIAL

Play Structures

LIMITED PRODUCT WARRANTY

Revised December 31, 2014

Subject to the limitations, exclusions and provisions set out herein, PlayPower LT Farmington, Inc. warrants its products, under normal use and proper maintenance, as follows:

Limited One-Year Warranty – On all products against failure due to defects in material and workmanship.

Limited Warranty For As Long As You Own The Product - On all aluminum posts, steel posts, stainless steel hardware and KidBuilders® steel clamps against structural failure due to corrosion and defects in materials and workmanship.

Limited 50-Year Warranty - On the impact attenuation performance of LandSoft® Rubber Mulch safety surfacing when maintained to Little Tikes Commercial Play Structures specifications.

Limited 15-Year Warranty - On all rigid main play structure plastic, steel, and vinyl coated components against structural failure due to corrosion and defects in materials and workmanship.

Limited 10-Year Warranty - On all ShadeBuilders® steel frames against failure due to defects in materials and workmanship.

Limited 10-Year Warranty - On LandSoft® Rubber Mulch color steadfastness.

Limited 10-Year Warranty - On all Naturtek™ products against failure due to defects in materials and workmanship.

Limited 8-Year Warranty - On the impact attenuation performance and appearance of LandSoft Synthetic Turf safety surfacing when maintained to Little Tikes Commercial Play Structures specifications.

Limited 5-Year Warranty - On all ShadeBuilders® fabric due to rot, UV deterioration (shades of red are limited to 3 years) or defective workmanship

Limited 5-Year Warranty - On all coated steel rope cables and Matrix® steel cables against structural failure due to corrosion and defects in materials and workmanship.

Limited 5-Year Warranty - On all Clever Climbers™ polyethylene slides, enclosures, main structure, decks, and plastic components against failure caused by defects in materials and workmanship.

Limited 3-Year Warranty - On KidTiles®, KidTimbers® Border Panels, Playground Sculptures and all KidRiders® products (excluding spring assemblies) against structural failure due to defects in materials and workmanship.

Limited 1-Year Warranty - On all Learning Lab™ Sensory Tables and Tot Tree plastic components against failure caused by defects in materials and workmanship.

Limited 1-year Warranty - against structural failure due to defects in materials or workmanship for all products and components that are not specifically listed above, including, without limitation, all moving parts, such as swing bearings, chains, trolleys, springs, flexible climbers, and play panel mechanisms.

LIMITATIONS, EXCLUSIONS AND ADMINISTRATION

1. The warranty periods set out above shall begin on the date products are shipped from Seller's facility. Repaired and/or replaced products are warranted through the expiration of the original warranty period.

2. Seller's Limited Warranty extends only to the original purchaser/end user of products from Seller or Seller's authorized reseller ("Original Purchaser"). It is not transferable to anyone who subsequently purchases products from the Original Purchaser.

3. Seller's Limited Warranties specifically do not cover defects and damages caused by: normal wear and tear, such as scratches, dents, mars, rope fray, color fade and surface rust; improper installation and assembly, use, service and/or maintenance inconsistent with Seller's instructions and product specifications; unauthorized product modification and/or alteration; improper repair; neglect, abuse or vandalism; severe weather and natural disaster.

4. Seller's sole obligation relative to the above stated warranties is to provide replacement parts, products and materials only. Seller is expressly not required to cover labor charges or costs related to removal, repair, replacement, installation, service or handling of parts, products, or materials. .

5. All warranty claims for covered products occurring within the above stated warranty periods must be submitted by Buyer in writing to Seller within thirty (30) days from the date of discovery of the alleged defect, and must include a detailed description and photographs of the alleged defect or problem. Warranty claims should be directed to:

PlayPower LT Farmington, Inc.
Attn: Customer Service
PO Box 897
Farmington, MO 63640
Phone: 800.325.8828
Facsimile: 573.760.7468
Email: warranty@ltcps.com

Seller may elect, in its sole discretion, to inspect the alleged defect(s) at Buyer's site or at Seller's facility. Buyer shall not return parts to Seller until authorized by Seller to do so. Authorized returns to Seller's manufacturing facility in Monett, Missouri must be properly packaged and shipped prepaid and insured, at Buyer's expense. After inspection and verification of warranty coverage, repaired or replacement parts and products shall be shipped to Buyer at Seller's expense. Buyer agrees that venue for any court action to enforce these limited warranties shall be in Barry or Greene Counties in the State of Missouri.

6. The above warranty is for repair or replacement only. Except to that limited extent, Seller shall not under any circumstance be liable for any loss, cost, damage or expense of any kind arising out of breach of this warranty or otherwise. Without intending to limit the foregoing sentence, it is specifically provided as follows: SELLER SHALL NOT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES, OR ANY LOSS OF REVENUE, PROFIT OR USE, ARISING OUT OF A BREACH OF THIS WARRANTY OR IN CONNECTION WITH THE SALE, INSTALLATION, MAINTENANCE, USE, OPERATION OR REPAIR OF ANY PRODUCT. IN NO EVENT WILL SELLER BE LIABLE FOR ANY AMOUNT GREATER THAN THE PURCHASE PRICE OF A DEFECTIVE PRODUCT.

7. THE FOREGOING LIMITED WARRANTY IS THE SOLE AND EXCLUSIVE WARRANTY FOR SELLER'S PRODUCTS, AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, IN LAW OR IN FACT. SELLER SPECIFICALLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE OR PURPOSE, AND ANY IMPLIED WARRANTIES ARISING OUT OF COURSE OF DEALING OR PERFORMANCE OR TRADE USAGE.

ADDITIONAL ORDER POLICIES

Prices: Published prices are subject to change without notice. All orders are subject to approval by PPLT. All prices are in U.S. dollars. Product prices are FOB Monett, Missouri and do not include freight – freight charges will be added to product prices. Lease purchasing options are available through the Lease Program.

Invoice Terms: Net 30 Days. Finance charge of 11/2 % per month or maximum allowable by law will be added to past due balance.

Sales Tax: Will be added to the invoice except when a tax exempt certificate is furnished.

Freight Charges: Products are shipped FOB Monett, MO, Pre-Pay and Add. For orders from Municipalities, Government Agencies, School Systems and Businesses (listed favorably with Dunn & Bradstreet), freight will be prepaid and added to the invoice in accordance with PPLT's standard freight rate chart. For orders that are to be prepaid, please contact our Sales Department for a firm freight quote before sending your prepaid order.

Weights: Shown as approximate and include packing materials

Delivery Terms: Within the United States, F.O.B. Monett, MO. For Exports (overseas shipments), typically shipments are EXW (Ex Works Factory) Monett, MO, USA. Consult the PPLT Sales Department for special terms and desired arrangements. Ocean and air freight options are available.

Loss or Damage in Transit: A signed bill of lading is our receipt from a carrier that our shipment to you was complete and in good condition. Before you sign, please check this bill of lading carefully when the shipment reaches you to make sure there are no damages or shortages. Once the shipment leaves our plant, we are no longer responsible for any damage, loss or shortage. All claims for loss or damage to product should be reported immediately to our Customer Service Department. All claims for product damage and shortage via common carrier must be promptly made by consignee (customer) direct to PPLT's Customer Service Department. When reporting damage, be sure to hold all containers and packing materials for inspection (claims should be filed within 15 days of receipt of shipment).

Cancellations and Returns: Cancellations will be accepted upon written notification at our offices. Returns will be accepted only when freight charges are prepaid, insured, and we have expressly authorized the return. Please provide invoice number, invoice date, and reason for your return. Parts not included are custom parts, as well as used or damaged parts. There will be a restocking fee for all returned orders and on canceled orders.

Specifications and Product Appearance: PPLT has a policy of continuous product improvement and reserves the right to discontinue or change specifications or product appearance without written notice.

Freight Carrier Information: All freight is shipped unassembled via UPS (if able) or common carrier. On all common carrier shipments, the customer is responsible for unloading. Inside delivery is available for an additional charge.

Commitment to Safety
Nothing is more important than a safe, positive play environment for children to play. Our commitment to providing this positive environment starts with meeting and/or exceeding compliance with the performance safety specifications established by organizations such as ASTM, CPSC, CSA and EN. Beyond compliance, we are an active participant in many of these standard writing bodies providing input into the standard development process. Our associates and representatives have the knowledge and experience to provide positive play designs that provide the challenge and play value for all children.

Commitment to the Environment
Protecting and preserving the environment for our children's future is a priority of everyone at PlayPower LT Farmington, Inc. We are committed to closing the recycling loop by using pre-consumer recycled material wherever possible and ensuring nearly everything we make can be recycled back into the environment. From steel and aluminum to rubber and plastic, almost everything we make uses some amount of recycled material. By installing a Little Tikes Commercial Play Structures play structure we are all doing our part to ensure a better world for our children.

GUIDELINES AND STANDARDS

The Consumer Product Safety Commission (CPSC) created playground safety guidelines to help local communities, schools, day care centers, corporations and other groups build safe playgrounds. The Handbook for Public Playground Safety includes safety guidelines for designing, constructing, operating and maintaining public playgrounds.
U.S. Consumer Product Safety Commission
Washington, D.C. 20207
E-mail: info@.gov
www.CPSC.gov

ASTM
The American Society for Testing and Materials (ASTM) is an independent world renowned developer of technical standards utilized in testing products. Standard Consumer Safety Performance Specifications for Playground Equipment for Public Use, F1487 & F2373 establishes nationally recognized safety standards for public playground equipment.
American Society for Testing and Materials
100 Barr Harbor Drive
West Conshohocken, PA 19428-2959
E-Mail: service@astm.org

CSA
Canadian Standard Association (CSA) is an independent organization whose mission is to provide an open and effective forum for activities facilitating the development of standards to meet national needs. The CSA Standard CAN/CSA-Z614, A Guideline on Children's Playspaces and Equipment was approved.
Canadian Standard Association
5060 Spectrum Way Suite 100
Mississauga, Ontario, Canada L4W 5N6
1-800-463-6727
www.csa.ca

TÜV Product Service
TÜV Product Service is a world renowned leader in testing and certification activities. European Standard EN1176 is the most up-to-date combined European Standard for Commercial Playground Equipment. Use of the TÜV certification mark is evidence to the customer of product quality and compliance to stringent safety standards.
TÜV SÜD America
10 Technology Drive
Peabody, MA 01960
www.TUVamerica.com

CPSIA is the federal law mandating acceptable levels of various substances used in the manufacturing process for products used by children under the age of twelve. Insist on CPSIA compliance.

ASTM-F1487 CAN/CSA-Z614 EN1176
KidBuilders®, SkyBuilders™, PlayBuilders®, MaxPlay® Systems and Clever Climbers™ play equipment has been tested to be in conformance with safety requirements and standards set forth by ASTM F1487, CAN/CSA - Z614 and EN1176

When installed according to our layout drawings and installation instructions, KidBuilders, SkyBuilders, PlayBuilders, MaxPlay Systems and Clever Climbers play equipment meet guidelines as defined in the U.S. Consumer Product Safety Commission's Handbook for Public Playground Safety and the Canadian Standard CAN/CSA-Z614.

KidBuilders, PlayBuilders, MaxPlay Systems, Clever Climbers and Spring Riders have been certified to the EN 1176 by TÜV Product Service GMBH.

IPEMA MEMBER INTERNATIONAL PLAY EQUIPMENT MANUFACTURERS ASSOCIATION

PlayPower LT Farmington, Inc. is a member in good standing of IPEMA, the International Play Equipment Manufacturers Association. IPEMA is a member-driven international trade organization that represents and promotes an open market for manufacturers of play equipment.

In the interest of playground safety, IPEMA provides a Third Party Certification Service whereby a designated independent laboratory validates a participant's certification of conformance to ASTM F1487, Standard Consumer Safety Performance Specification for Playground Equipment for Public Use, except sections 7.11, 10 & 12.6.1; CAN/CSA Z614, Children's Playspaces and Equipment, except clauses 9.5, 10 & 11; or both. The use of the corresponding logo in Little Tikes Commercial Play Structures catalog signifies that Little Tikes Commercial Play Structures has received written validation from the independent laboratory that the product(s) associated with the use of the logo conforms with the requirements of the indicated standard. Check the IPEMA website (www.ipema.org) to confirm product validation.

Validation is an ongoing process as new products are certified and released.
Please contact your local representative for an updated listing or visit our web site at www.littletikescommercial.com

IPEMA CERTIFIED TO ASTM F1487

IPEMA CERTIFIED TO CAN/CSA-Z614

Intertek

PlayPower LT Farmington, Inc. Is certified to ISO 9001:2008 & ISO 14001:2004

TÜV EN 1176

GSA Contract # GS07F6384A

AWS American Welding Society Certified D1.1

CWB CERTIFIED CSA W47.1 Canadian Welding Bureau Certified

Limited Service Warranty

In addition to the manufacturer's product warranty, Lea Park & Play Inc. provides a supplemental service warranty covering the labor for replacement of any warranted products installed by Lea Park & Play, Inc. For the duration of the product warranty period, any products to be replaced under the manufacturer's warranty will be removed and reinstalled by Lea Park & Play, Inc. at no cost to the customer. This service warranty is to provide peace of mind to our customers so they will not have any out of pocket costs for warranty items. The fact that we only sell the highest quality products makes it possible for us to provide this service.

AI-1393 **Item # 11.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Finance

AGENDA CAPTION:

Consider And Approve An **Ordinance Amending Chapter 2, Article IV, Division 2 Of The Code Of Ordinances, Regarding The Town's Investment Policy.**

BACKGROUND:

This ordinance will update the Town's Investment Policy criteria. Two items will be changed in the ordinance which provide an update to our investment policy regarding investment officer bonding amounts and required training hours.

The Public Funds Investment Act (PFIA) requires the Council to annually review and approve an investment policy for the Town. The Town's investment advisor, First Southwest Asset Management (FSAM), has assisted administration with the development and review of the proposed investment policy. Administration is recommending an update to our investment policy regarding investment officer bonding and required training hours. The investment officer bonding is recommended to change to $250,000, which is consistent with municipal best practices across the Dallas metro area, and satisfies Town policy of ensuring investment officers are bonded. The current policy of five percent of holdings would require bonding at unsustainably high levels of expenditures for bonding fees. Additionally, administration is recommending a reduction in required training hours from ten to eight hours per two fiscal years, which recognizes a change in state law per House Bill 870, effective September 1, 2015, by the same amount.

RECOMMENDATION:

Administration recommends approval.

Attachments

Ordinance

TOWN OF ADDISON,TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING SECTION 2-204 OF THE CODE OF ORDINANCES REGARDING THE MINIMUM AMOUNT OF FIDELITY BONDS FOR THE CHIEF FINANCIAL OFFICER AND THE CHIEF FINANCIAL OFFICER'S DESIGNEES, AND REGARDING THE MINIMUM NUMBER OF TRAINING HOURS RELATING TO INVESTMENT OFFICER RESPONSIBILITIES; PROVIDING FOR SAVINGS, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Town of Addison, Texas ("City") has adopted a written investment policy and a separate written investment strategy in accordance with Section 2256.005, Tex. Gov. Code, and the policy and the strategy are included in Chapter 2, Article IV, Division 3 of the Code of Ordinances of the City; and

WHEREAS, Section 2256.005(e) provides that the governing body of an investing entity must review its investment policy and investment strategies not less than annually, and adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies, and the written instrument must record any changes made to either the investment policy or investment strategies; and

WHEREAS, the Texas Legislature, during its 83rd regular session (2013), adopted Senate Bill No. 581 that amended portions of Chapter 2257 of the Texas Government Code (the Public Funds Collateral Act); and

WHEREAS, the City Council has reviewed the City's investment policy and investment strategy, and, in accordance with Senate Bill No. 581, makes changes thereto as set forth in this Ordinance.

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

Section 1. The recitals set forth above are true and correct and incorporated as if fully set forth herein.

Section 2. Section 2-204 (Delegation of Authority), of the Code of Ordinances of the Town of Addison, Texas is amended to read as follows (additions to the Code are underlined; deletions are ~~struck- through~~):

Section 2-204.- Delegation of Authority.

(a) . . .

(b) With written approval from the City Manager, the CFO may delegate any phase of the investment management program to any of the Investment Officers. Such approval shall state specifically the functions such person is authorized to perform

or that the person is authorized to perform all activities of the CFO under this Policy. The CFO shall obtain and maintain, at the Town's expense, fidelity bonds for himself and each of his designees in amounts determined adequate by the CFO (which shall not be less than ~~five percent of the amounts subject to this policy~~ $250,000) for each fiscal year as shown by the approved budget. No person may engage in an investment transaction except as provided under the terms of this Policy and the internal procedures established by the CFO. A current list of persons authorized to transact investment business and wire funds on behalf of the Town shall be maintained by the CFO.

(c) . . . .

(d) . . . .

(e) The CFO and all Investment Officers shall attend at least one training session relating to the treasurer's or officer's responsibilities within 12 months after taking office or assuming duties; and attend a training session not less than once in a two-year period that begins on the first day of the Town's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than ~~10~~ 8 hours of training. Such training from an independent source shall be approved or endorsed by the Government Finance Officers Association, Government Finance Officers Association of Texas, Government Treasurers Organization of Texas, Texas Municipal League, or the North Central Texas Council of Governments to include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

Section 3. Savings; Repealer. This Ordinance shall be cumulative of all other ordinances of the City and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those ordinances are in direct conflict with the provisions of this Ordinance. Provided, however, that the repeal of such ordinances or parts of such ordinances, and the amendments and changes made by this Ordinance, shall not affect any right, property or claim which was or is vested in the City, or any act done, or right accruing or accrued, or established, or any suit, action or proceeding had or commenced before the time when this Ordinance shall take effect; nor shall said repeals, amendments or changes affect any offense committed, or any penalty or forfeiture incurred, or any suit or prosecution pending at the time when this Ordinance shall take effect under any of the ordinances or sections thereof so repealed, amended or changed; and to that extent and for that purpose the provisions of such ordinances or parts of such ordinances shall be deemed to remain and continue in full force and effect.

Section 4. Severability. The provisions of this Ordinance are severable, and if any section, subsection, sentence, paragraph, phrase, word, or provision of this Ordinance or the application of any section, subsection, sentence, paragraph, phrase, word, or provision hereof to any person, firm, corporation, entity, situation or circumstance is for any reason adjudged invalid or held unconstitutional by the valid judgment or decree of a court of competent jurisdiction, the same shall not affect the validity of any other section, subsection, phrase, word, or provision of this Ordinance or the application of any other section, subsection, sentence, paragraph, phrase, word, or provision to any person, firm, corporation, entity, situation or circumstance, and the City Council declares that it would have adopted

the valid portions of this Ordinance adopted herein without the invalid or unconstitutional section, subsection, sentence, paragraph, phrase, word, or provision, and to this end the remainder of this Ordinance shall remain in full force and effect.

Section 5. Effective Date. This Ordinance shall become effective from and after its passage and approval and its publication as may be required by law, including but not limited to the City Charter and ordinances.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas, this 10th day of November, 2015.

Todd Meier, Mayor

ATTEST:

By:
Laura Bell, City Secretary

APPROVED AS TO FORM:

By:
Brenda N. McDonald, City Attorney

AI-1394 **Item # 12.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Finance

AGENDA CAPTION:

Consider And Approve A **Resolution Adopting The Town Of Addison Investment Strategy For FY 2016.**

BACKGROUND:

The Public Funds Investment Act (PFIA) requires the Council to annually review the Town's investment policy (Exhibit A) and strategy (Exhibit B). The Town's investment adviser, First Southwest Asset Management, has assisted administration with the review and suggested changes to the investment policy which also requires an ordinance change. The investment policy ordinance is listed as a separate item, but reflects the same changes to the investment policy language proposed in the presented investment policy materials attached to this item.

Investment Policy: Administration is recommending an update to our investment policy regarding investment officer bonding and required training hours. The investment officer bonding is recommended to change to $250,000, which is consistent with municipal best practices across the Dallas metro area, and satisfies Town policy of ensuring investment officers are bonded. The current policy of five percent of holdings would require bonding at unsustainably high levels of expenditures for bonding fees. Additionally, administration is recommending a reduction in required training hours from ten to eight hours per two fiscal years, which recognizes a change in state law per House Bill 870, effective September 1, 2015, by the same amount. A listing of authorized broker/dealers are also included and required by the investment policy. These broker/dealers have meet all criteria outlined in the policy.

Investment Strategy: The investment strategy has been drafted to comply with all aspects of the PFIA. For FY 2016, administration is not recommending any change to our investment strategy. The investment strategy has the following priorities:

- Preservation and safety of principal
- Understanding the suitability of the investment to the financial requirements of the Town
- Liquidity
- Marketability of the investment if the need arises to liquidate the investment prior to maturity
- Diversification of the investment portfolio
- Yield

RECOMMENDATION:
Administration recommends approval.

Attachments

FY16 Investment Strategy - No Changes
Resolution

TOWN OF ADDISON

INVESTMENT STRATEGY

For

FY 2015-16

Adopted:
November 10, 2015

PREFACE

It is the policy of the Town of Addison that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and adopted Investment Policy.

In accordance with the Texas Public Funds Investment Act (Chapter 2256, Tex. Gov. Code), the City Council shall adopt Investment Strategy Statements that address the following priorities (in order of importance):

- Understanding the suitability of the investment to the financial requirements of the Town;
- Preservation and safety of principal;
- Liquidity;
- Marketability of the investment if the need arises to liquidate the investment prior to maturity;
- Diversification of the investment portfolio; and
- Yield

Effective investment strategy development coordinates the primary objectives of the Town's Investment Policy and cash management procedures with investment security risk/return analysis to enhance interest earnings and reduce investment risk. Aggressive cash management shall be utilized to increase the available "investment period" for all Town funds. Investment security maturity selections shall be based on cash flow requirements and market conditions to take advantage of interest earnings as viable and material revenue to all Town funds. The Town's portfolios shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

INVESTMENT STRATEGY

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines by fund-type are as follows:

Suitability – any investment eligible in the Investment Policy is suitable.

Safety of principal – all investments shall be of high quality securities with no perceived default risk. Market price fluctuations will, however, occur. By managing the weighted average days to maturity for the Operating fund portfolio to less than 270 days and restricting the maximum allowable maturity to five years, the price volatility of the overall portfolio will be minimized.

Liquidity – operating funds require the greatest short-term liquidity of any of the fund types. Short-term investment pools and money market mutual funds should provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability – securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market “spreads” between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification – investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the Town. When conditions are favorable, market cycle risk will be reduced by diversifying the appropriate maturity structure out to three years. Adhering to the Investment Policy’s maximum investment-type limits (Section IX. INVESTMENT LIMITS) should restrict the exposure of the fund to any one-market sector.

Yield – attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury bill portfolio should be the minimum yield objective. The Town's Chief Financial Officer ("CFO") may also compare the operating fund’s performance to other appropriate benchmarks.

The Investment Policy permits the Town to sell securities from time to time that it owns in order to better position its portfolio assets. Sales of securities prior to maturity shall be documented and approved by the CFO before such a transaction is consummated. Sales of securities, yielding net proceeds less than ninety-eight (98) percent of the book value of the securities, must be approved in advance and in writing by both the City Manager and the CFO.

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS ADOPTING AN INVESTMENT POLICY AND INVESTMENT STRATEGY FOR FISCAL YEAR 2015-2016; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Texas Public Funds Investment Act ("PFIA") requires the City Council of the Town of Addison, Texas ("City") to annually review the City's investment policy and strategy; and

WHEREAS, the City's investment advisor, First Southwest Asset Management, has assisted City Staff with the development of the investment policy and strategy that are attached to this Resolution; and

WHEREAS, the investment policy and strategy have been drafted to comply with all aspects of the PFIA; and

WHEREAS, for Fiscal Year 2015-2016, City Staff is not recommending any change in the City's investment strategy that has been previously adopted; and

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

Section 1. The recitals set forth above are true and correct and incorporated as if fully set forth herein.

Section 2. The City Council does hereby adopt and approve the Investment Policy for Fiscal Year 2015-2016 attached hereto as **Exhibit A**.

Section 3. The City Council does hereby adopt the investment strategy for Fiscal Year 2015-2016 attached hereto as **Exhibit B**.

Section 4. This Resolution shall take effect upon its passage and approval.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 10th day of November, 2015.

Todd Meier, Mayor

ATTEST:

Laura Bell, City Secretary

EXHIBIT A

TOWN OF ADDISON

INVESTMENT POLICY

For

FY 2015-16

Revised and Adopted:
November 10, 2015

EXHIBIT A

TOWN OF ADDISON, TEXAS
INVESTMENT POLICY

I. SCOPE

The Public Funds Investment Act, Chapter 2256, Texas Government Code, prescribes that each Town is to adopt rules governing its investment practices and to define the authority of the investment officer. The following Investment Policy addresses the methods, procedures, and practices which must be exercised to ensure effective and judicious fiscal management of the Town's funds. This Policy shall not apply to the selection, retention or other issues concerning the depositories of the Town's funds in demand and time deposits as provided under Chapter 105 of the Local Government Code.

This Policy shall apply to the investment and management of all funds of the Town under its control, other than those expressly excluded herein or by applicable law or valid agreement. This Policy shall not supersede the restrictions on investment and use applicable to any specific fund and, in the event of any conflict between this Policy and the requirements of any fund subject hereto, the specific requirement applicable to such fund shall be followed as well as all other provisions of this Policy other than those in conflict. The Employees Deferred Compensation Agency Fund is excluded from coverage under this Policy.

This Policy also requires the formal adoption of an "Investment Strategy Statement" that specifically addresses each of the Town's fund groups. Each Investment Strategy Statement will describe its objectives concerning:

a) Suitability of investment type
b) Preservation and safety of principal
c) Liquidity
d) Marketability of each investment
e) Diversification of the portfolio
f) Yield

In order to make effective use of the Town's resources, all monies shall be pooled into one investment bank account, except for those monies required to be accounted for in other bank accounts as stipulated by applicable laws, bond covenants or contracts. The income derived from this pooled investment account shall be distributed in accordance with the Town's internal procedures.

II. OBJECTIVES

The Town's principal investment objectives in order of priority are:

1. Conformance with all Federal regulations, State of Texas statutes and other legal requirements including the Town Charter and Town Ordinances, including this Policy

2. Preservation of capital and the protection of investment principal

3. Maintenance of sufficient liquidity to meet anticipated disbursement and cash flows

4. Diversification to avoid incurring unreasonable risks regarding securities owned

5. Attainment of a market rate of return equal to or higher than the performance measure established from time to time by the Chief Financial Officer of the Town which is commensurate with the acceptable risk and liquidity objectives of this Policy

III. DELEGATION OF AUTHORITY

The City Manager appoints the Chief Financial Officer (CFO) and the Chief Financial Officer's designee(s) as the "Investment Officers" of the Town. Direct management responsibility for the investment program is delegated by the City Council to the Chief Financial Officer (hereinafter referred to as the "CFO"). The Investment Officers' authority will at all times be limited by all applicable laws and regulations in effect from time to time and this Policy. The Investment Officers shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

With written approval from the City Manager, the CFO may delegate any phase of the investment management program to any of the Investment Officers. Such approval shall state specifically the functions such person is authorized to perform or that the person is authorized to perform all activities of the CFO under this Policy. The CFO shall obtain and maintain, at the Town's expense, fidelity bonds for himself and each of his designees in amounts determined adequate by the CFO (which shall not be less than $250,000) for each fiscal year as shown by the approved budget. No person may engage in an investment transaction except as provided under the terms of this Policy and the internal procedures established by the CFO. A current list of persons authorized to transact investment business and wire funds on behalf of the Town shall be maintained by the CFO.

The CFO shall develop and maintain written administrative procedures for the operation of the investment program consistent with this Policy. The controls shall be designed to prevent, identify and control losses of public funds arising from deviation from this Policy, fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and officers of the Town.

In the discretion of the City Council and in any event upon the termination or reassignment of any Investment Officer authorized to conduct transactions for the Town pursuant to this Policy, the authority of such person shall be revoked and such revocation of authority shall be immediately communicated by the CFO orally and in writing to each and every depository, broker/dealer, investment advisor, custodian and other agency or entity with whom the Town has any existing or continuing relationship in the management of its investments.

The CFO and all Investment Officers shall attend at least one training session relating to the treasurer's or officer's responsibilities within 12 months after taking office or assuming duties; and attend a training session not less than once in a two-year period that begins on the first day of the Town's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 8 hours of training. Such training from an independent source shall be approved or endorsed by the Government Finance Officers Association, Government Finance Officers Association of Texas, Government Treasurers Organization of Texas, Texas Municipal League, or the North Central Texas Council of Governments to include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

IV. INVESTMENT ADVISORS

The Town may, in the discretion of the CFO, and the approval of the City Council, appoint one or more Investment Advisors to assist the Town's financial staff in the management of the Town's funds. The Investment Advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an Investment Advisor. To be eligible for consideration, an Investment Advisor shall demonstrate to the CFO knowledge of, and experience in, the management of public funds. The CFO will satisfy himself as to the Advisor's qualifications by all appropriate means, including reference checks with the Advisor's other clients, the State Securities Board and the Securities and Exchange Commission. An appointed Investment Advisor shall act solely in an advisor and administrative capacity, within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of the Town.

Each Investment Advisor, appointed by the Town, shall agree that its investment advice shall at all times be given with the judgment and care, under circumstances then prevailing, which persons paid for their special prudence, discretion and intelligence, in such matters exercise in the management of their client's affairs, not for speculation by the client or production of fee income by the advisor or broker but for investment by the client with emphasis on the probable safety of the capital while considering the probable income to be derived.

Appointment of an Investment Advisor shall otherwise be according to the Town's normal purchasing procedures for selecting professional services. Any approved investment advisor may be terminated with the approval of the City Manager, if in the opinion of the CFO, the advisor has not performed adequately. The term of any Investment Advisor contract may not exceed five years. Any renewal or extension of the Investment Advisor contract must be made by the City Council by resolution.

V. STANDARD OF CARE

As provided for in the Public Funds Investment Act, the standard of care for the Town's investments shall be that such "investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The CFO and the Investment Officers shall recognize that the investment activities of the Town are a matter of public record.

The CFO and the Investment Officers, acting in accordance with written procedures and exercising the proper standard of care, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that this Policy and the CFO's procedures were followed. In determining whether the CFO or an Investment Officer has exercised the proper standard of care, all investments over which the individual had responsibility will be considered rather than a single investment.

VI. AUTHORIZED SECURITIES INVESTMENTS

Subject to any limitations otherwise imposed by applicable law, regulations, bond indentures or other agreements, (including but not limited to Chapter 2256 Texas Government Code, the Public Funds Investment Act), the following securities and deposits are the only ones permitted as investments for the Town's funds:

a. Direct obligations of the United States government with a maturity not to exceed five (5) years from the date of purchase; U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury Strips (book entry U.S. Treasury securities whose coupon has been removed).

b. Senior debt obligations with a maturity not to exceed five (5) years from the date of purchase issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). Mortgage-backed securities may be held as collateral although principal-only and interest-only mortgage-backed securities as well as all types of collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs) are expressly prohibited.

c. Bonds or other interest bearing obligations of which the principal and interest are guaranteed by the full faith and credit of the United States government, or fully insured by the Federal Deposit Insurance Corporation (FDIC), with a stated maturity not to exceed five (5) years from the date of purchase.

d. Time Certificates of Deposit with a maturity not to exceed three (3) years from the date of purchase, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, in depository institutions that have a main office or a branch office in the state of Texas which have been approved by the Town in accordance with Section XI of this Investment Policy.

In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principal and interest of each CD federally insured may be purchased through a broker that has its main office or a branch office in Texas and is selected from a list adopted by the City Council, or from a depository institution with its main office or branch office in Texas. The broker or depository shall act as the custodian for the various certificates on behalf of the Town.

e. **Prime commercial paper** with an original maturity of one hundred eighty (180) days or less which at the time of purchase, is rated at least**:**

A-1 by Standard & Poor's,
P-1 by Moody's or
F1 by Fitch

(1) At the time of purchase, the commercial paper must be rated by at least two (2) of the above stated ratings agencies at the above stated minimum credit rating.

(2) If more than two (2) of the above stated agencies rates an issuer, all the rating agencies must rate the issuer in accordance with the above stated minimum credit criteria.

(3) If the commercial paper issuer has senior debt* outstanding, the senior debt must be rated by each service that publishes a rating of the issue at least:

A-l by Moody's,
A+ by Standard and Poor's and
A+ by Fitch

*Senior Debt is defined as the most senior secured or unsecured debt of an issuer with an original maturity exceeding one year.

If the commercial paper issuer is given a "plus (+) rating", the maximum maturity of 270 days or less will be allowed.

f. Eligible Bankers Acceptances with original maturities not exceeding 180 days, issued on domestic banks operating under the banking laws of the United States, whose senior long term debt is rated, at the time of purchase, A-l or higher by Moody's, A+ by Standard and Poor's, or A+ by Fitch.

g. Repurchase agreements with a defined termination date of 90 days or less on U.S. Treasury and Federal Agency securities listed in items "a" and "c" above, collateralized initially at a minimum market value of 102% of the dollar value of the transaction, with the accrued interest accumulated on the collateral included in the calculation. An exception to the maturity may be made for bond proceeds, provided the repurchase agreement allows for multiple draws at the Town's discretion and the maturity date does not exceed the expected final expenditure date.

If the market value of the collateral falls below 101 percent the dollar value of the transaction, the collateral will be required to be brought up to the 102 percent initial maintenance level. A Repurchase Agreement is defined as a simultaneous agreement to buy, hold for 90 days or less**,** and then sell back an obligation described in item (g) above**,** the principal and interest of which are guaranteed by the United States.

Repurchase Agreements shall be entered into only with dealers who: 1) are recognized as primary reporting dealers with the Market Reports Division of the Federal Reserve Board of New York; and 2) have an executed, Town approved Master Repurchase Agreement. Collateral (purchased securities) shall be held by the Town's custodian bank or in a segregated account registered in the name of the Town of Addison with an approved third-party safekeeping agent and the market value of the collateral securities shall be marked-to-the market no less than weekly.

For the purpose of item "g" of this section, the term "collateral" shall mean "purchased securities" under the terms of the Town approved Master Repurchase Agreement. Collateral bearing no coupon will have a maturity not to exceed five (5) years. All other eligible collateral shall have a maturity limit of 10 years.

The term repurchase agreements include reverse repurchase agreements. The term of a reverse repurchase agreement shall not exceed 90 days and any investments acquired with the proceeds from the reverse repurchase agreement shall not exceed the term of that agreement.

h. Money Market Funds meeting the following criteria:

(h.1) Registered with, and regulated by the Securities and Exchange Commission;

(h.2) Providing the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;

(h.3) Charging no commission fee on the purchase or sale of shares;

(h.4) Stating a fund objective to maintain a constant daily net asset value of $1.00 per share;

(h.5) Limiting fund assets to those securities listed in paragraphs "a", "b", "c" and "g" above; and

(h.6) Having a maximum stated maturity of 13 months and dollar weighted average portfolio maturity of not more than 60 days. A list of Town approved Money Market Funds shall be kept by the CFO.

i. State investment pools organized under the Interlocal Cooperation Act that meet the requirements of Chapter 2256 Texas Government Code and have been specifically approved by the CFO and authorized by the City Council.

j. Local investment pools organized under the Interlocal Cooperation Act that meet the requirements of Chapter 2256 Texas Government Code and have been specifically approved by the CFO and authorized by the City Council.

k. Direct obligations of the State of Texas or its agencies rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent with a maturity not to exceed two (2) years from the date of purchase.

l. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States with a maturity not to exceed two (2) years from the date of purchase.

VII. OTHER INVESTMENT GUIDELINES

The Town seeks active management of its portfolio assets. In the effort of meeting the objectives of this Policy, the Town may from time to time sell securities that it owns in order to better position its portfolio assets. Sales of securities prior to maturity shall be documented and approved by the CFO before such a transaction is consummated. Sales of securities, yielding net proceeds less than 98 percent of the book value of the securities, must be approved in advance and in writing by both the City Manager and the CFO.

Each investment transaction must be based upon competitive quotations received from at least three (3) broker/dealers who have been approved by the Town in accordance with Texas law.

The purchase and sale of all securities shall be on a delivery-versus-payment or payment-versus-delivery basis for securities purchases, monies will not be released by the Town's safekeeping bank until securities are received at the Federal Reserve Bank for further credit to the Town's safekeeping bank. In the case of securities sales, monies will be received by the Town's safekeeping bank via the Federal Reserve Bank, as the securities are simultaneously released to the purchaser). In this manner, the Town will always have possession of either its securities or its monies.

An investment that requires a minimum credit rating does not qualify as an AUTHORIZED SECURITIES INVESTMENT during the period the investment does not have the minimum credit rating even if the investment had the appropriate rating at the time of purchase. The Investment Officers shall take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating.

VIII. PORTFOLIO MATURITIES

Maturities shall be selected which provide for both stability of income and reasonable liquidity.

At all times, the Town shall maintain 10 percent of its total investment portfolio in instruments maturing in 90 days or less. The weighted average maturity of all securities and certificates of deposit in the Town's total investment portfolio at any given time (not including cash or demand deposits) shall not exceed 18 months.

In the case of callable securities, the first "call" date may be used as the "maturity" date for investment purposes in this section if in the opinion of the CFO there is little doubt that the security will be called prior to maturity. At all times the stated final maturity shall be used in portfolio average life calculations and reported as outlined in this Policy.

Investment of bond proceeds shall be invested in the investment types listed in Section VI. "a", "b", "c", "h", "i", and "j" for a period of time not to exceed five (5) years. Additionally, bond proceeds may be invested in a repurchase agreement that exceeds 90 days if reductions are allowed from the agreement without penalty for legitimate bond proceeds expenditures and the final maturity is within the "temporary period" as defined by the Internal Revenue Service (this arrangement is commonly referred to as a "flexible repurchase agreement").

IX. INVESTMENT LIMITS

It is the policy of the Town to avoid concentration of assets in a specific maturity, a specific issue, or a specific class of securities, with the exception of U.S. Treasury issues listed in Section VI **"**a." The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy and the securities markets.

The Town will not exceed the following maximum limits as a percentage of the total portfolio for each of the categories listed below:

20 percent in Money Market Funds as outlined in Section VI "h"
50 percent in Certificates of Deposit
30 percent Commercial paper
30 percent in Bankers Acceptances
40 percent in Local Government Investment Pools as authorized in Section VI "h" and "j"
70 percent in State Government Investment Pools as authorized in Section VI "i"
70 percent in Instrumentality securities described in Section VI "b""

In addition to the limitations set forth above the Town's investment in any single money market fund shall never exceed 10 percent of the total assets of the money market fund.

The CFO and investment officers shall evaluate how each security purchased fits into the Town's overall investment strategy.

Bond proceeds shall be exempt from the maximum limitation stated above for State Government Pools, but only for the period of time required to develop a comprehensive draw-down schedule for the project for which the proceeds are intended, the maximum being 60 days, at which time the funds representing bond proceeds must be prudently diversified.

X. SELECTION OF BROKER/DEALERS

The Town shall maintain a list of approved security broker/dealers maintaining minimum capital of $10,000,000 and being in business for at least five years. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). Securities may only be purchased from those authorized institutions and firms identified in the above list.

Broker/dealers and other financial institutions will be selected by the CFO on the basis of expected financial stability, experience in selling fixed income securities to other local governments as well as perceived ability to service the Town's account. Each broker/dealer authorized to conduct business with the Town, shall be required to submit a Broker/Dealer questionnaire as well as updated financial statements. In addition, all firms shall provide a detailed resume of the firm's primary sales representative, appropriate references and wiring instructions. The CFO shall maintain a file on each firm containing the most recent information.

The CFO shall review the quality of service and financial stability of each broker/dealer and financial institution approved under this Section at least annually. Any approved broker/dealer or financial institution may be removed from the list of approved broker/dealers with the approval of the CFO, if in the opinion of the CFO, the firm has not performed adequately or its financial condition is considered inadequate. The City Council shall, at least annually, review, revise, and adopt the list of qualified broker/dealers and financial institutions which are authorized to engage in investment transactions with the Town.

All business organizations eligible to transact investment business with the Town shall be presented a written copy of this Policy. The qualified representative of the business organization seeking to transact investment business with the Town shall execute a written instrument substantially to the effect that the qualified representative has:

1) Received and thoroughly reviewed this Policy, and

2) Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Town.

The Town shall not enter into an investment transaction with a business organization prior to receiving the written instrument described above. In addition, each Investment Advisor appointed by the Town shall execute the written instrument described above.

If the City Council has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of the Town. The advisor shall determine selection criteria. The advisor shall annually present a list of its authorized broker/dealers to the Town for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the Town's investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Town. The advisor shall obtain and document competitive bids and offers on all transactions and present these to the Town as part of its standard trade documentation.

XI. SELECTION OF DEPOSITORIES

Certificates of Deposit (CD) may be placed with banking institutions doing business in the state of Texas which offer competitive and documented interest rates, both at or above interest rates available on government securities to similar maturity dates. All deposits exceeding the current FDIC deposit insurance amount shall be fully collateralized in order to be eligible as Town investments.

In addition to maintaining proper collateral, bank financial positions shall be considered to best assure prudent investment. Relevant criteria shall include capital ratios, liquidity, profitability and asset growth. Information sources for financial data may include www.bankrate.com and the FDIC website at www.fdic.gov. Because the financial condition of banks may change rapidly, primary focus shall be on maintaining adequate levels of collateral to support deposit amounts. If the Town utilizes the services of an investment advisor, the advisor shall assist in the evaluation of both the financial institution and assigned collateral.

XII. SAFEKEEPING AND CUSTODY

Investment securities purchased for the Town will be delivered by either book entry or physical delivery and shall be held in third-party safekeeping by a Federal Reserve Member financial institution designated as the Town's safekeeping and custodian bank. The Town may designate more than one (1) custodian bank. In no event shall the Town's custodial or safekeeping institution also be the counterparty (broker or dealer) to the purchase or sale of those

securities. The Town shall execute a written Safekeeping Agreement with each bank prior to utilizing the custodian's safekeeping services. Only a state or national bank located within the State of Texas may be utilized as a custodian of securities pledged to secure certificates of deposit. The safekeeping agreement must provide that the safekeeping bank will immediately record the receipt of purchased or pledged securities in its books and promptly issue and deliver a signed safekeeping receipt showing the receipt and the identification of the security, as well as the Town's perfected interest.

The CFO shall maintain a list of designated custodian banks and a copy of the Safekeeping Agreement executed with each custodian bank.

The Town must approve release of securities, in writing, prior to their removal from the custodial account. A telephonic facsimile of a written authorization shall be sufficient if the custodian orally confirms receipt of the transmission and an exact copy of the document is retained in the Town's files.

All securities shall be confirmed in the name of the Town and delivered to an approved custodial bank or carried at a Federal Reserve Bank in the name of the Town. The Custodian shall not otherwise deposit purchased or pledged securities. All book entry securities, owned by the Town, shall be evidenced by a safekeeping receipt issued to the Town and signed by the appropriate officer at the custodian bank stating that the securities are held in the Federal Reserve system in a CUSTOMER ACCOUNT naming the Town as the "customer". In addition, the custodian bank will, when requested, furnish a copy of the delivery advice received by the custodian bank from the Federal Reserve Bank.

The original safekeeping receipt for each transaction including purchased securities under a repurchase agreement and collateral securing deposits will be forwarded to the CFO or his designee and held in a secured file by the Town.

Securities delivered as part of a repurchase agreement may be held with an independent third-party safekeeping agent, provided that they are fully registered in the Town's name, segregated in account designated in the name of the Town and governed by a fully executed custodial agreement.

XIII. RECORDKEEPING AND REPORTING

A record shall be maintained of all bids and offerings for securities transactions in order to ensure that the Town receives competitive pricing. All transactions shall be documented by the person authorizing the transaction in a form that shows that person's name, the party instructed to execute the transaction, the date, a description of the transaction and a brief statement of the reason(s) for the transaction.

Each depository institution of the Town's funds and purchased securities shall maintain separate, accurate and complete records relating to all deposits of the Town's funds, the securities pledged to secure such deposits and all transactions relating to the pledged securities. Each approved custodian shall maintain separate, accurate and complete records relating to all securities received on behalf of the Town, whether pledged, purchased or subject to repurchase agreement, as well as all transactions related to such securities. In addition, each depository shall file all reports required by the Texas State Depository Board. Each depository and custodian shall agree to make all the records described in this paragraph available to the CFO's designee and the Town's auditors at any reasonable time.

At least once each quarter, the CFO or investment officers shall verify that all securities owned by the Town or pledged to the Town are held in safekeeping in the Town's custodial bank with proper documentation. At least annually the Town's investment program, including the records of custodians and depositories, shall be audited by independent certified public accountants selected by the City Council. This annual audit shall include a compliance audit of the management controls on investments and adherence to the Town's Investment Policy and strategies.

All broker/dealers, custodians, depositories, and investment advisors shall maintain complete records of all transactions that they conducted on behalf of the Town and shall make those records available for inspection by the CFO or other representatives designated by the City Council or City Manager.

All sales of securities for less than the book value of the security shall be approved by the CFO and reported to the City Council at the next regular meeting. Sales of securities for less than 98 percent of the book value of the securities must be approved by both the City Manager and the CFO.

All contracted Investment Advisors shall report at least monthly on the straight-line book value, the market value of investment holdings, and total earnings yield and such other information required by the CFO. Unrealized profits or losses in the Town's investment portfolio will be disclosed but will not be used in the calculation of income earned for the month. Contracted Investment Advisors shall provide monthly reports to the CFO no later than 15 business days following receipt of all depository bank statements, investment pool statements and money market fund statements as necessary to provide a full accounting of the Town's investment and cash position.

An investment report shall be prepared by the CFO within 60 days of the quarter end that:

a) Describes in detail the investment position of the Town;

b) States the reporting period beginning book and market values, additions or changes to the book and market values during the period and ending book and market values for the period of each pooled fund group;

c) States the reporting period beginning book and market value and ending book and market value for each investment security by asset type and fund type;

d) States the maturity date of each investment security;

e) States the fund for which each investment security was purchased;

f) States fully accrued interest for the reporting period;

g) States the compliance of the investment portfolio with the Town's Investment Policy, Investment Strategy Statement and the Public Funds Investment Act;

h) Summarizes quarterly transactions, including a detailed list of the gains and losses recognized; and

i) Explains the total earnings yield during the previous quarter and compares the portfolio's performance to other benchmarks of performance.

This report will be presented to the City Council and signed by all of the Town's Investment Officers. .

Market valuations of investments shall be provided by the Investment Advisor on a monthly basis. The Investment Advisor shall use independent market pricing sources including, but not limited to, Interactive Data Corporation (IDC) and Bloomberg, to monitor the market price of investments acquired with the Town's funds.

Within 60 days after the end of the Town's fiscal year the CFO shall prepare, sign and deliver to the City Manager and the City Council an annual report on the Town's investment program and investment activity which has also been signed by each officer and employee of the Town authorized to conduct any of the Town's investment activity. The annual report shall include full year earnings yield. Such annual report shall include an analysis of the compliance with this Policy as well as changes in applicable laws and regulations during the previous year and may include any other items of significance related to the investment program.

If the Town places funds in any investment other than registered investment pools or accounts offered by its depository bank, the above reports shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council.

XIV. ETHICS AND CONFLICTS OF INTEREST

Officers and employees of the Town involved in the investment process shall refrain from personal business activity that involves any of the Town's approved custodians, depositories, broker/dealers, or investment advisors and shall refrain from investing in any security issue held by the Town. Employees and officers shall not utilize investment advice concerning specific securities or classes of securities obtained in the transaction of the Town's business for personal investment decisions, shall in all respects subordinate their personal investment transactions to those of the Town particularly with regard to the timing of purchases and sales and shall keep confidential all investment advice obtained on behalf of the Town, and all transactions contemplated and completed by the Town, except when disclosure is required by law.

All Investment Officers of the Town shall file with the Texas Ethics Commission and the City Council a statement disclosing any personal business relationship with business organization seeking to sell investments to the Town or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the Town.

XV. COLLATERAL REQUIREMENTS

Any and all deposits, including both principal as well as any and all interest that is directly applied to the security, shall be collateralized at the minimum margin of 102%, less applicable FDIC insurance, over the life of the security. Deposits shall be collateralized by securities listed in items "a" and "b" below, and the collateral shall be held by a third party custodian bank approved by the Town.

a. Direct obligations of the United States government; U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury Strips (book entry U.S. Treasury securities whose coupon has been removed).

b. Senior debt obligations issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). Mortgage-backed securities are eligible as collateral, but principal-only and interest-only mortgage-backed securities and collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs) are expressly prohibited.

Consistent with the requirements of State law, the Town requires all bank and savings bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as Town depositories will be required to sign a Security Agreement with the Town and the Town's custodian. The agreement shall define the Town's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

a. The Agreement must be in writing;

b. The Agreement has to be executed by the Depository and the Town contemporaneously with the acquisition of the asset;

c. The Agreement must be approved by the Board of Directors or the loan committee of the Depository and a copy of the meeting minutes must be delivered to the Town; and

d. The Agreement must be part of the Depository's "official record" continuously since its execution.

XVI. POLICY REVISIONS

The Investment Policy and Investment Strategy Statements will be reviewed at least annually by the CFO and the City Council and may be amended as conditions warrant by the City Council.

EXHIBIT B

TOWN OF ADDISON

INVESTMENT STRATEGY

For

FY 2015-16

Adopted:
November 10,
2015

EXHIBIT B

PREFACE

It is the policy of the Town of Addison that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and adopted Investment Policy.

In accordance with the Texas Public Funds Investment Act (Chapter 2256, Tex. Gov. Code), the City Council shall adopt Investment Strategy Statements that address the following priorities (in order of importance):

- Understanding the suitability of the investment to the financial requirements of the Town;
- Preservation and safety of principal;
- Liquidity;
- Marketability of the investment if the need arises to liquidate the investment prior to maturity;
- Diversification of the investment portfolio; and
- Yield

Effective investment strategy development coordinates the primary objectives of the Town's Investment Policy and cash management procedures with investment security risk/return analysis to enhance interest earnings and reduce investment risk. Aggressive cash management shall be utilized to increase the available "investment period" for all Town funds. Investment security maturity selections shall be based on cash flow requirements and market conditions to take advantage of interest earnings as viable and material revenue to all Town funds. The Town's portfolios shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

INVESTMENT STRATEGY

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines by fund-type are as follows:

Suitability – any investment eligible in the Investment Policy is suitable.

Safety of principal – all investments shall be of high quality securities with no perceived default risk. Market price fluctuations will, however, occur. By managing the weighted average days to maturity for the Operating fund portfolio to less than 270 days and restricting the maximum allowable maturity to five years, the price volatility of the overall portfolio will be minimized.

Liquidity – operating funds require the greatest short-term liquidity of any of the fund types. Short-term investment pools and money market mutual funds should provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

EXHIBIT B

Marketability – securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification – investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the Town. When conditions are favorable, market cycle risk will be reduced by diversifying the appropriate maturity structure out to three years. Adhering to the Investment Policy's maximum investment-type limits (Section IX. INVESTMENT LIMITS) should restrict the exposure of the fund to any one-market sector.

Yield – attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury bill portfolio should be the minimum yield objective. The Town's Chief Financial Officer ("CFO") may also compare the operating fund's performance to other appropriate benchmarks.

The Investment Policy permits the Town to sell securities from time to time that it owns in order to better position its portfolio assets. Sales of securities prior to maturity shall be documented and approved by the CFO before such a transaction is consummated. Sales of securities, yielding net proceeds less than ninety-eight (98) percent of the book value of the securities, must be approved in advance and in writing by both the City Manager and the CFO.

AI-1400 **Item # 13.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve A **Resolution Casting A Vote For Blake Clemens As The Fourth Member Of The Board Of Directors Of The Dallas Central Appraisal District.**

BACKGROUND:

In September, Council passed a resolution naming a nominee for the Dallas Central Appraisal District. The DCAD received all the nominations from surrounding communities. Now the City Council is asked to pass a resolution casting a vote for the fourth member of the Dallas Central Appraisal District.

RECOMMENDATION:

Staff recommends approval of this resolution.

Attachments

Resolution

TOWN OF ADDISON, TEXAS

RESOLUTION _____

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

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

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

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

WHEREAS, the Town of Addison does hereby cast its vote by marking the ballot below:

_____ Loren Byers ___X__ Blake Clemens _____ Steven Gorwood _____ Michael Hurtt

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

PASSED AND APPROVED, this the 10th day of November, 2015.

_____

Todd Meier, Mayor

Attest:

_____

Laura Bell, City Secretary

AI-1402 **Item # 14.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Apply For A Grant Purchase And Install Permanent Recycling Stations Through The North Texas Council Of Government Materials Management Grant Program.**

BACKGROUND:

As part of the Town's initiatives related to sustainability, staff is proposing to request funds through the 2016-2017 North Central Texas Council of Government Materials Management Grant Program. If awarded the grant in February 2016, the Town would use the funds to purchase twelve Big Belly solar-compacting waste stations to place in eight of Addison's parks. These stations include trash and recycling containers that use a solar-powered battery system to compact trash and recyclables allowing for more time in between pick-ups and providing residents with a permanent opportunity to recycle in some of Addison's most highly trafficked parks.

In order to apply for the grant by the January 15th deadline Town Staff is requesting a resolution from City Council stating their wiliness to provide the up-front funding of no more than $130,000 dollars for the Big Belly Solar Project. NCTCOG will reimburse the Town for all funds expended for the project and the reimbursements will take place as the materials are purchased. The grant will include:

- Twelve 4x2x4 Big Belly Solar Compacting Duos (see attached picture)
- Shipping
- Custom Station Wraps
- 4 Concrete Pads
- Smart Software (*The Smart Software senses load volume in each waste container and sends a notification to Town Staff when the containers are nearing full capacity.)*

After installation, the Parks Department will oversee the collection of waste and recycling from these containers and any maintenance as needed. The attached maps list all proposed locations. The Finance department has reviewed the grant requirements and staff understands the reporting provisions required by this grant.

RECOMMENDATION:

Administration recommends approval.

Attachments

Big Belly Spec Sheet
Big Belly Location Town Map
Grant Application
Resolution

Custom Station Wraps



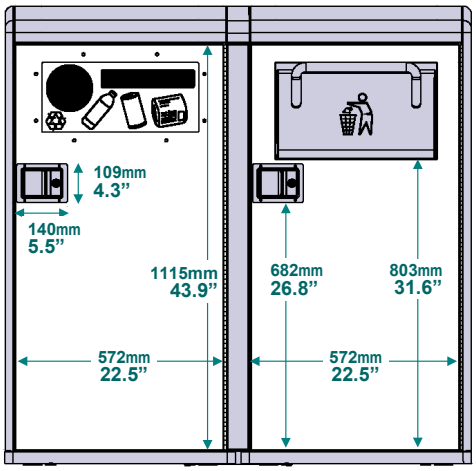




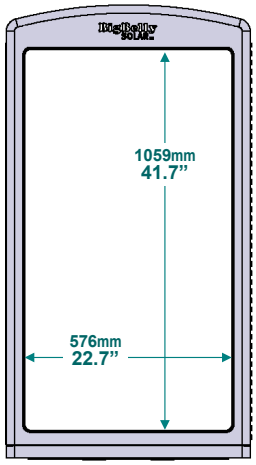
Leverage the Bigbelly station hardware as an eye-catching messaging platform. Drive attention to your desired branding impressions and reach your target audience in a concentrated and visible way.

- Any configuration of Bigbelly and Smartbelly kiosks can be wrapped on all sides.
- Customizable station wraps are available for any combination of station types.
- Promote your brand, public service announcements, sponsorships, advertising, and more.
- The wraps are full-color durable vinyl material and handle any type of weather while resisting fading.
- Bigbelly's design consultants are available to help you with your design or you can provide your own.
- Anti-graffiti wrap options also available for commonly vandalized areas.
- Factory installed prior to deployment.

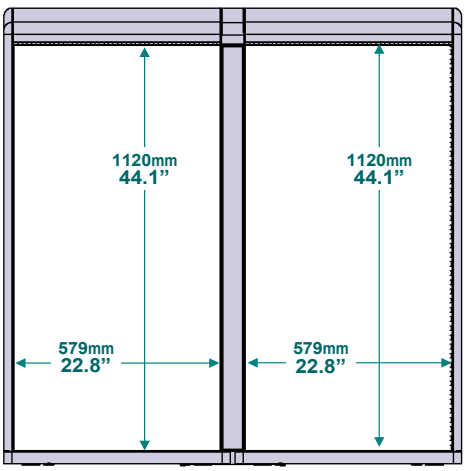
Station Wrap Dimensions



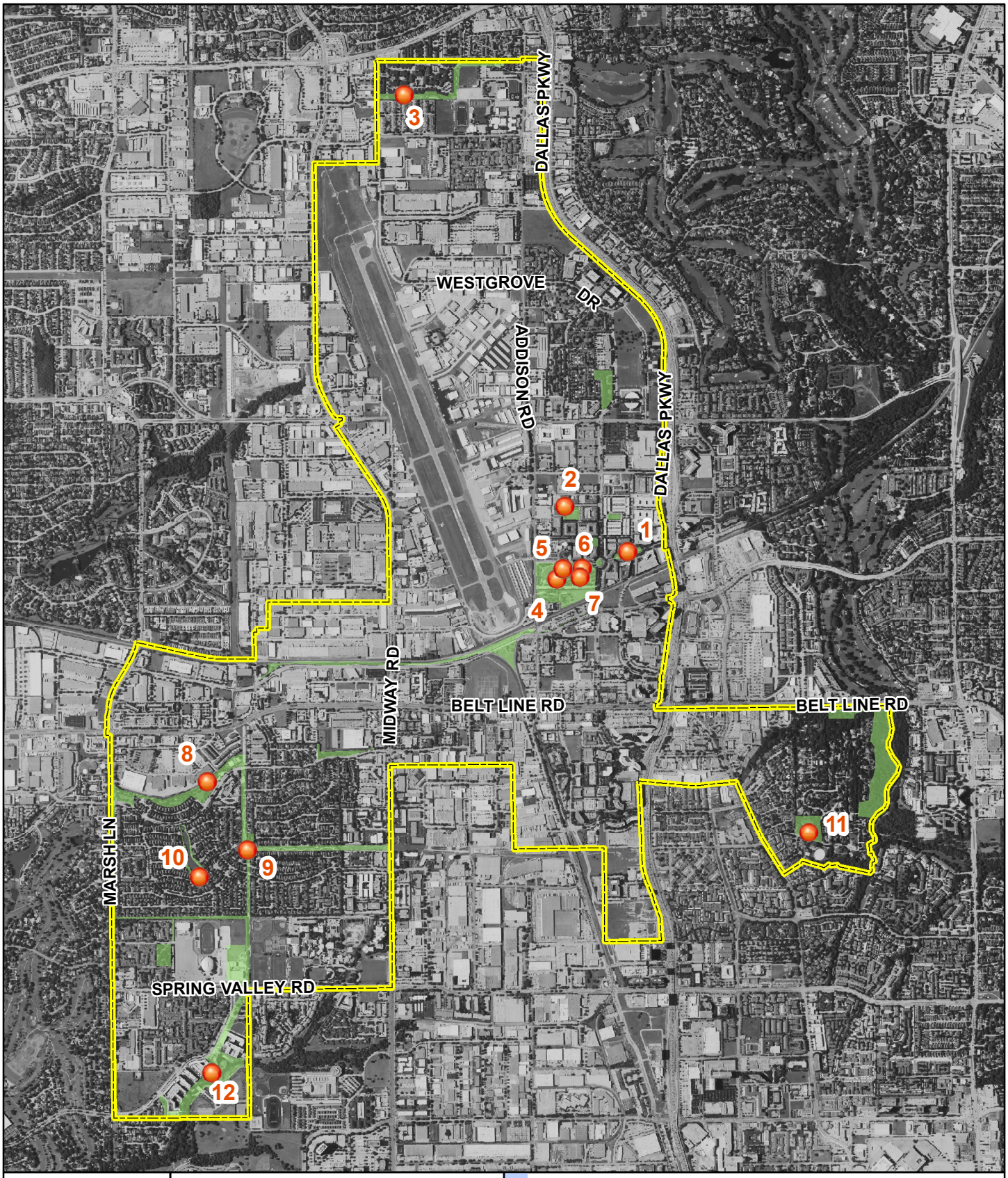
Front / side-walk facing



Side of Bigbelly 5 or Smartbelly 5



Rear / street-facing



Big Belly

Potential Location Map

ADDISON

Town of Addison GIS

Bigbelly

0 2400

Feet

N W E S

KEY TO FEATURES

Potential Big Belly Locations

Parks

Addison Town Limits

Labeled with map book page number

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APPLICANT INFORMATION

Please complete each section of the grant application. Click on the tabs at the top to move from page to page. Be sure to save any work by clicking "Save" at the bottom of each page. The application will remain in draft form until clicking "Submit" on the signature page.

Print this page

Applicant Info | Budget | Detailed Project Description | Regional Collaborative Project | Project Timeline | Private Industry | Notification Signature

Applicant Information

Submitting Entity Name:
Town of Addison

Department/Division:
Infrastructure and Development Services

Current Solid Waste Service Provider:
Community Waste Disposal

Current Recycling Service Provider(s) (includes electronics, hhw, and other collection services):
Community Waste Disposal

Project Contact Name:
Taylor Hollingshead

Project Contact Title:
Sustainability and Stormwater Program Manager

Project Contact's Direct Telephone/Fax:
214-215-9628 / 972-450-2837

Email Address:
Thollingshead@addisontx.gov

Street Address :(No PO Boxes)
16801 Westgrove Drive

City: Addison
State : Texas
Zip Code: 75001
County: Dallas

Primary Financial Contact - Authorized Representative:
Olivia Riley

Financial Contact Title:
Assistant Finance Director

Primary Financial Contact's Direct Telephone/Fax:
972-450-7098 / 972-450-7074

Email Address:
Oriley@addisontx.gov

Street Address :(No PO Boxes)
5350 Belt Line Road

Submitting Entity Name of Authorized Financial Rep:
Town of Addison

City: Dallas
State: Texas
Zip Code: 75254

Eligible Entities

To be eligible for this grant program the submitting entity must fit into one of the categories listed below.

- (●) City
- ( ) County
- ( ) Public school district or independent school district (excluding universities and other post-secondary educational institutions)
- ( ) General law or special law district created in accordance with state law, and having the authority and responsibility for water quality protection or Municipal Solid Waste management, including river authorities
- ( ) Council of Governments

Grant/Project Information

Project Title:
Solar Powered Trash and Recycling Compactors for Addison Parks

Project Abstract:

Please limit your response to 700 characters. (700 characters remaining)

Addison is seeking grant funding to enhance recycling efforts in the Town's park system. The Town does not currently have any permanent recycling containers in its parks. This proposal is requesting twelve BigBelly Solar recycling and trash

Which TCEQ funding category does this project fall under?

- [x] Source Reduction and Recycling
- [ ] Household Hazardous Waste
- [ ] Local Enforcement
- [ ] Litter and Illegal Dumping Cleanups and Community Cleanup Events
- [ ] Citizen Collection Stations and "Small' Transfer Stations
- [ ] Local Solid Waste Management Plans
- [ ] Technical Studies
- [ ] Educational and Training Projects

Which goal area does this project fall under?

- [ ] Support Materials Management Education and Training
- [x] Promote Creation and Expansion of Waste Management Programs
- [ ] Measure Regional Waste Reduction Efforts
- [ ] Support and Encourage Innovative Technologies for Other Waste
- [ ] Promote Public and Private Sector Partnerships

Save Next

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BUDGET

Please complete each section of the grant application. Click on the tabs at the top to move from page to page. Be sure to save any work by clicking "Save" at the bottom of each page. The application will remain in draft form until clicking "Submit" on the signature page.

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Budget Categories *(The Budget Categories section will be automatically populated when the detail is completed below.)*	Funding Request
1. Personnel (Salary)	$0
2. Fringe Benefits	$0
3. Travel (Does not include registration)	$0
4. Detailed Consumable General Office Supply Budget (unit cost of less than $1,000)	$0
5. Equipment (unit cost of $5,000 or more)	$84,303
6. Construction	$6,000
7. Contractual (other than for Construction)	$0
8. Detailed Other Expenses Budget	$30,789
9. Indirect charges	$0
TOTAL	**$121,092**
Applicant's In-Kind	$0
Applicant's Match	$0

1. Personnel (Salary)

Title	Function	Monthly Salary	Time (%)	# of Months	Salary Request
			%		$0

Add New

Narrative: (In any category where funding is requested, the Narrative must be completed unless noted.)

2. Fringe Benefits

Please list what is included in your Fringe Benefit Rate.	Fringe Rate (%)	Salary Request	Fringe Request
	%	$0	$0

3. Travel - Please apply registration fees to Other budget section

Destination	Purpose	Travel Request

Add New

4. Detailed Consumable General Office Supply Budget (Unit cost of less than $1,000)

Description	Purpose	Quantity	Unit Cost	Supply Request

Add New

5. Equipment (Unit price of $5,000 or more)

Description	Purpose	Quantity	Unit Cost	Equipment Request
Big Belly Compacting Duo	To collect trash and recycling	12	7025.25	$84,303

Add New

6. Construction

Description	Purpose	Quantity	Unit Cost	Construction Request
Installation of Big Belly Comp	To attach the Big Belly Compactin	12	200	$2,400
Concrete Pads	To hold the Big Belly Compacting	12	300	$3,600

Add New Remove Last

7. Contractual

Contractor	Purpose	Contractual Request

Add New

8. Detailed Other Expenses Budget

Other Expenses	Description	Purpose	Quantity	Unit Cost	Other Request
Advertising/Public Notices	Wrapping of Big Belly C	Education and brandin	12	707.75	$8,493
Basic Office Furnishings					
Computer Hardware					
Computer Software	Clean Lifecycle wireless	To notify Town Staff of t	12	1558	$18,696
Office Space					$0
Postage/Delivery	Shipping of Big Belly Co	Shipping costs	24	150.00	$3,600
Printing/Reproduction					
Signage					
Telephone/Fax					
Training					
Utilities					
Misc. Other					

Add New

9. Indirect Charges

Identify your indirect rate. Identify, in detail, each budget category to which your indirect cost rate applies and explain any special conditions under which the rate will be applied.	Indirect Cost Rate (%)	Indirect Request

*In accordance with the UGMS, indirect charges may be authorized if the local government has a negotiated indirect cost rate agreement signed within the last 24 months by a federal cognizant agency or state single audit coordinating agency. Alternatively, the local government may be authorized to recover up to 10 percent of direct salary and wage costs (excluding overtime, shift premiums, and fringe benefits) as indirect costs, subject to adequate documentation. If your local government has an approved cost allocation plan, please upload documentation of your approved indirect rate.

Applicant's In-Kind

Applicant's In-Kind:

Narrative:

Applicant's Match:

Narrative:

Project Expansion

If more money becomes available, would you be able to expand your proposed project?

Yes ▼

NOTE: It will be up to the discretion of the review committee to partially fund your project based on availability.

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DETAILED PROJECT DESCRIPTION

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Applicant Info | Budget | Detailed Project Description | Regional Collaborative Project | Project Timeline | Private Industry | Notification Signature

Detailed Project Description:

Please be mindful when copying and pasting text. Formatting will not be recorded.

Detailed Project Description:

Please limit your response to 4000 characters. (4000 characters remaining)

The Town of Addison is requesting funds in order to improve recycling efforts across the Town and promote the importance of sustainability in our community by providing residents with twelve permanent trash and recycling containers in eight of Addison's parks. The Town does not currently have any permanent recycling containers in it's 163 acres of park space. These twelve waste stations will be Big Belly Solar Compacting Duos: conjoined trash and recycling containers that use a solar-powered battery system to compact waste and reusables, allowing more time between collections. The goal of implementing these containers is to improve Addison's town-wide recycling efforts and to help our residents and park users make recycling a convenient part of their every day life. This project is in accordance with the Town's vision for sustainability which is: Addison will be a town where sustainability is a core value, woven into every aspect of the community.

The Town of Addison's park system has long been a source of pride for residents and Town-staff alike. With over 163 acres of parks in a 4.4 square mile town, the town is committed to improving quality of life for its residents through beautiful and well-maintained outdoor space. Addison Circle Park, over 16 acres in size, is host to some of the most highly attended special events in the greater Dallas-Fort Worth area. With over 650,000 visitors attending our special events each season, Addison parks receive an abundance of use. Addison also boasts over 12 miles of trails, none of which contain any permanent recycling containers. The outstanding amount of trash that our parks produce each year is all sent to the landfill. This project proposes to put twelve containers in eight of Addison's most highly trafficked parks: Addison Circle Park (16 acres) , North Addison Park (3.2 acres), Spruill Park (1.56 acres), Beckert Park (1.43 acres), Redding Trail near Dome Park (.35 acres), Les Lacs Athletic Club Park (2.3 acres), Les Lacs Linear Park, a connection of Les Lacs area parks (.74 acres), Vitruvian Park (12.2 acres), and Celestial Park (4 acres). These locations were selected based on a number of factors: most highly trafficked areas, access and ease of pick-up, and spatial distribution across the Town in order to benefit all of our residents. Each site has direct access to sunlight. In order to improve the long-term sustainability and durability of the site and containers, the Town is also requesting funds to pour 4 inch thick concrete pads under each of the twelve units. The concrete pads will also make clean-up easier in the case of any spills.

Addison Park's Department has agreed to add the routine collection of these bins to their workload. In order to save fuel, and minimize CO_2 emissions and the impact on our personnel we are requesting funds to include the CLEAN lifecycle wireless software. This software would allow our staff to only collect the Compacting Duo's when they are nearing or are at capacity. The software would send a text message to alert staff. This software would also help us to keep track of the collection frequency.

The Town's Sustainability Program has held a number of campaigns and advertising events over the last year to help educate residents on the importance of recycling and educating them on exactly what can be recycled. Through everydoor direct flyers, door hangers, social media and e-mail blasts, the Town has tried to create a brand that residents can associate with recycling and sustainability. In order to continue this, the Town is asking for funds to have the Big Belly Compacting Duos "wrapped" with a plastic covering (for both advertising and protection) in order to promote recycling education and connect the Town with these containers, as well as to add a layer of protection in order to prevent fading.

Description of how your project meets or supports the regional goal(s) and objectives:

Please limit your response to 1000 characters. (1000 characters remaining)

The purchase and installation of Big Belly Compacting Duo's in the Town of Addison's parks will meet the Regional Solid Waste Management Plan's Goal #1: Time to Recycle: Purchased materials are reused and recycled whenever possible. Specifically, the project will meet Objective 1A of the Time to Recycle goal: to Increase citizen participation in reuse and recycling of residential waste through innovative programs. The project will do this by giving residents the opportunity to recycle where it was previously not available and by doing so at the most highly trafficked parks in Addison.These parks are used daily for recreational use and seasonally for special events that bring as many as 650,000 people through the parks. Another aspect of the project that will achieve this goal is the use of new and innovative technology. The solar-compacting aspect of the waste stations will be an aid in educating residents on the multiple uses of solar power.

Feasibility and Implementation:

Please limit your response to 1000 characters. (1000 characters remaining)

A lack of availability to recycle in Addison's parks has been brought to the attention of Town staff by residents on multiple occasions. This clear "push" from the community is one of the main drivers for the implementation of Big Belly Solar Compacting Duos in Addison parks and is why we believe this will be well utilized. The individual locations for each of the twelve containers have been chosen, approved and plotted by the Town's Infrastructure and Development Services Department and Parks Department. The Parks Department has agreed to take on the regular maintenance and collection of the twelve containers. As well as, Town Irrigators from the Parks Department have walked the individual locations proposed for the containers and confirmed the absence of utilities and sprinkler heads in each location. Town Staff has also proposed to include a 4" concrete pad at each of the twelve locations proposed in order to provide stability for the site and long term protection against erosion.

Addressing Needs and Demonstrating Results:

Please limit your response to 1000 characters. (1000 characters remaining)

In the 163 acres of parks in the Town of Addison there currently are not any permanent recycling containers. This obvious need has been addressed by residents at multiple occasions, specifically at the latest Town Hall meeting in October 2015. The implementation of Big Belly Compacting Duos in Addison's most highly trafficked parks would address this need and increase citizen participation in reuse and recycling across the Town. Demonstrating results for this giant need would be done by measuring the tonnage produced by our recycling compactors. This will be done by working with our Parks Department and calculating the frequency of pick-up and the capacity of each load. The smart wise software will make this information readily available to Town Staff, allowing for pick-up efficiency and an easier way to demonstrate results.

Regional Advancement of Materials Management:

Please limit your response to 4000 characters. (4000 characters remaining)

Addison welcomes in more than 125,000 professionals and visitors daily from across the Metroplex. It is the #1 city in Texas to start a new business, has 10 million square feet of office space and had 236 new businesses open in 2014. With commuters coming into Addison from all over the Metroplex each day, if the Town emphasizes their support of sustainability and recycling through the addition of Big Belly Compacting Duos in our parks, it will promote the regional advancement of materials management. This will further be enhanced during the Town's nationally recognized special events which attract over 650,000 regional and national visitors each year.

Mixed-use development in Addison makes it so residential homes and apartments, and commercial businesses and the Town's beautiful parks and outdoor space are in close proximity across the Town. Many of the professionals who work in Addison will walk our parks during lunch breaks or exercise after work. By providing them with increased opportunities to recycle and by helping to make recycling a normal part of their every day life, we are promoting the regional advancement of materials management. Additionally, by wrapping these units, the Town has the opportunity to communicate an educational message regarding sustainability to these users of the parks.

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PROJECT TIMELINE

Please complete each section of the grant application. Click on the tabs at the top to move from page to page. Be sure to save any work by clicking "Save" at the bottom of each page. The application will remain in draft form until clicking "Submit" on the signature page.

Print this page

Applicant Info | Budget | Detailed Project Description | Regional Collaborative Project | Project Timeline | Private Industry | Notification Signature

Project Timeline

The suggested format for the Scope of Work (1st Task should be Execution of Interlocal Agreement):

1. Task:
   a. Activity and/or deliverable (schedule for this activity and/or deliverable)
   b. Activity and/or deliverable (schedule for this activity and/or deliverable)
   c. Etc.
2. Task:
   a. Activity and/or deliverable (schedule for this activity and/or deliverable)
   b. Activity and/or deliverable (schedule for this activity and/or deliverable)
   c. Etc.

Project Timeline:

Font Arial Size 1

1. Task: Execution of Interlocal Agreement with North Central Texas Council of Governments
a. FY2016 projects anticipated: March 2016
2. Purchase Big Belly Compacting Duos through Competitive Bidding Process
a. Prepare Bid Documents: April 2016
b. Award Bid: May 2016
3. Contract with Concrete Company in order to Install 4" Concrete Pads through Competitive Bidding Process
a. Prepare Bid Documents: April 2016
b. Award Bid: May 2016
4. Contract with Sign or Advertising Company in order to Design and Create Protective Advertising Wraps for Big Belly Compacting Duos through Competitive Bidding Process
a. Prepare Bid Documents: April 2016
b. Award Bid: May 2016
5. Install Concrete Pads
a. Installation: May 2016
6. Receive and Install Big Belly Compacting Duos
a. Installation: June 2016 (Dependent on Availability)
7. Begin Collection of Trash and Recyclables
a. June 2016 or immediately upon installation
8. Quarterly Status Reports
a. Every three months beginning the month after installation
~~a. TCEQ Results Reports (also Years Later Reports)~~

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PRIVATE INDUSTRY NOTIFICATION

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PRIVATE INDUSTRY NOTIFICATION

Private Industry Notification: List of Other Entities Which Provide a Similar or Related Service. *FOR PROJECT TYPES LISTED, THIS SECTION MUST BE COMPLETE IN ORDER TO BE CONSIDERED FOR FUNDING*

This section is applicable only to the following grant categories:

a. Source Reduction and Recycling
b. Citizens' Collection Stations and "Small" Registered Transfer Stations
c. A demonstration project under the Education and Training project category

According to state law, a project or service funded under this program must promote cooperation between public and private entities (by definition includes non-profit organizations), and may not be otherwise readily available or create a competitive advantage over a private industry (by definition includes non-profit organizations) that provides recycling or solid waste services. If the proposed project provides a service, in the spaces below, list all known private service providers in the affected geographic area known to provide a similar or related service and summary your discussion with the providers. You must comply with the notification requirements. Please attach additional pages if needed.

Statement of Private Sector Notification:

I certify, as an authorized representative of the local government with regard to the public/private sector cooperation requirements as outlined in the Request for Applications, that this application:

○ comes under one of the categories listed above requiring private sector notification; however, I am unaware of any public or private entity which provides similar or related services within the proposed project area. (Applicant **must** provide a description of efforts to research and ascertain other existing services and demonstrate the reason why this option is selected. For example, a description of inquiries that were unsuccessful.)

○ comes under one of the categories listed above requiring private sector notification; however no competitive advantage exists, therefore no private sector notification was necessary. (Applicant must explain.)

◉ comes under one of the categories listed above requiring private sector notification; and I have notified the private sector industry. (Applicant must list private service providers contacted.)

Private Service Providers Contacted	Name and Position	Date Notified	Method of Contact
Community Waste Disposal	Robert Medigovich, Municipal Coordinator	11-05-2015	Phone

Add New

Summaries of Discussions with Private Industry

Provide summaries of any input and concerns raised by the private service providers; summaries of any meetings or discussions held between the Applicant and the private service providers; an explanation of any changes made to the proposed project to address private service provider concerns; and an explanation of any remaining concerns that were not addressed and why the Applicant determined that the concerns are not valid under the statutory requirements. Attach any written comments or input provided.

Contacted Community Waste Disposal's Municipal Coordinator and he did not have any opposition to the installation of Big Belly Compacting Duos in Addison Parks. He was in support.

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SIGNATURE

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Applicant Info | Budget | Detailed Project Description | Regional Collaborative Project | Project Timeline | Private Industry | Notification Signature

Supporting Documentation

Supporting Documentation Description:

Please list attachments in the box below. This includes:

- copies of letters of support (required for regional projects),
- resolutions,
- court orders,
- maps,
- and any other supporting documentation.

Click on browse to attach the documents directly to your applications.

Please limit your response to 1000 characters. (1000 characters remaining)

File Name (only PDF)	Date	Action
Choose File No file chosen		

Upload

Signature

Click here for certifications Click here for assurances

☐ By checking this box, the Applicant certifies that it has reviewed the certifications, assurances and deliverables included in this application, that all certifications are true and correct, that assurances have been reviewed and understood, and that all required deliverables are included with this application submittal.

Signing Entity:

Name:

Title:

Phone:

Email:

Date Signed:

10-28-2015

Please click Verify to check the application for any missing information. When you are finished with all edits, please click submit to send your application to NCTCOG. Once you have submitted your application, you can print a copy, but no more changes can be made.

Save Prev Verify Submit

TOWN OF ADDISON, TEXAS

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS AUTHORIZING THE FILING OF AN APPLICATION FOR, AND THE RECEIPT OF, LOCAL GOVERNMENT FUNDS IN AN AMOUNT NOT TO EXCEED $130,000 FOR A RECYCLING STATION PROGRAM THROUGH THE NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS; DESIGNATING THE CITY MANAGER OR HIS AUTHORIZED DESIGNEE AS THE REPRESENTATIVE OF THE TOWN OF ADDISON FOR THE PURPOSE OF GIVING REQUIRED ASSURANCES AND ACTING IN CONNECTION WITH SAID APPLICATION AND PROVIDING REQUIRED INFORMATION AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council has been presented an application for the North Central Texas Council of Governments (NCTCOG), providing terms and conditions for a Recycling Station Program consisting of the purchase and installation of twelve Big Belly solar-compacting recycle stations to be placed in eight of Addison's parks; and

WHEREAS, the City Council appoints the City Manager or his authorized designee as the grantee's authorized official, given the power to apply for, accept, reject, alter, or terminate the grant on behalf of the application agency; and

WHEREAS, the City Council supports the Recycling Station Program and if the Town is awarded the grant, the Town will provide the up-front funds, which will be fully reimbursed by the grant.

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

Section 1. The submission of the grant application is hereby approved for local government funds in an amount not the exceed $130,000.00 for a Recycling Station Program. If awarded, the receipt of the grant funds by the Town of Addison is also approved and the Town will comply with all project requirements.

Section 2. The City Manager, or his authorized designee, is appointed as the authorized official to act on behalf of the Town of Addison with regard to this grant.

Section 3. This Resolution shall be effective from and after its date of passage

DULY PASSED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

_____
Laura Bell, City Secretary

APPROVED AS TO FORM:

_____
Brenda N. McDonald, City Attorney

AI-1404 **Item # 15.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Enter Into An Agreement With Harris Corporation For Maintenance On All Town Owned Portable Mobile And Control Station Radio Equipment For A Five Year Agreement.**

BACKGROUND:

Prior to the Town entering into an inter-local agreement for a joint public safety radio system with the cities of Farmers Branch, Carrollton and Coppell, we contracted with the City of Carrollton for public safety radio services. Part of that agreement was for their sub-contractor to provide maintenance and repair of all portable, mobile and control station equipment on an annual basis. **These costs totaled $65,898.00 per year.** These costs were included in the budget accordingly.

With the approval and purchase of the new Harris P25 Public Radio System, the Town of Addison is now an equal partner and elected to have the Harris corporation provide the same maintenance and repair services and a substantial cost savings over the previous contract.

During the Term of this Terminal Maintenance Agreement (TMA), Harris agrees to repair and maintain our mobile, portable and control station radio equipment for all Town owned radio terminals. Costs will increase incrementally during the five year period of the TMA due to the expiration of warranties for the varied types of equipment purchased.

$18,904.08 (year one).
$19,347.60 (year two)
$27,878.04 (year three)
$39,808.08 (year four)
$40,867.44 (year five)

$146,805.24 FIVE YEAR TOTAL

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution

Harris Agreement

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A TERMINAL MAINTENANCE AGREEMENT BETWEEN TOWN OF ADDISON AND HARRIS CORPORATION FOR REPAIR AND MAINTENANCE OF MOBILE, PORTABLE AND CONTROL STATION RADIO EQUIPMENT, AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. The Terminal Maintenance Agreement between the Town of Addison and Harris Corporation for repair and maintenance of mobile, portable and control station radio equipment, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute the agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney



Terminal Maintenance Agreement
for

TOWN OF ADDISON

CONTENTS

Figure 1.

TERMINAL MAINTENANCE AGREEMENT

THIS TERMINAL MAINTENANCE AGREEMENT (hereinafter "TMA") is entered into as of the Effective Date, by and between Harris Corporation, a Delaware Corporation, through its RF Communications Division, located at 221 Jefferson Ridge Parkway, Lynchburg, Virginia 24501, USA, ("Seller"), and the Town of Addison located at 4799 Airport Parkway, Addison, Texas 75001 (hereinafter "Customer") (each being a "Party" and collectively "the Parties"). Commencement of this Agreement shall occur upon Final Acceptance as defined in the System Purchase Agreement ("Commencement Date").

Figure 2.
Figure 3. 1. SCOPE OF AGREEMENT

During the Term of this TMA, Seller agrees to repair and maintain Customer's mobile, portable and control station radio equipment ("Terminals" or "Terminal Equipment") included in Addendum II – Equipment List in accordance with Section 2 and Addendum IV, Warranty/Maintenance Support Statement of Work. For purposes of this TMA, Terminal Equipment includes, but is not limited to, mobiles, portables, control stations, and their associated software.

2. CONDITIONS OF SERVICE

Seller shall supply all supervision, labor, service facilities, repair parts, test equipment, and supplies necessary to meet the service requirements stated in this TMA.

2.1 Service Facilities

Seller's Regional Service Center in Irving, Texas ("Facility") is a full service maintenance facility available and staffed with factory trained service technicians. The Facility's staffing level shall be maintained to sufficiently meet the service requirements stated in this TMA throughout the Term of this TMA.

2.2 Right to Subcontract

Seller may subcontract service work to Seller's authorized service centers. Should any subcontractor fail to perform or, in the reasonable opinion of Customer, such subcontractor's work otherwise proves unsatisfactory, Seller will arrange for continuing maintenance of the Terminal Equipment by qualified technicians for the duration of this TMA.

Customer reserves the right to reject work performed by Seller's subcontractors when service work is not performed in accordance with the service requirements set forth in this TMA. Subcontractors shall comply with all Federal, State, and local laws.

2.3 Terminal Spares

2.3.1 For purposes of this TMA, the phrases "Terminal Spares" and "Terminal Spares Inventory" means the collective group of items that have been identified by Seller to Customer that are needed to complete repairs on a malfunctioning or broken unit which, if not readily available, may result in leaving a mobile and/or portable radio user without a working radio unit. The Parties acknowledge that ready availability of Terminal Spares will facilitate repairs by Seller in the shortest possible time frame.

2.3.2 Customer shall pay for the initial purchase of Terminal Spares Inventory. Seller shall thereafter pay the cost to repair and/or replace any Terminal Spares used for repairing or maintaining the Terminal Equipment. Seller is responsible for the cost to repair and/or replace all parts utilized maintaining the Terminal Equipment.

2.3.3 Customer shall be responsible for the care, custody, and control of the Terminal Spares Inventory; provided, however, a portion of the Terminal Spares Inventory shall be assigned by Customer to Seller from time to time for purposes of conducting troubleshooting and repairs of units in Seller's service center.

2.3.4 Seller shall update software included in the Terminal Spares at the same time as software updates are applied to the Terminal

Equipment in accordance with the applicable subsection of Section 2.6.

2.3.5 Seller will support provisioning (i.e. stocking of replacement parts and providing maintenance and repair services) of Terminal Equipment for a period of five (5) years after final production of the respective model of Terminal Equipment for which production has terminated. Terminal Equipment manufactured by third parties will be supported in accordance with the individual manufacturer's provisioning policy. Seller will utilize commercially reasonable efforts to assure third party spare parts and equipment availability to support its maintenance obligations under this TMA. Seller shall not be liable to Customer for third party spare parts and equipment obsolescence or unavailability under this TMA beyond commercially reasonable efforts.

2.3.6 Upon termination of this TMA, regardless of the reason for termination, all Terminal Spares that are in the possession of Seller at the time of termination shall be delivered to Customer. Upon delivery by Customer of a notice of termination to Seller, Seller shall cease ordering, and cancel such orders which can be cancelled for, any replacement parts to be placed in the Terminal Spares inventory except as authorized by Customer or as needed to complete any repairs or maintenance of Terminal Equipment which are to be completed prior to the date of termination or as otherwise authorized by Customer.

2.4 Working Hours

Working Hours are defined as 8:00 a.m. to 5:00 p.m. Central Time, Monday through Friday. For the purposes of this TMA, the following shall be considered holidays:

- New Year's Day (January 1)
- Memorial Day (Last Monday of May)
- Independence Day (July 4)
- Labor Day (First Monday of September)
- Thanksgiving Day (Last Thursday of November)
- Christmas Day (December 25)

Work performed outside of Working Hours at Customer's written request is defined as "emergency service" and will be performed at Demand Service Rates.

2.5 Demand Services

2.5.1 Demand Services Defined.

"Demand Services" shall mean:

(i) A service request for the repair or maintenance of Terminal Equipment that is not described elsewhere in this TMA;

(ii) The installation, removal, or reinstallation of Terminal Equipment not associated with repair/maintenance efforts as defined in this TMA;

(iii) Service work performed on Terminal Equipment necessary because of intentional or negligent actions taken by a person not under the control of Seller resulting in damage to the Terminal Equipment.

2.5.2 Minimum Demand Services Charge

Charges for performance of Demand Services performed pursuant to Section 2.5.1(ii) shall be at the rates listed in Addendum I, Terminal Maintenance Rates ("Addendum I"), attached to this TMA. Charges for Demand Services performed pursuant to Section 2.5.1(iii) shall be at the hourly rate for Demand Services set forth in Section D of Addendum I, plus the cost of any required parts. Work not otherwise expressly covered by this TMA or defined as a Demand Service will be performed at Seller's then current rate charged to other customers for such service subject to the limitations set forth in Addendum I. Seller will charge a minimum of ½ hour (0.5 hour) for any Demand Services action requiring less than 30 (thirty) minutes. Additional time is charged in ½ hour increments.

2.5.3 Start Time for Demand Services Charge

Seller starts charging Demand Services travel time based on the lesser of a) the time to travel to Customer's location if traveling from Seller's Facility or b) the time to travel to Customer's location if traveling from the technician's previous work location. Travel time after the end of a Demand Services call will be the lesser of a) the time to travel from Customer's location to Seller's Facility or b) the time to travel from the Customer's location to the next Customer location. If Seller's technician leaves the Demand Services call and is routed to a location other than Customer's, then no return travel time is charged to Customer.

2.5.4 Charges for Travel Time and Mileage on Demand Services Work

(i) Seller shall not charge any mileage fees for Demand Services work.

(ii) Seller may charge travel time for technicians called out to perform Demand Services at the hourly rate set forth in Section D of Addendum I.

2.5.5 Prior Customer Approval Required for Demand Services Work

Customer has the right to request a quote for any requested Demand Services. Seller shall provide such quotes on a firm/fixed price basis, if possible. In cases where a firm fixed price quote is not possible, Seller shall provide the best possible estimation of charges based on the work scope requested and as understood, with the understanding that Seller may revise such estimate as needed during the progress of the work. Customer shall be under no obligation to pay for Demand Services unless authorized in writing by Customer pursuant to either a) a Purchase Order received by Seller for the amount quoted by Seller, or b) a written authorization to proceed received by Seller based on a quote received from Seller; the written authorization to be provided either by e-mail, facsimile, or hand delivery to Seller's Shop Manager or via USPS mail delivery.

2.5.6 Customer Appeal of Charges or Rejection of Work performed as Demand Services by Seller

Should Customer have questions about the labor or parts charges for a Demand Services work effort, Customer should notify Seller's Shop Manager in writing via e-mail as to their contest or appeal of Demand Services charges incurred. Seller will review Demand Services charges for labor and parts with Customer to reach a mutual agreement. Seller's Shop Manager may make adjustment to Demand Services invoices if charges are substantiated by Seller to Customer.

2.5.7 Repair of Certain Damaged Terminal Equipment

Customer shall pay both the hourly rate for Demand Services as well as the cost of replacement parts for Demand Services performed pursuant to Section 2.5.1(iii).

2.6 Terminal Maintenance Responsibilities

2.6.1 Warranty Period Repair

During the Term of this TMA, Seller will provide corrective repairs to Seller manufactured Terminal Equipment at the rates listed in Addendum I, which shall include the labor and parts to complete bench level repairs of the Terminal Equipment at Seller's Facility.

During the Warranty Period there is no charge for corrective repairs.

2.6.1.1 Customer may request that Seller add equipment from other manufacturers. Seller will advise Customer if the other manufacturers' equipment can be added to this TMA, and, if acceptable, Seller will provide a quoted price to include that equipment in this TMA.

2.6.2 Warranty Period Maintenance

During the Warranty Period, Seller shall perform the following additional maintenance services for Customer:

2.6.2.1 On-site First Echelon troubleshooting for fixed price per unit/per month as indicated for mobile radios in Addendum I.

2.6.2.2 Annual Preventive Maintenance service for fixed price per unit/per month as indicated in Addendum I. This optional service also includes installation of updates to terminal radio software to the latest released version. This optional service also includes a one-time per year update to the radio programming personality. See details in Section 2.6.4 below.

2.6.3 Harris Local Bench Repair For Portables – After Warranty Period Ends

Following the end of the Warranty Period, Seller will provide corrective Local Bench Repairs at Seller's Facility for Customer's portable terminals. Customer will be responsible for conducting First Echelon troubleshooting to isolate and correct users portable radio operation issues. Customer will deliver the defective items to Seller's Facility for bench repairs. Seller shall also perform the following additional services under this Section 2.6.3 relating to Customer's portable radio units:

2.6.3.1 Pickup & Delivery service during the Term of this TMA for fixed price per unit / per month as indicated in Addendum I.

2.6.3.2 Annual Preventive Maintenance service for fixed price per unit / per month as indicated in Addendum I. This service, also includes, as detailed in Section 2.6.6, below, (i) installation of updates to terminal radio software to the latest released version and (ii) a one-time per year update to the radio programming personality.

2.6.4 Harris First Echelon Repair for Mobiles– After Warranty End

Following the end of the Warranty Period, Seller will perform First Echelon Troubleshooting relating to Customer's mobile radio units, which is defined as the initial service touch of Customer's mobile mounted radio equipment, whereby Seller's personnel will conduct the initial troubleshooting effort to isolate the defective items. This troubleshooting will occur at either Seller's Facility or at Customer's location. Seller will troubleshoot the problem unit, identify the defective part, replace the defective component(s) with spares from Customer's Terminal Spares Inventory, and return the operator's unit to full functionality. Seller is responsible for delivery of the defective items to Seller's Facility for bench troubleshooting and repair. Repaired units will be returned by Seller to Customer's Terminal Spares Inventory.

Seller shall also perform Annual Preventive Maintenance service for the fixed price per unit/per month set forth in Addendum I, This service includes, as detailed in Section 2.6.6, below, (i) installation of updates to terminal radio software to the latest released version and (ii) a one-time per year update to the radio programming personality and updates to equipment inventory.

2.6.5 Seller shall repair, maintain and service all Terminal Equipment listed in Addendum II to this TMA.

2.6.6 Seller shall perform one preventive maintenance inspection and test annually per each Terminal Equipment unit. Preventive maintenance will be as recommended by the original equipment manufacturer ("OEM") and required by applicable FCC regulations. As a minimum, such inspections and tests will be performed annually for equipment listed in Addendum II. The performance of preventive maintenance shall also be performed substantially in accordance with the detailed preventive maintenance plan in Addendum IV Section 2 – Preventive Maintenance Statement of Work.

2.6.6.1 **Software Installation**: At the time of the preventive maintenance check of each unit, Seller shall also install the most current tested, approved and released version of terminal software applicable to Customer's system. Installation of new software at any time other than the preventive maintenance check shall be done as Demand Services.

2.6.6.2 **Personality Programming**: At time of preventive maintenance check, Seller shall install a modified or replacement programming personality into each radio if requested by Customer. Programming of new personalities at any time other than the preventive maintenance check shall be done as Demand Services.

2.7 Service Records

Service Records relating to the repair and maintenance of each Terminal Equipment shall be made and retained by Seller throughout the term of this TMA. The Service Records will include, as a minimum, an updated preventive maintenance schedule, completed actions on each unit, identified issues with units requiring repair, time taken for completion of the work, and a description of the resolution of discovered issues. Copies of Service Records shall be made available to Customer not later than ten (10) business days after receipt of a written request by Seller; provided, however, the results of preventive maintenance tests and inspections shall be provided, to Customer not later than thirty (30) days of completion of such tests or inspections without the necessity of Customer requesting such records.

2.8 General

All services provided under this TMA are only applicable to the Terminal Equipment listed in Addendum II to this TMA.

2.9 Addition of Terminal Equipment

Customer may increase or decrease the number of units of Terminal Equipment shown on Addendum II during the Term of this TMA. Seller's service on new units of Terminal Equipment added to this TMA shall be treated as warranty service until the warranty expires on such unit, at which time the Seller will provide service for the unit depending on the type of unit it is (i.e. mobile or portable).

2.10 Special Conditions

Any and all special service conditions relating to Seller's performance of services pursuant to this TMA are set forth in Addendum III "Special Conditions" attached to this TMA and incorporated herein by reference.

Figure 4. 3. CUSTOMER FINANCIAL OBLIGATIONS

3.1 Payment Due Dates

For the period beginning on the Commencement Date and ending the last day of the first Contract Year, Customer shall pay to Seller an amount equal to (i) the Annual Maintenance Fee set forth in Table A of Addendum I to this TMA plus (ii) the Annual Maintenance Fee for the first Contract Year divided by 365 then multiplied by the number of days within the period beginning on the first day of the Initial Term and ending on the day before the first day of the first Contract Year, which amount shall be paid not later than ten (10) business days after the Commencement Date. Customer agrees to pay the Annual Maintenance Fee as set forth in Addendum I for the second and each subsequent Contract Year not later than the first day of the respective Contract Year. Fees for Demand Services are invoiced monthly as set forth in Addendum I to this TMA and are payable not later than thirty (30) days after Customer's receipt of Seller's invoice.

3.2 Adjustment in Rates

3.2.1 Commencing with the first Renewal Term and for each Renewal Term thereafter, Seller may revise the rates set forth in Addendum I if Seller delivers to Customer written notice setting forth the amounts of the revised rates not later than ninety (90) days prior to (i) the last day of the Initial Term(with respect to rates for the first Renewal Term) or (ii) the last day of the then current Renewal Term (with respect to rates for the second and later Renewal Term)("the Rate Notice"). Rates which have been revised in accordance with this Section 3.2 shall remain in effect for the entire Renewal Term without further adjustment. Seller shall not be authorized to adjust the rates in Addendum I, and Customer shall not be obligated to pay any adjusted rates, if Seller fails to timely deliver the Rate Notice.

3.2.2 In the event of an increase or decrease in the number of units of Terminal Equipment for which services are provided under this TMA during the course of a Contract Year, the rates charged to Customer shall be adjusted as follows:

3.2.2.1 With respect to the Contract Year a unit which is under warranty is added, Customer will pay an amount equal to the monthly cost per unit for warranty service multiplied by the number of months remaining in the then current Contract Year;

3.2.2.2 With respect to the Contract Year in which the warranty expires on the unit, the Annual Maintenance Fee with shall be increased by an amount equal to (i) the monthly cost per unit for warranty service related to said unit multiplied by the number of months said unit will be under warranty for that Contract Year plus (ii) the monthly cost per unit for post-warranty service related to said unit multiplied by the number of months remaining in the then current Contract Year during which the unit is not under warranty; and

3.2.2.3 With respect to the deletion of units of Terminal Equipment from this Agreement during a Contract Year, Seller shall provide a credit against the amount of the Annual Maintenance Fee due for the next Contract Year in an amount equal to (i) the number of units deleted multiplied by (ii) the applicable monthly fee related to that unit multiplied by (iii) the number of months remaining in the Contract Year after the unit was removed from service under this TMA.

3.2.3 A unit of Terminal Equipment shall be deemed added to this TMA upon the first day of the calendar month following Seller's receipt of written notice from Customer of the request to add the unit to this TMA. A unit of Terminal Equipment shall not be deemed removed from the scope of this TMA until the first day of the calendar month following Customer's delivery of written notice to Seller removing such unit and identifying the unit by model and serial number.

3.2.4 If the addition and deletion of the Terminal Equipment from this TMA in the last Contract Year of the Term of this TMA results in a credit being due Customer which would have been applied to the Annual Maintenance Fee for the next Renewal Term but for termination of this TMA, Seller agrees to pay the amount of such credit to Customer not later than thirty (30) days after termination of this TMA. This Section 3.2.4 shall survive the termination of this TMA.

3.3 Limitation on Rate Adjustments

Increases in the rates set forth in Addendum I authorized by Section 3.2, above, for each the Renewal Term shall be limited to the lesser of (a)

three percent (3%) of the rates charged during the last Contract Year of the Initial Term or the immediately prior Renewal Term, as applicable, and (b) the percentage difference between (i) the Consumer Price Index –All Items for Dallas/Fort Worth ("CPI-U – DFW") published by the U.S. Department of Labor – Bureau of Labor Statistics for the month which is published not later than 120 days prior to the end of the Initial Term or the then current Renewal Term, as applicable, and (ii) the CPI-U – DFW published for the same month for the calendar year prior to the CPI-U – DFW described in (i). Notwithstanding anything herein to the contrary, Seller shall not charge Customer rates for parts sold and services performed pursuant to this TMA greater than the rates that Seller charges for like quantities and like services to Seller's other customers who are members of the North Central Texas Council of Governments. Nothing herein shall require Seller to increase the rates herein for the full amount of increase to which Seller may be entitled.

3.4 Late Payments

Except as set forth in Section 3.2, above, payments for services provided pursuant to this TMA are due within thirty (30) days of receipt of Seller's invoice. All payments not made by Customer on or before the thirtieth (30^{th}) day after the payment is due under this TMA shall bear interest commencing on the 31^{st} day at the lesser of (i) one and one-half percent (1.5%) per month or (ii) the maximum rate allowed by law.

3.5 Non-Appropriation

Failure of Customer to appropriate sufficient funds for any Contract Year to pay Customer's obligations hereunder shall result in termination of this TMA at the end of the then current Contract Year. Customer shall provide written notice to Seller of such non-appropriation as soon as reasonably possible. Customer shall pay Seller for all goods and services performed by Seller that are not in dispute prior to the date of termination of this TMA under this Section 3.5. Customer shall pay Seller for any disputed amounts, if applicable, after such dispute is mutually resolved, and this Section 3.5 shall survive the termination of this TMA for such purpose. Seller agrees that in the event of termination of this TMA under this Section 3.5, Seller will use its commercially reasonable efforts to cancel all pending agreements and orders with third parties and take such other reasonable actions to reduce the amount of Customer's remaining costs owed under this TMA as of the date of the notice of termination. Except for Customer's obligation to pay for goods and services provided by Seller to Customer pursuant to this TMA on or before the date of termination of the TMA, Customer shall have no further obligation to Seller pursuant to this TMA following termination of this TMA pursuant to this Section 3.5.

Figure 5. 4. WARRANTY

4.1 Seller warrants that all services performed under this TMA will be done in an efficient and workmanlike manner and that upon completion of such services that the Terminal Equipment on which such services were performed, if originally manufactured by Seller, will operate in accordance with the original manufacturers specifications subject to such modifications and/or enhancements in such operation by the subsequent installation of software upgrades and versions into the Terminal Equipment, in which case the Terminal Equipment shall function as set forth in Seller's technical release relating to such later software upgrades and versions. Under no circumstances will Seller's liability to Customer exceed the amounts paid by Customer under this TMA for the applicable service that causes Customer's claim. IN NO EVENT SHALL SELLER BE LIABLE TO CUSTOMER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT OR EXEMPLARY DAMAGES INCLUDING, BUT NOT LIMITED TO, DAMAGES RELATED TO LOSS OF PROFIT OR REVENUES, LOSS OF USE OF THE EQUIPMENT OR ANY ASSOCIATED EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE GOODS, FACILITIES, SERVICES OR REPLACEMENT POWER, DOWNTIME COSTS OR CLAIMS OF CUSTOMER'S CLIENTS, IF ANY, FOR SUCH DAMAGES. The limitation of liability for damages in this Section 4.1 does not extend or include damages to or destruction of any Terminal Equipment delivered to Seller for service or otherwise placed in the possession of Seller or Seller's employees, agents or subcontractors for purpose of obtaining services pursuant to this TMA, attributable in whole or in part to the intentional or negligent acts or omissions of Seller or one or more of its employees, agents, or subcontractors.

4.2 THE WARRANTY SET FORTH IN SECTION 4.1 ABOVE IS SELLER'S SOLE WARRANTY UNDER THIS TMA FOR THE SERVICES PROVIDED PURSUANT TO THIS TMA AND IS IN LIEU OF ANY AND ALL OTHER WARRANTIES WHETHER WRITTEN OR ORAL, EXPRESSED OR IMPLIED, STATUTORY OR OTHERWISE INCLUDING, BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO SUCH SERVICES.

4.3 Patents, Trademarks, Information

4.3.1 Nothing in this TMA shall be construed as:

4.3.1.1 A warranty or representation by Seller that any advice provided under this TMA is or will be free from infringement of patents or copyrights of third parties; provided, however, Seller and its employees and/or subcontractors shall at no

time provide any advice to Customer or perform any service on the Terminal Equipment which Seller and its employees and/or subcontractors know or reasonably suspect infringes on patents or copyrights of third parties against Seller, Customer, or both; or

4.3.1.2 Conferring a right to Customer to use in advertising, publicity or otherwise any trademark or trade name of Seller; or

4.3.1.3 Granting to Customer by implication, estoppel, or otherwise any licenses or rights under patents of Seller.

4.3.2 Seller assumes no responsibilities whatsoever with respect to the use by Customer or any third party of any information obtained by Customer or third party under this TMA with respect to any use, sale or other disposition by Customer or its clients or other transferees of any products incorporating or made by use of the information obtained under this TMA.

4.4 General

4.4.1 Customer understands and acknowledges that radio systems are subject to degradation of service from natural phenomena such as so-called "skip" interference, motor ignition and other electrical noise, interference from other users assigned by the FCC to the same or adjacent frequencies, and other causes which are beyond the reasonable control of Seller. Customer agrees Seller cannot be responsible for such degradation, interference or disruption of service caused by operation of other radio systems or by natural phenomena or by motor ignition or other interference over which Seller has no reasonable control. Such foregoing interference and noise might be minimized by the addition at Customer's expense of corrective devices adapted for particular locations and installations. Upon the written request of Customer, Seller will investigate interference complaints (at the rates specified in Addendum I to this TMA) and make recommendations as to the use of such devices; however, total freedom from noise and interference cannot be guaranteed. Notwithstanding the foregoing, with respect to radio systems designed and installed by Seller for third parties after the installation of Customer's system, Seller shall, at Seller's expense, provide such corrective devices and other adjustments to Customer's system if the interference with Customer's system is determined to be from such later installed radio system. Such adjustments to Customer's system shall not result in a loss of coverage as originally designed.

4.4.2 Seller does not assume responsibility for signal strength unless the deficiency is the result of substandard equipment maintenance or any

other act or omission of Seller or subcontractors or any of their respective personnel.

4.4.3 If, due to the action of regulatory authorities, changes to the Terminal Equipment become necessary, such changes will be performed by Seller upon request at the expense of Customer.

Figure 6. 5. TERM AND TERMINATION

5.1 Initial Term

The services under this TMA will be provided by Seller to Customer beginning on the Commencement Date and ending on the last day of the calendar month following the fifth (5^{th}) anniversary of the Commencement Date (the "Initial Term").

5.2 Renewal Term

The Term of this TMA shall be automatically extended at the end of the Initial Term for an additional one (1) year and on a succeeding yearly basis thereafter (each such extension of the Term being referred to herein as "Renewal Term") unless either Party notifies the other Party, in writing not less than sixty (60) days prior to the end of the Initial Term or the Renewal Term then in effect that the Term shall not be extended.

5.3 "Term" Defined

The phrases "Initial Term" and "Renewal Term" as used in this TMA shall collectively be referred to herein as "Term."

5.4 "Contract Year" Defined

For purposes of this TMA, the phrase "Contract Year" means (i) with respect to the first Contract Year, the period beginning on the first day of the first calendar month following the Commencement Date and ending on the day prior to the anniversary of said beginning date and (ii) with respect to each subsequent Contract Year, the period beginning with the anniversary of the beginning of the first Contract Year and end on the immediately following anniversary of the end date of the first Contract Year. By way of example, if the Commencement Date is November 13, 2015, the first day of the first Contract Year would be December 1, 2015, the last day of the first Contract Year would be November 30, 2016, the first day of the second Contract Year would be December 1, 2016, the last day of the second Contract Year would be November 30, 2017, the first day of the third Contract Year would be December 1, 2017, the last day of the third Contract Year would be November 30, 2018, and so on.

5.5 Customer Default for Non-Payment

If Customer fails to pay Seller any undisputed amounts on or before the fortieth (40th) day after such amount is due, Seller may suspend the provision of services under this TMA not earlier than five (5) days after providing written notice to Customer of Seller's intent to suspend services until such undisputed amount is paid. If (i) any undisputed amount due under this TMA remains unpaid on or before the 75th day after such amount is due, and (ii) Seller has delivered to Customer the above notice relating to suspension of services, and (iii) Seller has, in fact, suspended its services hereunder to Customer, Seller may elect to terminate this TMA not earlier than the fifteenth (15th) day after delivery of written notice to Customer of Seller's election to terminate this TMA provided that Customer has not prior to the date of termination paid to Seller all undisputed amounts plus accrued late payment interest. In the event of termination of the TMA pursuant to this Section 5.5, Customer shall be entitled to a refund of a prorated amount of the Annual Maintenance Fee paid for the then current Contract Year calculated in the same manner as the refund in Section 5.6, below, which amount may be offset against any undisputed amount plus accrued late payment interest remaining unpaid as of the termination date.

5.6 Seller's Default

In the event of a material breach of this TMA by Seller which shall continue for thirty (30) days after written notice of such material breach (including a reasonably detailed statement of the nature of such breach) shall have been given to Seller by Customer, Customer shall be entitled to avail itself cumulatively of any and all remedies available at law, in equity, or otherwise (provided such remedies are not otherwise limited under the terms of this TMA) and either: (1) suspend performance of its payment obligations under this TMA for as long as the breach continues uncorrected; or (2) terminate this TMA by written notice to Seller if the breach remains uncorrected. Each of the following shall constitute material breaches of this Agreement:

5.6.1 Violation by Seller of any State, Federal or local law, or failure by Seller to comply with any applicable State and/or Federal service standards, as expressed by applicable statutes, rules and/or regulations.

5.6.2 Failure by Seller to carry applicable licenses or certifications as required by law; and

5.6.3 Failure of Seller to perform the services described in this TMA absent an event of Force Majeure.

In the event Customer terminates this TMA pursuant to this Section 5.6, not later than thirty (30) days after such termination date, Seller shall refund to Customer the unearned portion of the Annual Maintenance Fee in an amount equal to (i) the amount of the Annual Maintenance Fee paid for the then current Contract Year, (ii) divided by 365 and then (iii) multiplied by the number of days remaining in the then current Contract Year after the termination date. The amount of such refund shall accrue interest beginning after the thirtieth (30th) day after the termination date at the highest rate allowed by law if Seller fails to pay such refund by that date.

5.7 Termination Following Force Majeure

If Seller is unable to perform the services described in this TMA following a Force Majeure Event, or is otherwise unable to procure such services from a third party who Seller has certified as authorized to perform work on the Terminal Equipment without voiding any warranty made to Customer, and such inability continues for a period of thirty (30) days, Customer shall have the right to terminate this TMA upon providing Seller written notice of termination, in which case this TMA shall be immediately terminated. If Customer terminates this TMA pursuant to this Section 5.7, Customer's remedies shall be limited to a refund of the unearned portion of the Annual Maintenance Fee in an amount equal to (i) the amount of the Annual Maintenance Fee paid for the then current Contract Year, (ii) divided by 365 and then (iii) multiplied by the number of days remaining in the then current Contract Year after the termination date. The amount of such refund shall accrue interest beginning after the sixtieth (60th) day after the termination date at the highest rate allowed by law if Seller fails to pay such refund by that date.

Figure 7. 6. LIMITATION OF LIABILITY

6.1 Limits on Damages

Except for Seller's liability to third parties for its willful misconduct or negligent acts or omissions as more particularly described in Section 7 "Indemnification and Hold Harmless," below, the total liability of Seller, including its subcontractors or suppliers, for all claims of any kind for any loss or damage, whether in contract, warranty, tort (including negligence or infringement), strict liability or otherwise, arising out of, connected with, or resulting from the performance or non-performance of this TMA or from the manufacture, sale, delivery, installation, technical direction of installation, resale, repair, replacement, licensing or use of any Hardware, Software or the furnishing of any Service pursuant to this TMA, shall not exceed the greater of (a) the total amount paid by Customer to Seller pursuant to this TMA or (b) the limits of Seller's insurance coverage.

6.2 Special, Consequential, Etc. Damages

IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE OR INFRINGEMENT), STRICT LIABILITY OR OTHERWISE, SHALL EITHER PARTY, OR ITS SUBCONTRACTORS OR SUPPLIERS, BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT OR EXEMPLARY DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUES, LOSS OF USE OF THE HARDWARE OR ANY OTHER EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE GOODS, FACILITIES, SERVICES OR DOWNTIME COSTS.

6.3 Third Party Damages

6.3.1 Seller shall not be liable for costs incurred for repair and/or replacement of Terminal Equipment that fails or becomes inoperative due to negligence on the part of a user other than Seller or Seller's employees or contractors, liquid intrusion not caused by the negligent or intentional acts or omissions by Seller or Seller's employee or contractors, lightning damage, installations or removals performed by third parties not employed or otherwise hired by Seller, and/or acts of God, acts of terrorism or work performed by third parties not authorized by Seller to perform work on Seller equipment.

6.3.2 Seller shall not be liable for costs incurred for correcting, replacing or repairing equipment damaged and/or data corruption induced and/or caused by third party personnel not hired by Seller to perform such correction, replacement, or repair or other equipment/systems not provided by or under the direction of Seller.

6.4 Other Agreements

The provisions of this Section 6, LIMITATION OF LIABILITY, shall apply notwithstanding any other provisions of this TMA

6.5 Survival

The provisions if this Section 6, LIMITATION OF LIABILITY, shall survive the expiration or termination of this TMA.

6.6 Force Majeure Event.

Neither Party shall be liable for delays in delivery or failure to perform due directly or indirectly to (1) causes beyond a Party's reasonable control, (2) Acts of God, acts (including failure to act) of any governmental authority, wars (declared

or undeclared), riots, revolutions, strikes or other labor disputes, fires, floods, sabotage, nuclear incidents, earthquakes, storms, epidemics, or (3) Seller's inability to timely obtain necessary materials, items, components or services from suppliers who are affected by the foregoing circumstances (each being a "Force Majeure Event"). Upon the occurrence of a Force Majeure Event, Seller and Customer (as the case may be) shall as soon as practical after the onset of the Force Majeure Event, notify the other Party of such event and shall, at the same time or at the earliest practical date after such notice, specify the date such performance shall occur or recommence. Subject to Section 5.7 of this TMA, in the event of such delay or failure, the time for performance shall be extended for a reasonable time period to compensate for the time lost by the Party by reason of the Force Majeure Event.

Figure 8. **7. INDEMNIFICATION AND HOLD HARMLESS**

7.1 Indemnification

Seller shall be responsible for and agrees to INDEMNIFY, HOLD HARMLESS and DEFEND Customer, its governing body, boards, commissions, agencies, officers and employees (collectively "the Indemnified Parties") from and against all liability, losses, damages, harm, judgments, proceedings, suits, liens, penalties, fines, fees (including reasonable attorneys fees), costs or expenses which the Indemnified Parties (or any of them) may sustain, incur or be required to pay by reason of third party claims, demands and/or causes of action for damages resulting from personal injuries, loss of life or damage to or destruction of tangible property, (collectively "Claims") resulting from, caused by, or relating to the willful misconduct or negligent acts or omissions of Seller or of any of Seller's officers, agents, employees, or subcontractors in performance of or otherwise in connection with this TMA (and including all of Seller's work and services as set forth herein). SUCH INDEMNITY, HOLD HARMLESS, AND DEFENSE OBLIGATION SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY INDEMNIFIED PARTIES, OR CONDUCT BY ANY INDEMNIFIED PARTIES THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND. However, Seller's liability under this clause shall be reduced by that portion of the total amount of the Claims (excluding defense fees and costs) equal to the Indemnified Parties' proportionate share of the negligence or gross negligence, or conduct that would give rise to strict liability of any kind that caused the Claim. Likewise, Seller's liability for the Indemnified Parties' defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to the Indemnified Parties' proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss.

Figure 9.

7.2 Notice of Claim

Customer agrees to notify Seller in writing as soon as practical of any third party claim, demand or cause of action for which any of the Indemnified Parties will request indemnification from Seller. The Indemnified Party(ies) seeking indemnification and a defense from Seller pursuant to Section 7.1 must provide Seller with the necessary information and assistance to defend or settle such claim, demand or cause of action. The obligations of Seller under this section and Section 7.1, above, shall survive the expiration or termination of this TMA. Notwithstanding anything to the contrary herein, Seller understands, acknowledges, and agrees that this TMA contains no obligation of Customer to indemnify, defend, or hold harmless Seller, its officers, directors, employees, shareholders, partners, contractors, subcontractors, or affiliates under any circumstances arising from or related to the performance of this TMA. Nothing in this section or Section 7.1, above, shall be deemed an admission or waiver of any immunity from liability. Further, nothing in this TMA shall be read to grant rights or benefits to third parties.

Figure 10. 8. GENERAL PROVISIONS

8.1 Notices.

Notices and other communications between the Parties shall be transmitted in writing by (i) United State Postal Service via certified mail, return receipt requested, or (ii) hand delivery or (iii) nationally recognized overnight courier service (e.g. United Parcel Service, Federal Express, DHL, or similar service) to the Parties at the addresses set forth below and shall be deemed effective upon (1) receipt by the receiving Party, if hand delivered or sent by nationally recognized courier service, or (2) five (5) business days after placement in a receptacle of the United States Postal Service, if sent by certified mail, return receipt requested. Either Party may change its address by giving notice in writing thereof to the other Party.

Seller:

Director, Field Services
Harris Corporation
221 Jefferson Ridge Parkway
Lynchburg, Virginia 24501

Customer:

Paul Spencer
Town of Addison
Police Chief
4799 Airport Parkway
Addison, TX 75001

With copy to:

Regional Manager
Harris Corp
8105 N. Belt Line Road, Suite 170
Irving, Texas 75063-6070

With copy to:

Brenda N. McDonald
Messer, Rockefeller & Fort, PLLC
6351 Preston Road, Suite 350
Frisco, Texas 75034

8.2. Entire Agreement; No Third Party Beneficiaries

The entire agreement of the Parties is contained herein (inclusive of the Exhibits attached hereto), and this TMA supersedes any and all oral agreements and negotiations between the Parties relating to the subject matter hereof. Except as stated herein to the contrary (including the indemnity, hold harmless, and defense provisions included in Section 7, above), this TMA is solely for the benefit of the Parties hereto and is not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

8.3. Amendment

The Parties expressly agree that this TMA shall not be amended in any manner except in a writing(s) executed by authorized representatives of the Parties.

8.4 Severability

The invalidity, in whole or in part, of any Section or part of any Section of this TMA shall not affect the validity of the remainder of such Section or this TMA.

8.5 Waiver

No provision of this TMA may be waived except in a writing signed by the Party waiving enforcement. No provision of this TMA shall be deemed to be waived by reason of any failure to previously enforce such term. In no event shall the making of any payment required by this TMA constitute or be construed as a waiver by Customer of any breach of the covenants of this TMA or a waiver of any default of Seller and the making of any such payment by Customer while any such default or breach shall exist shall in no way impair or prejudice the right of Customer with respect to recovery of damages or other remedy as a result of such breach or default.

8.6 Headings; "Includes"

Section headings are inserted for convenience only and shall not be used in any way to construe the meaning of terms used in this TMA. As used in this TMA, the words "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.

8.7 Governing Law

The Parties expressly understand and agree that in the event of any disagreement or controversy between the Parties, the laws of the State of Texas shall be controlling without regard to the application of any conflict of laws statutes. Venue for any legal proceedings shall be in a state court in Dallas County, Texas, except where federal law places exclusive jurisdiction of the matter in controversy in a federal court, in which case venue shall be in the United States District Court for the Northern District of Texas – Dallas Division.

8.8 Assignment; Successors and Assigns

8.8.1 Except as provided herein, this TMA shall not be assigned nor any interest or obligation in this TMA transferred by either Party without the written consent of the other Party, which shall not be unreasonably withheld or delayed.

8.8.2 Notwithstanding Section 8.8.1, above,

A. Seller may assign this TMA, without consent, (a) in whole or in part, to an affiliate of Seller or (b) in the event of a change of controlling ownership interest (either directly or indirectly) in Seller or in the event of merger, recapitalization, consolidation, other business combination or sale of all or substantially all of the assets of Seller. For purposes hereof, "affiliate" means all persons, corporations, or other entities which control Seller, and (ii) all persons, corporations or other entities under the control of Seller. As used in this paragraph A, the definition of affiliate, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, corporation, or other entity, whether through ownership of voting securities or partnership interests, by contract, or otherwise without the consent or approval of any other person or entity.

B. In addition, Seller may also assign or transfer, without consent, claims for money due or to become due Seller from Customer under this TMA to a bank, trust company or other financial institution if and only if the instrument of assignment contains a provision substantially to the effect that it is agreed that the right of the assignee in and to any moneys due or to become due to Seller shall be subject to prior claims of all persons, firms and corporations for services rendered or materials supplied for the performance of the Work called for in this TMA.

8.8.3 Any Party making an assignment of all or any portion of this Agreement shall promptly provide the other Party written notice of any such permitted assignment or transfer. Regardless of whether or not an assignment by a Party requires the consent of the other Party, no assignment authorized pursuant to this Agreement shall be effective and enforceable as to the other Party unless such assignment is in writing, signed by the assignor and assignee(s), and includes an agreement by the assignee to assume without amendment all duties and obligations of the assignor as set forth in this Agreement, and a copy of the assignment is delivered to the Party who is not a party to the assignment.

8.9 Attachments and Addenda

All exhibits, attachments, and addenda referenced in this TMA and attached hereto are incorporated into this TMA as if fully set forth herein and constitute additional terms and conditions of this TMA.

EXHIBIT A

8.10 Counterparts

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

8.11 Effective Date

This TMA shall be effective upon the date it bears the signatures, whether in the same original document or in counterparts, of the authorized representatives of the Parties ("the Effective Date").

(*Signatures on following page*)

EXHIBIT A

SIGNED AND AGREED this ____ day of _____, 2015.

SELLER:

HARRIS CORPORATION -
RF COMMUNICATIONS DIVISION

By: _____
Christopher W. Chaffee,
Senior Manager, Contracts

SIGNED AND AGREED this _____day of _____, 2015.

CUSTOMER:

TOWN OF ADDISON

By: _____
Charles W. Daniels,
Interim City Manager

ATTEST

_____
Laura Bell, City Secretary

APPROVED AS TO FORM:

_____
Brenda N. McDonald, City Attorney

Figure 11. ADDENDUM I - TERMINAL MAINTENANCE RATES

A. Harris Local Bench Repair Rates

A B C D E F G H I J K L M N O

Comments:

Cell: C4 - PD = 15 - FD = 15 - PW = 35	**Cell:** E4 - PD = 75 - FD = 32
Cell: H4 - PD = 30	**Cell:** I4 - PD = 5 - FD = 12
Cell: J4 - ? = 3	

B. First Echelon Repair Rates

REFERENCE SECTION 2.6.2 - WARRANTY					
REFERENCE SECTION 2.6.3 - LOCAL BENCH FOR PORTABLES					
REFERENCE SECTION 2.6.4 - FIRST ECHELON FOR MOBILES					
Pricing Shown is Per Unit / Per Month					
Terminal Model	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
XG-25 Portable	Warranty	Warranty	$ 4.65	$ 4.79	$ 4.93
XG-75 Portable	Warranty	Warranty	$ 4.65	$ 4.79	$ 4.93
XG-100 Portable	Warranty	Warranty	Warranty	$ 6.39	$ 6.58
XG-25 Mobile	$ 5.04	$ 5.19	$ 15.41	$ 15.88	$ 16.35
XG-75 Mobile	$ 5.04	$ 5.19	$ 15.41	$ 15.88	$ 16.35
XG-100 Mobile	$ 5.04	$ 5.19	$ 5.35	$ 20.36	$ 20.97
CS-7000 Control Station - Includes Radio	$ 11.74	12.09	$ 35.57	$ 36.64	$ 37.74

Annual Preventive Maint + S/W Upgrade + Personality Update	$ 4.17	$ 4.30	$ 4.43	$ 4.56	$ 4.70
Pickup / Delivery Service	$ 1.33	$ 1.33	$ 1.33	$ 1.33	$ 1.33
Personality Management by Harris	$ 0.67	$ 0.67	$ 0.67	$ 0.67	$ 0.67

C. UNUSED AND RESERVED

D. DEMAND SERVICE RATES

Hourly Rate (normal Working Hours): $100.00
Hourly Rate (Nights & Saturday): $150.00
Hourly Rate (Sunday & Holidays): $150.00
Mobile/Portable Radio Reprogramming: Price quoted on a per occurrence basis.

E. OTHER SUBCONTRACTED SERVICES

Service provided by third party vendors performing Demand Services labor at the request of Customer will be provided at cost plus 15%.

ADDENDUM II - EQUIPMENT LIST

A. TERMINAL EQUIPMENT:

Radio Model #	Qty.			
XG-25P	65	Portable Radio		
XG-75P	0	Portable Radio		
XG-100P	107	Portable Radio		
XG-25M	0	Mobile Radio		
M7300		30	Mobile Radio	
XG-100M	17	Mobile Radio		
CS-7000	3	Control Station with:		
		M7300	3 each	Mobile Radio

<End of List>

TERMINAL SPARES

**Terminal Spares purchased by Customer may be designated and tracked separately by serial number, or at Customer discretion may be included in the inventory in Addendum II – Equipment List – Section A – Terminal Equipment. Terminal Spares will be maintained per all terms and conditions stated for actively used equipment covered in Section A inventory.*

ADDENDUM III - SPECIAL CONDITIONS

1.0 Maintenance Exclusions

The items identified below are covered by Seller during the Warranty Period provided they have been supplied and installed by Seller. Following the end of the Warranty Period, the items identified below are specifically excluded from coverage from this TMA, unless otherwise noted in Addendum II (A) Terminal Equipment List or as later agreed in writing. Customer may request services on the items identified below at the then current Demand Services Rates listed in Addendum I – Section D.

1.1 Portable Equipment

Customer shall be responsible for repair and replacement of the following portable radio equipment after the end of the items' Warranty Period:

- Personal audio accessories (headset, ear piece),
- carrying cases and devices,
- batteries and antennas

1.2 Mobile Equipment

Customer shall be responsible for repair and replacement of the following mobile radio equipment after the end of the items' Warranty Period:

- Antennas
- Power Cables
- Control Head to T/R package cables for remote mount units
- Fuses & Fuse Holders
- Audio Accessories (microphone, headset, ear piece)
- Any issues related to vehicular power systems
  - Voltages out of radio specification range
  - Voltage spikes

1.3 Control Stations

Customer shall be responsible for repair and replacement of the following control station radio equipment after the end of the items' Warranty Period:

- Antenna systems (antenna, feedline & PolyPhaser)
- Audio Accessories (microphone, headset, ear piece)

2.0 Additions / Deletions to Addendum II – Equipment List

Customer may add or delete equipment items to the list of maintained equipment by notifying Seller in writing. As additional items are purchased they will be added to this TMA at time of the annual Renewal Period and per terms of Section 2.6.1.1. Any changes to this TMA will be through an Amendment document

completed by Seller and provided to Customer for review, approval and signature. The Amendment document will provide revised equipment lists, revised pricing structure changes and any necessary changes to fully incorporate the additional items into the TMA.

ADDENDUM IV - WARRANTY/MAINTENANCE SUPPORT STATEMENT OF WORK

The Addendum IV sets forth Seller's maintenance obligations, exclusions, and additional options available to Customer pursuant to this TMA. Descriptions of obligations and exclusions under the requested options and Demand Services require Customer to purchase those options.

1.0 Local Support

Seller maintains a 10,500 square foot Regional Service Center located in Irving, Texas ("Sellers' Facility"). Seller's Facility supports Seller's staff of service managers, project managers, engineers and technicians, who are responsible for supporting all of Seller's customers within a multi-state region in the western United States of America. Seller's Facility has a repair depot for local repair of Seller's mobile and portable radio equipment, an equipment staging area, spare parts warehouse, drive in service bay and office space.

2.0 Depot Maintenance

Seller's Depot Repair and Return Facility ("R&R") is located in Forest, Virginia and is staffed with certified Master Technicians. A "Master Technician" means a person who has completed all Seller-required technical training course on the equipment being serviced. Seller's Facility and the R&R are ISO 9001: 2000 and Factory Mutual Certified. State-of-the-art test equipment and certified Master Technicians verify all repairs meet or exceed prescribed specifications.

3.0 Terminal Radio Equipment Repair Statement of Work

3.1 Maintenance Responsibilities

Seller's Facility technicians and staff will provide warranty and maintenance actions on all Terminal Equipment included in this TMA. Seller may subcontract some preventive maintenance services.

3.2 Initiation of Terminal Service Request from Customer:

Customer initiates a Terminal Service Request by sending an e-mail to the Harris Service Center group e-mail box Irving.Office@harris.com which is monitored during normal Working Hours by the Harris Service Center Shop Manager and the three Harris Service Center Field Technicians. Customer Terminal Service Request will contain:

A. Name of Customer initiating request
B. Customer Agency (Coppell FD, Carrollton PD, etc)
C. Customer call back phone number
D. Unit Number needing maintenance service
E. Brief Problem Description

The e-mail will be replied to by the currently on-call Field Technician, copied to all other Seller personnel. Seller's on-call Field Technician will contact the initiating Customer contact within one (1) Working Hour. Example: A call initiated between 8:00 AM and 4:00 PM during a Working Day will be replied to within one hour on that day. However, a call initiated after 4:00 PM will receive a reply the next business morning prior to 9:00 AM. Any calls for terminal service received after hours or weekends will receive a reply the next business morning prior to 9:00 AM.

3.3 Maintenance Logs

Seller shall utilize its existing ticket tracking system to log all requests for service and all service actions taken. Seller's technicians open a ticket when any service request from Customer is initiated. Seller's technicians will update that ticket as the troubleshooting process proceeds until completion. Data is entered into the ticket to record Customer's initial service request, call back and on-site arrival times, troubleshooting completion times, actions taken during the troubleshooting process, parts utilized and final outcome of the troubleshooting process. Service reports as defined below will be extracted from this ticket system to provide the required reports.

3.4 Service Reports

Seller shall submit the following service reports by the tenth (10th) day of each month for the previous month's service:

A. Monthly service activity, including model number, serial number, work performed, corrective action.

B. Mutually agreed metrics.

3.5 Terminal Spares

Customer shall purchase the Terminal Spares as indicated in the recommended spare parts list provided with the System Purchase Agreement. Terminal radios spare parts will be stored at Customer's facility. Customer is responsible for tracking the inventory of their Terminal radio equipment spares.

3.6 Tech-Link Support Services

The Tech-Link website offers electronic retrieval/exchange of technical information, which allows subscribers to:

A. Search Seller technical libraries
B. Read current software release notes
C. Request technical assistance from TAC
D. Participate in User Forums
E. Technical Service Memos
F. Subscription to Tech-Link is an included service with purchase of the Software FX Agreement.

3.7 Terminal Equipment Service Ticket Initiation Process

To ensure compliance with service ticket requirements, Seller will respond utilizing the following escalation procedure:

3.7.1 Reference services provided by the Local Bench Repair service option:

A. Customer may drop off and pickup Terminal Equipment for repair at Seller's Facility.

B. Seller will perform once a week pickup and delivery service at Customer's designated facility. Any items for repair will be picked-up and any items that have been repaired will be delivered to Customer for return to their spares inventory.

C. During the equipment Warranty Period, there is no charge for break/fix repairs. Customer may request that Seller re-program radios to make changes to operational features or functions in the programming personality. Such re-programming is not a warranty service and will be provided as a Demand Service by Seller to Customer.

3.7.2 Reference services provided by the First Echelon Repair service level:

A. Customer may drop off and pickup Terminal Equipment for repair at Seller's Facility.

B. Customer may bring mobile radios to Seller's Facility for troubleshooting and repair by Seller's technicians.

C. Customer may initiate a service request to Seller for on-site service at Customer location. Seller will respond and be on-site to service the vehicle or item requested not later than three (3) business days (24 working hours). Please see Addendum IV under the subsection Maintenance Responsibilities, Initiation of Terminal Service Request from Customer.

D. During the equipment Warranty Period, there is no charge for break/fix repairs. Customer may request that Seller re-program radios to make changes to operational features or functions in the programming Personality. Such re-programming is not a warranty service and will be provided as a Demand Service by Seller to Customer.

4.0 Preventive Maintenance Statement of Work

Seller shall perform annual preventive maintenance ("PM") on all Seller supplied Terminal Equipment as listed in Addendum II.

Seller shall perform preventive maintenance inspections and tests as recommended by the Harris Maintenance Manuals, using the most current revision applicable to the model(s) of equipment being serviced. Documentation of PM services will include measured values of all FCC required performance criteria and other parameters measured per the specifications in the Maintenance Manuals.



Terminal Maintenance Agreement
for

TOWN OF ADDISON

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TERMINAL MAINTENANCE AGREEMENT

THIS TERMINAL MAINTENANCE AGREEMENT (hereinafter "TMA") is entered into as of the Effective Date, by and between Harris Corporation, a Delaware Corporation, through its RF Communications Division, located at 221 Jefferson Ridge Parkway, Lynchburg, Virginia 24501, USA, ("Seller"), and the Town of Addison located at 4799 Airport Parkway, Addison, Texas 75001 (hereinafter "Customer") (each being a "Party" and collectively "the Parties"). Commencement of this Agreement shall occur upon Final Acceptance as defined in the System Purchase Agreement ("Commencement Date").

1. SCOPE OF AGREEMENT

During the Term of this TMA, Seller agrees to repair and maintain Customer's mobile, portable and control station radio equipment ("Terminals" or "Terminal Equipment") included in Addendum II – Equipment List in accordance with Section 2 and Addendum IV, Warranty/Maintenance Support Statement of Work. For purposes of this TMA, Terminal Equipment includes, but is not limited to, mobiles, portables, control stations, and their associated software.

2. CONDITIONS OF SERVICE

Seller shall supply all supervision, labor, service facilities, repair parts, test equipment, and supplies necessary to meet the service requirements stated in this TMA.

2.1 Service Facilities

Seller's Regional Service Center in Irving, Texas ("Facility") is a full service maintenance facility available and staffed with factory trained service technicians. The Facility's staffing level shall be maintained to sufficiently meet the service requirements stated in this TMA throughout the Term of this TMA.

2.2 Right to Subcontract

Seller may subcontract service work to Seller's authorized service centers. Should any subcontractor fail to perform or, in the reasonable opinion of Customer, such subcontractor's work otherwise proves unsatisfactory, Seller will arrange for continuing maintenance of the Terminal Equipment by qualified technicians for the duration of this TMA.

Customer reserves the right to reject work performed by Seller's subcontractors when service work is not performed in accordance with the service requirements set forth in this TMA. Subcontractors shall comply with all Federal, State, and local laws.

2.3 Terminal Spares

2.3.1 For purposes of this TMA, the phrases "Terminal Spares" and "Terminal Spares Inventory" means the collective group of items that have been identified by Seller to Customer that are needed to complete repairs on a malfunctioning or broken unit which, if not readily available, may result in leaving a mobile and/or portable radio user without a working radio unit. The Parties acknowledge that ready availability of Terminal Spares will facilitate repairs by Seller in the shortest possible time frame.

2.3.2 Customer shall pay for the initial purchase of Terminal Spares Inventory. Seller shall thereafter pay the cost to repair and/or replace any Terminal Spares used for repairing or maintaining the Terminal Equipment. Seller is responsible for the cost to repair and/or replace all parts utilized maintaining the Terminal Equipment.

2.3.3 Customer shall be responsible for the care, custody, and control of the Terminal Spares Inventory; provided, however, a portion of the Terminal Spares Inventory shall be assigned by Customer to Seller from time to time for purposes of conducting troubleshooting and repairs of units in Seller's service center.

2.3.4 Seller shall update software included in the Terminal Spares at the same time as software updates are applied to the Terminal Equipment in accordance with the applicable subsection of Section 2.6.

2.3.5 Seller will support provisioning (i.e. stocking of replacement parts and providing maintenance and repair services) of Terminal Equipment for a period of five (5) years after final production of the respective model of Terminal Equipment for which production has terminated. Terminal Equipment manufactured by third parties will be supported in accordance with the individual manufacturer's provisioning policy. Seller will utilize commercially reasonable efforts to assure third party spare parts and equipment availability to support its maintenance obligations under this TMA. Seller shall not be liable to Customer for third party spare parts and equipment obsolescence or unavailability under this TMA beyond commercially reasonable efforts.

2.3.6 Upon termination of this TMA, regardless of the reason for termination, all Terminal Spares that are in the possession of Seller at the time of termination shall be delivered to Customer. Upon delivery by Customer of a notice of termination to Seller, Seller shall cease ordering, and cancel such orders which can be cancelled for, any replacement parts to be placed in the Terminal Spares inventory except as authorized by Customer or as needed to complete any repairs or maintenance of Terminal Equipment

which are to be completed prior to the date of termination or as otherwise authorized by Customer.

2.4 Working Hours

Working Hours are defined as 8:00 a.m. to 5:00 p.m. Central Time, Monday through Friday. For the purposes of this TMA, the following shall be considered holidays:

- New Year's Day (January 1)
- Memorial Day (Last Monday of May)
- Independence Day (July 4)
- Labor Day (First Monday of September)
- Thanksgiving Day (Last Thursday of November)
- Christmas Day (December 25)

Work performed outside of Working Hours at Customer's written request is defined as "emergency service" and will be performed at Demand Service Rates.

2.5 Demand Services

2.5.1 Demand Services Defined.

"Demand Services" shall mean:

(i) A service request for the repair or maintenance of Terminal Equipment that is not described elsewhere in this TMA;

(ii) The installation, removal, or reinstallation of Terminal Equipment not associated with repair/maintenance efforts as defined in this TMA;

(iii) Service work performed on Terminal Equipment necessary because of intentional or negligent actions taken by a person not under the control of Seller resulting in damage to the Terminal Equipment.

2.5.2 Minimum Demand Services Charge

Charges for performance of Demand Services performed pursuant to Section 2.5.1(ii) shall be at the rates listed in Addendum I, Terminal Maintenance Rates ("Addendum I"), attached to this TMA. Charges for Demand Services performed pursuant to Section 2.5.1(iii) shall be at the hourly rate for Demand Services set forth in Section D of Addendum I, plus the cost of any required parts. Work not otherwise expressly covered by this TMA or defined as a Demand Service will be performed at Seller's then current rate charged to other customers for such service subject to the

limitations set forth in Addendum I. Seller will charge a minimum of ½ hour (0.5 hour) for any Demand Services action requiring less than 30 (thirty) minutes. Additional time is charged in ½ hour increments.

2.5.3 Start Time for Demand Services Charge

Seller starts charging Demand Services travel time based on the lesser of a) the time to travel to Customer's location if traveling from Seller's Facility or b) the time to travel to Customer's location if traveling from the technician's previous work location. Travel time after the end of a Demand Services call will be the lesser of a) the time to travel from Customer's location to Seller's Facility or b) the time to travel from the Customer's location to the next Customer location. If Seller's technician leaves the Demand Services call and is routed to a location other than Customer's, then no return travel time is charged to Customer.

2.5.4 Charges for Travel Time and Mileage on Demand Services Work

(i) Seller shall not charge any mileage fees for Demand Services work.

(ii) Seller may charge travel time for technicians called out to perform Demand Services at the hourly rate set forth in Section D of Addendum I.

2.5.5 Prior Customer Approval Required for Demand Services Work

Customer has the right to request a quote for any requested Demand Services. Seller shall provide such quotes on a firm/fixed price basis, if possible. In cases where a firm fixed price quote is not possible, Seller shall provide the best possible estimation of charges based on the work scope requested and as understood, with the understanding that Seller may revise such estimate as needed during the progress of the work. Customer shall be under no obligation to pay for Demand Services unless authorized in writing by Customer pursuant to either a) a Purchase Order received by Seller for the amount quoted by Seller, or b) a written authorization to proceed received by Seller based on a quote received from Seller; the written authorization to be provided either by e-mail, facsimile, or hand delivery to Seller's Shop Manager or via USPS mail delivery.

2.5.6 Customer Appeal of Charges or Rejection of Work performed as Demand Services by Seller

Should Customer have questions about the labor or parts charges for a Demand Services work effort, Customer should notify Seller's Shop Manager in writing via e-mail as to their contest or appeal of Demand

Services charges incurred. Seller will review Demand Services charges for labor and parts with Customer to reach a mutual agreement. Seller's Shop Manager may make adjustment to Demand Services invoices if charges are substantiated by Seller to Customer.

2.5.7 Repair of Certain Damaged Terminal Equipment

Customer shall pay both the hourly rate for Demand Services as well as the cost of replacement parts for Demand Services performed pursuant to Section 2.5.1(iii).

2.6 Terminal Maintenance Responsibilities

2.6.1 Warranty Period Repair

During the Term of this TMA, Seller will provide corrective repairs to Seller manufactured Terminal Equipment at the rates listed in Addendum I, which shall include the labor and parts to complete bench level repairs of the Terminal Equipment at Seller's Facility. During the Warranty Period there is no charge for corrective repairs.

2.6.1.1 Customer may request that Seller add equipment from other manufacturers. Seller will advise Customer if the other manufacturers' equipment can be added to this TMA, and, if acceptable, Seller will provide a quoted price to include that equipment in this TMA.

2.6.2 Warranty Period Maintenance

During the Warranty Period, Seller shall perform the following additional maintenance services for Customer:

2.6.2.1 On-site First Echelon troubleshooting for fixed price per unit/per month as indicated for mobile radios in Addendum I.

2.6.2.2 Annual Preventive Maintenance service for fixed price per unit/per month as indicated in Addendum I. This optional service also includes installation of updates to terminal radio software to the latest released version. This optional service also includes a one-time per year update to the radio programming personality. See details in Section 2.6.4 below.

2.6.3 Harris Local Bench Repair For Portables – After Warranty Period Ends

Following the end of the Warranty Period, Seller will provide corrective Local Bench Repairs at Seller's Facility for Customer's portable terminals.

Customer will be responsible for conducting First Echelon troubleshooting to isolate and correct users portable radio operation issues. Customer will deliver the defective items to Seller's Facility for bench repairs. Seller shall also perform the following additional services under this Section 2.6.3 relating to Customer's portable radio units:

2.6.3.1 Pickup & Delivery service during the Term of this TMA for fixed price per unit / per month as indicated in Addendum I.

2.6.3.2 Annual Preventive Maintenance service for fixed price per unit / per month as indicated in Addendum I. This service, also includes, as detailed in Section 2.6.6, below, (i) installation of updates to terminal radio software to the latest released version and (ii) a one-time per year update to the radio programming personality.

2.6.4 Harris First Echelon Repair for Mobiles– After Warranty End

Following the end of the Warranty Period, Seller will perform First Echelon Troubleshooting relating to Customer's mobile radio units, which is defined as the initial service touch of Customer's mobile mounted radio equipment, whereby Seller's personnel will conduct the initial troubleshooting effort to isolate the defective items. This troubleshooting will occur at either Seller's Facility or at Customer's location. Seller will troubleshoot the problem unit, identify the defective part, replace the defective component(s) with spares from Customer's Terminal Spares Inventory, and return the operator's unit to full functionality. Seller is responsible for delivery of the defective items to Seller's Facility for bench troubleshooting and repair. Repaired units will be returned by Seller to Customer's Terminal Spares Inventory.

Seller shall also perform Annual Preventive Maintenance service for the fixed price per unit/per month set forth in Addendum I, This service includes, as detailed in Section 2.6.6, below, (i) installation of updates to terminal radio software to the latest released version and (ii) a one-time per year update to the radio programming personality and updates to equipment inventory.

2.6.5 Seller shall repair, maintain and service all Terminal Equipment listed in Addendum II to this TMA.

2.6.6 Seller shall perform one preventive maintenance inspection and test annually per each Terminal Equipment unit. Preventive maintenance will be as recommended by the original equipment manufacturer ("OEM") and required by applicable FCC regulations. As a minimum, such inspections and tests will be performed annually for equipment listed in Addendum II. The performance of preventive maintenance shall also be performed

substantially in accordance with the detailed preventive maintenance plan in Addendum IV Section 2 – Preventive Maintenance Statement of Work.

2.6.6.1 Software Installation: At the time of the preventive maintenance check of each unit, Seller shall also install the most current tested, approved and released version of terminal software applicable to Customer's system. Installation of new software at any time other than the preventive maintenance check shall be done as Demand Services.

2.6.6.2 Personality Programming: At time of preventive maintenance check, Seller shall install a modified or replacement programming personality into each radio if requested by Customer. Programming of new personalities at any time other than the preventive maintenance check shall be done as Demand Services.

2.7 Service Records

Service Records relating to the repair and maintenance of each Terminal Equipment shall be made and retained by Seller throughout the term of this TMA. The Service Records will include, as a minimum, an updated preventive maintenance schedule, completed actions on each unit, identified issues with units requiring repair, time taken for completion of the work, and a description of the resolution of discovered issues. Copies of Service Records shall be made available to Customer not later than ten (10) business days after receipt of a written request by Seller; provided, however, the results of preventive maintenance tests and inspections shall be provided, to Customer not later than thirty (30) days of completion of such tests or inspections without the necessity of Customer requesting such records.

2.8 General

All services provided under this TMA are only applicable to the Terminal Equipment listed in Addendum II to this TMA.

2.9 Addition of Terminal Equipment

Customer may increase or decrease the number of units of Terminal Equipment shown on Addendum II during the Term of this TMA. Seller's service on new units of Terminal Equipment added to this TMA shall be treated as warranty service until the warranty expires on such unit, at which time the Seller will provide service for the unit depending on the type of unit it is (i.e. mobile or portable).

2.10 Special Conditions

Any and all special service conditions relating to Seller's performance of services pursuant to this TMA are set forth in Addendum III "Special Conditions" attached to this TMA and incorporated herein by reference.

3. CUSTOMER FINANCIAL OBLIGATIONS

3.1 Payment Due Dates

For the period beginning on the Commencement Date and ending the last day of the first Contract Year, Customer shall pay to Seller an amount equal to (i) the Annual Maintenance Fee set forth in Table A of Addendum I to this TMA plus (ii) the Annual Maintenance Fee for the first Contract Year divided by 365 then multiplied by the number of days within the period beginning on the first day of the Initial Term and ending on the day before the first day of the first Contract Year, which amount shall be paid not later than ten (10) business days after the Commencement Date. Customer agrees to pay the Annual Maintenance Fee as set forth in Addendum I for the second and each subsequent Contract Year not later than the first day of the respective Contract Year. Fees for Demand Services are invoiced monthly as set forth in Addendum I to this TMA and are payable not later than thirty (30) days after Customer's receipt of Seller's invoice.

3.2 Adjustment in Rates

3.2.1 Commencing with the first Renewal Term and for each Renewal Term thereafter, Seller may revise the rates set forth in Addendum I if Seller delivers to Customer written notice setting forth the amounts of the revised rates not later than ninety (90) days prior to (i) the last day of the Initial Term(with respect to rates for the first Renewal Term) or (ii) the last day of the then current Renewal Term (with respect to rates for the second and later Renewal Term)("the Rate Notice"). Rates which have been revised in accordance with this Section 3.2 shall remain in effect for the entire Renewal Term without further adjustment. Seller shall not be authorized to adjust the rates in Addendum I, and Customer shall not be obligated to pay any adjusted rates, if Seller fails to timely deliver the Rate Notice.

3.2.2 In the event of an increase or decrease in the number of units of Terminal Equipment for which services are provided under this TMA during the course of a Contract Year, the rates charged to Customer shall be adjusted as follows:

3.2.2.1 With respect to the Contract Year a unit which is under warranty is added, Customer will pay an amount equal to the monthly cost per

unit for warranty service multiplied by the number of months remaining in the then current Contract Year;

3.2.2.2 With respect to the Contract Year in which the warranty expires on the unit, the Annual Maintenance Fee with shall be increased by an amount equal to (i) the monthly cost per unit for warranty service related to said unit multiplied by the number of months said unit will be under warranty for that Contract Year plus (ii) the monthly cost per unit for post-warranty service related to said unit multiplied by the number of months remaining in the then current Contract Year during which the unit is not under warranty; and

3.2.2.3 With respect to the deletion of units of Terminal Equipment from this Agreement during a Contract Year, Seller shall provide a credit against the amount of the Annual Maintenance Fee due for the next Contract Year in an amount equal to (i) the number of units deleted multiplied by (ii) the applicable monthly fee related to that unit multiplied by (iii) the number of months remaining in the Contract Year after the unit was removed from service under this TMA.

3.2.3 A unit of Terminal Equipment shall be deemed added to this TMA upon the first day of the calendar month following Seller's receipt of written notice from Customer of the request to add the unit to this TMA. A unit of Terminal Equipment shall not be deemed removed from the scope of this TMA until the first day of the calendar month following Customer's delivery of written notice to Seller removing such unit and identifying the unit by model and serial number.

3.2.4 If the addition and deletion of the Terminal Equipment from this TMA in the last Contract Year of the Term of this TMA results in a credit being due Customer which would have been applied to the Annual Maintenance Fee for the next Renewal Term but for termination of this TMA, Seller agrees to pay the amount of such credit to Customer not later than thirty (30) days after termination of this TMA. This Section 3.2.4 shall survive the termination of this TMA.

3.3 Limitation on Rate Adjustments

Increases in the rates set forth in Addendum I authorized by Section 3.2, above, for each the Renewal Term shall be limited to the lesser of (a) three percent (3%) of the rates charged during the last Contract Year of the Initial Term or the immediately prior Renewal Term, as applicable, and (b) the percentage difference between (i) the Consumer Price Index –All Items for Dallas/Fort Worth ("CPI-U – DFW") published by the U.S. Department of Labor – Bureau of Labor Statistics for the month which is published not later than 120 days prior to the end of the

Initial Term or the then current Renewal Term, as applicable, and (ii) the CPI-U – DFW published for the same month for the calendar year prior to the CPI-U – DFW described in (i). Notwithstanding anything herein to the contrary, Seller shall not charge Customer rates for parts sold and services performed pursuant to this TMA greater than the rates that Seller charges for like quantities and like services to Seller's other customers who are members of the North Central Texas Council of Governments. Nothing herein shall require Seller to increase the rates herein for the full amount of increase to which Seller may be entitled.

3.4 Late Payments

Except as set forth in Section 3.2, above, payments for services provided pursuant to this TMA are due within thirty (30) days of receipt of Seller's invoice. All payments not made by Customer on or before the thirtieth (30^{th}) day after the payment is due under this TMA shall bear interest commencing on the 31^{st} day at the lesser of (i) one and one-half percent (1.5%) per month or (ii) the maximum rate allowed by law.

3.5 Non-Appropriation

Failure of Customer to appropriate sufficient funds for any Contract Year to pay Customer's obligations hereunder shall result in termination of this TMA at the end of the then current Contract Year. Customer shall provide written notice to Seller of such non-appropriation as soon as reasonably possible. Customer shall pay Seller for all goods and services performed by Seller that are not in dispute prior to the date of termination of this TMA under this Section 3.5. Customer shall pay Seller for any disputed amounts, if applicable, after such dispute is mutually resolved, and this Section 3.5 shall survive the termination of this TMA for such purpose. Seller agrees that in the event of termination of this TMA under this Section 3.5, Seller will use its commercially reasonable efforts to cancel all pending agreements and orders with third parties and take such other reasonable actions to reduce the amount of Customer's remaining costs owed under this TMA as of the date of the notice of termination. Except for Customer's obligation to pay for goods and services provided by Seller to Customer pursuant to this TMA on or before the date of termination of the TMA, Customer shall have no further obligation to Seller pursuant to this TMA following termination of this TMA pursuant to this Section 3.5.

4. WARRANTY

4.1 Seller warrants that all services performed under this TMA will be done in an efficient and workmanlike manner and that upon completion of such services that the Terminal Equipment on which such services were performed, if originally manufactured by Seller, will operate in accordance with the original manufacturers specifications subject to such modifications and/or enhancements in such operation by the subsequent installation of software upgrades and versions

into the Terminal Equipment, in which case the Terminal Equipment shall function as set forth in Seller's technical release relating to such later software upgrades and versions. Under no circumstances will Seller's liability to Customer exceed the amounts paid by Customer under this TMA for the applicable service that causes Customer's claim. IN NO EVENT SHALL SELLER BE LIABLE TO CUSTOMER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT OR EXEMPLARY DAMAGES INCLUDING, BUT NOT LIMITED TO, DAMAGES RELATED TO LOSS OF PROFIT OR REVENUES, LOSS OF USE OF THE EQUIPMENT OR ANY ASSOCIATED EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE GOODS, FACILITIES, SERVICES OR REPLACEMENT POWER, DOWNTIME COSTS OR CLAIMS OF CUSTOMER'S CLIENTS, IF ANY, FOR SUCH DAMAGES. The limitation of liability for damages in this Section 4.1 does not extend or included damages to or destruction of any Terminal Equipment delivered to Seller for service or otherwise placed in the possession of Seller or Seller's employees, agents or subcontractors for purpose of obtaining services pursuant to this TMA, attributable in whole or in part to the intentional or negligent acts or omissions of Seller or one or more of its employees, agents, or subcontractors.

4.2 THE WARRANTY SET FORTH IN SECTION 4.1 ABOVE IS SELLER'S SOLE WARRANTY UNDER THIS TMA FOR THE SERVICES PROVIDED PURSUANT TO THIS TMA AND IS IN LIEU OF ANY AND ALL OTHER WARRANTIES WHETHER WRITTEN OR ORAL, EXPRESSED OR IMPLIED, STATUTORY OR OTHERWISE INCLUDING, BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO SUCH SERVICES.

4.3 Patents, Trademarks, Information

4.3.1 Nothing in this TMA shall be construed as:

4.3.1.1 A warranty or representation by Seller that any advice provided under this TMA is or will be free from infringement of patents or copyrights of third parties; provided, however, Seller and its employees and/or subcontractors shall at no time provide any advice to Customer or perform any service on the Terminal Equipment which Seller and its employees and/or subcontractors know or reasonably suspect infringes on patents or copyrights of third parties against Seller, Customer, or both; or

4.3.1.2 Conferring a right to Customer to use in advertising, publicity or otherwise any trademark or trade name of Seller; or

4.3.1.3 Granting to Customer by implication, estoppel, or otherwise any licenses or rights under patents of Seller.

4.3.2 Seller assumes no responsibilities whatsoever with respect to the use by Customer or any third party of any information obtained by Customer or third party under this TMA with respect to any use, sale or other disposition by Customer or its clients or other transferees of any products incorporating or made by use of the information obtained under this TMA.

4.4 General

4.4.1 Customer understands and acknowledges that radio systems are subject to degradation of service from natural phenomena such as so-called "skip" interference, motor ignition and other electrical noise, interference from other users assigned by the FCC to the same or adjacent frequencies, and other causes which are beyond the reasonable control of Seller. Customer agrees Seller cannot be responsible for such degradation, interference or disruption of service caused by operation of other radio systems or by natural phenomena or by motor ignition or other interference over which Seller has no reasonable control. Such foregoing interference and noise might be minimized by the addition at Customer's expense of corrective devices adapted for particular locations and installations. Upon the written request of Customer, Seller will investigate interference complaints (at the rates specified in Addendum I to this TMA) and make recommendations as to the use of such devices; however, total freedom from noise and interference cannot be guaranteed. Notwithstanding the foregoing, with respect to radio systems designed and installed by Seller for third parties after the installation of Customer's system, Seller shall, at Seller's expense, provide such corrective devices and other adjustments to Customer's system if the interference with Customer's system is determined to be from such later installed radio system. Such adjustments to Customer's system shall not result in a loss of coverage as originally designed.

4.4.2 Seller does not assume responsibility for signal strength unless the deficiency is the result of substandard equipment maintenance or any other act or omission of Seller or subcontractors or any of their respective personnel.

4.4.3 If, due to the action of regulatory authorities, changes to the Terminal Equipment become necessary, such changes will be performed by Seller upon request at the expense of Customer.

5. TERM AND TERMINATION

5.1 Initial Term

The services under this TMA will be provided by Seller to Customer beginning on the Commencement Date and ending on the last day of the calendar month following the fifth (5^{th}) anniversary of the Commencement Date (the "Initial Term").

5.2 Renewal Term

The Term of this TMA shall be automatically extended at the end of the Initial Term for an additional one (1) year and on a succeeding yearly basis thereafter (each such extension of the Term being referred to herein as "Renewal Term") unless either Party notifies the other Party, in writing not less than sixty (60) days prior to the end of the Initial Term or the Renewal Term then in effect that the Term shall not be extended.

5.3 "Term" Defined

The phrases "Initial Term" and "Renewal Term" as used in this TMA shall collectively be referred to herein as "Term."

5.4 "Contract Year" Defined

For purposes of this TMA, the phrase "Contract Year" means (i) with respect to the first Contract Year, the period beginning on the first day of the first calendar month following the Commencement Date and ending on the day prior to the anniversary of said beginning date and (ii) with respect to each subsequent Contract Year, the period beginning with the anniversary of the beginning of the first Contract Year and end on the immediately following anniversary of the end date of the first Contract Year. By way of example, if the Commencement Date is November 13, 2015, the first day of the first Contract Year would be December 1, 2015, the last day of the first Contract Year would be November 30, 2016, the first day of the second Contract Year would be December 1, 2016, the last day of the second Contract Year would be November 30, 2017, the first day of the third Contract Year would be December 1, 2017, the last day of the third Contract Year would be November 30, 2018, and so on.

5.5 Customer Default for Non-Payment

If Customer fails to pay Seller any undisputed amounts on or before the fortieth (40^{th}) day after such amount is due, Seller may suspend the provision of services under this TMA not earlier than five (5) days after providing written notice to Customer of Seller's intent to suspend services until such undisputed amount is paid. If (i) any undisputed amount due under this TMA remains unpaid on or before the 75^{th} day after such amount is due, and (ii) Seller has delivered to Customer the above notice relating to suspension of services, and (iii) Seller has, in fact, suspended its services hereunder to Customer, Seller may elect to terminate this TMA not earlier than the fifteenth (15^{th}) day after delivery of written notice to Customer of Seller's election to terminate this TMA provided that Customer has not prior to the date of termination paid to Seller all undisputed amounts plus accrued late payment interest. In the event of termination of the TMA pursuant to this Section 5.5, Customer shall be entitled to a refund of a prorated amount of the Annual Maintenance Fee paid for the then current

Contract Year calculated in the same manner as the refund in Section 5.6, below, which amount may be offset against any undisputed amount plus accrued late payment interest remaining unpaid as of the termination date.

5.6 Seller's Default

In the event of a material breach of this TMA by Seller which shall continue for thirty (30) days after written notice of such material breach (including a reasonably detailed statement of the nature of such breach) shall have been given to Seller by Customer, Customer shall be entitled to avail itself cumulatively of any and all remedies available at law, in equity, or otherwise (provided such remedies are not otherwise limited under the terms of this TMA) and either: (1) suspend performance of its payment obligations under this TMA for as long as the breach continues uncorrected; or (2) terminate this TMA by written notice to Seller if the breach remains uncorrected. Each of the following shall constitute material breaches of this Agreement:

5.6.1 Violation by Seller of any State, Federal or local law, or failure by Seller to comply with any applicable State and/or Federal service standards, as expressed by applicable statutes, rules and/or regulations.

5.6.2 Failure by Seller to carry applicable licenses or certifications as required by law; and

5.6.3 Failure of Seller to perform the services described in this TMA absent an event of Force Majeure.

In the event Customer terminates this TMA pursuant to this Section 5.6, not later than thirty (30) days after such termination date, Seller shall refund to Customer the unearned portion of the Annual Maintenance Fee in an amount equal to (i) the amount of the Annual Maintenance Fee paid for the then current Contract Year, (ii) divided by 365 and then (iii) multiplied by the number of days remaining in the then current Contract Year after the termination date. The amount of such refund shall accrue interest beginning after the thirtieth (30^{th}) day after the termination date at the highest rate allowed by law if Seller fails to pay such refund by that date.

5.7 Termination Following Force Majeure

If Seller is unable to perform the services described in this TMA following a Force Majeure Event, or is otherwise unable to procure such services from a third party who Seller has certified as authorized to perform work on the Terminal Equipment without voiding any warranty made to Customer, and such inability continues for a period of thirty (30) days, Customer shall have the right to terminate this TMA upon providing Seller written notice of termination, in which case this TMA shall be immediately terminated. If Customer terminates this

TMA pursuant to this Section 5.7, Customer's remedies shall be limited to a refund of the unearned portion of the Annual Maintenance Fee in an amount equal to (i) the amount of the Annual Maintenance Fee paid for the then current Contract Year, (ii) divided by 365 and then (iii) multiplied by the number of days remaining in the then current Contract Year after the termination date. The amount of such refund shall accrue interest beginning after the sixtieth (60^{th}) day after the termination date at the highest rate allowed by law if Seller fails to pay such refund by that date.

6. LIMITATION OF LIABILITY

6.1 Limits on Damages

Except for Seller's liability to third parties for its willful misconduct or negligent acts or omissions as more particularly described in Section 7 "Indemnification and Hold Harmless," below, the total liability of Seller, including its subcontractors or suppliers, for all claims of any kind for any loss or damage, whether in contract, warranty, tort (including negligence or infringement), strict liability or otherwise, arising out of, connected with, or resulting from the performance or non-performance of this TMA or from the manufacture, sale, delivery, installation, technical direction of installation, resale, repair, replacement, licensing or use of any Hardware, Software or the furnishing of any Service pursuant to this TMA, shall not exceed the greater of (a) the total amount paid by Customer to Seller pursuant to this TMA or (b) the limits of Seller's insurance coverage.

6.2 Special, Consequential, Etc. Damages

IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE OR INFRINGEMENT), STRICT LIABILITY OR OTHERWISE, SHALL EITHER PARTY, OR ITS SUBCONTRACTORS OR SUPPLIERS, BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT OR EXEMPLARY DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUES, LOSS OF USE OF THE HARDWARE OR ANY OTHER EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE GOODS, FACILITIES, SERVICES OR DOWNTIME COSTS.

6.3 Third Party Damages

6.3.1 Seller shall not be liable for costs incurred for repair and/or replacement of Terminal Equipment that fails or becomes inoperative due to negligence on the part of a user other than Seller or Seller's employees or contractors, liquid intrusion not caused by the negligent or intentional acts or omissions by Seller or Seller's employee or contractors, lightning damage, installations or removals performed by third parties not employed or

otherwise hired by Seller, and/or acts of God, acts of terrorism or work performed by third parties not authorized by Seller to perform work on Seller equipment.

6.3.2 Seller shall not be liable for costs incurred for correcting, replacing or repairing equipment damaged and/or data corruption induced and/or caused by third party personnel not hired by Seller to perform such correction, replacement, or repair or other equipment/systems not provided by or under the direction of Seller.

6.4 Other Agreements

The provisions of this Section 6, LIMITATION OF LIABILITY, shall apply notwithstanding any other provisions of this TMA

6.5 Survival

The provisions if this Section 6, LIMITATION OF LIABILITY, shall survive the expiration or termination of this TMA.

6.6 Force Majeure Event.

Neither Party shall be liable for delays in delivery or failure to perform due directly or indirectly to (1) causes beyond a Party's reasonable control, (2) Acts of God, acts (including failure to act) of any governmental authority, wars (declared or undeclared), riots, revolutions, strikes or other labor disputes, fires, floods, sabotage, nuclear incidents, earthquakes, storms, epidemics, or (3) Seller's inability to timely obtain necessary materials, items, components or services from suppliers who are affected by the foregoing circumstances (each being a "Force Majeure Event"). Upon the occurrence of a Force Majeure Event, Seller and Customer (as the case may be) shall as soon as practical after the onset of the Force Majeure Event, notify the other Party of such event and shall, at the same time or at the earliest practical date after such notice, specify the date such performance shall occur or recommence. Subject to Section 5.7 of this TMA, in the event of such delay or failure, the time for performance shall be extended for a reasonable time period to compensate for the time lost by the Party by reason of the Force Majeure Event.

7. INDEMNIFICATION AND HOLD HARMLESS

7.1 Indemnification

Seller shall be responsible for and agrees to INDEMNIFY, HOLD HARMLESS and DEFEND Customer, its governing body, boards, commissions, agencies, officers and employees (collectively "the Indemnified Parties") from and against all liability, losses, damages, harm, judgments,

proceedings, suits, liens, penalties, fines, fees (including reasonable attorneys fees), costs or expenses which the Indemnified Parties (or any of them) may sustain, incur or be required to pay by reason of third party claims, demands and/or causes of action for damages resulting from personal injuries, loss of life or damage to or destruction of tangible property, (collectively "Claims") resulting from, caused by, or relating to the willful misconduct or negligent acts or omissions of Seller or of any of Seller's officers, agents, employees, or subcontractors in performance of or otherwise in connection with this TMA (and including all of Seller's work and services as set forth herein). SUCH INDEMNITY, HOLD HARMLESS, AND DEFENSE OBLIGATION SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY INDEMNIFIED PARTIES, OR CONDUCT BY ANY INDEMNIFIED PARTIES THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND. However, Seller's liability under this clause shall be reduced by that portion of the total amount of the Claims (excluding defense fees and costs) equal to the Indemnified Parties' proportionate share of the negligence or gross negligence, or conduct that would give rise to strict liability of any kind that caused the Claim. Likewise, Seller's liability for the Indemnified Parties' defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to the Indemnified Parties' proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss.

7.2 Notice of Claim

Customer agrees to notify Seller in writing as soon as practical of any third party claim, demand or cause of action for which any of the Indemnified Parties will request indemnification from Seller. The Indemnified Party(ies) seeking indemnification and a defense from Seller pursuant to Section 7.1 must provide Seller with the necessary information and assistance to defend or settle such claim, demand or cause of action. The obligations of Seller under this section and Section 7.1, above, shall survive the expiration or termination of this TMA. Notwithstanding anything to the contrary herein, Seller understands, acknowledges, and agrees that this TMA contains no obligation of Customer to indemnify, defend, or hold harmless Seller, its officers, directors, employees, shareholders, partners, contractors, subcontractors, or affiliates under any circumstances arising from or related to the performance of this TMA. Nothing in this section or Section 7.1, above, shall be deemed an admission or waiver of any immunity from liability. Further, nothing in this TMA shall be read to grant rights or benefits to third parties.

8. GENERAL PROVISIONS

8.1 Notices.

Notices and other communications between the Parties shall be transmitted in writing by (i) United State Postal Service via certified mail, return receipt requested, or (ii) hand delivery or (iii) nationally recognized overnight courier service (e.g. United Parcel Service, Federal Express, DHL, or similar service) to the Parties at the addresses set forth below and shall be deemed effective upon (1) receipt by the receiving Party, if hand delivered or sent by nationally recognized courier service, or (2) five (5) business days after placement in a receptacle of the United States Postal Service, if sent by certified mail, return receipt requested. Either Party may change its address by giving notice in writing thereof to the other Party.

Seller:	**Customer:**
Director, Field Services Harris Corporation 221 Jefferson Ridge Parkway Lynchburg, Virginia 24501	Paul Spencer Town of Addison Police Chief 4799 Airport Parkway Addison, TX 75001
With copy to:	**With copy to:**
Regional Manager Harris Corp 8105 N. Belt Line Road, Suite 170 Irving, Texas 75063-6070	_____ _____ _____ _____

8.2. Entire Agreement; No Third Party Beneficiaries

The entire agreement of the Parties is contained herein (inclusive of the Exhibits attached hereto), and this TMA supersedes any and all oral agreements and negotiations between the Parties relating to the subject matter hereof. Except as stated herein to the contrary (including the indemnity, hold harmless, and defense provisions included in Section 7, above), this TMA is solely for the benefit of the Parties hereto and is not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

8.3. Amendment

The Parties expressly agree that this TMA shall not be amended in any manner except in a writing(s) executed by authorized representatives of the Parties.

8.4 Severability

The invalidity, in whole or in part, of any Section or part of any Section of this TMA shall not affect the validity of the remainder of such Section or this TMA.

8.5 Waiver

No provision of this TMA may be waived except in a writing signed by the Party waiving enforcement. No provision of this TMA shall be deemed to be waived by reason of any failure to previously enforce such term. In no event shall the making of any payment required by this TMA constitute or be construed as a waiver by Customer of any breach of the covenants of this TMA or a waiver of any default of Seller and the making of any such payment by Customer while any such default or breach shall exist shall in no way impair or prejudice the right of Customer with respect to recovery of damages or other remedy as a result of such breach or default.

8.6 Headings; "Includes"

Section headings are inserted for convenience only and shall not be used in any way to construe the meaning of terms used in this TMA. As used in this TMA, the words "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.

8.7 Governing Law

The Parties expressly understand and agree that in the event of any disagreement or controversy between the Parties, the laws of the State of Texas shall be controlling without regard to the application of any conflict of laws statutes. Venue for any legal proceedings shall be in a state court in Dallas County, Texas, except where federal law places exclusive jurisdiction of the matter in controversy in a federal court, in which case venue shall be in the United States District Court for the Northern District of Texas – Dallas Division.

8.8 Assignment; Successors and Assigns

8.8.1 Except as provided herein, this TMA shall not be assigned nor any interest or obligation in this TMA transferred by either Party without the written consent of the other Party, which shall not be unreasonably withheld or delayed.

8.8.2 Notwithstanding Section 8.8.1, above,

A. Seller may assign this TMA, without consent, (a) in whole or in part, to an affiliate of Seller or (b) in the event of a change of

controlling ownership interest (either directly or indirectly) in Seller or in the event of merger, recapitalization, consolidation, other business combination or sale of all or substantially all of the assets of Seller. For purposes hereof, "affiliate" means all persons, corporations, or other entities which control Seller, and (ii) all persons, corporations or other entities under the control of Seller. As used in this paragraph A, the definition of affiliate, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, corporation, or other entity, whether through ownership of voting securities or partnership interests, by contract, or otherwise without the consent or approval of any other person or entity.

B. In addition, Seller may also assign or transfer, without consent, claims for money due or to become due Seller from Customer under this TMA to a bank, trust company or other financial institution if and only if the instrument of assignment contains a provision substantially to the effect that it is agreed that the right of the assignee in and to any moneys due or to become due to Seller shall be subject to prior claims of all persons, firms and corporations for services rendered or materials supplied for the performance of the Work called for in this TMA.

8.8.3 Any Party making an assignment of all or any portion of this Agreement shall promptly provide the other Party written notice of any such permitted assignment or transfer. Regardless of whether or not an assignment by a Party requires the consent of the other Party, no assignment authorized pursuant to this Agreement shall be effective and enforceable as to the other Party unless such assignment is in writing, signed by the assignor and assignee(s), and includes an agreement by the assignee to assume without amendment all duties and obligations of the assignor as set forth in this Agreement, and a copy of the assignment is delivered to the Party who is not a party to the assignment.

8.9 Attachments and Addenda

All exhibits, attachments, and addenda referenced in this TMA and attached hereto are incorporated into this TMA as if fully set forth herein and constitute additional terms and conditions of this TMA.

8.10 Counterparts

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

8.11 Effective Date

This TMA shall be effective upon the date it bears the signatures, whether in the same original document or in counterparts, of the authorized representatives of the Parties ("the Effective Date").

(*Signatures on following page*)

SIGNED AND AGREED this ____ day of _____, 2015.

SELLER:

HARRIS CORPORATION -
RF COMMUNICATIONS DIVISION

By: _____
Christopher W. Chaffee,
Senior Manager, Contracts

SIGNED AND AGREED this _____day of _____, 2015.

CUSTOMER:

TOWN OF ADDISON

By: _____

ATTEST

_____
Town Secretary

APPROVED AS TO FORM:

_____
Town Attorney

ADDENDUM I - TERMINAL MAINTENANCE RATES

A. Harris Local Bench Repair Rates

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Hybrid Pricing Model		Local Bench Repair			First Echelon					Additional Services				
Addison Pricing	Radio Model	XG-25P	XG-75P	XG-100P	XG-25M	XG-75M	M7300	XG-100M	CS7000 C.S. W/M7300	Annual PM + S/W & Personality	Personality Management	Pickup / Delivery		Totals Annually
	Quantity	65	0	107	0	0	30	17	3	222	222	172		
Per Unit / Per Year	Yr 1 - Per Unit	$ -	$ -	$ -	$ 60.48	$ 60.48	$ 60.48	$ 60.48	$ 140.88	$ 50.04	$ 8.04	$ 15.96		
	Yr 2 - Per Unit	$ -	$ -	$ -	$ 62.28	$ 62.28	$ 62.28	$ 62.28	$ 145.08	$ 51.60	$ 8.04	$ 15.96		
	Yr 3 - Per Unit	$ 55.80	$ 55.80	$ -	$ 184.92	$ 184.92	$ 184.92	$ 64.20	$ 426.84	$ 53.16	$ 8.04	$ 15.96		
	Yr 4 - Per Unit	$ 57.48	$ 57.48	$ 76.68	$ 190.56	$ 190.56	$ 190.56	$ 244.32	$ 439.68	$ 54.72	$ 8.04	$ 15.96		
	Yr 5 - Per Unit	$ 59.16	$ 59.16	$ 78.96	$ 196.20	$ 196.20	$ 196.20	$ 251.64	$ 452.88	$ 56.40	$ 8.04	$ 15.96		
Per Year Totals	Yr 1 - Total	$ -	$ -	$ -	$ -	$ -	$ 1,814.40	$ 1,028.16	$ 422.64	$ 11,108.88	$ 1,784.88	$ 2,745.12		$ 18,904.08
	Yr 2 - Total	$ -	$ -	$ -	$ -	$ -	$ 1,868.40	$ 1,058.76	$ 435.24	$ 11,455.20	$ 1,784.88	$ 2,745.12		$ 19,347.60
	Yr 3 - Total	$ 3,627.00	$ -	$ -	$ -	$ -	$ 5,547.60	$ 1,091.40	$ 1,280.52	$ 11,801.52	$ 1,784.88	$ 2,745.12		$ 27,878.04
	Yr 4 - Total	$ 3,736.20	$ -	$ 8,204.76	$ -	$ -	$ 5,716.80	$ 4,153.44	$ 1,319.04	$ 12,147.84	$ 1,784.88	$ 2,745.12		$ 39,808.08
	Yr 5 - Total	$ 3,845.40	$ -	$ 8,448.72	$ -	$ -	$ 5,886.00	$ 4,277.88	$ 1,358.64	$ 12,520.80	$ 1,784.88	$ 2,745.12		$ 40,867.44
Grand Totals - 5 Years		$ 11,208.60	$ -	$ 16,653.48	$ -	$ -	$ 20,833.20	$ 11,609.64	$ 4,816.08	$ 59,034.24	$ 8,924.40	$ 13,725.60		$ 146,805.24
														$ 146,805.24

Total Units	Annual PM & S/W	Pers Mgt	Pickup Del Port	Pickup Del Mobile
222	1	1	1	0

Comments:

Cell: C4 - PD = 15 - FD = 15 - PW = 35	**Cell:** E4 - PD = 75 - FD = 32
Cell: H4 - PD = 30	**Cell:** I4 - PD = 5 - FD = 12
Cell: J4 - ? = 3	

B. First Echelon Repair Rates

REFERENCE SECTION 2.6.2 - WARRANTY					
REFERENCE SECTION 2.6.3 - LOCAL BENCH FOR PORTABLES					
REFERENCE SECTION 2.6.4 - FIRST ECHELON FOR MOBILES					
Pricing Shown is Per Unit / Per Month					
Terminal Model	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
XG-25 Portable	Warranty	Warranty	$ 4.65	$ 4.79	$ 4.93
XG-75 Portable	Warranty	Warranty	$ 4.65	$ 4.79	$ 4.93
XG-100 Portable	Warranty	Warranty	Warranty	$ 6.39	$ 6.58
XG-25 Mobile	$ 5.04	$ 5.19	$ 15.41	$ 15.88	$ 16.35
XG-75 Mobile	$ 5.04	$ 5.19	$ 15.41	$ 15.88	$ 16.35
XG-100 Mobile	$ 5.04	$ 5.19	$ 5.35	$ 20.36	$ 20.97
CS-7000 Control Station - Includes Radio	$ 11.74	12.09	$ 35.57	$ 36.64	$ 37.74
Annual Preventive Maint + S/W Upgrade + Personality Update	$ 4.17	$ 4.30	$ 4.43	$ 4.56	$ 4.70
Pickup / Delivery Service	$ 1.33	$ 1.33	$ 1.33	$ 1.33	$ 1.33
Personality Management by Harris	$ 0.67	$ 0.67	$ 0.67	$ 0.67	$ 0.67

C. UNUSED AND RESERVED

D. DEMAND SERVICE RATES

Hourly Rate (normal Working Hours): $100.00
Hourly Rate (Nights & Saturday): $150.00
Hourly Rate (Sunday & Holidays): $150.00
Mobile/Portable Radio Reprogramming: Price quoted on a per occurrence basis.

E. OTHER SUBCONTRACTED SERVICES

Service provided by third party vendors performing Demand Services labor at the request of Customer will be provided at cost plus 15%.

ADDENDUM II - EQUIPMENT LIST

A. TERMINAL EQUIPMENT:

Radio Model #	Qty.	
XG-25P	65	Portable Radio
XG-75P	0	Portable Radio
XG-100P	107	Portable Radio
XG-25M	0	Mobile Radio
M7300	30	Mobile Radio
XG-100M	17	Mobile Radio
CS-7000	3	Control Station with:
		M7300 3 each Mobile Radio

<End of List>

TERMINAL SPARES

**Terminal Spares purchased by Customer may be designated and tracked separately by serial number, or at Customer discretion may be included in the inventory in Addendum II – Equipment List – Section A – Terminal Equipment. Terminal Spares will be maintained per all terms and conditions stated for actively used equipment covered in Section A inventory.*

ADDENDUM III - SPECIAL CONDITIONS

1.0 Maintenance Exclusions

The items identified below are covered by Seller during the Warranty Period provided they have been supplied and installed by Seller. Following the end of the Warranty Period, the items identified below are specifically excluded from coverage from this TMA, unless otherwise noted in Addendum II (A) Terminal Equipment List or as later agreed in writing. Customer may request services on the items identified below at the then current Demand Services Rates listed in Addendum I – Section D.

1.1 Portable Equipment

Customer shall be responsible for repair and replacement of the following portable radio equipment after the end of the items' Warranty Period:

- Personal audio accessories (headset, ear piece),
- carrying cases and devices,
- batteries and antennas

1.2 Mobile Equipment

Customer shall be responsible for repair and replacement of the following mobile radio equipment after the end of the items' Warranty Period:

- Antennas
- Power Cables
- Control Head to T/R package cables for remote mount units
- Fuses & Fuse Holders
- Audio Accessories (microphone, headset, ear piece)
- Any issues related to vehicular power systems
  - Voltages out of radio specification range
  - Voltage spikes

1.3 Control Stations

Customer shall be responsible for repair and replacement of the following control station radio equipment after the end of the items' Warranty Period:

- Antenna systems (antenna, feedline & PolyPhaser)
- Audio Accessories (microphone, headset, ear piece)

2.0 Additions / Deletions to Addendum II – Equipment List

Customer may add or delete equipment items to the list of maintained equipment by notifying Seller in writing. As additional items are purchased they will be added to this TMA at time of the annual Renewal Period and per terms of Section 2.6.1.1. Any changes to this TMA will be through an Amendment document completed by Seller and provided to Customer for review, approval and signature. The Amendment document will provide revised equipment lists, revised pricing structure changes and any necessary changes to fully incorporate the additional items into the TMA.

ADDENDUM IV - WARRANTY/MAINTENANCE SUPPORT STATEMENT OF WORK

The Addendum IV sets forth Seller's maintenance obligations, exclusions, and additional options available to Customer pursuant to this TMA. Descriptions of obligations and exclusions under the requested options and Demand Services require Customer to purchase those options.

1.0 Local Support

Seller maintains a 10,500 square foot Regional Service Center located in Irving, Texas ("Sellers' Facility"). Seller's Facility supports Seller's staff of service managers, project managers, engineers and technicians, who are responsible for supporting all of Seller's customers within a multi-state region in the western United States of America. Seller's Facility has a repair depot for local repair of Seller's mobile and portable radio equipment, an equipment staging area, spare parts warehouse, drive in service bay and office space.

2.0 Depot Maintenance

Seller's Depot Repair and Return Facility ("R&R") is located in Forest, Virginia and is staffed with certified Master Technicians. A "Master Technician" means a person who has completed all Seller-required technical training course on the equipment being serviced. Seller's Facility and the R&R are ISO 9001: 2000 and Factory Mutual Certified. State-of-the-art test equipment and certified Master Technicians verify all repairs meet or exceed prescribed specifications.

3.0 Terminal Radio Equipment Repair Statement of Work

3.1 Maintenance Responsibilities

Seller's Facility technicians and staff will provide warranty and maintenance actions on all Terminal Equipment included in this TMA. Seller may subcontract some preventive maintenance services.

3.2 Initiation of Terminal Service Request from Customer:

Customer initiates a Terminal Service Request by sending an e-mail to the Harris Service Center group e-mail box Irving.Office@harris.com which is monitored during normal Working Hours by the Harris Service Center Shop Manager and the three Harris Service Center Field Technicians. Customer Terminal Service Request will contain:

A. Name of Customer initiating request
B. Customer Agency (Coppell FD, Carrollton PD, etc)
C. Customer call back phone number
D. Unit Number needing maintenance service
E. Brief Problem Description

The e-mail will be replied to by the currently on-call Field Technician, copied to all other Seller personnel. Seller's on-call Field Technician will contact the initiating Customer contact within one (1) Working Hour. Example: A call initiated between 8:00 AM and 4:00 PM during a Working Day will be replied to within one hour on that day. However, a call initiated after 4:00 PM will receive a reply the next business morning prior to 9:00 AM. Any calls for terminal service received after hours or weekends will receive a reply the next business morning prior to 9:00 AM.

3.3 Maintenance Logs

Seller shall utilize its existing ticket tracking system to log all requests for service and all service actions taken. Seller's technicians open a ticket when any service request from Customer is initiated. Seller's technicians will update that ticket as the troubleshooting process proceeds until completion. Data is entered into the ticket to record Customer's initial service request, call back and on-site arrival times, troubleshooting completion times, actions taken during the troubleshooting process, parts utilized and final outcome of the troubleshooting process. Service reports as defined below will be extracted from this ticket system to provide the required reports.

3.4 Service Reports

Seller shall submit the following service reports by the tenth (10th) day of each month for the previous month's service:

A. Monthly service activity, including model number, serial number, work performed, corrective action.

B. Mutually agreed metrics.

3.5 Terminal Spares

Customer shall purchase the Terminal Spares as indicated in the recommended spare parts list provided with the System Purchase Agreement. Terminal radios spare parts will be stored at Customer's facility. Customer is responsible for tracking the inventory of their Terminal radio equipment spares.

3.6 Tech-Link Support Services

The Tech-Link website offers electronic retrieval/exchange of technical information, which allows subscribers to:

A. Search Seller technical libraries
B. Read current software release notes
C. Request technical assistance from TAC
D. Participate in User Forums
E. Technical Service Memos
F. Subscription to Tech-Link is an included service with purchase of the Software FX Agreement.

3.7 Terminal Equipment Service Ticket Initiation Process

To ensure compliance with service ticket requirements, Seller will respond utilizing the following escalation procedure:

3.7.1 Reference services provided by the Local Bench Repair service option:

A. Customer may drop off and pickup Terminal Equipment for repair at Seller's Facility.

B. Seller will perform once a week pickup and delivery service at Customer's designated facility. Any items for repair will be picked-up and any items that have been repaired will be delivered to Customer for return to their spares inventory.

C. During the equipment Warranty Period, there is no charge for break/fix repairs. Customer may request that Seller re-program radios to make changes to operational features or functions in the programming personality. Such re-programming is not a warranty service and will be provided as a Demand Service by Seller to Customer.

3.7.2 Reference services provided by the First Echelon Repair service level:

A. Customer may drop off and pickup Terminal Equipment for repair at Seller's Facility.

B. Customer may bring mobile radios to Seller's Facility for troubleshooting and repair by Seller's technicians.

C. Customer may initiate a service request to Seller for on-site service at Customer location. Seller will respond and be on-site to service the vehicle or item requested not later than three (3) business days (24 working hours). Please see Addendum IV under the subsection Maintenance Responsibilities, Initiation of Terminal Service Request from Customer.

D. During the equipment Warranty Period, there is no charge for break/fix repairs. Customer may request that Seller re-program radios to make changes to operational features or functions in the programming Personality. Such re-programming is not a warranty service and will be provided as a Demand Service by Seller to Customer.

4.0 Preventive Maintenance Statement of Work

Seller shall perform annual preventive maintenance ("PM") on all Seller supplied Terminal Equipment as listed in Addendum II.

Seller shall perform preventive maintenance inspections and tests as recommended by the Harris Maintenance Manuals, using the most current revision applicable to the model(s) of equipment

being serviced. Documentation of PM services will include measured values of all FCC required performance criteria and other parameters measured per the specifications in the Maintenance Manuals.

AI-1421 **Item # 16.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With Launchability** In An Amount Not To Exceed $2,500.00.

BACKGROUND:

The City Council of the Town of Addison, has investigated and determined that it is in the best interest of the Town to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town. The City Council has adopted an application process whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town.

LaunchAbility submitted an Application to the Town for consideration. The Town has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens.

RECOMMENDATION:

Staff recommends approval of the Resolution.

Attachments

Resolution And Agreement

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A GRANT FUNDING AGREEMENT BETWEEN THE TOWN AND LAUNCHABILITY; AUTHORIZING THE CITY MANAGER TO EXECUTE THE GRANT FUNDING AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Addison, Texas ("City Council") has investigated and determined that it is in the best interest of the Town of Addison, Texas ("Town") to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town; and

WHEREAS, LaunchAbility submitted an Application to the Town for consideration; and

WHEREAS, the Town has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the Town and LaunchAbility desire to enter into this Agreement to set forth the terms and conditions regarding LaunchAbility's use of the public funds.

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

Section 1. The Grant Funding Agreement between the Town and LaunchAbility, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute said agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

STATE OF TEXAS	§	
	§	**AGREEMENT FOR GRANT FUNDING**
COUNTY OF DALLAS	§	

This Agreement for Grant Funding ("Agreement") is made and entered into as of the 1st day of October, 2015 by and between the Town of Addison, Texas (the "City") and LaunchAbility (the "Organization").

WITNESSETH:

WHEREAS, the City Council has investigated and determined that it is in the best interest of the City to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the City; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the City, as determined by the City; and

WHEREAS, the Organization submitted an Application to the City for consideration; and

WHEREAS, the City has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the City and Organization desire to enter into this Agreement to set forth the terms and conditions regarding the Organization's use of the public funds.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, the benefits flowing to each of the parties hereto, and other good and valuable consideration, the Town of Addison, Texas and the Organization do hereby agree as follows:

I. TERM

The term of this Agreement shall be for a period of one year from the 1st day of October, 2015, through the 30th day of September, 2016, except as otherwise provided for herein, and subject to the earlier termination of this Agreement ("Term"). The Program, hereinafter defined, must be completed during the Term of the Agreement to the satisfaction of the City.

II. GRANT USE

The Organization shall complete the following program(s) with the assistance of grant funding received by the City (collectively, the "Program"):

(a) Provide "supported employment services" to citizens of the City and of the region surrounding the City through occupational training for adults with mental retardation, job matching assistance and job performance support for these individuals;

(b) Provide services for clients that include career assessment, placement in jobs that match up their skills to the needs of the employers, on the job training, and ongoing support to ensure our clients' success; and

(c) Measure completion of "supported employment services", job placement and retention, along with reporting on the status of clients as certain benchmarks are achieved.

The Organization shall submit detailed quarterly financial statements and program results to the City listing the expenditures made by the Organization with the Funding received pursuant to this Agreement by the following dates:

January 30, 2016
April 30, 2016
August 30, 2016
October 30, 2016

III. FUNDING

For the completion of the Program as described herein, the City shall pay to the Organization the sum of no more than Two Thousand Five Hundred and No/100 Dollars ($2,500.00) ("Funding") as follows: fifty percent (50%) of the Funding shall be paid to the Organization within thirty (30) days of the City's execution of this Agreement, and the remaining fifty percent (50%) of the Funding shall be paid to the Organization on May 30, 2016. However, the Organization may send a written request to the Chief Financial Officer of the City for an advance of the second fifty percent (50%) distribution prior to May 30, 2016 for a compelling reason, and the Chief Financial Officer may or may not grant this request in his sole and absolute discretion. Payment is made contingent upon the Organization not then being in default of this Agreement. Funding shall not carry over into the following fiscal year. If the Organization fails to complete the Program identified herein to the satisfaction of the City within the Term, then the Organization shall return any and all unexpended Funding to the City immediately upon request, and the Organization may be ineligible for the receipt of Funding the following year.

IV. RESPONSIBILITY; INDEMNIFICATION

(a) THE ORGANIZATION AGREES TO ASSUME AND DOES HEREBY ASSUME ALL RESPONSIBILITY AND LIABILITY FOR DAMAGES OR INJURIES SUSTAINED BY PERSONS OR PROPERTY, WHETHER REAL OR ASSERTED, BY OR FROM THE PERFORMANCE OF THE PROGRAM PERFORMED AND TO BE PERFORMED HEREUNDER BY THE ORGANIZATION OR BY ITS OFFICIALS, OFFICERS, EMPLOYEES, OWNERS, MEMBERS, AGENTS, SERVANTS, INVITEES, GUESTS, VOLUNTEERS, CONTRACTORS, SUBCONTRACTORS, OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM OR ANYONE FOR WHOSE ACTS ANY OF THEM MAY BE LIABLE.

(b) **INDEMNITY OWED BY THE ORGANIZATION.** THE ORGANIZATION COVENANTS AND AGREES TO FULLY DEFEND, INDEMNIFY AND HOLD HARMLESS THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS, INDIVIDUALLY OR COLLECTIVELY, IN BOTH THEIR OFFICIAL AND PRIVATE CAPACITIES (THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS EACH BEING AN "ADDISON PERSON" AND COLLECTIVELY THE "ADDISON PERSONS"), FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, HARM, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES,

PROCEEDINGS, JUDGMENTS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY, AND SUITS, OF ANY KIND AND NATURE WHATSOEVER MADE UPON OR INCURRED BY ANY ADDISON PERSON, WHETHER DIRECTLY OR INDIRECTLY, (THE "CLAIMS"), THAT ARISE OUT OF, RESULT FROM, OR RELATE TO: (1) THE PROGRAM AS DESCRIBED IN SECTION II OF THIS AGREEMENT; (2) REPRESENTATIONS OR WARRANTIES BY THE ORGANIZATION UNDER THIS AGREEMENT; AND/OR (3) ANY OTHER ACT OR OMISSION UNDER OR IN PERFORMANCE OF THIS AGREEMENT BY THE ORGANIZATION, OR ANY OWNER, OFFICER, DIRECTOR, MANAGER, EMPLOYEE, AGENT, REPRESENTATIVE, CONSULTANT, CONTRACTOR, SUBCONTRACTOR, LICENSEE, INVITEE, PATRON, GUEST, CUSTOMER, OR CONCESSIONAIRE OF OR FOR THE ORGANIZATION, OR ANY OTHER PERSON OR ENTITY FOR WHOM THE ORGANIZATION IS LEGALLY RESPONSIBLE, AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, REPRESENTATIVES, CONSULTANTS, CONTRACTORS, SUBCONTRACTOR, LICENSEES, INVITEES, PATRONS, GUESTS, CUSTOMERS, AND CONCESSIONAIRES. **SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.**

THE ORGANIZATION SHALL PROMPTLY ADVISE THE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST ANY ADDISON PERSON OR THE ORGANIZATION RELATED TO OR ARISING OUT OF THE ORGANIZATION'S ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT THE ORGANIZATION'S SOLE COST AND EXPENSE. THE ADDISON PERSONS SHALL HAVE THE RIGHT, AT THE ADDISON PERSONS' OPTION AND AT OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING THE ORGANIZATION OF ANY OF ITS OBLIGATIONS HEREUNDER.

THE PROVISIONS OF THIS DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION, AND ANY OTHER DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SET FORTH IN THIS AGREEMENT, SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

V. TERMINATION

This Agreement may be canceled and terminated by either party at any time and for any reason or no reason upon giving at least thirty (30) days written notice of such cancellation and termination to the other party hereto. Such notice shall be sent certified mail, return receipt requested, and to the most recent address shown on the records of the party terminating the Agreement. The thirty (30) day period shall commence upon deposit of the said notice in the United States mail and shall conclude at midnight of the 30th day thereafter. In the event of such cancellation and termination and if the Organization has failed at the time of such cancellation and termination to provide the Program set forth herein, the Organization shall immediately refund to the City that portion of Funding paid to the Organization under the terms of this Agreement (and identified in Section II, above) allocable to the Program that has not been completed at the time of cancellation and termination, as determined by the City.

Upon payment or tender of any refund amount, all of the obligations of the Organization and the City under this Agreement shall be discharged and terminated (except as otherwise provided herein, e.g., except for obligations and responsibilities as may survive termination or cancellation of this Agreement as provided for in this Agreement) and no action shall lie or accrue for additional

benefit, consideration or value for or based upon the Program performed under or pursuant to this Agreement.

VI. CONFLICT OF INTEREST

(a) No officer or employee of the City shall have any interest or receive any benefit, direct or indirect, in this Agreement or the proceeds thereof. This prohibition is not intended and should not be construed to preclude payment of expenses legitimately incurred by City officials in the conduct of the City's business. No officer, employee, representative, or volunteer of the Organization shall have any financial interest, direct or indirect, in this Agreement or the proceeds hereof.

(b) For purposes of this section, "benefit" means anything reasonably regarded as an economic advantage, including benefit to any other person in whose welfare the beneficiary is interested, but does not include contributions or expenditures made and reported in accordance with any law.

VII. ACCOUNTING

Prior to adopting its annual budget, the Organization shall submit for the City's review a budget showing the use of the Funding provided pursuant to this Agreement, and the Organization shall make such quarterly financial reports to the City, as provided for herein, listing the expenditures made by the Organization from the Funding. The approval of the Organization's annual budget creates a fiduciary duty in the Organization with respect to the Funding provided by this Agreement.

Funding received hereunder from the City may be spent for day to day operations, supplies, salaries and other administrative costs, provided that such costs are necessary for the promotion and encouragement of the purposes for which the Funding may be used as described herein.

The Organization shall maintain complete and accurate financial records of all of its revenues, including, without limitation, each expenditure of Funding received pursuant to this Agreement. By the thirtieth (30^{th}) day after the close of each quarter (beginning with the quarter ending December 31, 2015, with the last quarter ending September 30, 2016), the Organization shall provide the City the following: (a) a detailed financial report for the previous quarter listing the expenditures made by the Organization of the Funding paid to the Organization under this Agreement; and (b) a year-to-date report of the expenditures made by the Organization of the Funding paid to the Organization under this Agreement (and if this Agreement is terminated prior to its expiration, the Organization shall provide such reports as set forth above for the period prior to the expiration for which reports have not been provided, and such obligation shall survive the termination hereof; and the obligation to provide the reports for the last quarter of this Agreement shall survive the expiration of this Agreement). On request of the City at any time, the Organization shall make all its records available for inspection and review by the City or its designated representative(s). Within ninety (90) days of the end of the Organization's fiscal year, the Organization shall provide the City with a financial statement signed by the Chairman of the Organization's Board of Directors (or other person acceptable to the City) and audited by an independent Certified Public Accountant, at the Organization's expense, setting forth the Organization's income, expenses, assets and liabilities, and such obligation shall survive the termination or expiration of this Agreement.

All application materials, financial information, quarterly (or other) reports, any other information described herein or required hereunder, and general correspondence with the City must be submitted to the City in electronic format to the City email address specified in the application packet. Additionally, the City may require that such materials, information, reports, and correspondence also be provided to the City in writing a hard-copy, non-electronic format.

VIII. ADDITIONAL REQUIREMENTS OF THE ORGANIZATION

The Organization agrees to the following:

(a) The City may conduct an on-site visit to the Organization during the Term;

(b) Within thirty (30) days of the City's execution of this Agreement, the Organization shall provide to the City a current list of all Organization board members and a schedule of all board meetings. A representative from the City may choose to attend any scheduled board meetings. The City shall be immediately notified of any changes to the schedule; and

(c) In any and all marketing material produced by the Organization, the City shall be prominently recognized as a supporter of the Organization through the use of the City designated logo provided.

VIII. INDEPENDENT CONTRACTOR

In completing the Program under this Agreement, the relationship between the City and the Organization is that of independent contractor, and the City and the Organization by the execution of this Agreement do not change the independent status of the Organization. The Organization is an independent contractor, and no term or provision of this Agreement or action by the Organization in the performance of this Agreement is intended nor shall be construed as making the Organization the agent, servant or employee of the City, or to create an employer-employee relationship, a joint venture relationship, or a joint enterprise relationship, or to allow the City to exercise discretion or control over the manner in which the Organization performs the Program which is described in this Agreement.

IX. NON-ASSIGNABILITY; NO THIRD-PARTY BENEFIT

The Organization may not and shall have no authority to assign, transfer, or otherwise convey by any means whatsoever this Agreement or any of the rights, duties or responsibilities hereunder without obtaining the prior written approval of the City, and any attempted assignment, transfer, or other conveyance of this Agreement without such approval shall be null and void and be cause for immediate termination of this Agreement by the City.

This Agreement is solely for the benefit of the parties hereto and is not intended to and shall not be deemed to create or grant any rights, contractual or otherwise, to any third person or entity.

X. NO PARTNERSHIP, JOINT VENTURE, OR JOINT ENTERPRISE

Nothing contained in this Agreement shall be deemed to constitute that the City and the Organization are partners or joint venturers with each other, or shall be construed or be deemed to establish that their relationship constitutes, or that this Agreement creates, a joint enterprise.

XI. NON-DISCRIMINATION

During the term of this Agreement, the Organization agrees that it shall not discriminate against any employee or applicant for employment because of race, age, color, sex or religion, ancestry, national origin, place of birth, or handicap.

XII. LEGAL COMPLIANCE; AGREEMENT SUBJECT TO LAWS; RECITALS

The Organization shall observe and abide by, and this Agreement is subject to, all applicable federal, state, and local (including the City) laws, rules, regulations, and policies (including, without limitation, the Charter and Ordinances of the City), as the same currently exist or as they may be hereafter amended. The Organization agrees that any and all records of the Organization which, including but not limited to describe, relate to, convey and/or illustrate the obligations, terms and conditions set forth in this Agreement shall be subject to the Texas Public Information Act, Texas Government Code Chapter 552, as amended. The above and foregoing recitals to this Agreement are true and correct and incorporated herein and made a part hereof.

XIII. VENUE; GOVERNING LAW

In the event of any action under this Agreement, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement.

XIV. COUNTERPARTS

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

XV. NO WAIVER; RIGHTS CUMULATIVE

The failure by either party to exercise any right or power, or option given to it by this Agreement, or to insist upon strict compliance with the terms of this Agreement, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach thereof, nor a waiver by such party of its rights at any time thereafter to require exact and strict compliance with all the terms hereof. The rights or remedies under this Agreement are cumulative to any other rights or remedies, which may be granted by law.

XVI. NOTICES

All notices, communications and reports, required or permitted under this Agreement shall be personally delivered or mailed to the respective parties using certified mail, return receipt requested, postage prepaid, at the addresses shown below. The City and the Organization agree to provide the other with written notification within five (5) days, if the address for notices, provided below, is changed. Notices by personal delivery shall be deemed delivered upon the date delivered; mailed notices shall be deemed communicated on the date shown on the return receipt. If no date is shown, the mailed notice shall be deemed communicated on the third (3rd) day after depositing the same in the United States mail.

EXHIBIT A

The City's address:	The Organization's address:
Attn: City Manager Town of Addison 5300 Belt Line Road Dallas, Texas 75254	Ms. Kathryn Parsons LaunchAbility 801 E. Plano Parkway, Ste. 125 Plano, TX 75074

XVII. SEVERABILITY

The terms of this Agreement are severable, and if any section, paragraph, clause, or other portion of this Agreement shall be found to be illegal, unlawful, unconstitutional or void for any reason, the balance of the Agreement shall remain in full force and effect and the parties shall be deemed to have contracted as if said section, paragraph, clause or portion had not been in the Agreement initially.

XVIII. AUTHORITY TO EXECUTE AGREEMENT

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

XIX. ENTIRE AGREEMENT

This Agreement represents the entire and integrated Agreement and agreement between the City and the Organization and supersedes all prior negotiations, representations and/or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the City and the Organization.

XX. SOVEREIGN IMMUNITY

The parties agree that the City has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be signed by their proper corporate officers as first above specified, and have caused their proper corporate seal to be hereto affixed the day and year first above written.

TOWN OF ADDISON, TEXAS	**LAUNCHABILITY**
By:_____	By:_____
Charles W. Daniels, City Manager	Ms. Kathryn Parson, CEO
Date:_____	Date:_____

AI-1422 **Item # 17.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With Metrocrest Chamber Of Commerce** In An Amount Not To Exceed $35,000.00.

BACKGROUND:

The City Council has investigated and determined that it is in the best interest of the Town to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town. The City Council has adopted an application process whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town.

The Metrocrest Chamber of Commerce submitted an Application to the Town for consideration. The Town has reviewed the application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens.

RECOMMENDATION:

Staff recommends approval of this Resolution.

Attachments

Resolution And Agreement

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A GRANT FUNDING AGREEMENT BETWEEN THE TOWN AND METROCREST CHAMBER OF COMMERCE; AUTHORIZING THE CITY MANAGER TO EXECUTE THE GRANT FUNDING AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Addison, Texas ("City Council") has investigated and determined that it is in the best interest of the Town of Addison, Texas ("Town") to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town; and

WHEREAS, the Metrocrest Chamber of Commerce submitted an Application to the Town for consideration; and

WHEREAS, the Town has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the Town and Metrocrest Chamber of Commerce desire to enter into this Agreement to set forth the terms and conditions regarding the Metrocrest Chamber of Commerce's use of the public funds.

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

Section 1. The Grant Funding Agreement between the Town and Metrocrest Chamber of Commerce, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute said agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

STATE OF TEXAS	§	
	§	**AGREEMENT FOR GRANT FUNDING**
COUNTY OF DALLAS	§	

This Agreement for Grant Funding ("Agreement") is made and entered into as of the 1st day of October, 2015 by and between the Town of Addison, Texas (the "City") and the Metrocrest Chamber of Commerce (the "Organization").

WITNESSETH:

WHEREAS, the City Council has investigated and determined that it is in the best interest of the City to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the City; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the City, as determined by the City; and

WHEREAS, the Organization submitted an Application to the City for consideration; and

WHEREAS, the City has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the City and Organization desire to enter into this Agreement to set forth the terms and conditions regarding the Organization's use of the public funds.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, the benefits flowing to each of the parties hereto, and other good and valuable consideration, the Town of Addison, Texas and the Organization do hereby agree as follows:

I. TERM

The term of this Agreement shall be for a period of one year from the 1st day of October, 2015, through the 30th day of September, 2016, except as otherwise provided for herein, and subject to the earlier termination of this Agreement ("Term"). The Program, hereinafter defined, must be completed during the Term of the Agreement to the satisfaction of the City.

II. GRANT USE

The Organization shall complete the following program(s) with the assistance of grant funding received by the City (collectively, the "Program") (the monetary amounts identified in this Section II below are approximate amounts to be expended by the Organization in accomplishing the Program, and the maximum amount to be funded by the City shall be based upon the actual expenses for the following Program):

1. *Economic Development Marketing* ($15,000.00) – The Chamber will provide to the City the following economic development marketing services ("Economic Development Marketing Services"):

EXHIBIT A

(a) provide good faith marketing support of the Addison Conference Centre that will generate at least five (5) events annually;

(b) provide marketing support to Addison Economic Development Department;

(c) conduct Business Expo with marketing targeted at Addison Businesses and provide educational sessions;

(d) target Addison-based Chamber members to renew Business Registration;

(e) conduct Economic Development Committee meetings at least quarterly including Economic Development representatives from each city that is served by the Chamber (the City of Carrollton, the City of Farmers Branch, and the City) as well as representatives from the Chamber board;

(f) develop a strategy to reach out to minority/ethnic chambers of commerce in the region to create awareness of Addison business opportunities and special events; and

(g) Provide marketing and logistical support for special events of the City.

2. *Entrepreneur Development Support* ($5,000.00) - The Chamber will provide to the City the following entrepreneur development support services ("Entrepreneur Development Support Services"):

(a) highlight local resources available to entrepreneurs (i.e. SBA, SBDCs, SCORE, etc.);

(b) host at least one chamber event at the TreeHouse; and

(c) provide complimentary one year chamber memberships to business start-ups from university-based programs that are being incubated by the Town of Addison.

3. *Addison Business Profile Support* ($5,000.00) - The Chamber will provide to the City the following services which will raise Addison's business profile ("Addison Business Profile Support"):

(a) Organize and conduct annual Mayor's Forum;

(b) Provide a local leadership development opportunity via Leadership Metrocrest;

(c) Provide ribbon-cutting support for new Chamber businesses in the Addison area; and

(d) Conduct an annual Educator Appreciation Luncheon for Bush Elementary.

4. *Develop Strategies to Connect the Addison Airport Community and the Addison Business Community* ($5,000.00) - The Chamber will provide to the City the following

services connecting the Addison Airport Community and the Addison Business Community ("Airport-Business Connection Services"):

(a) provide airport management, tenants, and users opportunities to attend and benefit from Chamber events such as the Business Expo, Chairman's Circle, Business After-Hours, etc;

(b) provide support to Addison Airport staff for business group tours of airport;

(c) increase awareness of Addison Airport to Chamber members; and

(d) work with Addison Airport staff to host at least one event at Addison Airport.

5. *Hotel Concierge Support* ($5,000.00) - The Chamber will provide to the City the following Hotel Concierge Support services ("Hotel Concierge Support Services"):

(a) assist the Town of Addison Economic Development and Tourism Department in establishing a Hotel Concierge Business Program for major conferences held at local full service hotels; and

(b) work with the Tourism Coordinator to identify targeted hotel conferences to disseminate information of local attractions, local events, and business support services.

The Organization shall submit detailed quarterly financial statements and program results to the City listing the expenditures made by the Organization with the Funding received pursuant to this Agreement by the following dates:

January 30, 2016
April 30, 2016
August 30, 2016
October 30, 2016

A City representative as determined by the City Council shall serve as an Ex-Officio Director of the Chamber and as a member of the Chamber's Economic Development Committee. The City's staff member responsible for Economic Development shall also be a member of the Committee.

III. FUNDING

For the completion of the Program as described herein, the City shall pay to the Organization the sum of no more than Thirty-Five Thousand and No/100 Dollars ($35,000.00) ("Funding") as follows: fifty percent (50%) of the Funding shall be paid to the Organization within thirty (30) days of the City's execution of this Agreement, and the remaining fifty percent (50%) of the Funding shall be paid to the Organization on May 30, 2016. However, the Organization may send a written request to the Chief Financial Officer of the City for an advance of the second fifty percent (50%) distribution prior to May 30, 2016 for a compelling reason, and the Chief Financial Officer may or may not grant this request in his sole and absolute discretion. Payment is made contingent upon the Organization not then being in default of this Agreement. Funding shall not

carry over into the following fiscal year. If the Organization fails to complete the Program identified herein to the satisfaction of the City within the Term, then the Organization shall return any and all unexpended Funding to the City immediately upon request, and the Organization may be ineligible for the receipt of Funding the following year.

IV. RESPONSIBILITY; INDEMNIFICATION

(a) THE ORGANIZATION AGREES TO ASSUME AND DOES HEREBY ASSUME ALL RESPONSIBILITY AND LIABILITY FOR DAMAGES OR INJURIES SUSTAINED BY PERSONS OR PROPERTY, WHETHER REAL OR ASSERTED, BY OR FROM THE PERFORMANCE OF THE PROGRAM PERFORMED AND TO BE PERFORMED HEREUNDER BY THE ORGANIZATION OR BY ITS OFFICIALS, OFFICERS, EMPLOYEES, OWNERS, MEMBERS, AGENTS, SERVANTS, INVITEES, GUESTS, VOLUNTEERS, CONTRACTORS, SUBCONTRACTORS, OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM OR ANYONE FOR WHOSE ACTS ANY OF THEM MAY BE LIABLE.

(b) **INDEMNITY OWED BY THE ORGANIZATION.** THE ORGANIZATION COVENANTS AND AGREES TO FULLY DEFEND, INDEMNIFY AND HOLD HARMLESS THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS, INDIVIDUALLY OR COLLECTIVELY, IN BOTH THEIR OFFICIAL AND PRIVATE CAPACITIES (THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS EACH BEING AN "ADDISON PERSON" AND COLLECTIVELY THE "ADDISON PERSONS"), FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, HARM, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, JUDGMENTS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY, AND SUITS, OF ANY KIND AND NATURE WHATSOEVER MADE UPON OR INCURRED BY ANY ADDISON PERSON, WHETHER DIRECTLY OR INDIRECTLY, (THE "CLAIMS"), THAT ARISE OUT OF, RESULT FROM, OR RELATE TO: (1) THE PROGRAM AS DESCRIBED IN SECTION II OF THIS AGREEMENT; (2) REPRESENTATIONS OR WARRANTIES BY THE ORGANIZATION UNDER THIS AGREEMENT; AND/OR (3) ANY OTHER ACT OR OMISSION UNDER OR IN PERFORMANCE OF THIS AGREEMENT BY THE ORGANIZATION, OR ANY OWNER, OFFICER, DIRECTOR, MANAGER, EMPLOYEE, AGENT, REPRESENTATIVE, CONSULTANT, CONTRACTOR, SUBCONTRACTOR, LICENSEE, INVITEE, PATRON, GUEST, CUSTOMER, OR CONCESSIONAIRE OF OR FOR THE ORGANIZATION, OR ANY OTHER PERSON OR ENTITY FOR WHOM THE ORGANIZATION IS LEGALLY RESPONSIBLE, AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, REPRESENTATIVES, CONSULTANTS, CONTRACTORS, SUBCONTRACTOR, LICENSEES, INVITEES, PATRONS, GUESTS, CUSTOMERS, AND CONCESSIONAIRES. **SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.**

THE ORGANIZATION SHALL PROMPTLY ADVISE THE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST ANY ADDISON PERSON OR THE ORGANIZATION RELATED TO OR ARISING OUT OF THE ORGANIZATION'S ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT THE ORGANIZATION'S SOLE COST

AND EXPENSE. THE ADDISON PERSONS SHALL HAVE THE RIGHT, AT THE ADDISON PERSONS' OPTION AND AT OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING THE ORGANIZATION OF ANY OF ITS OBLIGATIONS HEREUNDER.

THE PROVISIONS OF THIS DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION, AND ANY OTHER DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SET FORTH IN THIS AGREEMENT, SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

V. TERMINATION

This Agreement may be canceled and terminated by either party at any time and for any reason or no reason upon giving at least thirty (30) days written notice of such cancellation and termination to the other party hereto. Such notice shall be sent certified mail, return receipt requested, and to the most recent address shown on the records of the party terminating the Agreement. The thirty (30) day period shall commence upon deposit of the said notice in the United States mail and shall conclude at midnight of the 30th day thereafter. In the event of such cancellation and termination and if the Organization has failed at the time of such cancellation and termination to provide the Program set forth herein, the Organization shall immediately refund to the City that portion of Funding paid to the Organization under the terms of this Agreement (and identified in Section II, above) allocable to the Program that has not been completed at the time of cancellation and termination, as determined by the City.

Upon payment or tender of any refund amount, all of the obligations of the Organization and the City under this Agreement shall be discharged and terminated (except as otherwise provided herein, e.g., except for obligations and responsibilities as may survive termination or cancellation of this Agreement as provided for in this Agreement) and no action shall lie or accrue for additional benefit, consideration or value for or based upon the Program performed under or pursuant to this Agreement.

VI. CONFLICT OF INTEREST

(a) No officer or employee of the City shall have any interest or receive any benefit, direct or indirect, in this Agreement or the proceeds thereof. This prohibition is not intended and should not be construed to preclude payment of expenses legitimately incurred by City officials in the conduct of the City's business. No officer, employee, representative, or volunteer of the Organization shall have any financial interest, direct or indirect, in this Agreement or the proceeds hereof.

(b) For purposes of this section, "benefit" means anything reasonably regarded as an economic advantage, including benefit to any other person in whose welfare the beneficiary is interested, but does not include contributions or expenditures made and reported in accordance with any law.

VII. ACCOUNTING

Prior to adopting its annual budget, the Organization shall submit for the City's review a budget showing the use of the Funding provided pursuant to this Agreement, and the Organization shall make such quarterly financial reports to the City, as provided for herein, listing the expenditures made by the Organization from the Funding. The approval of the Organization's

annual budget creates a fiduciary duty in the Organization with respect to the Funding provided by this Agreement.

Funding received hereunder from the City may be spent for day to day operations, supplies, salaries and other administrative costs, provided that such costs are necessary for the promotion and encouragement of the purposes for which the Funding may be used as described herein.

The Organization shall maintain complete and accurate financial records of all of its revenues, including, without limitation, each expenditure of Funding received pursuant to this Agreement. By the thirtieth (30^{th}) day after the close of each quarter (beginning with the quarter ending December 31, 2015, with the last quarter ending September 30, 2016), the Organization shall provide the City the following: (a) a detailed financial report for the previous quarter listing the expenditures made by the Organization of the Funding paid to the Organization under this Agreement; and (b) a year-to-date report of the expenditures made by the Organization of the Funding paid to the Organization under this Agreement (and if this Agreement is terminated prior to its expiration, the Organization shall provide such reports as set forth above for the period prior to the expiration for which reports have not been provided, and such obligation shall survive the termination hereof; and the obligation to provide the reports for the last quarter of this Agreement shall survive the expiration of this Agreement). On request of the City at any time, the Organization shall make all its records available for inspection and review by the City or its designated representative(s). Within ninety (90) days of the end of the Organization's fiscal year, the Organization shall provide the City with a financial statement signed by the Chairman of the Organization's Board of Directors (or other person acceptable to the City) and audited by an independent Certified Public Accountant, at the Organization's expense, setting forth the Organization's income, expenses, assets and liabilities, and such obligation shall survive the termination or expiration of this Agreement.

All application materials, financial information, quarterly (or other) reports, any other information described herein or required hereunder, and general correspondence with the City must be submitted to the City in electronic format to the City email address specified in the application packet. Additionally, the City may require that such materials, information, reports, and correspondence also be provided to the City in writing a hard-copy, non-electronic format.

VIII. ADDITIONAL REQUIREMENTS OF THE ORGANIZATION

The Organization agrees to the following:

(a) The City may conduct an on-site visit to the Organization during the Term;

(b) Within thirty (30) days of the City's execution of this Agreement, the Organization shall provide to the City a current list of all Organization board members and a schedule of all board meetings. A representative from the City may choose to attend any scheduled board meetings. The City shall be immediately notified of any changes to the schedule; and

(c) In any and all marketing material produced by the Organization, the City shall be prominently recognized as a supporter of the Organization through the use of the City designated logo provided.

VIII. INDEPENDENT CONTRACTOR

In completing the Program under this Agreement, the relationship between the City and the Organization is that of independent contractor, and the City and the Organization by the execution of this Agreement do not change the independent status of the Organization. The Organization is an independent contractor, and no term or provision of this Agreement or action by the Organization in the performance of this Agreement is intended nor shall be construed as making the Organization the agent, servant or employee of the City, or to create an employer-employee relationship, a joint venture relationship, or a joint enterprise relationship, or to allow the City to exercise discretion or control over the manner in which the Organization performs the Program which is described in this Agreement.

IX. NON-ASSIGNABILITY; NO THIRD-PARTY BENEFIT

The Organization may not and shall have no authority to assign, transfer, or otherwise convey by any means whatsoever this Agreement or any of the rights, duties or responsibilities hereunder without obtaining the prior written approval of the City, and any attempted assignment, transfer, or other conveyance of this Agreement without such approval shall be null and void and be cause for immediate termination of this Agreement by the City.

This Agreement is solely for the benefit of the parties hereto and is not intended to and shall not be deemed to create or grant any rights, contractual or otherwise, to any third person or entity.

X. NO PARTNERSHIP, JOINT VENTURE, OR JOINT ENTERPRISE

Nothing contained in this Agreement shall be deemed to constitute that the City and the Organization are partners or joint venturers with each other, or shall be construed or be deemed to establish that their relationship constitutes, or that this Agreement creates, a joint enterprise.

XI. NON-DISCRIMINATION

During the term of this Agreement, the Organization agrees that it shall not discriminate against any employee or applicant for employment because of race, age, color, sex or religion, ancestry, national origin, place of birth, or handicap.

XII. LEGAL COMPLIANCE; AGREEMENT SUBJECT TO LAWS; RECITALS

The Organization shall observe and abide by, and this Agreement is subject to, all applicable federal, state, and local (including the City) laws, rules, regulations, and policies (including, without limitation, the Charter and Ordinances of the City), as the same currently exist or as they may be hereafter amended. The Organization agrees that any and all records of the Organization which, including but not limited to describe, relate to, convey and/or illustrate the obligations, terms and conditions set forth in this Agreement shall be subject to the Texas Public Information Act, Texas Government Code Chapter 552, as amended. The above and foregoing recitals to this Agreement are true and correct and incorporated herein and made a part hereof.

XIII. VENUE; GOVERNING LAW

In the event of any action under this Agreement, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the

State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement.

XIV. COUNTERPARTS

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

XV. NO WAIVER; RIGHTS CUMULATIVE

The failure by either party to exercise any right or power, or option given to it by this Agreement, or to insist upon strict compliance with the terms of this Agreement, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach thereof, nor a waiver by such party of its rights at any time thereafter to require exact and strict compliance with all the terms hereof. The rights or remedies under this Agreement are cumulative to any other rights or remedies, which may be granted by law.

XVI. NOTICES

All notices, communications and reports, required or permitted under this Agreement shall be personally delivered or mailed to the respective parties using certified mail, return receipt requested, postage prepaid, at the addresses shown below. The City and the Organization agree to provide the other with written notification within five (5) days, if the address for notices, provided below, is changed. Notices by personal delivery shall be deemed delivered upon the date delivered; mailed notices shall be deemed communicated on the date shown on the return receipt. If no date is shown, the mailed notice shall be deemed communicated on the third (3rd) day after depositing the same in the United States mail.

The City's address:

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

The Organization's address:

Ms. Erin Carney
Metrocrest Chamber of Commerce
2550 Midway Road, Ste. 240
Carrollton, Texas 75006

XVII. SEVERABILITY

The terms of this Agreement are severable, and if any section, paragraph, clause, or other portion of this Agreement shall be found to be illegal, unlawful, unconstitutional or void for any reason, the balance of the Agreement shall remain in full force and effect and the parties shall be deemed to have contracted as if said section, paragraph, clause or portion had not been in the Agreement initially.

XVIII. AUTHORITY TO EXECUTE AGREEMENT

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

and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

XIX. ENTIRE AGREEMENT

This Agreement represents the entire and integrated Agreement and agreement between the City and the Organization and supersedes all prior negotiations, representations and/or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the City and the Organization.

XX. SOVEREIGN IMMUNITY

The parties agree that the City has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be signed by their proper corporate officers as first above specified, and have caused their proper corporate seal to be hereto affixed the day and year first above written.

TOWN OF ADDISON, TEXAS	**METROCREST CHAMBER OF COMMERCE**
By:_____	By:_____
Charles W. Daniels, City Manager	Ms. Erin Carney, President
Date:_____	Date:_____

AI-1423 **Item # 18.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With Metrocrest Community Clinic** In An Amount Not To Exceed $3,000.00.

BACKGROUND:

The City Council has investigated and determined that it is in the best interest of the Town to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town. The City Council has adopted an application process whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town.

The Metrocrest Community Clinic submitted an Application to the Town for consideration. The Town has reviewed the application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens.

RECOMMENDATION:

Staff recommends approval of the Resolution.

Attachments

Resolution and Agreement

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A GRANT FUNDING AGREEMENT BETWEEN THE TOWN AND METROCREST COMMUNITY CLINIC; AUTHORIZING THE CITY MANAGER TO EXECUTE THE GRANT FUNDING AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Addison, Texas ("City Council") has investigated and determined that it is in the best interest of the Town of Addison, Texas ("Town") to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town; and

WHEREAS, the Metrocrest Community Clinic submitted an Application to the Town for consideration; and

WHEREAS, the Town has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the Town and Metrocrest Community Clinic desire to enter into this Agreement to set forth the terms and conditions regarding the Metrocrest Community Clinic use of the public funds.

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

Section 1. The Grant Funding Agreement between the Town and Metrocrest Community Clinic, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute said agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

STATE OF TEXAS	§	
	§	**AGREEMENT FOR GRANT FUNDING**
COUNTY OF DALLAS	§	

This Agreement for Grant Funding ("Agreement") is made and entered into as of the 1st day of October, 2015 by and between the Town of Addison, Texas (the "City") and Metrocrest Community Clinic (the "Organization").

WITNESSETH:

WHEREAS, the City Council has investigated and determined that it is in the best interest of the City to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the City; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the City, as determined by the City; and

WHEREAS, the Organization submitted an Application to the City for consideration; and

WHEREAS, the City has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the City and Organization desire to enter into this Agreement to set forth the terms and conditions regarding the Organization's use of the public funds.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, the benefits flowing to each of the parties hereto, and other good and valuable consideration, the Town of Addison, Texas and the Organization do hereby agree as follows:

I. TERM

The term of this Agreement shall be for a period of one year from the 1st day of October, 2015, through the 30th day of September, 2016, except as otherwise provided for herein, and subject to the earlier termination of this Agreement ("Term"). The Program, hereinafter defined, must be completed during the Term of the Agreement to the satisfaction of the City.

II. GRANT USE

The Organization shall complete the following program(s) with the assistance of grant funding received by the City (collectively, the "Program"):

(a) Funding will be used as part of the Organization's general operating fund to:
1) Purchase medical and pharmaceutical supplies;
2) Maintenance of existing equipment;
3) Expand new Wellness and Chronic Disease Management Programs;
4) Expand Women's Healthcare Services; and
5) Partner on community health & wellness event(s)

EXHIBIT A

The Organization shall submit detailed quarterly financial statements and program results to the City listing the expenditures made by the Organization with the Funding received pursuant to this Agreement by the following dates:

January 30, 2016
April 30, 2016
August 30, 2016
October 30, 2016

III. FUNDING

For the completion of the Program as described herein, the City shall pay to the Organization the sum of no more than Three Thousand and No/100 Dollars ($3,000.00) ("Funding") as follows: fifty percent (50%) of the Funding shall be paid to the Organization within thirty (30) days of the City's execution of this Agreement, and the remaining fifty percent (50%) of the Funding shall be paid to the Organization on May 30, 2016. However, the Organization may send a written request to the Chief Financial Officer of the City for an advance of the second fifty percent (50%) distribution prior to May 30, 2016 for a compelling reason, and the Chief Financial Officer may or may not grant this request in his sole and absolute discretion. Payment is made contingent upon the Organization not then being in default of this Agreement. Funding shall not carry over into the following fiscal year. If the Organization fails to complete the Program identified herein to the satisfaction of the City within the Term, then the Organization shall return any and all unexpended Funding to the City immediately upon request, and the Organization may be ineligible for the receipt of Funding the following year.

IV. RESPONSIBILITY; INDEMNIFICATION

(a) THE ORGANIZATION AGREES TO ASSUME AND DOES HEREBY ASSUME ALL RESPONSIBILITY AND LIABILITY FOR DAMAGES OR INJURIES SUSTAINED BY PERSONS OR PROPERTY, WHETHER REAL OR ASSERTED, BY OR FROM THE PERFORMANCE OF THE PROGRAM PERFORMED AND TO BE PERFORMED HEREUNDER BY THE ORGANIZATION OR BY ITS OFFICIALS, OFFICERS, EMPLOYEES, OWNERS, MEMBERS, AGENTS, SERVANTS, INVITEES, GUESTS, VOLUNTEERS, CONTRACTORS, SUBCONTRACTORS, OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM OR ANYONE FOR WHOSE ACTS ANY OF THEM MAY BE LIABLE.

(b) **INDEMNITY OWED BY THE ORGANIZATION.** THE ORGANIZATION COVENANTS AND AGREES TO FULLY DEFEND, INDEMNIFY AND HOLD HARMLESS THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS, INDIVIDUALLY OR COLLECTIVELY, IN BOTH THEIR OFFICIAL AND PRIVATE CAPACITIES (THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS EACH BEING AN "ADDISON PERSON" AND COLLECTIVELY THE "ADDISON PERSONS"), FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, HARM, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, JUDGMENTS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY, AND SUITS, OF ANY KIND AND NATURE WHATSOEVER MADE UPON OR INCURRED BY ANY ADDISON PERSON, WHETHER DIRECTLY OR INDIRECTLY, (THE "CLAIMS"), THAT ARISE OUT OF, RESULT FROM, OR RELATE TO: (1) THE PROGRAM AS DESCRIBED IN SECTION II OF THIS AGREEMENT; (2)

REPRESENTATIONS OR WARRANTIES BY THE ORGANIZATION UNDER THIS AGREEMENT; AND/OR (3) ANY OTHER ACT OR OMISSION UNDER OR IN PERFORMANCE OF THIS AGREEMENT BY THE ORGANIZATION, OR ANY OWNER, OFFICER, DIRECTOR, MANAGER, EMPLOYEE, AGENT, REPRESENTATIVE, CONSULTANT, CONTRACTOR, SUBCONTRACTOR, LICENSEE, INVITEE, PATRON, GUEST, CUSTOMER, OR CONCESSIONAIRE OF OR FOR THE ORGANIZATION, OR ANY OTHER PERSON OR ENTITY FOR WHOM THE ORGANIZATION IS LEGALLY RESPONSIBLE, AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, REPRESENTATIVES, CONSULTANTS, CONTRACTORS, SUBCONTRACTOR, LICENSEES, INVITEES, PATRONS, GUESTS, CUSTOMERS, AND CONCESSIONAIRES. **SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.**

THE ORGANIZATION SHALL PROMPTLY ADVISE THE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST ANY ADDISON PERSON OR THE ORGANIZATION RELATED TO OR ARISING OUT OF THE ORGANIZATION'S ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT THE ORGANIZATION'S SOLE COST AND EXPENSE. THE ADDISON PERSONS SHALL HAVE THE RIGHT, AT THE ADDISON PERSONS' OPTION AND AT OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING THE ORGANIZATION OF ANY OF ITS OBLIGATIONS HEREUNDER.

THE PROVISIONS OF THIS DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION, AND ANY OTHER DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SET FORTH IN THIS AGREEMENT, SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

V. TERMINATION

This Agreement may be canceled and terminated by either party at any time and for any reason or no reason upon giving at least thirty (30) days written notice of such cancellation and termination to the other party hereto. Such notice shall be sent certified mail, return receipt requested, and to the most recent address shown on the records of the party terminating the Agreement. The thirty (30) day period shall commence upon deposit of the said notice in the United States mail and shall conclude at midnight of the 30th day thereafter. In the event of such cancellation and termination and if the Organization has failed at the time of such cancellation and termination to provide the Program set forth herein, the Organization shall immediately refund to the City that portion of Funding paid to the Organization under the terms of this Agreement (and identified in Section II, above) allocable to the Program that has not been completed at the time of cancellation and termination, as determined by the City.

Upon payment or tender of any refund amount, all of the obligations of the Organization and the City under this Agreement shall be discharged and terminated (except as otherwise provided herein, e.g., except for obligations and responsibilities as may survive termination or cancellation of this Agreement as provided for in this Agreement) and no action shall lie or accrue for additional benefit, consideration or value for or based upon the Program performed under or pursuant to this Agreement.

VI. CONFLICT OF INTEREST

(a) No officer or employee of the City shall have any interest or receive any benefit, direct or indirect, in this Agreement or the proceeds thereof. This prohibition is not intended and should not be construed to preclude payment of expenses legitimately incurred by City officials in the conduct of the City's business. No officer, employee, representative, or volunteer of the Organization shall have any financial interest, direct or indirect, in this Agreement or the proceeds hereof.

(b) For purposes of this section, "benefit" means anything reasonably regarded as an economic advantage, including benefit to any other person in whose welfare the beneficiary is interested, but does not include contributions or expenditures made and reported in accordance with any law.

VII. ACCOUNTING

Prior to adopting its annual budget, the Organization shall submit for the City's review a budget showing the use of the Funding provided pursuant to this Agreement, and the Organization shall make such quarterly financial reports to the City, as provided for herein, listing the expenditures made by the Organization from the Funding. The approval of the Organization's annual budget creates a fiduciary duty in the Organization with respect to the Funding provided by this Agreement.

Funding received hereunder from the City may be spent for day to day operations, supplies, salaries and other administrative costs, provided that such costs are necessary for the promotion and encouragement of the purposes for which the Funding may be used as described herein.

The Organization shall maintain complete and accurate financial records of all of its revenues, including, without limitation, each expenditure of Funding received pursuant to this Agreement. By the thirtieth (30^{th}) day after the close of each quarter (beginning with the quarter ending December 31, 2015, with the last quarter ending September 30, 2016), the Organization shall provide the City the following: (a) a detailed financial report for the previous quarter listing the expenditures made by the Organization of the Funding paid to the Organization under this Agreement; and (b) a year-to-date report of the expenditures made by the Organization of the Funding paid to the Organization under this Agreement (and if this Agreement is terminated prior to its expiration, the Organization shall provide such reports as set forth above for the period prior to the expiration for which reports have not been provided, and such obligation shall survive the termination hereof; and the obligation to provide the reports for the last quarter of this Agreement shall survive the expiration of this Agreement). On request of the City at any time, the Organization shall make all its records available for inspection and review by the City or its designated representative(s). Within ninety (90) days of the end of the Organization's fiscal year, the Organization shall provide the City with a financial statement signed by the Chairman of the Organization's Board of Directors (or other person acceptable to the City) and audited by an independent Certified Public Accountant, at the Organization's expense, setting forth the Organization's income, expenses, assets and liabilities, and such obligation shall survive the termination or expiration of this Agreement.

All application materials, financial information, quarterly (or other) reports, any other information described herein or required hereunder, and general correspondence with the City must be submitted to the City in electronic format to the City email address specified in the application

packet. Additionally, the City may require that such materials, information, reports, and correspondence also be provided to the City in writing a hard-copy, non-electronic format.

VIII. ADDITIONAL REQUIREMENTS OF THE ORGANIZATION

The Organization agrees to the following:

(a) The City may conduct an on-site visit to the Organization during the Term;

(b) Within thirty (30) days of the City's execution of this Agreement, the Organization shall provide to the City a current list of all Organization board members and a schedule of all board meetings. A representative from the City may choose to attend any scheduled board meetings. The City shall be immediately notified of any changes to the schedule; and

(c) In any and all marketing material produced by the Organization, the City shall be prominently recognized as a supporter of the Organization through the use of the City designated logo provided.

VIII. INDEPENDENT CONTRACTOR

In completing the Program under this Agreement, the relationship between the City and the Organization is that of independent contractor, and the City and the Organization by the execution of this Agreement do not change the independent status of the Organization. The Organization is an independent contractor, and no term or provision of this Agreement or action by the Organization in the performance of this Agreement is intended nor shall be construed as making the Organization the agent, servant or employee of the City, or to create an employer-employee relationship, a joint venture relationship, or a joint enterprise relationship, or to allow the City to exercise discretion or control over the manner in which the Organization performs the Program which is described in this Agreement.

IX. NON-ASSIGNABILITY; NO THIRD-PARTY BENEFIT

The Organization may not and shall have no authority to assign, transfer, or otherwise convey by any means whatsoever this Agreement or any of the rights, duties or responsibilities hereunder without obtaining the prior written approval of the City, and any attempted assignment, transfer, or other conveyance of this Agreement without such approval shall be null and void and be cause for immediate termination of this Agreement by the City.

This Agreement is solely for the benefit of the parties hereto and is not intended to and shall not be deemed to create or grant any rights, contractual or otherwise, to any third person or entity.

X. NO PARTNERSHIP, JOINT VENTURE, OR JOINT ENTERPRISE

Nothing contained in this Agreement shall be deemed to constitute that the City and the Organization are partners or joint venturers with each other, or shall be construed or be deemed to establish that their relationship constitutes, or that this Agreement creates, a joint enterprise.

XI. NON-DISCRIMINATION

During the term of this Agreement, the Organization agrees that it shall not discriminate against any employee or applicant for employment because of race, age, color, sex or religion, ancestry, national origin, place of birth, or handicap.

XII. LEGAL COMPLIANCE; AGREEMENT SUBJECT TO LAWS; RECITALS

The Organization shall observe and abide by, and this Agreement is subject to, all applicable federal, state, and local (including the City) laws, rules, regulations, and policies (including, without limitation, the Charter and Ordinances of the City), as the same currently exist or as they may be hereafter amended. The Organization agrees that any and all records of the Organization which, including but not limited to describe, relate to, convey and/or illustrate the obligations, terms and conditions set forth in this Agreement shall be subject to the Texas Public Information Act, Texas Government Code Chapter 552, as amended. The above and foregoing recitals to this Agreement are true and correct and incorporated herein and made a part hereof.

XIII. VENUE; GOVERNING LAW

In the event of any action under this Agreement, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement.

XIV. COUNTERPARTS

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

XV. NO WAIVER; RIGHTS CUMULATIVE

The failure by either party to exercise any right or power, or option given to it by this Agreement, or to insist upon strict compliance with the terms of this Agreement, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach thereof, nor a waiver by such party of its rights at any time thereafter to require exact and strict compliance with all the terms hereof. The rights or remedies under this Agreement are cumulative to any other rights or remedies, which may be granted by law.

XVI. NOTICES

All notices, communications and reports, required or permitted under this Agreement shall be personally delivered or mailed to the respective parties using certified mail, return receipt requested, postage prepaid, at the addresses shown below. The City and the Organization agree to provide the other with written notification within five (5) days, if the address for notices, provided below, is changed. Notices by personal delivery shall be deemed delivered upon the date delivered; mailed notices shall be deemed communicated on the date shown on the return receipt. If no date is

shown, the mailed notice shall be deemed communicated on the third (3rd) day after depositing the same in the United States mail.

The City's address:	The Organization's address:
Attn: City Manager Town of Addison 5300 Belt Line Road Dallas, Texas 75254	Ms. Lisa Rigby Metrocrest Community Clinic 1 Medical Parkway, Plaza 1, Suite 149 Farmers Branch, Texas 75234

XVII. SEVERABILITY

The terms of this Agreement are severable, and if any section, paragraph, clause, or other portion of this Agreement shall be found to be illegal, unlawful, unconstitutional or void for any reason, the balance of the Agreement shall remain in full force and effect and the parties shall be deemed to have contracted as if said section, paragraph, clause or portion had not been in the Agreement initially.

XVIII. AUTHORITY TO EXECUTE AGREEMENT

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

XIX. ENTIRE AGREEMENT

This Agreement represents the entire and integrated Agreement and agreement between the City and the Organization and supersedes all prior negotiations, representations and/or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the City and the Organization.

XX. SOVEREIGN IMMUNITY

The parties agree that the City has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be signed by their proper corporate officers as first above specified, and have caused their proper corporate seal to be hereto affixed the day and year first above written.

TOWN OF ADDISON, TEXAS	**METROCREST COMMUNITY CLINIC**
By:_____	By:_____
Charles W. Daniels, City Manager	Ms. Lisa Rigby, Executive Director
Date:_____	Date:_____

AI-1424 **Item # 19.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With Metrocrest Services** In An Amount Not To Exceed $61,000.00.

BACKGROUND:

The City Council has investigated and determined that it is in the best interest of the Town to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town. The City Council has adopted an application process whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town.

The Metrocrest Services submitted an Application to the Town for consideration. The Town has reviewed the application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens.

RECOMMENDATION:

Staff recommends approval of this Resolution.

Attachments

Resolution and Agreement

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A GRANT FUNDING AGREEMENT BETWEEN THE TOWN AND METROCREST SERVICES; AUTHORIZING THE CITY MANAGER TO EXECUTE THE GRANT FUNDING AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Addison, Texas ("City Council") has investigated and determined that it is in the best interest of the Town of Addison, Texas ("Town") to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town; and

WHEREAS, Metrocrest Services submitted an Application to the Town for consideration; and

WHEREAS, the Town has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the Town and Metrocrest Services desire to enter into this Agreement to set forth the terms and conditions regarding Metrocrest Services' use of the public funds.

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

Section 1. The Grant Funding Agreement between the Town and Metrocrest Services, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute said agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

STATE OF TEXAS	§	
	§	**AGREEMENT FOR GRANT FUNDING**
COUNTY OF DALLAS	§	

This Agreement for Grant Funding ("Agreement") is made and entered into as of the 1st day of October, 2015 by and between the Town of Addison, Texas (the "City") and Metrocrest Services (the "Organization").

WITNESSETH:

WHEREAS, the City Council has investigated and determined that it is in the best interest of the City to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the City; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the City, as determined by the City; and

WHEREAS, the Organization submitted an Application to the City for consideration; and

WHEREAS, the City has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the City and Organization desire to enter into this Agreement to set forth the terms and conditions regarding the Organization's use of the public funds.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, the benefits flowing to each of the parties hereto, and other good and valuable consideration, the Town of Addison, Texas and the Organization do hereby agree as follows:

I. TERM

The term of this Agreement shall be for a period of one year from the 1st day of October, 2015, through the 30th day of September, 2016, except as otherwise provided for herein, and subject to the earlier termination of this Agreement ("Term"). The Program, hereinafter defined, must be completed during the Term of the Agreement to the satisfaction of the City.

II. GRANT USE

The Organization shall complete the following program(s) with the assistance of grant funding received by the City (collectively, the "Program"):

(a) Provide direct material assistance and short term emergency assistance to residents and citizens of the City of which includes:

1) Rent;
2) Utilities;
3) Food;
4) Clothing;
5) Prescription Drugs;

6) Transportation Services;
7) Home Improvement Projects for Seniors; and
8) Other related services.

(b) Provide information and referral on health and social service issues to residents and citizens of the City of which includes:

1) Employment Assistance;
2) Health and Social Services Referrals;
3) Support Group Information; and
4) Other related referrals.

(c) Provide indirect assistance to residents and citizens for the City of which includes:

(1) Collaboration with others in the community for awareness of need and maximum utilization of resources;
(2) Community education about issues, needs, and resources;
(3) Inquiry into the causes of identified problems;
(4) Participation in the development of plans and strategies to address the causes; and
(5) Provisions of volunteer opportunities for community-wide involvement in the programs of the Organization.

The Organization shall submit detailed quarterly financial statements and program results to the City listing the expenditures made by the Organization with the Funding received pursuant to this Agreement by the following dates:

January 30, 2016
April 30, 2016
August 30, 2016
October 30, 2016

III. FUNDING

For the completion of the Program as described herein, the City shall pay to the Organization the sum of no more than Sixty-One Thousand and No/100 Dollars ($61,000.00) ("Funding") as follows: fifty percent (50%) of the Funding shall be paid to the Organization within thirty (30) days of the City's execution of this Agreement, and the remaining fifty percent (50%) of the Funding shall be paid to the Organization on May 30, 2016. However, the Organization may send a written request to the Chief Financial Officer of the City for an advance of the second fifty percent (50%) distribution prior to May 30, 2016 for a compelling reason, and the Chief Financial Officer may or may not grant this request in his sole and absolute discretion. Payment is made contingent upon the Organization not then being in default of this Agreement. Funding shall not carry over into the following fiscal year. If the Organization fails to complete the Program identified herein to the satisfaction of the City within the Term, then the Organization shall return any and all unexpended Funding to the City immediately upon request, and the Organization may be ineligible for the receipt of Funding the following year.

EXHIBIT A

IV. RESPONSIBILITY; INDEMNIFICATION

(a) THE ORGANIZATION AGREES TO ASSUME AND DOES HEREBY ASSUME ALL RESPONSIBILITY AND LIABILITY FOR DAMAGES OR INJURIES SUSTAINED BY PERSONS OR PROPERTY, WHETHER REAL OR ASSERTED, BY OR FROM THE PERFORMANCE OF THE PROGRAM PERFORMED AND TO BE PERFORMED HEREUNDER BY THE ORGANIZATION OR BY ITS OFFICIALS, OFFICERS, EMPLOYEES, OWNERS, MEMBERS, AGENTS, SERVANTS, INVITEES, GUESTS, VOLUNTEERS, CONTRACTORS, SUBCONTRACTORS, OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM OR ANYONE FOR WHOSE ACTS ANY OF THEM MAY BE LIABLE.

(b) **INDEMNITY OWED BY THE ORGANIZATION.** THE ORGANIZATION COVENANTS AND AGREES TO FULLY DEFEND, INDEMNIFY AND HOLD HARMLESS THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS, INDIVIDUALLY OR COLLECTIVELY, IN BOTH THEIR OFFICIAL AND PRIVATE CAPACITIES (THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS EACH BEING AN "ADDISON PERSON" AND COLLECTIVELY THE "ADDISON PERSONS"), FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, HARM, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, JUDGMENTS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY, AND SUITS, OF ANY KIND AND NATURE WHATSOEVER MADE UPON OR INCURRED BY ANY ADDISON PERSON, WHETHER DIRECTLY OR INDIRECTLY, (THE "CLAIMS"), THAT ARISE OUT OF, RESULT FROM, OR RELATE TO: (1) THE PROGRAM AS DESCRIBED IN SECTION II OF THIS AGREEMENT; (2) REPRESENTATIONS OR WARRANTIES BY THE ORGANIZATION UNDER THIS AGREEMENT; AND/OR (3) ANY OTHER ACT OR OMISSION UNDER OR IN PERFORMANCE OF THIS AGREEMENT BY THE ORGANIZATION, OR ANY OWNER, OFFICER, DIRECTOR, MANAGER, EMPLOYEE, AGENT, REPRESENTATIVE, CONSULTANT, CONTRACTOR, SUBCONTRACTOR, LICENSEE, INVITEE, PATRON, GUEST, CUSTOMER, OR CONCESSIONAIRE OF OR FOR THE ORGANIZATION, OR ANY OTHER PERSON OR ENTITY FOR WHOM THE ORGANIZATION IS LEGALLY RESPONSIBLE, AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, REPRESENTATIVES, CONSULTANTS, CONTRACTORS, SUBCONTRACTOR, LICENSEES, INVITEES, PATRONS, GUESTS, CUSTOMERS, AND CONCESSIONAIRES. **SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.**

THE ORGANIZATION SHALL PROMPTLY ADVISE THE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST ANY ADDISON PERSON OR THE ORGANIZATION RELATED TO OR ARISING OUT OF THE ORGANIZATION'S ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT THE ORGANIZATION'S SOLE COST AND EXPENSE. THE ADDISON PERSONS SHALL HAVE THE RIGHT, AT THE ADDISON PERSONS' OPTION AND AT OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING THE ORGANIZATION OF ANY OF ITS OBLIGATIONS HEREUNDER.

THE PROVISIONS OF THIS DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION, AND ANY OTHER DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SET FORTH IN THIS AGREEMENT, SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

V. TERMINATION

This Agreement may be canceled and terminated by either party at any time and for any reason or no reason upon giving at least thirty (30) days written notice of such cancellation and termination to the other party hereto. Such notice shall be sent certified mail, return receipt requested, and to the most recent address shown on the records of the party terminating the Agreement. The thirty (30) day period shall commence upon deposit of the said notice in the United States mail and shall conclude at midnight of the 30th day thereafter. In the event of such cancellation and termination and if the Organization has failed at the time of such cancellation and termination to provide the Program set forth herein, the Organization shall immediately refund to the City that portion of Funding paid to the Organization under the terms of this Agreement (and identified in Section II, above) allocable to the Program that has not been completed at the time of cancellation and termination, as determined by the City.

Upon payment or tender of any refund amount, all of the obligations of the Organization and the City under this Agreement shall be discharged and terminated (except as otherwise provided herein, e.g., except for obligations and responsibilities as may survive termination or cancellation of this Agreement as provided for in this Agreement) and no action shall lie or accrue for additional benefit, consideration or value for or based upon the Program performed under or pursuant to this Agreement.

VI. CONFLICT OF INTEREST

(a) No officer or employee of the City shall have any interest or receive any benefit, direct or indirect, in this Agreement or the proceeds thereof. This prohibition is not intended and should not be construed to preclude payment of expenses legitimately incurred by City officials in the conduct of the City's business. No officer, employee, representative, or volunteer of the Organization shall have any financial interest, direct or indirect, in this Agreement or the proceeds hereof.

(b) For purposes of this section, "benefit" means anything reasonably regarded as an economic advantage, including benefit to any other person in whose welfare the beneficiary is interested, but does not include contributions or expenditures made and reported in accordance with any law.

VII. ACCOUNTING

Prior to adopting its annual budget, the Organization shall submit for the City's review a budget showing the use of the Funding provided pursuant to this Agreement, and the Organization shall make such quarterly financial reports to the City, as provided for herein, listing the expenditures made by the Organization from the Funding. The approval of the Organization's annual budget creates a fiduciary duty in the Organization with respect to the Funding provided by this Agreement.

Funding received hereunder from the City may be spent for day to day operations, supplies, salaries and other administrative costs, provided that such costs are necessary for the promotion and encouragement of the purposes for which the Funding may be used as described herein.

The Organization shall maintain complete and accurate financial records of all of its revenues, including, without limitation, each expenditure of Funding received pursuant to this Agreement. By the thirtieth (30^{th}) day after the close of each quarter (beginning with the quarter ending December 31, 2015, with the last quarter ending September 30, 2016), the Organization shall provide the City the following: (a) a detailed financial report for the previous quarter listing the expenditures made by the Organization of the Funding paid to the Organization under this Agreement; and (b) a year-to-date report of the expenditures made by the Organization of the Funding paid to the Organization under this Agreement (and if this Agreement is terminated prior to its expiration, the Organization shall provide such reports as set forth above for the period prior to the expiration for which reports have not been provided, and such obligation shall survive the termination hereof; and the obligation to provide the reports for the last quarter of this Agreement shall survive the expiration of this Agreement). On request of the City at any time, the Organization shall make all its records available for inspection and review by the City or its designated representative(s). Within ninety (90) days of the end of the Organization's fiscal year, the Organization shall provide the City with a financial statement signed by the Chairman of the Organization's Board of Directors (or other person acceptable to the City) and audited by an independent Certified Public Accountant, at the Organization's expense, setting forth the Organization's income, expenses, assets and liabilities, and such obligation shall survive the termination or expiration of this Agreement.

All application materials, financial information, quarterly (or other) reports, any other information described herein or required hereunder, and general correspondence with the City must be submitted to the City in electronic format to the City email address specified in the application packet. Additionally, the City may require that such materials, information, reports, and correspondence also be provided to the City in writing a hard-copy, non-electronic format.

VIII. ADDITIONAL REQUIREMENTS OF THE ORGANIZATION

The Organization agrees to the following:

(a) The City may conduct an on-site visit to the Organization during the Term;

(b) Within thirty (30) days of the City's execution of this Agreement, the Organization shall provide to the City a current list of all Organization board members and a schedule of all board meetings. A representative from the City may choose to attend any scheduled board meetings. The City shall be immediately notified of any changes to the schedule; and

(c) In any and all marketing material produced by the Organization, the City shall be prominently recognized as a supporter of the Organization through the use of the City designated logo provided.

VIII. INDEPENDENT CONTRACTOR

In completing the Program under this Agreement, the relationship between the City and the Organization is that of independent contractor, and the City and the Organization by the execution of this Agreement do not change the independent status of the Organization. The Organization is an

independent contractor, and no term or provision of this Agreement or action by the Organization in the performance of this Agreement is intended nor shall be construed as making the Organization the agent, servant or employee of the City, or to create an employer-employee relationship, a joint venture relationship, or a joint enterprise relationship, or to allow the City to exercise discretion or control over the manner in which the Organization performs the Program which is described in this Agreement.

IX. NON-ASSIGNABILITY; NO THIRD-PARTY BENEFIT

The Organization may not and shall have no authority to assign, transfer, or otherwise convey by any means whatsoever this Agreement or any of the rights, duties or responsibilities hereunder without obtaining the prior written approval of the City, and any attempted assignment, transfer, or other conveyance of this Agreement without such approval shall be null and void and be cause for immediate termination of this Agreement by the City.

This Agreement is solely for the benefit of the parties hereto and is not intended to and shall not be deemed to create or grant any rights, contractual or otherwise, to any third person or entity.

X. NO PARTNERSHIP, JOINT VENTURE, OR JOINT ENTERPRISE

Nothing contained in this Agreement shall be deemed to constitute that the City and the Organization are partners or joint venturers with each other, or shall be construed or be deemed to establish that their relationship constitutes, or that this Agreement creates, a joint enterprise.

XI. NON-DISCRIMINATION

During the term of this Agreement, the Organization agrees that it shall not discriminate against any employee or applicant for employment because of race, age, color, sex or religion, ancestry, national origin, place of birth, or handicap.

XII. LEGAL COMPLIANCE; AGREEMENT SUBJECT TO LAWS; RECITALS

The Organization shall observe and abide by, and this Agreement is subject to, all applicable federal, state, and local (including the City) laws, rules, regulations, and policies (including, without limitation, the Charter and Ordinances of the City), as the same currently exist or as they may be hereafter amended. The Organization agrees that any and all records of the Organization which, including but not limited to describe, relate to, convey and/or illustrate the obligations, terms and conditions set forth in this Agreement shall be subject to the Texas Public Information Act, Texas Government Code Chapter 552, as amended. The above and foregoing recitals to this Agreement are true and correct and incorporated herein and made a part hereof.

XIII. VENUE; GOVERNING LAW

In the event of any action under this Agreement, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement.

XIV. COUNTERPARTS

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

XV. NO WAIVER; RIGHTS CUMULATIVE

The failure by either party to exercise any right or power, or option given to it by this Agreement, or to insist upon strict compliance with the terms of this Agreement, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach thereof, nor a waiver by such party of its rights at any time thereafter to require exact and strict compliance with all the terms hereof. The rights or remedies under this Agreement are cumulative to any other rights or remedies, which may be granted by law.

XVI. NOTICES

All notices, communications and reports, required or permitted under this Agreement shall be personally delivered or mailed to the respective parties using certified mail, return receipt requested, postage prepaid, at the addresses shown below. The City and the Organization agree to provide the other with written notification within five (5) days, if the address for notices, provided below, is changed. Notices by personal delivery shall be deemed delivered upon the date delivered; mailed notices shall be deemed communicated on the date shown on the return receipt. If no date is shown, the mailed notice shall be deemed communicated on the third (3rd) day after depositing the same in the United States mail.

The City's address:

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

The Organization's address:

Mr. Tracy Eubanks
Metrocrest Services
13801 Hutton Drive, Suite 150
Farmers Branch, Texas 75234

XVII. SEVERABILITY

The terms of this Agreement are severable, and if any section, paragraph, clause, or other portion of this Agreement shall be found to be illegal, unlawful, unconstitutional or void for any reason, the balance of the Agreement shall remain in full force and effect and the parties shall be deemed to have contracted as if said section, paragraph, clause or portion had not been in the Agreement initially.

XVIII. AUTHORITY TO EXECUTE AGREEMENT

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

EXHIBIT A

XIX. ENTIRE AGREEMENT

This Agreement represents the entire and integrated Agreement and agreement between the City and the Organization and supersedes all prior negotiations, representations and/or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the City and the Organization.

XX. SOVEREIGN IMMUNITY

The parties agree that the City has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be signed by their proper corporate officers as first above specified, and have caused their proper corporate seal to be hereto affixed the day and year first above written.

TOWN OF ADDISON, TEXAS	**METROCREST SERVICES**
By:_____	By:_____
Charles W. Daniels, City Manager	Mr. Tracy Eubanks, CEO
Date:_____	Date:_____

AI-1425 **Item # 20.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With The Family Place** In An Amount Not To Exceed $12,000.00.

BACKGROUND:

The City Council has investigated and determined that it is in the best interest of the Town to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town. The City Council has adopted an application process whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town.

The Family Place submitted an Application to the Town for consideration. The Town has reviewed the application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens.

RECOMMENDATION:

Staff recommends approval of this Resolution.

Attachments

Resolution and Agreement

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A GRANT FUNDING AGREEMENT BETWEEN THE TOWN AND THE FAMILY PLACE; AUTHORIZING THE CITY MANAGER TO EXECUTE THE GRANT FUNDING AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Addison, Texas ("City Council") has investigated and determined that it is in the best interest of the Town of Addison, Texas ("Town") to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town; and

WHEREAS, The Family Place submitted an Application to the Town for consideration; and

WHEREAS, the Town has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the Town and The Family Place desire to enter into this Agreement to set forth the terms and conditions regarding The Family Place's use of the public funds.

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

Section 1. The Grant Funding Agreement between the Town and The Family Place, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute said agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

STATE OF TEXAS	§	
	§	**AGREEMENT FOR GRANT FUNDING**
COUNTY OF DALLAS	§	

This Agreement for Grant Funding ("Agreement") is made and entered into as of the 1st day of October, 2015 by and between the Town of Addison, Texas (the "City") and The Family Place (the "Organization").

WITNESSETH:

WHEREAS, the City Council has investigated and determined that it is in the best interest of the City to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the City; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the City, as determined by the City; and

WHEREAS, the Organization submitted an Application to the City for consideration; and

WHEREAS, the City has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the City and Organization desire to enter into this Agreement to set forth the terms and conditions regarding the Organization's use of the public funds.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, the benefits flowing to each of the parties hereto, and other good and valuable consideration, the Town of Addison, Texas and the Organization do hereby agree as follows:

I. TERM

The term of this Agreement shall be for a period of one year from the 1st day of October, 2015, through the 30th day of September, 2016, except as otherwise provided for herein, and subject to the earlier termination of this Agreement ("Term"). The Program, hereinafter defined, must be completed during the Term of the Agreement to the satisfaction of the City.

II. GRANT USE

The Organization shall complete the following program(s) with the assistance of grant funding received by the City (collectively, the "Program"):

(a) Establish a satellite facility in the Metrocrest area for the purpose of conducting counseling, outreach, referrals, public education, and protection services to victims of domestic violence through a variety of program services in the Addison, Carrollton, and Farmers Branch area;

(b) Assist with the payment of general operation expenses related to employee salaries, rent, and supplies;

(c) Coordinate with other area social outreach agencies such as Metrocrest Social Services to provide the functions described in paragraph (a) above. Such coordination shall include volunteer training for those volunteers (who desire and agree to be so trained) conducting referral functions for the Metrocrest Social Services and any other groups employing volunteers for referral functions;

(d) Distribute to various media, brochures and public service announcements ("PSA") to inform residents in the area of the services offered by the Organization. Such an informational campaign shall include the following:

- radio public service announcements submitted to air in English and Spanish
- local and regional newspaper PSAs describing the Organization services
- distribution of informational pamphlets to various community, civic, and social service organizations within the Metrocrest
- speaking engagements at various community, civic, and social service organizations to also include, when arranged by the City, an annual presentation to the Addison apartment managers forum as an avenue to disseminate public information within the apartment communities; and

(e) Seek the assistance of volunteers in conducting all annual fundraising events to raise awareness of the Organization and its services. Such special events shall be rotated through Addison, Carrollton, and Farmers Branch to serve as host sites.

The Organization shall submit detailed quarterly financial statements and program results to the City listing the expenditures made by the Organization with the Funding received pursuant to this Agreement by the following dates:

January 30, 2016
April 30, 2016
August 30, 2016
October 30, 2016

III. FUNDING

For the completion of the Program as described herein, the City shall pay to the Organization the sum of no more than Twelve Thousand and No/100 Dollars ($12,000.00) ("Funding") as follows: fifty percent (50%) of the Funding shall be paid to the Organization within thirty (30) days of the City's execution of this Agreement, and the remaining fifty percent (50%) of the Funding shall be paid to the Organization on May 30, 2016. However, the Organization may send a written request to the Chief Financial Officer of the City for an advance of the second fifty percent (50%) distribution prior to May 30, 2016 for a compelling reason, and the Chief Financial Officer may or may not grant this request in his sole and absolute discretion. Payment is made contingent upon the Organization not then being in default of this Agreement. Funding shall not carry over into the following fiscal year. If the Organization fails to complete the Program identified herein to the satisfaction of the City within the Term, then the Organization shall return any and all unexpended Funding to the City immediately upon request, and the Organization may be ineligible for the receipt of Funding the following year.

EXHIBIT A

IV. RESPONSIBILITY; INDEMNIFICATION

(a) THE ORGANIZATION AGREES TO ASSUME AND DOES HEREBY ASSUME ALL RESPONSIBILITY AND LIABILITY FOR DAMAGES OR INJURIES SUSTAINED BY PERSONS OR PROPERTY, WHETHER REAL OR ASSERTED, BY OR FROM THE PERFORMANCE OF THE PROGRAM PERFORMED AND TO BE PERFORMED HEREUNDER BY THE ORGANIZATION OR BY ITS OFFICIALS, OFFICERS, EMPLOYEES, OWNERS, MEMBERS, AGENTS, SERVANTS, INVITEES, GUESTS, VOLUNTEERS, CONTRACTORS, SUBCONTRACTORS, OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM OR ANYONE FOR WHOSE ACTS ANY OF THEM MAY BE LIABLE.

(b) **INDEMNITY OWED BY THE ORGANIZATION.** THE ORGANIZATION COVENANTS AND AGREES TO FULLY DEFEND, INDEMNIFY AND HOLD HARMLESS THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS, INDIVIDUALLY OR COLLECTIVELY, IN BOTH THEIR OFFICIAL AND PRIVATE CAPACITIES (THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS EACH BEING AN "ADDISON PERSON" AND COLLECTIVELY THE "ADDISON PERSONS"), FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, HARM, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, JUDGMENTS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY, AND SUITS, OF ANY KIND AND NATURE WHATSOEVER MADE UPON OR INCURRED BY ANY ADDISON PERSON, WHETHER DIRECTLY OR INDIRECTLY, (THE "CLAIMS"), THAT ARISE OUT OF, RESULT FROM, OR RELATE TO: (1) THE PROGRAM AS DESCRIBED IN SECTION II OF THIS AGREEMENT; (2) REPRESENTATIONS OR WARRANTIES BY THE ORGANIZATION UNDER THIS AGREEMENT; AND/OR (3) ANY OTHER ACT OR OMISSION UNDER OR IN PERFORMANCE OF THIS AGREEMENT BY THE ORGANIZATION, OR ANY OWNER, OFFICER, DIRECTOR, MANAGER, EMPLOYEE, AGENT, REPRESENTATIVE, CONSULTANT, CONTRACTOR, SUBCONTRACTOR, LICENSEE, INVITEE, PATRON, GUEST, CUSTOMER, OR CONCESSIONAIRE OF OR FOR THE ORGANIZATION, OR ANY OTHER PERSON OR ENTITY FOR WHOM THE ORGANIZATION IS LEGALLY RESPONSIBLE, AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, REPRESENTATIVES, CONSULTANTS, CONTRACTORS, SUBCONTRACTOR, LICENSEES, INVITEES, PATRONS, GUESTS, CUSTOMERS, AND CONCESSIONAIRES. **SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.**

THE ORGANIZATION SHALL PROMPTLY ADVISE THE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST ANY ADDISON PERSON OR THE ORGANIZATION RELATED TO OR ARISING OUT OF THE ORGANIZATION'S ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT THE ORGANIZATION'S SOLE COST AND EXPENSE. THE ADDISON PERSONS SHALL HAVE THE RIGHT, AT THE ADDISON PERSONS' OPTION AND AT OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING THE ORGANIZATION OF ANY OF ITS OBLIGATIONS HEREUNDER.

THE PROVISIONS OF THIS DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION, AND ANY OTHER DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SET FORTH IN THIS AGREEMENT, SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

V. TERMINATION

This Agreement may be canceled and terminated by either party at any time and for any reason or no reason upon giving at least thirty (30) days written notice of such cancellation and termination to the other party hereto. Such notice shall be sent certified mail, return receipt requested, and to the most recent address shown on the records of the party terminating the Agreement. The thirty (30) day period shall commence upon deposit of the said notice in the United States mail and shall conclude at midnight of the 30th day thereafter. In the event of such cancellation and termination and if the Organization has failed at the time of such cancellation and termination to provide the Program set forth herein, the Organization shall immediately refund to the City that portion of Funding paid to the Organization under the terms of this Agreement (and identified in Section II, above) allocable to the Program that has not been completed at the time of cancellation and termination, as determined by the City.

Upon payment or tender of any refund amount, all of the obligations of the Organization and the City under this Agreement shall be discharged and terminated (except as otherwise provided herein, e.g., except for obligations and responsibilities as may survive termination or cancellation of this Agreement as provided for in this Agreement) and no action shall lie or accrue for additional benefit, consideration or value for or based upon the Program performed under or pursuant to this Agreement.

VI. CONFLICT OF INTEREST

(a) No officer or employee of the City shall have any interest or receive any benefit, direct or indirect, in this Agreement or the proceeds thereof. This prohibition is not intended and should not be construed to preclude payment of expenses legitimately incurred by City officials in the conduct of the City's business. No officer, employee, representative, or volunteer of the Organization shall have any financial interest, direct or indirect, in this Agreement or the proceeds hereof.

(b) For purposes of this section, "benefit" means anything reasonably regarded as an economic advantage, including benefit to any other person in whose welfare the beneficiary is interested, but does not include contributions or expenditures made and reported in accordance with any law.

VII. ACCOUNTING

Prior to adopting its annual budget, the Organization shall submit for the City's review a budget showing the use of the Funding provided pursuant to this Agreement, and the Organization shall make such quarterly financial reports to the City, as provided for herein, listing the expenditures made by the Organization from the Funding. The approval of the Organization's annual budget creates a fiduciary duty in the Organization with respect to the Funding provided by this Agreement.

Funding received hereunder from the City may be spent for day to day operations, supplies, salaries and other administrative costs, provided that such costs are necessary for the promotion and encouragement of the purposes for which the Funding may be used as described herein.

The Organization shall maintain complete and accurate financial records of all of its revenues, including, without limitation, each expenditure of Funding received pursuant to this Agreement. By the thirtieth (30^{th}) day after the close of each quarter (beginning with the quarter ending December 31, 2015, with the last quarter ending September 30, 2016), the Organization shall provide the City the following: (a) a detailed financial report for the previous quarter listing the expenditures made by the Organization of the Funding paid to the Organization under this Agreement; and (b) a year-to-date report of the expenditures made by the Organization of the Funding paid to the Organization under this Agreement (and if this Agreement is terminated prior to its expiration, the Organization shall provide such reports as set forth above for the period prior to the expiration for which reports have not been provided, and such obligation shall survive the termination hereof; and the obligation to provide the reports for the last quarter of this Agreement shall survive the expiration of this Agreement). On request of the City at any time, the Organization shall make all its records available for inspection and review by the City or its designated representative(s). Within ninety (90) days of the end of the Organization's fiscal year, the Organization shall provide the City with a financial statement signed by the Chairman of the Organization's Board of Directors (or other person acceptable to the City) and audited by an independent Certified Public Accountant, at the Organization's expense, setting forth the Organization's income, expenses, assets and liabilities, and such obligation shall survive the termination or expiration of this Agreement.

All application materials, financial information, quarterly (or other) reports, any other information described herein or required hereunder, and general correspondence with the City must be submitted to the City in electronic format to the City email address specified in the application packet. Additionally, the City may require that such materials, information, reports, and correspondence also be provided to the City in writing a hard-copy, non-electronic format.

VIII. ADDITIONAL REQUIREMENTS OF THE ORGANIZATION

The Organization agrees to the following:

(a) The City may conduct an on-site visit to the Organization during the Term;

(b) Within thirty (30) days of the City's execution of this Agreement, the Organization shall provide to the City a current list of all Organization board members and a schedule of all board meetings. A representative from the City may choose to attend any scheduled board meetings. The City shall be immediately notified of any changes to the schedule; and

(c) In any and all marketing material produced by the Organization, the City shall be prominently recognized as a supporter of the Organization through the use of the City designated logo provided.

VIII. INDEPENDENT CONTRACTOR

In completing the Program under this Agreement, the relationship between the City and the Organization is that of independent contractor, and the City and the Organization by the execution of this Agreement do not change the independent status of the Organization. The Organization is an

independent contractor, and no term or provision of this Agreement or action by the Organization in the performance of this Agreement is intended nor shall be construed as making the Organization the agent, servant or employee of the City, or to create an employer-employee relationship, a joint venture relationship, or a joint enterprise relationship, or to allow the City to exercise discretion or control over the manner in which the Organization performs the Program which is described in this Agreement.

IX. NON-ASSIGNABILITY; NO THIRD-PARTY BENEFIT

The Organization may not and shall have no authority to assign, transfer, or otherwise convey by any means whatsoever this Agreement or any of the rights, duties or responsibilities hereunder without obtaining the prior written approval of the City, and any attempted assignment, transfer, or other conveyance of this Agreement without such approval shall be null and void and be cause for immediate termination of this Agreement by the City.

This Agreement is solely for the benefit of the parties hereto and is not intended to and shall not be deemed to create or grant any rights, contractual or otherwise, to any third person or entity.

X. NO PARTNERSHIP, JOINT VENTURE, OR JOINT ENTERPRISE

Nothing contained in this Agreement shall be deemed to constitute that the City and the Organization are partners or joint venturers with each other, or shall be construed or be deemed to establish that their relationship constitutes, or that this Agreement creates, a joint enterprise.

XI. NON-DISCRIMINATION

During the term of this Agreement, the Organization agrees that it shall not discriminate against any employee or applicant for employment because of race, age, color, sex or religion, ancestry, national origin, place of birth, or handicap.

XII. LEGAL COMPLIANCE; AGREEMENT SUBJECT TO LAWS; RECITALS

The Organization shall observe and abide by, and this Agreement is subject to, all applicable federal, state, and local (including the City) laws, rules, regulations, and policies (including, without limitation, the Charter and Ordinances of the City), as the same currently exist or as they may be hereafter amended. The Organization agrees that any and all records of the Organization which, including but not limited to describe, relate to, convey and/or illustrate the obligations, terms and conditions set forth in this Agreement shall be subject to the Texas Public Information Act, Texas Government Code Chapter 552, as amended. The above and foregoing recitals to this Agreement are true and correct and incorporated herein and made a part hereof.

XIII. VENUE; GOVERNING LAW

In the event of any action under this Agreement, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement.

XIV. COUNTERPARTS

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

XV. NO WAIVER; RIGHTS CUMULATIVE

The failure by either party to exercise any right or power, or option given to it by this Agreement, or to insist upon strict compliance with the terms of this Agreement, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach thereof, nor a waiver by such party of its rights at any time thereafter to require exact and strict compliance with all the terms hereof. The rights or remedies under this Agreement are cumulative to any other rights or remedies, which may be granted by law.

XVI. NOTICES

All notices, communications and reports, required or permitted under this Agreement shall be personally delivered or mailed to the respective parties using certified mail, return receipt requested, postage prepaid, at the addresses shown below. The City and the Organization agree to provide the other with written notification within five (5) days, if the address for notices, provided below, is changed. Notices by personal delivery shall be deemed delivered upon the date delivered; mailed notices shall be deemed communicated on the date shown on the return receipt. If no date is shown, the mailed notice shall be deemed communicated on the third (3rd) day after depositing the same in the United States mail.

The City's address:

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

The Organization's address:

Ms. Paige Flink
The Family Place
PO Box 799
Dallas, Texas 75209

XVII. SEVERABILITY

The terms of this Agreement are severable, and if any section, paragraph, clause, or other portion of this Agreement shall be found to be illegal, unlawful, unconstitutional or void for any reason, the balance of the Agreement shall remain in full force and effect and the parties shall be deemed to have contracted as if said section, paragraph, clause or portion had not been in the Agreement initially.

XVIII. AUTHORITY TO EXECUTE AGREEMENT

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

EXHIBIT A

XIX. ENTIRE AGREEMENT

This Agreement represents the entire and integrated Agreement and agreement between the City and the Organization and supersedes all prior negotiations, representations and/or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the City and the Organization.

XX. SOVEREIGN IMMUNITY

The parties agree that the City has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be signed by their proper corporate officers as first above specified, and have caused their proper corporate seal to be hereto affixed the day and year first above written.

TOWN OF ADDISON, TEXAS	**THE FAMILY PLACE**
By:_____	By:_____
Charles W. Daniels, City Manager	Ms. Paige Flink, Executive Director
Date:_____	Date:_____

AI-1426 **Item # 21.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Enter Into A Grant Funding Agreement With WaterTower Theatre** In An Amount Not To Exceed $295,000.00.

BACKGROUND:

The City Council has investigated and determined that it is in the best interest of the Town to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town. The City Council has adopted an application process whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town.

The WaterTower Theatre submitted an Application to the Town for consideration. The Town has reviewed the application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens.

RECOMMENDATION:

Staff recommends approval of this Resolution.

Attachments

Resolution and Agreement

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A GRANT FUNDING AGREEMENT BETWEEN THE TOWN AND WATER TOWER THEATRE; AUTHORIZING THE CITY MANAGER TO EXECUTE THE GRANT FUNDING AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Addison, Texas ("City Council") has investigated and determined that it is in the best interest of the Town of Addison, Texas ("Town") to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the Town; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the Town, as determined by the Town; and

WHEREAS, the Water Tower Theatre submitted an Application to the Town for consideration; and

WHEREAS, the Town has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the Town and Water Tower Theatre desire to enter into this Agreement to set forth the terms and conditions regarding the Water Tower Theatre's use of the public funds.

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

Section 1. The Grant Funding Agreement between the Town and Water Tower Theatre, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute said agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

STATE OF TEXAS	§	
	§	**AGREEMENT FOR GRANT FUNDING**
COUNTY OF DALLAS	§	

This Agreement for Grant Funding ("Agreement") is made and entered into as of the 1st day of October, 2015 by and between the Town of Addison, Texas (the "City") and the Water Tower Theatre (the "Organization").

WITNESSETH:

WHEREAS, the City Council has investigated and determined that it is in the best interest of the City to provide a grant of public funds to various organizations that promote public purposes and benefit the public within the City; and

WHEREAS, the City Council has adopted an application process ("Application") whereby these organizations may apply for public funds that will be used for public purposes within the City, as determined by the City; and

WHEREAS, the Organization submitted an Application to the City for consideration; and

WHEREAS, the City has reviewed the Application and investigated and determined that the requests set forth in the Application are for a public purpose and will benefit its citizens; and

WHEREAS, the City and Organization desire to enter into this Agreement to set forth the terms and conditions regarding the Organization's use of the public funds.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, the benefits flowing to each of the parties hereto, and other good and valuable consideration, the Town of Addison, Texas and the Organization do hereby agree as follows:

I. TERM

The term of this Agreement shall be for a period of one year from the 1st day of October, 2015, through the 30th day of September, 2016, except as otherwise provided for herein, and subject to the earlier termination of this Agreement ("Term"). The Program, hereinafter defined, must be completed during the Term of the Agreement to the satisfaction of the City.

II. GRANT USE

The Organization shall complete the following program(s) with the assistance of grant funding received by the City (collectively, the "Program"):

(a) Six (6) Main Stage Shows during the 2015-2016 season;

(b) 15th Annual Out of the Loop Fringe Festival;

(c) Three (3) shows in the Discover Series in the Studio Theatre;

(d) Summer Performing Arts Conservatory;

(e) After-school drama program;

(f) W. T. White High School Partnership; and

(g) Summer student internships.

The Organization shall submit detailed quarterly financial statements and program results to the City listing the expenditures made by the Organization with the Funding received pursuant to this Agreement by the following dates:

January 30, 2016
April 30, 2016
August 30, 2016
October 30, 2016

III. FUNDING

For the completion of the Program as described herein, the City shall pay to the Organization the sum of no more than Two Hundred Ninety-Five Thousand and No/100 Dollars ($295,000.00) ("Funding") as follows: fifty percent (50%) of the Funding shall be paid to the Organization within thirty (30) days of the City's execution of this Agreement, and the remaining fifty percent (50%) of the Funding shall be paid to the Organization on May 30, 2016. However, the Organization may send a written request to the Chief Financial Officer of the City for an advance of the second fifty percent (50%) distribution prior to May 30, 2016 for a compelling reason, and the Chief Financial Officer may or may not grant this request in his sole and absolute discretion. Payment is made contingent upon the Organization not then being in default of this Agreement. Funding shall not carry over into the following fiscal year. If the Organization fails to complete the Program identified herein to the satisfaction of the City within the Term, then the Organization shall return any and all unexpended Funding to the City immediately upon request, and the Organization may be ineligible for the receipt of Funding the following year.

Notwithstanding anything provided in this Section, the parties agree that the Organization is eligible for an additional One Hundred Fifty Thousand and No/100 Dollars ($150,000.00) at the sole discretion and determination of the City if the Organization can demonstrate to the satisfaction of the City that it has accumulated additional funding from sources outside of the City in the amount of One Hundred Fifty Thousand and No/100 Dollars ($150,000.00) within the Term of this Agreement.

IV. RESPONSIBILITY; INDEMNIFICATION

(a) THE ORGANIZATION AGREES TO ASSUME AND DOES HEREBY ASSUME ALL RESPONSIBILITY AND LIABILITY FOR DAMAGES OR INJURIES SUSTAINED BY PERSONS OR PROPERTY, WHETHER REAL OR ASSERTED, BY OR FROM THE PERFORMANCE OF THE PROGRAM PERFORMED AND TO BE PERFORMED HEREUNDER BY THE ORGANIZATION OR BY ITS OFFICIALS, OFFICERS, EMPLOYEES, OWNERS, MEMBERS, AGENTS, SERVANTS, INVITEES, GUESTS, VOLUNTEERS, CONTRACTORS, SUBCONTRACTORS, OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM OR ANYONE FOR WHOSE ACTS ANY OF THEM MAY BE LIABLE.

(b) **INDEMNITY OWED BY THE ORGANIZATION.** THE ORGANIZATION COVENANTS AND AGREES TO FULLY DEFEND, INDEMNIFY AND HOLD HARMLESS THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS, INDIVIDUALLY OR COLLECTIVELY, IN BOTH THEIR OFFICIAL AND PRIVATE CAPACITIES (THE TOWN OF ADDISON, TEXAS AND THE ELECTED AND APPOINTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS EACH BEING AN "ADDISON PERSON" AND COLLECTIVELY THE "ADDISON PERSONS"), FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, HARM, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, JUDGMENTS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY, AND SUITS, OF ANY KIND AND NATURE WHATSOEVER MADE UPON OR INCURRED BY ANY ADDISON PERSON, WHETHER DIRECTLY OR INDIRECTLY, (THE "CLAIMS"), THAT ARISE OUT OF, RESULT FROM, OR RELATE TO: (1) THE PROGRAM AS DESCRIBED IN SECTION II OF THIS AGREEMENT; (2) REPRESENTATIONS OR WARRANTIES BY THE ORGANIZATION UNDER THIS AGREEMENT; AND/OR (3) ANY OTHER ACT OR OMISSION UNDER OR IN PERFORMANCE OF THIS AGREEMENT BY THE ORGANIZATION, OR ANY OWNER, OFFICER, DIRECTOR, MANAGER, EMPLOYEE, AGENT, REPRESENTATIVE, CONSULTANT, CONTRACTOR, SUBCONTRACTOR, LICENSEE, INVITEE, PATRON, GUEST, CUSTOMER, OR CONCESSIONAIRE OF OR FOR THE ORGANIZATION, OR ANY OTHER PERSON OR ENTITY FOR WHOM THE ORGANIZATION IS LEGALLY RESPONSIBLE, AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, REPRESENTATIVES, CONSULTANTS, CONTRACTORS, SUBCONTRACTOR, LICENSEES, INVITEES, PATRONS, GUESTS, CUSTOMERS, AND CONCESSIONAIRES. **SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.**

THE ORGANIZATION SHALL PROMPTLY ADVISE THE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST ANY ADDISON PERSON OR THE ORGANIZATION RELATED TO OR ARISING OUT OF THE ORGANIZATION'S ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT THE ORGANIZATION'S SOLE COST AND EXPENSE. THE ADDISON PERSONS SHALL HAVE THE RIGHT, AT THE ADDISON PERSONS' OPTION AND AT OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING THE ORGANIZATION OF ANY OF ITS OBLIGATIONS HEREUNDER.

THE PROVISIONS OF THIS DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION, AND ANY OTHER DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SET FORTH IN THIS AGREEMENT, SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

V. TERMINATION

This Agreement may be canceled and terminated by either party at any time and for any reason or no reason upon giving at least thirty (30) days written notice of such cancellation and termination to the other party hereto. Such notice shall be sent certified mail, return receipt requested, and to the most recent address shown on the records of the party terminating the Agreement. The thirty (30) day period shall commence upon deposit of the said notice in the United States mail and shall conclude at midnight of the 30th day thereafter. In the event of such cancellation and termination and if the Organization has failed at the time of such cancellation and

termination to provide the Program set forth herein, the Organization shall immediately refund to the City that portion of Funding paid to the Organization under the terms of this Agreement (and identified in Section II, above) allocable to the Program that has not been completed at the time of cancellation and termination, as determined by the City.

Upon payment or tender of any refund amount, all of the obligations of the Organization and the City under this Agreement shall be discharged and terminated (except as otherwise provided herein, e.g., except for obligations and responsibilities as may survive termination or cancellation of this Agreement as provided for in this Agreement) and no action shall lie or accrue for additional benefit, consideration or value for or based upon the Program performed under or pursuant to this Agreement.

VI. CONFLICT OF INTEREST

(a) No officer or employee of the City shall have any interest or receive any benefit, direct or indirect, in this Agreement or the proceeds thereof. This prohibition is not intended and should not be construed to preclude payment of expenses legitimately incurred by City officials in the conduct of the City's business. No officer, employee, representative, or volunteer of the Organization shall have any financial interest, direct or indirect, in this Agreement or the proceeds hereof.

(b) For purposes of this section, "benefit" means anything reasonably regarded as an economic advantage, including benefit to any other person in whose welfare the beneficiary is interested, but does not include contributions or expenditures made and reported in accordance with any law.

VII. ACCOUNTING

Prior to adopting its annual budget, the Organization shall submit for the City's review a budget showing the use of the Funding provided pursuant to this Agreement, and the Organization shall make such quarterly financial reports to the City, as provided for herein, listing the expenditures made by the Organization from the Funding. The approval of the Organization's annual budget creates a fiduciary duty in the Organization with respect to the Funding provided by this Agreement.

Funding received hereunder from the City may be spent for day to day operations, supplies, salaries and other administrative costs, provided that such costs are necessary for the promotion and encouragement of the purposes for which the Funding may be used as described herein.

The Organization shall maintain complete and accurate financial records of all of its revenues, including, without limitation, each expenditure of Funding received pursuant to this Agreement. By the thirtieth (30^{th}) day after the close of each quarter (beginning with the quarter ending December 31, 2015, with the last quarter ending September 30, 2016), the Organization shall provide the City the following: (a) a detailed financial report for the previous quarter listing the expenditures made by the Organization of the Funding paid to the Organization under this Agreement; and (b) a year-to-date report of the expenditures made by the Organization of the Funding paid to the Organization under this Agreement (and if this Agreement is terminated prior to its expiration, the Organization shall provide such reports as set forth above for the period prior to the expiration for which reports have not been provided, and such obligation shall survive the termination hereof; and the obligation to provide the reports for the last quarter of this Agreement

shall survive the expiration of this Agreement). On request of the City at any time, the Organization shall make all its records available for inspection and review by the City or its designated representative(s). Within ninety (90) days of the end of the Organization's fiscal year, the Organization shall provide the City with a financial statement signed by the Chairman of the Organization's Board of Directors (or other person acceptable to the City) and audited by an independent Certified Public Accountant, at the Organization's expense, setting forth the Organization's income, expenses, assets and liabilities, and such obligation shall survive the termination or expiration of this Agreement.

All application materials, financial information, quarterly (or other) reports, any other information described herein or required hereunder, and general correspondence with the City must be submitted to the City in electronic format to the City email address specified in the application packet. Additionally, the City may require that such materials, information, reports, and correspondence also be provided to the City in writing a hard-copy, non-electronic format.

VIII. ADDITIONAL REQUIREMENTS OF THE ORGANIZATION

The Organization agrees to the following:

(a) The City may conduct an on-site visit to the Organization during the Term;

(b) Within thirty (30) days of the City's execution of this Agreement, the Organization shall provide to the City a current list of all Organization board members and a schedule of all board meetings. A representative from the City may choose to attend any scheduled board meetings. The City shall be immediately notified of any changes to the schedule; and

(c) In any and all marketing material produced by the Organization, the City shall be prominently recognized as a supporter of the Organization through the use of the City designated logo provided.

VIII. INDEPENDENT CONTRACTOR

In completing the Program under this Agreement, the relationship between the City and the Organization is that of independent contractor, and the City and the Organization by the execution of this Agreement do not change the independent status of the Organization. The Organization is an independent contractor, and no term or provision of this Agreement or action by the Organization in the performance of this Agreement is intended nor shall be construed as making the Organization the agent, servant or employee of the City, or to create an employer-employee relationship, a joint venture relationship, or a joint enterprise relationship, or to allow the City to exercise discretion or control over the manner in which the Organization performs the Program which is described in this Agreement.

IX. NON-ASSIGNABILITY; NO THIRD-PARTY BENEFIT

The Organization may not and shall have no authority to assign, transfer, or otherwise convey by any means whatsoever this Agreement or any of the rights, duties or responsibilities hereunder without obtaining the prior written approval of the City, and any attempted assignment, transfer, or other conveyance of this Agreement without such approval shall be null and void and be cause for immediate termination of this Agreement by the City.

This Agreement is solely for the benefit of the parties hereto and is not intended to and shall not be deemed to create or grant any rights, contractual or otherwise, to any third person or entity.

X. NO PARTNERSHIP, JOINT VENTURE, OR JOINT ENTERPRISE

Nothing contained in this Agreement shall be deemed to constitute that the City and the Organization are partners or joint venturers with each other, or shall be construed or be deemed to establish that their relationship constitutes, or that this Agreement creates, a joint enterprise.

XI. NON-DISCRIMINATION

During the term of this Agreement, the Organization agrees that it shall not discriminate against any employee or applicant for employment because of race, age, color, sex or religion, ancestry, national origin, place of birth, or handicap.

XII. LEGAL COMPLIANCE; AGREEMENT SUBJECT TO LAWS; RECITALS

The Organization shall observe and abide by, and this Agreement is subject to, all applicable federal, state, and local (including the City) laws, rules, regulations, and policies (including, without limitation, the Charter and Ordinances of the City), as the same currently exist or as they may be hereafter amended. The Organization agrees that any and all records of the Organization which, including but not limited to describe, relate to, convey and/or illustrate the obligations, terms and conditions set forth in this Agreement shall be subject to the Texas Public Information Act, Texas Government Code Chapter 552, as amended. The above and foregoing recitals to this Agreement are true and correct and incorporated herein and made a part hereof.

XIII. VENUE; GOVERNING LAW

In the event of any action under this Agreement, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement.

XIV. COUNTERPARTS

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

XV. NO WAIVER; RIGHTS CUMULATIVE

The failure by either party to exercise any right or power, or option given to it by this Agreement, or to insist upon strict compliance with the terms of this Agreement, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach thereof, nor a waiver by such party of its rights at any time thereafter to require exact and strict compliance with all the terms hereof. The rights or remedies under this Agreement are cumulative to any other rights or remedies, which may be granted by law.

XVI. NOTICES

All notices, communications and reports, required or permitted under this Agreement shall be personally delivered or mailed to the respective parties using certified mail, return receipt requested, postage prepaid, at the addresses shown below. The City and the Organization agree to provide the other with written notification within five (5) days, if the address for notices, provided below, is changed. Notices by personal delivery shall be deemed delivered upon the date delivered; mailed notices shall be deemed communicated on the date shown on the return receipt. If no date is shown, the mailed notice shall be deemed communicated on the third (3rd) day after depositing the same in the United States mail.

The City's address:

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

The Organization's address:

Mr. Terry Martin
Water Tower Theatre
15650 Addison Road
Addison, TX 75001

XVII. SEVERABILITY

The terms of this Agreement are severable, and if any section, paragraph, clause, or other portion of this Agreement shall be found to be illegal, unlawful, unconstitutional or void for any reason, the balance of the Agreement shall remain in full force and effect and the parties shall be deemed to have contracted as if said section, paragraph, clause or portion had not been in the Agreement initially.

XVIII. AUTHORITY TO EXECUTE AGREEMENT

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

XIX. ENTIRE AGREEMENT

This Agreement represents the entire and integrated Agreement and agreement between the City and the Organization and supersedes all prior negotiations, representations and/or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the City and the Organization.

XX. SOVEREIGN IMMUNITY

The parties agree that the City has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.

EXHIBIT A

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be signed by their proper corporate officers as first above specified, and have caused their proper corporate seal to be hereto affixed the day and year first above written.

TOWN OF ADDISON, TEXAS	**WATER TOWER THEATRE**
By:_____	By:_____
Charles W. Daniels, City Manager	Mr. Terry Martin, Executive Director
Date:_____	Date:_____

AI-1427 **Item # 22.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Enter Into An Agreement With The WaterTower Theatre For Use Of The Addison Theatre Center.**

BACKGROUND:

The City Council has investigated and determined that it is in the best interest of the Town to utilize public property such as the Addison Theatre Center in an effective manner. The City Council has further investigated and determined that it is beneficial to allow a reputable theatre company to use the Addison Theatre Center on an annual basis to achieve this goal.

The Water Tower Theatre is a reputable company who's history demonstrates capability in the use of the Addison Theatre Center. The Town has agreed to enter into the agreement.

RECOMMENDATION:

Staff recommends approval of this Resolution.

Attachments

Resolution and Agreement

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A USE AGREEMENT BETWEEN THE TOWN AND THE WATER TOWER THEATRE FOR THE USE OF THE ADDISON THEATRE CENTER; AUTHORIZING THE CITY MANAGER TO EXECUTE THE GRANT FUNDING AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Addison, Texas ("City Council") has investigated and determined that it is in the best interest of the Town of Addison, Texas ("Town") to utilize public property such as the Addison Theatre Center in an effective manner; and

WHEREAS, the City Council has further investigated and determined that it is beneficial to allow a reputable theatre company to use the Addison Theatre Center on an annual basis to achieve this goal; and

WHEREAS, the Water Tower Theatre is a reputable company who's history demonstrates capability in the use of the Addison Theatre Center; and

WHEREAS, as a result, the City Council desires to enter into this Use Agreement, whereby the Town and the Water Tower Theatre may contractually agree on the terms and conditions of use of the Addison Theatre Center ("Use Agreement").

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

Section 1. The Use Agreement between the Town and the Water Tower Theatre, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute said agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

AGREEMENT FOR THE USE OF
THE ADDISON THEATRE CENTRE

THIS AGREEMENT ("Agreement") is between the Town of Addison, a municipal corporation, of Dallas County, Texas ("TOWN") and the WaterTower Theatre, Inc. ("WTT"), a Texas nonprofit corporation with its principal place of business at Addison Theatre Centre, Addison, Dallas County, Texas.

WHEREAS, the TOWN has as one of its purposes the establishment, maintenance, promotion, and operation of cultural facilities for the benefit of the public; and

WHEREAS, the TOWN has constructed a theatre (Theatre Centre) in the furtherance of such purposes; and

WHEREAS, the Theatre Centre is located upon real estate as shown in Exhibit A which is attached and made a part of this Agreement; and

WHEREAS, the TOWN and WTT intend that the Theatre Centre will provide office space together with access to rehearsal and performance space, as well as serve as an outstanding performance facility that will attract other prominent performing groups and individuals to the TOWN; and

WHEREAS, the TOWN and WTT desire to enter into an agreement whereby WTT would be a user of the Theatre Centre with scheduling rights as defined in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and terms and conditions set forth herein, the TOWN and WTT agree as follows:

SECTION 1

PURPOSE; THEATRE CENTRE DEFINED

(a) The purpose of this Agreement is to state the terms and conditions under which WTT will use and occupy the described portions of the Theatre Centre and to describe the responsibilities of the TOWN in the operation and management of the Theatre Centre.

(b) As used in this Agreement "Theatre Centre" means the structure shown in Exhibit A. The areas indicated in Exhibit A shaded in blue denote the areas that are accessible to the lessee of the main theatre space. "Administrative Offices" shall mean those certain offices located in the Theatre Centre designated by the City Manager of the TOWN (the "City Manager") for use by WTT, solely for WTT's administrative activities, and set out on the plans, as attached Exhibit A denoted in red, as such space may be increased on the reasonable request of WTT and with the reasonable approval of the TOWN.

(c) WTT, its employees, agents, patrons, and invitees shall have a nonexclusive license to use the common areas designated on Exhibit A attached hereto but such license shall at all times be subject to the exclusive control and management by the TOWN. WTT hereby agrees to be bound by and to comply with such reasonable rules and regulations as the TOWN

EXHIBIT A

may establish with respect to the use of such common areas. The TOWN agrees to inform WTT in writing of such rules and regulations, and of any changes to such that might occur. The term "common areas" shall include but not be limited to parking area, walkways, green areas and landscaped areas. The TOWN understands that WTT may, from time to time, wish to utilize the "common areas" as a part of or for performances. WTT agrees to inform the TOWN as prescribed in Section 4(c) of this agreement of the intent to use such common areas for theatrical performances or for other events. The TOWN and WTT agree to cooperate with the other in the event that the "common areas" are used for theatrical performances or events related to the conference center or any other event sponsored by the TOWN.

SECTION 2

LEASE OF THEATRE CENTRE

The TOWN, upon the terms and conditions contained herein, agrees to allow WTT use of, in accordance with the use and occupancy provisions of this Agreement, those facilities and areas within the Theatre Centre that are needed from time to time for its various activities including but not limited to performances, rehearsals, auditions, meetings, administration, ticket and merchandise sales, library, dressing, storage, and such other activities as approved by the Conference and Theatre Centre General Manager (hereafter "Manager"), in writing, and as further set forth on the Theatre and Conference Center's Master Booking Calendar. WTT shall furnish, in writing no later than April 1st of each year, schedules setting out all dates, times and spaces needed. Any modifications to the schedules shall be discussed with WTT with a firm calendar schedule in place by April 15th. Schedules may be updated from time to time upon prior written notice from WTT to the TOWN and the Town's approval of such updated schedules. The TOWN agrees to provide written confirmation of WTT's use of spaces, on the dates and times requested, if such spaces are available when requested.

SECTION 3

TERM AND TERMINATION

(a) The term of this Agreement is for a period beginning on the 1st day of October 2015, and continuing until September 30, 2016, unless the term is extended or earlier cancelled, as provided herein.

(b) The TOWN may cancel this Agreement at any time if:

(i) WTT fails to make any payment required under this Agreement within ten (10) business days after written notification of delinquency of payment by the TOWN; or

(ii) WTT violates any other provision of this Agreement and fails to begin correction of the violation within twenty-five (25) days of written notification of the violation from the TOWN and fails to accomplish correction within a reasonable period thereafter; or

(iii) The TOWN shall give WTT sixty (60) days written notice; or

EXHIBIT A

(iv) WTT fails to comply with any term of the 2015-2016 Contract for Services between the Town of Addison and Water Tower Theatre Company within thirty (30) days after written notice of such failure to comply from the TOWN.

(c) WTT may cancel this Agreement by giving the City Manager written notice sixty (60) days or more in advance of the cancellation date.

(d) This Agreement may be renewed and extended for a term of twelve (12) months beginning October 1, 2016, and ending September 30, 2017 and for like twelve (12) month periods thereafter upon the express written consent of the TOWN and WTT, given within ninety (90) days prior to October 1st each succeeding year.

SECTION 4

USE AND OCCUPANCY BY WTT

(a) *Office Areas.* During the term of this agreement, WTT has the use of the defined office space, as set out in Section 1(b) above and attached.

(b) *Schedule of Uses.* Attached hereto as Exhibit C are the proposed dates, times, and spaces requested by WTT in connection with shows or events to be produced by WTT during the term of this Agreement. All required spaces must be reserved by WTT in advance including but not limited to those portions of the Theatre Centre referred to as the Main Space, Studio Theatre, Boardroom and Lobby for all events. This includes the use of space for staging purposes such as auditions. The sole exception to this requirement is the period of time that is one week following the September/October show and the July/August show. On these two shows only, a one week possible extension will be noted on the WTT calendar and held for the possibility of extension. If the extension occurs WTT will pay the normal rental fees as stated in Exhibit B. If the extension is not needed, no fee will be charged. WTT shall notify the Manager in writing as early as possible as to their intent to use or release the space. The Manager shall review such dates, times, and spaces proposed in the WTT Schedule of Use and confirm the same, in writing, to WTT. WTT is hereby advised that spaces in the Theatre Centre are available on a "first come" basis and are confirmed by notice in writing from the Manager and receipt by the TOWN of the payment for the required fees. Once dates are confirmed, they may not be cancelled.

(c) *Box Office.* Box Office will be open and manned continuously during the following dates and times:

(i) During WTT Production/Presentation of Show Weeks:

Monday	Closed
Tuesday – Saturday	12:00 P.M. – 6:00 P.M.
Performance Days	One hour prior to each performance through the intermission of that performance

EXHIBIT A

(ii) During WTT Non-Production/Presentation of Show Weeks:

Saturday/Sunday/Monday	Closed
Tuesday – Friday	12:00 P.M.-6:00 P.M.

When WTT is producing or presenting an event, WTT must provide members of its staff to oversee the event from start to finish. A WTT representative must be on the premises throughout the duration of the event. Without in any way limiting any provision of this Agreement, in the event an emergency or urgent situation arises at or about the Theatre Centre while WTT is producing or presenting an event, WTT shall take such steps as are prudent and necessary to immediately respond to the emergency, including, without limitation, causing patrons at the Theatre Centre to vacate the premises and contacting the emergency services of the Town of Addison.

No performances may take place in the facilities during Town Sponsored special events. Limited use of the facilities MAY be granted at the Manager's discretion for rehearsals, builds and technical work. If permission is granted, a maximum of fifteen (15) parking passes will be issued to WTT allowing access to the Addison Airport parking area or other designated parking area at the TOWN's discretion.

During TOWN sponsored special events all dressing rooms will be available for use by the TOWN unless prior written authorization has been granted by the Manager.

It is expected that WTT will produce events, and, with the Town's express consent, present events.

Typically, "presenting" a show refers to an outside group bringing in a show or production to which WTT attaches its name. There is little risk involved but the return is often much lower and the presenter has little control over the product.

"Producing" a show implies that a theatre company takes the steps to create the show from the ground up. There is a larger amount of risk but the return and control of the product is much larger. [*See* Stephen Langley's *Theatre Management and Production in America* for general information.]

Presenting is subject to prior written approval by the TOWN. A copy of the proposed contract will be sent to the Manager prior to being forwarded to the potential presenter.

(d) *Food and Beverage*. Except as provided herein, food and beverages are prohibited within the Main Space and Studio Theatre spaces at the Theatre Centre. The sole exceptions will be bottled water with a lid that may be brought into the performance spaces at any time. However, no liquid may be stored or consumed in the vicinity of any electronic equipment. The secure covered "sippy cup" designed cups may be used by patrons during performances. WTT staff shall inspect the seating element for spills and clean immediately if found.

Food and beverage may be brought in the Main Space and Studio Theatre during special events such as the annual Gala fundraiser. A performance will not, however, constitute a special

EXHIBIT A

event. All food, food service items, beverages, beverage containers, catering supplies and trash must be removed from the spaces that evening immediately following the conclusion of the event. All spills, stains and other food and beverage messes shall be cleaned that evening. All catering equipment, including but not limited to, chafing dishes, plates, silverware, glassware and service pieces shall be cleaned and neatly stored or removed the night of the event. Failure to clean up in this manner will result in the Manager contacting the cleaning service to provide a full cleaning of the space. The resulting cleaning fee will be charged to WTT on the next regular monthly invoice.

Food and beverage are allowed in the Upstairs and Downstairs Lobby area for opening receptions and social gatherings. The proposed dates will be submitted by WTT and approved by the Manager if available. If food is donated for these events, WTT is responsible for a food donation Catering Fee of $1.00 per attendee, not to exceed $300 per event.

(e) *Use of Dressing Rooms*. When the main theatre space is rented, during a non-special event time, dressing rooms 1-4 will be included as part of that rental. If the Studio Theatre is rented to another group, dressing rooms 5 and 6 will be made available to the group in the Studio Theatre. If the Studio Theatre is not being rented by another group or not needed by the renting group dressing rooms 1-6 may be used by the renter of the main space.

(f) *Smoking in Productions.* Smoking or other use of any type of tobacco product is prohibited within the Theatre Centre. In the instances where smoking needs to be portrayed as part of a production, only smokeless prop, powder or water based "e-cigarettes" may be used.

SECTION 5

USE AND OCCUPANCY BY THE TOWN

(a) *Scheduling Other Events.* Other than the dates and times when WTT has scheduled an event in accordance with Section 4, the TOWN has the unrestricted right to schedule other events in the Theatre Centre and utilize the scenery in place on such dates and times. The TOWN and WTT agree to cooperate and assist the other in scheduling events in the Theatre Centre for dates not scheduled by WTT. However, such efforts by WTT are subject to the express terms of Section 20 of this Agreement, and WTT recognizes that only the TOWN has authority to book events. Any damage to the set resulting from an event booked into the Addison Theatre Centre ("ATC") main space by the TOWN will be repaired at the TOWN's expense.

(b) *Concessions.*

(i) WTT may sell concessions only during WTT performances and must comply with all Town of Addison Environmental Health Regulations. Alcoholic beverages may only be dispensed in compliance with the TABC (Texas Alcoholic Beverage Commission) rules and regulations. WTT shall have the right to use concession areas in connection with and at the time of WTT's scheduled performances. WTT shall have no rights with respect to use of the concession areas or equipment, or other food and beverage service items belonging to or under the control of the TOWN at any other time. WTT will have access to the concession area for food and beverage storage and sale only on performance dates.

EXHIBIT A

(ii) The TOWN shall not be liable to WTT, its employees, agent's, patrons, or invitees for damages or otherwise for the quality, failure, unavailability, or disruption of any food or beverage or service thereof in connection with WTT performances.

(c) *Control of the Theatre Centre.* The TOWN retains the right to control the management of the Theatre Centre through its representatives, and to enforce all necessary rules for its management and operation, and the TOWN, through its police officers, fire fighters, and other designated representatives, reserves the right at any time to enter any portion of the Theatre Centre. For non-emergency purposes, the TOWN shall attempt to provide reasonable notice to WTT.

SECTION 6

RENTAL

(a) WTT shall pay to the TOWN rent for its use of the office areas and other areas as reserved by WTT, according to the schedule of fees set forth in Exhibit B, attached hereto and made a part hereof. Payments for rent shall be made each month based on the usage of the space that month. Usage will be determined and totaled by the number of days each space is used in a calendar month as noted in the Master Booking Calendar. Rental fees shall be due and payable on or before the 15th day of each month as payment for the immediately preceding month. The first such installment of rent is due and payable on or before November 15, 2015, and the last such installment is due and payable on or before October 15, 2016 (and the obligation of WTT to make the last installment shall survive the expiration of this Agreement). The TOWN further reserves the right to adjust the rates of the fees set out on Exhibit B from time to time in accordance with changes in the costs associated with operating the facility, by providing WTT at least 45 days prior written notice of the change. The TOWN shall invoice WTT for all dates, times and spaces reserved by WTT, including the fees for use of Office Spaces, as defined in Section 4(a).

(b) WTT agrees to pay the TOWN a monthly fee for telephone service based on WTT's usage. This fee will be charged for standard monthly service and long distance charges. In addition, any changes to the phone system requested by WTT will be charged back to WTT at the prevailing rate. A copy of WTT's monthly telephone usage will be made available to WTT upon issuance of the monthly invoice.

(e) WTT shall pay a rental fee on a monthly basis for the use of furniture and furnishings owned by the TOWN. This rental amount shall be included within the office rental fee described in subsection (a) of this Section. Exhibit D attached to this Agreement and incorporated herein lists all office furniture and decorative items owned by the TOWN and rented to WTT. This list may be amended from time to time, and such amendment may result in a change in the rental fee. All items used by WTT will continue to be the sole property of the TOWN and, with at least sixty (60) days notice from the TOWN to WTT, shall be returned to the TOWN in the condition rented, with normal wear and tear.

(f) WTT shall have the use of the Boardroom for rehearsals, events and meetings. The monthly fee for the use of the Boardroom is outlined in Exhibit B. Periodically the TOWN staff may contact WTT to see if the Boardroom is available for the ACTC to rent to a client. If

EXHIBIT A

WTT confirms the space is available ACTC will book the room in their booking software. On the occasion the Boardroom is rented to another group, WTT shall clear the space of all WTT property for the duration of the event. The TOWN retains the right to the use of the lockable, corner closet located within the Board Room.

SECTION 7

USE OF EQUIPMENT

The TOWN recognizes that there may be third party users of the Theatre Centre on behalf of WTT for the purposes of staging a theatrical performance and that they may request the use of TOWN-owned equipment. Any lease or other agreement with a third party user allowed to operate TOWN-owned equipment shall expressly provide that any damages to or loss of the equipment from a third party user shall be the responsibility of that third party, and deposits will be required in the discretion of the TOWN. Any damages to or loss of TOWN-owned equipment in the Theatre Centre during the conduct of WTT's performances, WTT Education Department programming or day-to-day use by WTT shall be the responsibility of WTT.

The cost of repair for any damage to any TOWN equipment from use of the equipment by WTT or replacement of any lost equipment shall be the sole responsibility of WTT and shall be subject to offset against any funding or grant obligations of the TOWN to WTT. The TOWN shall not be responsible for consequential damages resulting from inability to use the equipment. WTT agrees that each person employed by WTT to provide services in the Theatre Centre will be required to conduct himself/herself in a professional manner, and WTT will cooperate with the TOWN to assure professional conduct is maintained at all times.

No equipment owned by the TOWN may be contracted or committed by WTT without the Manager's written approval. No services provided by Town employees may be contracted or committed by WTT without the Manager's written approval. In the event WTT is working in conjunction with an outside company as co-presenter or producer, a written list of equipment needed must be submitted to the Manager one month prior to WTT signing a contract with the outside company. No Town owned equipment shall be removed from the building.

SECTION 8

TOWN OF ADDISON THEATRE TECHNICAL SPECIALIST

The TOWN employs an individual in the role of Technical Specialist whose duties include protecting and maintaining the TOWN's investment in equipment and facilities at the Theatre Centre. In addition, the Technical Specialist shall provide services relating to the technical nature of the facility and the presentation. Details of the services provided by the Technical Specialist are available, in writing, from the Manager, upon request.

EXHIBIT A

SECTION 9

UTILITIES

The TOWN shall provide for all water, air conditioning, heat, and electricity incurred in the Theatre Centre. WTT shall reimburse the Town for all costs associated with its telephone service based on its usage, including long distance. The TOWN shall not be liable to WTT in damages or otherwise for the quality, quantity, failure, availability, or disruption of water, air conditioning, heat, electricity, and other utilities furnished by the TOWN; provided that if WTT reasonably cancels any performance solely for and as the direct result of the TOWN's failure to provide any of the foregoing resources, and provided evidence of such cancellation by WTT and failure to provide such resources by the TOWN (which evidence shall be in form and content reasonably satisfactory to the TOWN) is promptly provided to the TOWN following such cancellation, WTT will have no obligation to pay the performance space rental fee amounts to the TOWN required pursuant to this Agreement in connection with the cancelled performance.

SECTION 10

MAINTENANCE SERVICES

(a) The TOWN shall provide:

(i) Routine janitorial service and maintain the interior of the Theatre Centre in a clean condition, by providing routine janitorial service one time per day as needed. WTT must leave the spaces in a reasonable condition following all productions/events, which includes but is not limited to: placing all lobby, green room and dressing room trash in garbage cans and walking the main space for playbills and trash left by patrons after every performance. The same definition of routine janitorial service applies to educational camps. Any services above routine will be billed to WTT at the prevailing rate.

(ii) Maintenance of the heating, ventilation and cooling system in the Theatre Centre.

(iii) Maintenance of the Theatre Centre grounds and structure in reasonably good condition and in compliance with applicable laws.

(b) The TOWN shall not be liable for repairs to any portion of the Theatre Centre until it receives written notice pursuant to the operating policies and procedures in Section 6(a), of the necessity for such repairs and, provided further, that such repairs are not necessitated by any act or omission of WTT, or any of WTT's agents, employees, contractors, invitees or patrons.

(c) WTT shall not cause or permit any waste, damage, or injury to the Theatre Centre. WTT shall, at its sole cost and expense, repair any damage or injury caused to the Theatre Centre by WTT, its employee's agents, invitees or patrons.

(d) WTT shall store its property and the personal property of the TOWN in a neat and orderly manner, and its operations in the Theatre Centre shall be carried out in accordance with the highest professional standards.

EXHIBIT A

(e) WTT shall not store or maintain flammable or hazardous materials in the Theatre Centre in violation of the Fire Code or other applicable laws and codes.

(f) In the event the obligations of WTT set out in Sections (d) and (e), above, are not carried out in a timely manner, then the Town has the right, but not the obligation, to satisfy such requirements at the cost of WTT.

SECTION 11

OWNERSHIP OF PROPERTY

(a) The Theatre Centre and all improvements to the Theatre Centre are the property of the TOWN. All personal property owned by the TOWN and placed in the Theatre Centre remains the property of the TOWN.

(b) All personal property owned by WTT and placed in the Theatre Centre remains the property of WTT.

(c) All personal property owned by a sublessee, contractor or concessionaire of the TOWN and placed in the Theatre Centre remains the property of the sublessee, contractor or concessionaire, respectively, unless otherwise provided in the sublease, concession contract, or contractor's contract.

(d) On or before July 1 of each year, during the existence or continuation of this agreement, WTT shall furnish to the TOWN a listing of all of the personal property of WTT located in the Theatre Centre.

(e) WTT shall not allow or permit any of the personal property of the TOWN to be loaned for use or operation by any third parties.

SECTION 12

ACKNOWLEDGEMENTS IN PRINTED MATERIALS

WTT agrees to prominently acknowledge the TOWN for its support of WTT in all appropriate printed materials. All public references to WTT will be characterized as "WTT at the Addison Theatre Centre" or some derivative of that indicating the WTT is at the ATC.

SECTION 13

INSURANCE

(a) WTT shall procure, pay for, and maintain the following insurance written by companies licensed in the State of Texas or meeting the surplus lines requirements of Texas law and acceptable to the City Manager. The insurance shall be evidenced by delivery of executed certificates of insurance and certified copies of the policies to the Manager, along with all endorsements. The insurance requirements shall remain in effect throughout the term of this Agreement. The City Manager reserves the right to modify the kinds of coverage and deductibles required and increase minimum limits of liability of the coverage whenever, in his

EXHIBIT A

discretion, it becomes necessary. Should such a modification be made by the TOWN, the TOWN will provide WTT written notice and thirty (30) days to make the necessary modifications (or such longer period of time as WTT may require to make the necessary modifications, provided WTT shall at all times pursue such modifications with all due diligence and continuity).

(i) *Workers' Compensation* as required by law; *Employers Liability Insurance* of not less than $100,000 for each accident.

(ii) *Commercial General Liability Insurance*, including Personal Injury Liability, Independent Contractor's Liability, Premises Operation Liability, and Contractual Liability, covering, but not limited to, the liability assumed under the indemnification provisions of this Agreement, with limits of liability for bodily injury, death, and property damage of not less than $1,000,000. Coverage must be on an "occurrence" basis, and the policy must include Broad Form Property Damage Coverage, with Fire and Extended Coverage Liability of not less than $1,000,000 per occurrence.

(iii) *Comprehensive Automobile and Truck Liability Insurance* covering owned, hired and non-owned vehicles, with minimum limits of $1,000,000, each occurrence, for bodily injury, death, and property damage, such insurance to include coverage for loading and unloading hazards.

(iv) $2,000,000 combined single limits bodily injury and property damage liability insurance, including death, as an excess of all the primary coverages required above.

(b) Each liability insurance policy must include the following conditions by endorsement to the policy:

(i) The TOWN must be named as an additional insured.

(ii) Each policy must require that sixty (60) days before the cancellation, nonrenewal, or any material change in coverage, a notice thereof shall be given to the TOWN by certified mail to: City Manager, Town of Addison, Box 9010, Addison, TX 75001-9010.

(iii) Companies issuing the insurance policies shall have no recourse against the TOWN for payment of any premiums, assessments, or any deductibles, all of which are at the sole risk of WTT.

(iv) The Term "Town" or "Town of Addison" includes all Authorities, Boards, Bureaus, Commissions, Divisions, Departments, and offices of the TOWN and the individual members, employees and agents of the TOWN including the TOWN's Manager, while acting in their official capacities on behalf of the TOWN.

(v) The policy clause "Other Insurance" shall not apply to the TOWN where the TOWN is an additional named insured on the policy.

(c) Each party hereto hereby waives each and every claim which arises or may arise in its favor and against the other party hereto during the term of this lease or any extension or renewal thereof for any and all injuries (including death) and loss of, or damage to,

EXHIBIT A

any of its property which claim, loss or damage is covered by valid and collectible fire and extended coverage insurance policies, liability insurance policies, workers' compensation policies, and any other insurance policies which may be in place from time to time, to the extent that such claim, loss or damage is recovered under said insurance policies. Said waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Agreement with respect to any loss, damage or injury (including death) to persons or to property. Inasmuch as the above 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 hereto hereby agrees immediately to give each insurance company which has issued to its policies of fire and extended coverage insurance, liability insurance, workers' compensation insurance, or such other insurance, written notice of the terms of said mutual waivers, and to have said insurance policies properly endorsed, if necessary to prevent the invalidation of said insurance coverages by reason of said waivers.

(d) WTT shall use best efforts for security precautions necessary for the protection of its property. The TOWN shall be liable for any damage to or loss of WTT property used or stored on, in, or about the Theatre Centre, arising from negligence of the TOWN or its agents.

(e) Insurance required under this section must be furnished annually for the duration of this Agreement. Executed certificates of insurance must also be delivered annually.

(f) To the extent reasonably obtainable, the TOWN will secure fire and extended coverage insurance on the Theatre Centre with coverages and limits to be determined by the TOWN to insure the Theatre Centre with coverages and limits to be determined by the TOWN. In the event all or any portion of the Theatre Centre is damaged or destroyed by fire or other casualty, the TOWN shall, at its cost and expense, limited to a maximum expenditure of the amount of insurance proceeds, if any, available to the TOWN by reason of such fire or other casualty, restore, repair, replace and rebuild the Theatre Centre as nearly as possible to its value, condition and character immediately prior to such damage or destruction. Coverage provided in this subsection shall be for the benefit of the TOWN and shall not protect WTT for loss or damage of property owned by WTT.

SECTION 14

ABATEMENT OF NUISANCES; TOWN SPECIAL EVENTS

WTT shall promptly comply with all governmental orders and directives for the correction, prevention, and abatement of nuisances caused by WTT, its officers, agents, or employees, or invitees in or upon or connected with the Theatre Centre, and shall pay for the costs of compliance. The TOWN and WTT agree to cooperate with each other in the abatement of nuisances caused by noise associated with events scheduled in either the Conference or Theatre Centre. WTT hereby recognizes that the Town produces Special Events on scheduled dates through the year, which scheduled Special Events shall take priority over any other use, and notice of such Special Events will be made available to WTT (which notice may be made available by means or methods other than as set forth in Section 21 of this Agreement) at the earliest reasonable opportunity as determined by the TOWN.

EXHIBIT A

SECTION 15

ALTERATIONS, ADDITIONS, AND IMPROVEMENTS

(a) To the extent reasonably necessary or desirable for WTT to use and occupy the Theatre Centre, upon prior written approval of the Manager, WTT may erect or install within the performance space any temporary alterations, additions, or equipment needed for a production which do not alter the structural integrity or basic configuration of the performance space. WTT must comply with all applicable governmental laws, statutes, ordinances, codes, and regulations regarding structures.

(b) All installations, alterations, additions and improvements made in, on, or to the Theatre Centre by WTT or the TOWN shall be deemed to be property of the TOWN and unless the TOWN directs otherwise, shall remain upon and be surrendered with the Theatre Centre as a part thereof in good order, condition and repair, ordinary wear and tear excepted, upon WTT's vacating or abandonment of the Theatre Centre. If the TOWN directs, WTT shall remove all or any portion of the improvements and WTT's property, on or immediately prior to the termination of WTT's right to possession. The Town may choose to reconfigure the theatre space at any time not reserved by WTT. The Town will return the seating to the previous configuration if requested by WTT.

SECTION 16

ASSUMPTION OF RESPONSIBILITY; INDEMNIFICATION

(a) WTT AGREES TO ASSUME AND DOES HEREBY ASSUME ALL RESPONSIBILITY AND LIABILITY FOR DAMAGES OR INJURIES SUSTAINED BY PERSONS OR PROPERTY, WHETHER REAL OR ASSERTED, BY OR FROM (I) THE PERFORMANCE OF SERVICES PERFORMED AND TO BE PERFORMED HEREUNDER, OR (II) THE OCCUPATION AND USE OF THE THEATRE CENTRE PURSUANT TO THIS AGREEMENT, BY WTT OR BY ANY OF ITS OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, MEMBERS, AGENTS, SERVANTS, REPRESENTATIVES, CONSULTANTS, CONTRACTORS, SUBCONTRACTORS, LICENSEES, INVITEES, PATRONS, GUESTS, VOLUNTEERS, CUSTOMERS, AND CONCESSIONAIRES (IN THE CAPACITY AS OWNER, OFFICER, DIRECTOR, MANAGER, EMPLOYEE, MEMBER, AGENT, SERVANT, REPRESENTATIVE, CONSULTANT, CONTRACTOR, SUBCONTRACTOR, LICENSEE, INVITEE, PATRON, GUEST, VOLUNTEER, CUSTOMER, OR CONCESSIONAIRE OF OR FOR WTT), OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM OR ANYONE FOR WHOSE ACTS ANY OF THEM MAY BE LIABLE.

(b) ***INDEMNITY OWED BY WTT.*** **WTT COVENANTS AND AGREES TO FULLY DEFEND, INDEMNIFY AND HOLD HARMLESS THE TOWN OF ADDISON, TEXAS AND THE ELECTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE TOWN OF ADDISON, TEXAS, INDIVIDUALLY AND/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"), FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, HARM, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, JUDGMENTS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY, AND SUITS, OF ANY KIND AND NATURE WHATSOEVER MADE UPON OR INCURRED BY ANY ADDISON PERSON, WHETHER DIRECTLY OR INDIRECTLY, (THE "CLAIMS"), THAT ARISE OUT OF, RESULT FROM, OR RELATE TO: (1) THE USE AND OCCUPANCY OF THE THEATRE CENTRE BY WTT OR BY ANY OWNER, OFFICER, DIRECTOR, MANAGER, EMPLOYEE, MEMBER, AGENT, SERVANT, REPRESENTATIVE, CONSULTANT, CONTRACTOR, SUBCONTRACTOR, LICENSEE, INVITEE, PATRON, GUEST, VOLUNTEER, CUSTOMER, OR CONCESSIONAIRE OF OR FOR WTT (IN THE CAPACITY AS OWNER, OFFICER, DIRECTOR, MANAGER, EMPLOYEE, MEMBER, AGENT, SERVANT, REPRESENTATIVE, CONSULTANT, CONTRACTOR, SUBCONTRACTOR, LICENSEE, INVITEE, PATRON, GUEST, VOLUNTEER, CUSTOMER, OR CONCESSIONAIRE OF OR FOR WTT), OR ANY OTHER PERSON OR ENTITY FOR WHOM WTT IS LEGALLY RESPONSIBLE, AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, REPRESENTATIVES, CONSULTANTS, CONTRACTORS, SUBCONTRACTORS, LICENSEES, AND CONCESSIONAIRES (COLLECTIVELY, "WTT PERSONS"), (2) REPRESENTATIONS OR WARRANTIES BY WTT UNDER THIS AGREEMENT; AND/OR (3) ANY OTHER ACT OR OMISSION UNDER, IN PERFORMANCE OF, OR IN CONNECTION WITH THIS AGREEMENT BY WTT OR BY ANY OF THE WTT PERSONS. SUCH INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS FOUND TO HAVE BEEN CAUSED IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND. HOWEVER, WTT'S LIABILITY UNDER THIS CLAUSE SHALL BE REDUCED BY THAT PORTION OF THE TOTAL AMOUNT OF THE CLAIMS (EXCLUDING DEFENSE FEES AND COSTS) EQUAL TO THE ADDISON PERSON OR ADDISON PERSONS' PROPORTIONATE SHARE OF THE NEGLIGENCE, OR CONDUCT THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, THAT CAUSED THE LOSS. LIKEWISE WTT'S LIABILITY FOR ADDISON OR ANY OTHER ADDISON PERSON'S DEFENSE COSTS AND ATTORNEYS' FEES SHALL BE REDUCED BY THAT PORTION OF THE DEFENSE COSTS AND ATTORNEYS' FEES EQUAL TO THE ADDISON PERSON OR ADDISON PERSONS' PROPORTIONATE SHARE OF THE NEGLIGENCE, OR CONDUCT THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, THAT CAUSED THE LOSS.

WTT SHALL PROMPTLY ADVISE THE TOWN IN WRITING OF ANY CLAIM OR DEMAND AGAINST ANY ADDISON PERSON OR WTT RELATED TO OR ARISING OUT OF WTT'S ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT WTT'S SOLE COST AND EXPENSE. THE ADDISON PERSONS SHALL HAVE THE RIGHT, AT THE ADDISON PERSONS' OPTION AND AT OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING WTT OF ANY OF ITS OBLIGATIONS HEREUNDER.

THE PROVISIONS OF THIS DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION, AND ANY OTHER DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SET FORTH IN THIS AGREEMENT, SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

EXHIBIT A

EXHIBIT A

SECTION 17

BONDS

Unless waived in writing by the City Manager, WTT agrees to cause its contractors to provide, before commencing any work or construction in its designated areas, a performance bond and labor and material payment bond for any improvements the construction of which could result in a third party filing or seeking to file a lien against the Theatre Centre, which is undertaken by WTT during the term of this Agreement in a sum equal to the full amount of the construction contract award, with the TOWN and WTT named as joint obligees.

SECTION 18

NON-DISCRIMINATION

During the term of this agreement, WTT shall not discriminate against any employee or applicant for employment because of race, age, color, sex or religion, ancestry, national origin, place of birth, or handicap. Should WTT violate the provisions of this section, or fail to comply with the requirements of the Americans with Disabilities Act, the TOWN may terminate this Agreement if WTT fails to correct the violations within sixty (60) days of written notice of the violation by the TOWN.

SECTION 19

AUDITS

WTT shall have its financial statements audited on an annual basis by an independent auditing firm of certified public accountants and shall submit a copy of the auditor's report for the preceding fiscal year with its proposed annual operating budget to the City Manager. The TOWN reserves the right to require a special audit of WTT's books and records at any time either by the City Manager or by an outside independent auditor if such action is determined necessary by the Town Council. The TOWN shall pay all expense of the independent auditor related to the special audit. WTT shall make available to the TOWN or its agents all necessary books, records and other documents necessary to perform such audit.

SECTION 20

ASSIGNMENT; NO THIRD-PARTY BENEFIT

WTT shall not assign this Agreement, in whole or in part, without the prior written consent of the TOWN, which consent is in the sole and unrestricted discretion of the TOWN. Assignment of this Agreement shall not relieve WTT of its obligations under this Agreement. Approval of the TOWN to one assignment shall not constitute approval to any other or further assignment of this Agreement. WTT shall not sublease or sublet or permit the Theatre Centre, or any part thereof to be used by others.

This Contract is solely for the benefit of the parties hereto and is not intended to and shall not be deemed to create or grant any rights, contractual or otherwise, to any third person or entity.

EXHIBIT A

SECTION 21

NOTICES

Any notice, payment, statement, or demand required or permitted to be given by either party to the other may be effected by personal delivery, actual receipt via regular mail, postage prepaid, return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing below, but each party may change its address by written notice in accordance with this section.

If intended for the TOWN, to:

Chris Terry
Assistant City Manager
Town of Addison
P.O. Box 9010
Addison, TX 75001-9010

If intended for WTT, to:

Terry Martin
Producing Artistic Director
WaterTower Theatre, Inc.
15650 Addison Road
Addison, TX 75001

SECTION 22

APPROVALS

(a) Whenever in this Agreement the approval of the TOWN is required for any purpose, WTT shall file the appropriate documents with the Addison Conference and Theatre Centre ("ACTC") Manager with notice of action proposed to be taken, and the ACTC Manager agrees to notify WTT of the TOWN's approval or disapproval within 60 days of the filing thereof.

(b) Approval shall be by the City Council of the TOWN where required by the Charter of the Town. The City Manager may delegate approval authority to the facilities manager or his authorized representatives where permitted by the Charter of the Town or ordinances, and notify WTT of such delegation.

SECTION 23

SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the TOWN and WTT and their respective successors and permitted assigns.

SECTION 24

APPLICABLE LAWS

This Agreement is made subject to the charter and ordinances of the TOWN, as amended, and all applicable laws and regulations of the State of Texas and the United States. The Agreement shall be governed by and construed under and in accordance with the laws of the State of Texas without reference to the choice of laws rules of any jurisdiction.

EXHIBIT A

SECTION 25

INTELLECTUAL PROPERTY AND COPYRIGHT INDEMNIFICATION

WTT ASSUMES FULL RESPONSIBILITY FOR COMPLYING WITH ALL UNITED STATES LAWS AND TREATY TERMS PERTAINING TO INTELLECTUAL PROPERTY ISSUES AND ANY APPLICABLE REGULATIONS, INCLUDING BUT NOT LIMITED TO THE ASSUMPTION OF ALL RESPONSIBILITIES FOR PAYING ALL ROYALTIES WHICH ARE DUE FOR THE USE OF DOMESTIC OR FOREIGN COPYRIGHTED WORKS IN WTT'S PERFORMANCES, TRANSMISSIONS OR BROADCASTS, AND WTT AGREES TO DEFEND, INDEMNIFY, AND HOLD HARMLESS THE TOWN, ITS OFFICERS, EMPLOYEES, AND AGENTS, FOR ANY CLAIMS OR DAMAGES (INCLUDING BUT NOT LIMITED TO COURT COSTS AND REASONABLE ATTORNEY'S FEES) GROWING OUT OF WTT'S INFRINGEMENT OR VIOLATION OF ANY STATUTE, TREATY TERM OR REGULATION APPLICABLE TO INTELLECTUAL PROPERTY RIGHTS, INCLUDING BUT NOT LIMITED TO COPYRIGHTS.

SECTION 26

NO PARTNERSHIP OR JOINT VENTURE

Nothing contained in this Agreement shall be deemed to constitute the TOWN and WTT as partners or joint venturers with each other.

SECTION 27

NO WAIVER

No waiver by the TOWN of any default or breach of any term, covenant, or condition of this Agreement by WTT shall be treated as a waiver of any subsequent default or breach of the same or any other term, covenant, or condition of this Agreement.

SECTION 28

FORCE MAJEURE

If the Theatre Centre or any portion of it shall be destroyed or damaged by fire or any other calamity so as to prevent the use of the premises for the purposes and during the periods specified in this Agreement, or the use of the Theatre Centre by WTT is prevented by act of God, strike or lockout against the TOWN, WTT or any third party, material or labor restrictions by any governmental authority, civil riot, flood or other cause beyond the control of the TOWN, then, depending on the extent of damage to the Theatre Centre, the TOWN shall notify WTT as soon as reasonably practical, that the parties shall be excused from performance of the Agreement for such period of time as is reasonably necessary to remedy the effects of the occurrence and, at the option of the TOWN, this Agreement shall terminate and the TOWN shall not be liable for any claim by WTT for damage or loss by reason of termination. If the performance of this agreement for the reasons identified above is prohibited for a period of one hundred eighty (180) days or longer, then WTT shall have the right to terminate.

EXHIBIT A

SECTION 29

VENUE

The obligations of the parties under this Agreement are performable in Dallas County, Texas, and if legal action is necessary to enforce them, exclusive venue shall lie in Dallas County, Texas.

SECTION 30

LEGAL CONSTRUCTION

In the case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable, it shall not affect any other provision thereof and this Agreement shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

SECTION 31

SIGNAGE

WTT shall not place or permit to be placed on the exterior of the Theatre Centre, or the door, window or roof thereof, or on any display window space, or within five feet behind the storefront of the Theatre Centre, if visible from the common area, any sign, plaque, decoration, lettering, advertising matter or descriptive material without the TOWN's prior written approval. WTT may submit a written request for approval to project images and text onto the water tower. All signs, decorations, lettering, advertising matter or other items used by WTT and approved by the TOWN as aforesaid shall conform with the standards of design, motif, and decor from time to time established by the TOWN for the Theatre Centre. WTT shall furnish to the Manager of the Conference and Theatre Centre a written proposal describing any signage to be placed in the Theatre Centre. The Manager agrees to respond within fourteen (14) days in writing to the proposal.

SECTION 32

USE OF THE ROOF

WTT shall not attach to or construct on or penetrate the roof of the Theatre Centre without the prior written consent of the City Manager.

SECTION 33

SOVEREIGN IMMUNITY

The parties agree that the TOWN has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.

EXECUTED _____, but effective as of October 1, 2015 as approved by the parties hereto.

TOWN OF ADDISON, TEXAS	**WATERTOWER THEATRE, INC.**
By:_____	By:_____
Charles W. Daniels, Interim City Manager	Terry Martin, Producing Artistic Director
ATTEST:	ATTEST:
By:_____	By:_____
Chris Terry, City Secretary	Its:_____

EXHIBIT A

EXHIBIT A

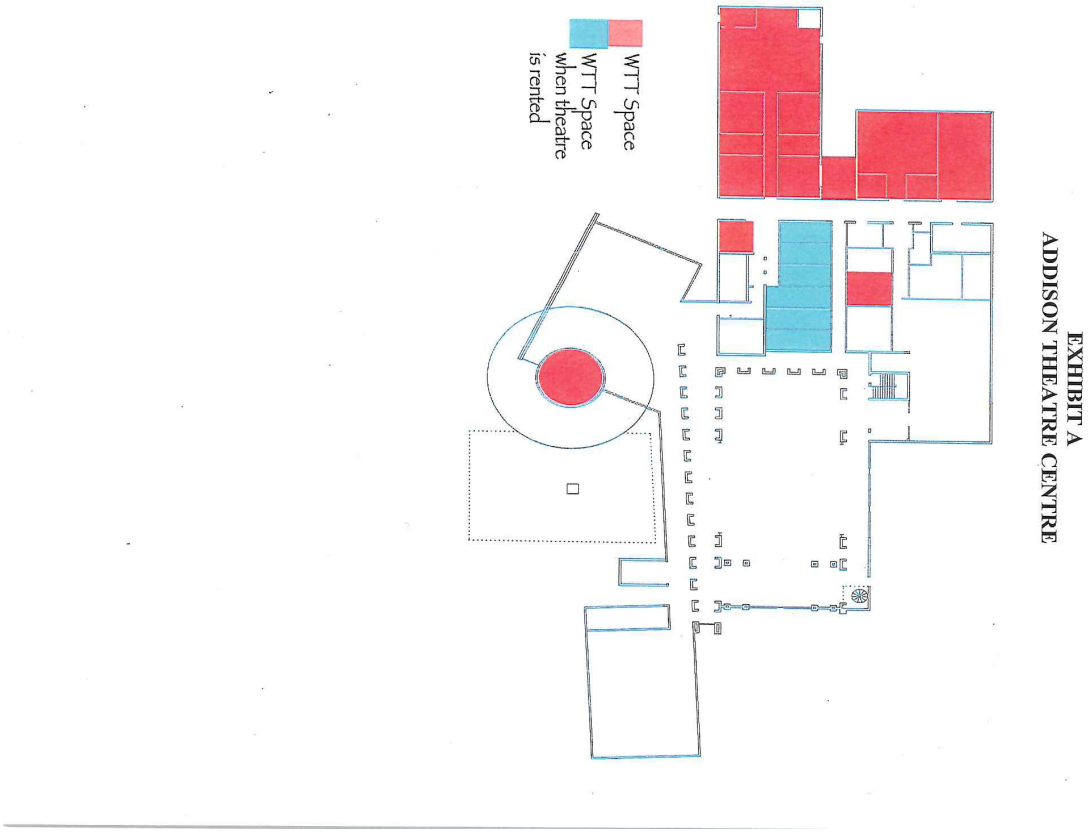

WTT Space
WTT Space when theatre is rented
EXHIBIT A
ADDISON THEATRE CENTRE

EXHIBIT A

EXHIBIT B

RATE SHEET FOR WTT

(Revised October 2014)

Theatre rental rates include use of the Main Space or Studio Theatre with Shared Lobby, Dressing Rooms and Shared Green Room. All rental rates are for one entire day. Typical hours are 9am to 11pm but may be extended if necessary without additional charge unless a rental day extends into the following day.

OFFICE, BOX OFFICE, BOARDROOM AND FURNITURE RENTAL

$1,200.00 per month

USE OF SPACE DEFINITION

Performance Day = Anytime an audience is in attendance, including preview and invited dress.
Production Day = Build, tech, rehearsal, strike, reconfigure space, education or any other use.
Dark Day = Any day the space is occupied by WTT scenery or equipment and cannot be rented.
*All Out of the Loop shows will be charged at WTT produced show rates.

MAIN SPACE

Performance of WTT Produced show	$275.00
Performance of WTT Presented show	$275.00 (outside rental rate)
Production Day	$150.00
Dark Day	$100.00

STUDIO THEATRE

Performance of WTT Produced show	$150.00
Performance of WTT Presented show	$150.00 (outside rental rate)
Production Day	$100.00
Dark Day	$50.00

STONE COTTAGE

(Any category of event)

Per Day	$100.00

EXHIBIT A

EXHIBIT "C"

EXHIBIT A

Season Master Calendar Draft

September 2015

September 2015

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October 2015

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Aug 30 - Sep 5	**Aug 30**	**31**	**Sep 1**	**2** 1:30pm 4:30pm (BD) Meisner	**3**	**4**	**5**
Sep 6 - 12	**6**	**7** LABOR DAY	**8** (ST) MS1 Reh.	**9** 1:30pm 4:30pm (BD) Meisner	**10**	**11** (BD) MS1 Reh. (MS, ST, Lobby) CCP Pr	**12** (MS, ST, Lobby) CCP
Sep 13 - 19	**13** (BD) MS1 Reh. (MS, ST, Lobby) CCP St	**14** (MS) MS1 Build	**15** (ST) MS1 Reh.	**16**	**17** ADDISON'S OKTOBERFEST	**18**	**19**
Sep 20 - 26	**20** (ST) MS1 Reh. ADDISON'S OKTOBERFE	**21** (MS) MS1 Build	**22** (ST) MS1 Reh.	**23**	**24**	**25** (BD) MS1 Band Reh.	**26** (MS) MS1 10/12
Sep 27 - Oct 3	**27** (BD) MS1 Band Reh. (MS) MS1 10/12	**28** (MS) MS1 Build 12:00pm 1:00pm (BD) Board Meeting	**29** (MS) MS1 Tech	**30**	**Oct 1**	**2**	**3**

EXHIBIT A

Season Master Calendar Draft

October 2015

October 2015

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November 2015

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Sep 27 - Oct 3	**Sep 27**	**28**	**29**	**30**	**Oct 1** (MS) MS1 Tech	**2** (MS) 8pm MS1 Preview	**3**
Oct 4 - 10	**4** (MS) 7:30pm MS1 Spec	**5** (MS) 7:30pm MS1 Ope	**6**	**7** (MS) 7:30pm MS1 Perf.	**8**	**9** (MS) 8pm MS1 Perf.	**10**
Oct 11 - 17	**11** (MS) 2pm MS1 Perf.	**12**	**13**	**14** (MS) 7:30pm MS1 Perf.	**15**	**16** (MS) 8pm MS1 Perf.	**17** (MS) 2pm MS1 Perf.
Oct 18 - 24	**18** (MS) 2pm MS1 Perf.	**19**	**20**	**21** (MS) 7:30pm MS1 Perf.	**22**	**23** (MS) 8pm MS1 Perf.	**24** (MS) 2pm MS1 Perf.
Oct 25 - 31	**25** (MS) 2pm MS1 Perf.	**26** (MS) MS1 Strike 12:00pm 1:00pm (BD) Board Meeting	**27**	**28**	**29**	**30**	**31** HALLOWEEN

EXHIBIT A

Season Master Calendar Draft

November 2015

November 2015

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December 2015

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Nov 1 - 7	**Nov 1**	**2** (BD) MS2 Reh.; (MS) MS2 Build	**3**	**4**	**5**	**6**	**7**
Nov 8 - 14	**8** (BD) MS2 Reh.; (MS) MS2 Build	**9**	**10**	**11**	**12**	**13**	**14**
Nov 15 - 21	**15** (MS) MS2 10/12	**16** (MS) MS2 Build	**17** (MS) MS2 Tech	**18**	**19**	**20** (MS) 8pm MS2 Preview	**21**
Nov 22 - 28	**22** (MS) 2pm MS2 Prev. (P	**23** (MS) 7:30pm MS2 Ope; 12:00pm 1:00pm (BD) Board Meeting	**24**	**25** (MS) 7:30pm MS2 Perf	**26** THANKSGIVING	**27** (MS) 8pm MS2 Perf.	**28** (MS) 2pm MS2 Perf.
Nov 29 - Dec 5	**29** (MS) 2pm MS2 Perf.	**30**	**Dec 1**	**2**	**3**	**4**	**5**

EXHIBIT A

Season Master Calendar Draft

December 2015

December 2015

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

January 2016

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Nov 29 - Dec 5	**Nov 29**	**30**	**Dec 1**	**2**	**3**	**4**	**5**
				(MS) 7:30pm MS2 Perf.		(MS) 8pm MS2 Perf.	(MS) 2pm MS2 Perf.
Dec 6 - 12	**6**	**7**	**8**	**9**	**10**	**11**	**12**
	(MS) 2pm MS2 Perf.			(MS) 7:30pm MS2 Perf.		(MS) 8pm MS2 Perf.	(MS) 2pm MS2 Perf.
Dec 13 - 19	**13**	**14**	**15**	**16**	**17**	**18**	**19**
	(MS) 2pm MS2 Perf.	(MS) MS2 Strike					
Dec 20 - 26	**20**	**21**	**22**	**23**	**24**	**25**	**26**
					CHRISTMAS EVE	CHRISTMAS DAY	
Dec 27 - Jan 2	**27**	**28**	**29**	**30**	**31**	**Jan 1, 16**	**2**
					NEW YEAR'S EVE		

EXHIBIT A

Season Master Calendar Draft

January 2016

January 2016

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February 2016

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
12/27 - 1/1	**Dec 27**	**28**	**29**	**30**	**31**	**Jan 1, 16** NEW YEAR'S DAY	**2**
1/3 - 8	**3**	**4** (ST) MS3 Reh. (MS) MS3 Build	**5**	**6**	**7**	**8**	**9**
1/10 - 15	**10** (ST) MS3 Reh.	**11** (MS) MS3 Build	**12** (ST) MS3 Reh.	**13**	**14**	**15**	**16**
1/17 - 22	**17** (MS) MS3 10/12	**18** (MS) MS3 Build MLK, JR. DAY	**19** (MS) MS3 Tech	**20**	**21**	**22** (MS) 8pm MS3 Preview	**23**
1/24 - 29	**24** (MS) 2pm MS3 Preview	**25** (MS) 7:30pm MS3 Ope 12:00pm 1:00pm (BD) Board Meeting	**26**	**27** (MS) 7:30pm MS3 Perf.	**28**	**29** (MS) 8pm MS3 Perf.	**30**
1/31 - 2/5	**31** (MS) 2pm MS3 Perf.	**Feb 1**	**2**	**3**	**4**	**5**	**6**

EXHIBIT A

Season Master Calendar Draft

February 2016

February 2016

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

March 2016

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Jan 31 - Feb 6	**Jan 31**	**Feb 1**	**2** (MS) 10am MS3 SMAT	**3** (MS) 7:30pm MS3 Perf.	**4**	**5** (MS) 8pm MS3 Perf.	**6** (MS) 2pm MS3 Perf.
Feb 7 - 13	**7** (MS) 2pm MS3 Perf.	**8** (BD) Loop Show Reh.	**9** (MS) 10am MS3 SMAT	**10** (MS) 7:30pm MS3 Perf.	**11** (ST) Loop prep	**12** (MS) 8pm MS3 Perf.	**13** (MS) 2pm MS3 Perf.
Feb 14 - 20	**14** (BD) Loop Show Reh. (MS) 2pm MS3 Perf.	**15** (MS) MS3 Strike & Loop prep (MS, ST, SC)	**16**	**17**	**18**	**19** (MS, ST, SC) Loop Tech	**20**
Feb 21 - 27	**21** (BD) Loop Show Reh. (MS, ST, SC) Loop Tech	**22** 12:00pm 1:00pm (BD) Board Meeting	**23**	**24**	**25** (MS) Loop Opening (ST, SC) Loop Tech	**26** (MS, ST, SC) Loop Perfs.	**27**
Feb 28 - Mar 5	**28** (MS, ST, SC) Loop Perfs.	**29** (BD) DS1 Reh.	**Mar 1**	**2**	**3**	**4**	**5**

EXHIBIT A

Season Master Calendar Draft

March 2016

March 2016

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

April 2016

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
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10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Feb 28 - Mar 5	**Feb 28**	**29**	**Mar 1**	**2**	**3**	**4**	**5**
			(BD) DS1 Reh.				
			(MS, ST, SC) Loop perfs.				
Mar 6 - 12	**6**	**7**	**8**	**9**	**10**	**11**	**12**
	(BD) DS1 Reh.						
	(MS, ST, SC) Loop perfs.	(MS, ST, SC) Loop strike					
Mar 13 - 19	**13**	**14**	**15**	**16**	**17**	**18**	**19**
	(BD) DS1 Reh.	(ST) DS1 Load-in	(ST) DS1 Tech				(ST) 8pm DS1 Preview
Mar 20 - 26	**20**	**21**	**22**	**23**	**24**	**25**	**26**
	(ST) 2pm DS1 Preview	(ST) 7:30pm DS1 Open			(ST) 7:30pm DS1 Perf.	(ST) 8pm DS1 Perf.	
Mar 27 - Apr 2	**27**	**28**	**29**	**30**	**31**	**Apr 1**	**2**
	(ST) 2pm DS1 Perf.	(BD) MS4 Reh.					
	EASTER	(MS) MS4 Build					
		12:00pm 1:00pm (BD) Board Meeting			(ST) 7:30pm DS1 Perf.		

EXHIBIT A

Season Master Calendar Draft

April 2016

April 2016

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

May 2016

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Mar 27 - Apr 2	**Mar 27**	**28**	**29**	**30**	**31**	**Apr 1**	**2**
						(BD) MS4 Reh. (MS) MS4 Build	(ST) 2pm DS1 Perf. (ST) 8pm DS1 Perf. Gala (no space needed
Apr 3 - 9	**3**	**4**	**5**	**6**	**7**	**8**	**9**
	(ST) 2pm DS1 Perf.	(BD) MS4 Reh. (MS) MS4 Build			(ST) 7:30pm DS1 Perf.	(ST) 8pm DS1 Perf.	
Apr 10 - 16	**10**	**11**	**12**	**13**	**14**	**15**	**16**
	(MS) MS4 10/12 (ST) 2pm DS1 Perf.	(ST) DS1 Strike (MS) MS4 Build	(MS) MS4 Tech			(MS) 8pm MS4 Preview	
Apr 17 - 23	**17**	**18**	**19**	**20**	**21**	**22**	**23**
	(MS) 2pm MS4 Preview	(MS) 7:30pm MS4 Ope		(MS) 7:30pm MS4 Perf.		(MS) 8pm MS4 Perf.	
Apr 24 - 30	**24**	**25**	**26**	**27**	**28**	**29**	**30**
	(MS) 2pm MS4 Perf.	12:00pm 1:00pm (BD) Board Meeting		(MS) 7:30pm MS4 Perf.		(MS) 8pm MS4 Perf.	(MS) 2pm MS4 Perf.

EXHIBIT A

Season Master Calendar Draft

May 2016

May 2016

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June 2016

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
May 1 - 7	**May 1** (MS) 2pm MS4 Perf.	**2** (BD) DS2 Reh. (MS) 7:30pm MS4 Perf.	**3**	**4**	**5**	**6** (MS) 8pm MS4 Perf.	**7** (MS) 2pm MS4 Perf.
May 8 - 14	**8** (BD) DS2 Reh. (MS) 2pm MS4 Perf. MOTHER'S DAY	**9** (MS) MS4 Strike	**10**	**11**	**12** (MS) MS5 Build	**13**	**14** ADDISON'S FORK & COF
May 15 - 21	**15** ADDISON'S FORK & COF	**16** (BD) MS5 Reh. (MS) MS5 Build (ST) DS2 Build/Load-in	**17** (ST) DS2 Tech	**18**	**19**	**20**	**21** (ST) 8pm DS2 Preview
May 22 - 28	**22** (BD) MS5 Reh. (ST) 2pm DS2 Preview	**23** (MS) MS5 Build (ST) 7:30pm DS2 Open 12:00pm 1:00pm (BD) Board Meeting	**24**	**25**	**26** (ST) 7:30pm DS2 Perf.	**27** (ST) 8pm DS2 Perf.	**28**
May 29 - Jun 4	**29** (MS) MS5 10/12 (ST) 2pm DS2 Perf.	**30** MEMORIAL DAY	**31** (MS) MS5 Tech	**Jun 1**	**2**	**3**	**4**

EXHIBIT A

Season Master Calendar Draft

June 2016

June 2016

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July 2016

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
May 29 - Jun 4	**May 29**	**30**	**31**	**Jun 1**	**2**	**3**	**4**
				(MS) MS5 Tech	(ST) 7:30pm DS2 Perf.	(MS) 8pm MS5 Preview (ST) 8pm DS2 Perf.	
Jun 5 - 11	**5**	**6**	**7**	**8**	**9**	**10**	**11**
	(MS) 2pm MS5 Preview (ST) 2pm DS2 Perf.	(MS) 7:30pm MS5 Ope		(MS) 7:30pm MS5 Perf.	(ST) 7:30pm DS2 Perf.	(MS) 8pm MS5 Perf. (ST) 8pm DS2 Perf.	(ST) 2pm DS2 Perf.
Jun 12 - 18	**12**	**13**	**14**	**15**	**16**	**17**	**18**
	(MS) 2pm MS5 Perf. (ST) 8pm DS2 Perf.	(BD, MS) Summer Cons (ST) DS2 Strike	(BD, ST, MS) Summer Conservatory	(MS) 7:30pm MS5 Perf.		(MS) 8pm MS5 Perf.	(MS) 2pm MS5 Perf.
Jun 19 - 25	**19**	**20**	**21**	**22**	**23**	**24**	**25**
	(MS) 2pm MS5 Perf. FATHER'S DAY	(BD, ST, MS) Summer Conservatory		(MS) 7:30pm MS5 Perf.		(MS) 8pm MS5 Perf.	(MS) 2pm MS5 Perf. (BD, ST) Summer Cons
Jun 26 - Jul 2	**26**	**27**	**28**	**29**	**30**	**Jul 1**	**2**
	(MS) 2pm MS5 Perf.	(MS) MS5 Strike 12:00pm 1:00pm (BD) Board Meeting					

EXHIBIT A

Season Master Calendar Draft

July 2016

July 2016

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August 2016

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
6/26 - 7/1	**Jun 26**	**27**	**28**	**29**	**30**	**Jul 1**	**2**
7/3 - 8	**3** ADDISON'S KABOOM!	**4** INDEPENDENCE DAY	**5**	**6**	**7**	**8**	**9**
7/10 - 15	**10**	**11**	**12**	**13**	**14**	**15**	**16**
7/17 - 22	**17**	**18** (ST) MS6 Reh. (MS) MS6 Build	**19**	**20**	**21**	**22**	**23**
7/24 - 29	**24** (ST) MS6 Reh.	**25** (MS) MS6 Build	**26** (ST) MS6 Reh.	**27**	**28**	**29**	**30**
7/31 - 8/5	**31** (MS) MS6 10/12	**Aug 1**	**2**	**3**	**4**	**5**	**6**

EXHIBIT A

Season Master Calendar Draft

August 2016

August 2016

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September 2016

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Jul 31 - Aug 6	**Jul 31**	**Aug 1** (MS) MS6 Build	**2** (MS) MS6 Tech	**3**	**4**	**5** (MS) 8pm MS6 Preview	**6**
Aug 7 - 13	**7** (MS) 2pm MS6 Preview	**8** (MS) 7:30pm MS6 Ope	**9**	**10** (MS) 7:30pm MS6 Perf.	**11**	**12** (MS) 8pm MS6 Perf.	**13**
Aug 14 - 20	**14** (MS) 2pm MS6 Perf.	**15**	**16**	**17** (MS) 7:30pm MS6 Perf.	**18**	**19** (MS) 8pm MS6 Perf.	**20** (MS) 2pm MS6 Perf.
Aug 21 - 27	**21** (MS) 2pm MS6 Perf.	**22** 12:00pm 1:00pm (BD) Board Meeting	**23**	**24** (MS) 7:30pm MS6 Perf.	**25**	**26** (MS) 8pm MS6 Perf.	**27** (MS) 2pm MS6 Perf.
Aug 28 - Sep 3	**28** (MS) 2pm MS6 Perf.	**29** (MS) MS6 Strike	**30**	**31**	**Sep 1**	**2**	**3**

EXHIBIT A

Season Master Calendar Draft

September 2016

September 2016

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

October 2016

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Aug 28 - Sep 3	**Aug 28**	**29**	**30**	**31**	**Sep 1**	**2**	**3**
Sep 4 - 10	**4**	**5** LABOR DAY	**6**	**7**	**8**	**9** (MS, ST, Lobby) CCP Pr	**10** (MS, ST, Lobby) CCP
Sep 11 - 17	**11** (MS, ST, Lobby) CCP St	**12**	**13**	**14**	**15**	**16**	**17** ADDISON'S OKTOBERFE!
Sep 18 - 24	**18** ADDISON'S OKTOBERFE!	**19** (BD) MS1 Reh.; (MS) MS1 Build	**20**	**21**	**22**	**23**	**24**
Sep 25 - Oct 1	**25** (BD) MS1 Reh. To Oct 1; (MS) MS1 Build To Oct 1	**26** 12:00pm 1:00pm (BD) Board Meeting	**27**	**28**	**29**	**30**	**Oct 1**

EXHIBIT A

EXHIBIT D

WTT Inventory of Furniture Rental Items

These items are owned by the Town and rented to WTT on a monthly basis as outlined within the Use Agreement.

Library

- 66" yellow table
- Green chairs

Terry's Office

- Above desk hutch
- Rug

Greg's Office

- 2 pillows

Stage Manager Office

- Mirror

Receptionist Office

- Black Desk and above desk hutch

AI-1411 **Item # 23.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Consider And Approve An **Ordinance Amending Chapter 10, Animals Of The Code Of Ordinance For The Town Of Addison.**

BACKGROUND:

The City Attorney has requested a revision to the ordinance to amend the language that establishes the regular, routine or habitual feeding of waterfowl. The prior ordinance contained language that conclusively established the behavior. The amended ordinance contains language that creates a presumption of the behavior.

RECOMMENDATION:

Staff recommends approval of the Ordinance.

Attachments

Ordinance

Amended Section of Ordinance

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING SECTION 10-11(C) "FEEDING OF WATERFOWL," OF THE CODE OF ORDINANCES, TOWN OF ADDISON, TEXAS, TO ESTABLISH PRESUMPTION REGARDING "REGULAR, ROUTINE OR HABITTUAL BEHAVIOR OR PRACTICE"; PROVIDING FOR A PENALTY OF A FINE NOT TO EXCEED THE SUM OF FIVE HUNDRED DOLLARS ($500.00) FOR EACH OFFENSE; AND PROVIDING FOR SAVINGS, SEVERABILITY AND AN EFFECTIVE DATE.

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

Section 1. Chapter 10 – Animals, Section 10-11 – Feeding of Waterfowl, Subsection (c) of the Code of Ordinances, Town of Addison, Texas shall be amended to read in its entirety as follows:

Sec. 10-11. Feeding of waterfowl.

. . .

(c) No person shall engage in the regular, routine, or habitual practice of feeding any waterfowl within any pond or lake within the town or within any public property adjacent thereto, or on any private property. No person shall regularly, routinely, or habitually create or foster any condition or allow any condition to exist or continue which results in a congregation or congestion of waterfowl. For purposes of this section, the behavior is presumed to be regular, routine or habitual when three (3) written warnings have been issued to the same individual within a sixty (60) day period. Once three (3) written warnings have been issued within a sixty (60) day period, it shall not be necessary to again establish regular, routine or habitual behavior by the issuance of written warnings for that individual. Regular, routine or habitual practice may also be established by other evidence.

Section 2. Penalty Clause.

Any person, firm or corporation violating any of the provisions or terms of this Ordinance or the Code of Ordinances, Town of Addison, Texas as amended hereby, commits a Class C misdemeanor punishable by a fine as set forth in Section 1-7 of the Code of Ordinances, Addison, Texas for each offense, and each and every day such violation shall continue shall constitute a separate offense.

Section 3. Savings.

The Code of Ordinance, Addison, Texas, shall remain in full force and effect save and except as amended by this Ordinance.

Section 4. Cumulative Clause.

This Ordinance shall be cumulative of all provisions of state or federal law and other ordinances of the Town of Addison, Texas, except where the provisions of this Ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

Section 5. Severability Clause.

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs and sections of this Ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this Ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation of this Ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

Section 6. Effective Date.

This Ordinance shall become effective immediately upon its passage and publication as required by law.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By:_____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By:_____
Brenda N. McDonald, City Attorney

Date of Publication: _____

Section 1. Chapter 10 – Animals, Section 10-11 – Feeding of Waterfowl, Subsection (c) of the Code of Ordinances, Town of Addison, Texas shall be amended to read in its entirety as follows:

Sec. 10-11. Feeding of waterfowl.

. . .

(c) No person shall engage in the regular, routine, or habitual practice of feeding any waterfowl within any pond or lake within the town or within any public property adjacent thereto, or on any private property. No person shall regularly, routinely, or habitually create or foster any condition or allow any condition to exist or continue which results in a congregation or congestion of waterfowl. For purposes of this section, the behavior is presumed to be regular, routine or habitual ~~practice is conclusively established by the prior issuance of~~when three (3) written warnings have been issued to the same individual within a sixty (60) day period. Once three (3) written warnings have been issued within a sixty (60) day period, it shall not be necessary to again establish regular, routine or habitual behavior by the issuance of written warnings for that individual. Regular, routine or habitual practice may also be established by other evidence.

AI-1396 **Item # 24.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Hold A Public Hearing, Consider And Approve An **Ordinance Amending Planned Development O93-018, 8 Tracts Of Land Totaling Approximately 40.7 Acres Addressed From 3712 Belt Line Road to 3910 Belt Line Road, In Order To Grant Additional Allowed Uses And Amend Requirements Relating To Parking And Building Elevations** . Case 1720-Z/Addison Town Center/Cencor Realty Services, Mr. Bernard Shaw.

BACKGROUND:

COMMISSION FINDINGS:
The Addison Planning and Zoning Commission, meeting in regular session on October 20, 2015, voted to recommend approval of ordinance amending Planned Development O93-018, on 8 tracts of land totaling approximately 40.7 acres addressed from 3712 Belt Line Road to 3910 Belt Line Road, in order to grant additional allowed uses and amend requirements relating to parking and building elevations, subject to the following conditions:

- The applicant shall install a metal awning over Kroger's main entryway as shown in previous elevation drawings presented to staff.
- The following uses shall be subject to Special Use Permit approval
  - Medical and Dental Office
  - Message and Chiropractor Office
  - Health Club

Voting Aye: Griggs, Morgan, Robbins, Robinson, Schaeffer, Smith
Voting Nay: none
Absent: Ennis

RECOMMENDATION:

Administration recommends that the ordinance be approved without the added condition requiring Special Use Permit approval for the Medical and Dental Office, Message and Chiropractor Office and Health Club uses. These uses are fairly common in retail centers and typically do not require Special Use Permit approval. In Addison, for example, these uses are permitted by right in Village on the Parkway and in Vitruvian Park's retail center.

Attachments

1720-Z Council Packet

Ordinance

1720-Z

PUBLIC HEARING Case 1720-Z/Addison Town Center. Public hearing, discussion, and take action on a recommendation for an ordinance amending Planned Development O93-018, on 8 tracts of land totaling approximately 40.7 acres addressed from 3712 Belt Line Road to 3910 Belt Line Road, in order to grant additional allowed uses and amend requirements relating to parking and building elevations, on application from Cencor Realty Services, represented by Mr. Bernard Shaw.

LOCATION MAP



October 16, 2015

STAFF REPORT

RE:	Case 1720-Z/Addison Town Center
LOCATION:	3712-3910 Belt Line Road
REQUEST:	Approval of an ordinance amending various requirements of Planned Development O93-018.
APPLICANT:	Cencor Realty Services, represented by Mr. Bernard Shaw.

DISCUSSION:

Background: Addison Town Center is generally located on the south east corner of Belt Line Road and Marsh Lane. The zoning for the center was established in 1993 through Planned Development District O93-018. At the time of construction, the center was anchored by K-Mart, Winn Dixie, and Comp USA. In the subsequent years, the K-Mart space became Target, Winn Dixie became Kroger, and the Comp USA space is now partially occupied by Crunch Fitness.

Proposed Plan: The property owner has been working with Kroger to both renovate the interior and exterior of their store. As part of this project, Kroger has expressed a desire to construct a fuel center in front of their location. To accommodate this, several requirements in the current PD need to be amended.

Uses: The existing PD includes a large list of permissible uses typical to retail centers. The applicant is requesting the addition of four use categories:

- Medical and Dental Office
- Massage and Chiropractor Office
- Health Club
- Gasoline Service Station (subject to Special Use Permit approval)

The medical and dental office category and the health club category are being added to correct a situation that has arisen because these uses incorrectly received permits and are now existing uses in the center. That being said, staff believes that these uses are commonly found in retail centers like this and do not pose any detrimental impact. Massage and Chiropractor Offices are also routinely located in retail spaces. An argument could be made that they could fall under medical offices, but staff believes that there is enough of a distinction to warrant calling them out separately.

The Gasoline Service Station category is being added in response to Kroger's request. Staff would recommend that this use be allowed with a special use permit. Typically, gasoline service stations are not permitted by right, but require a special use permit. This allows the Town the ability to review the specific details of the proposed station before approving it.

Exterior Facades: The current PD includes building elevations that dictate the details of the building facades. As part of the remodel project, the applicant and Kroger have agreed to upgrade and enhance the face of the Kroger store. To accomplish this, the applicant is proposing to raise the height of the central portion of Kroger's frontage with a new parapet wall topped with a stepped E.I.F.S. cornice. This will create more of a focal point on the building. New colors will also applied to add to the visual appeal of the building. In earlier discussions with staff, the applicant indicated that a metal awning would be installed over the main entryway to the store. This is not shown in the current elevation, but staff would recommend requiring it as a condition of approval.

Parking: The current PD requires that the site provide 2,025 spaces to accommodate 430,809 square feet of building area. The addition of a fuel center will result in the loss of 67 spaces. The applicant is requesting to reduce the required parking to 1,950. Based on staff's observations of the site, the center is over parked and could absorb the loss of parking spaces without a negative impact on the center itself or adjacent uses.

RECOMMENDATION: **APPROVAL WITH A CONDITION**

Addison Town Center is a prominent retail location in Addison. Kroger's new investment in the center will be a positive step for the center in reaching its full potential. Staff believes that the proposed changes will benefit the center with no negative effects on the adjacent properties. Staff recommends amending the exiting planned development regulations to include the new uses, the new façade elevation for Kroger, and the lower parking requirement, subject to the following condition:

- The applicant shall install a metal awning over Kroger's main entryway as shown in previous elevation drawings presented to staff.

Land Use Analysis

Attributes of Success Matrix

Addison Town Center, 3712-3910 Belt Line Road **1720-Z**

Attribute	Comment	Score
Competitive	The center overall has struggled to acquire tenants and attract customers. This is especially true of the eastern half of the center.	
Safe	The site has good visual accessibility and is occupied most hours of the day. The site is safe.	
Functional	The design of the center has hampered its ability to compete. The stores are very far from the street and do not have visibility from Belt Line Road.	
Visually Appealing	The facades of the center, though brick, are nondescript and do note give the center much visual appeal. The improvements proposed for the Kroger façade will help improve this.	
Supported with Amenities	The site has a good location for restaurants, retail and other support services.	
Environmentally Responsible	The site meets the Town's landscape requirements.	
Walkable	The sidewalks along Belt Line and Marsh are immediately back of curb and not pleasant to walk on. The site's large parking area is not pedestrian friendly.	
Overall Assessment	**This site has various challenges due to its dated design and layout. Additionally, there may not be enough of a residential population to support a big box center of this size. These are macro-level issues with the site, but the minor changes being proposed at this time should drive additional traffic to the site.**	

Case 1720-Z/Addison Town Center
October 20, 2015

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on October 20, 2015, voted to recommend approval of ordinance amending Planned Development O93-018, on 8 tracts of land totaling approximately 40.7 acres addressed from 3712 Belt Line Road to 3910 Belt Line Road, in order to grant additional allowed uses and amend requirements relating to parking and building elevations, subject to the following conditions:

- The applicant shall install a metal awning over Kroger's main entryway as shown in previous elevation drawings presented to staff.
- The following uses shall be subject to Special Use Permit approval
    - Medical and Dental Office
    - Message and Chiropractor Office
    - Health Club

Voting Aye: Griggs, Morgan, Robbins, Robinson, Schaeffer, Smith
Voting Nay: none
Absent: Ennis

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE BY AMENDING PLANNED DEVELOPMENT O93-018, ON APPROXIMATELY 40.7 ACRES, ADDRESSED FROM 3712 BELT LINE ROAD TO 3910 BELT LINE ROAD, TO REVISE THE PERMITTED USES, CERTAIN FAÇADE REQUIREMENTS AND PARKING REGULATIONS; PROVIDING FOR A PENALTY NOT TO EXCEED TWO THOUSAND AND NO/100 DOLLARS ($2,000.00) FOR EACH OFFENSE AND A SEPARATE OFFENSE SHALL BE DEEMED COMMITTED EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; PROVIDING FOR SAVINGS, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, Addison Town Center is a retail shopping center located generally at the southeast corner of Belt Line Road and Marsh Lane which is zoned Planned Development through Ordinance O93-018; and

WHEREAS, after due deliberations and consideration of the recommendation of the Planning and Zoning Commission, the information received at a public hearing, and other relevant information and materials, the City Council of the Town of Addison, Texas finds that this ordinance promotes the general welfare and safety of this community.

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

Section 1. That the recitals and findings set forth above are hereby found to be true and correct and incorporated as if fully set forth herein.

Section 2. That Section 2 of Ordinance O93-018 is hereby amended as follows. Additions to the ordinance are shown by text that is *italicized*, underlined, and in **bold** font.

SECTION 2. In the hereinabove described land, no land or building shall be used, erected or converted to any use other than:

Antique shop;
Aquarium;
Art gallery;
Automotive goods; retail sales only
Automotive service, limited to K-Mart store only.
Bakery, retail sales only;
Bank, office, wholesale sales office or sample room;
Barber and beauty shops;
Bird and pet shops retail;
Book or stationery store;
Camera shop;

Candy, cigars and tobaccos, retail sales only;
Caterer and wedding service, offices only;
Cleaning, dyeing and laundry pick-up station for receiving and deliver of articles to be cleaned;
Cleaning and pressing shops having an area of not more than 6,000 square feet;
Curtain cleaning shop having an area of not more than 6,000 square feet;
Department store, novelty or variety shop, retail sales only;
Drug store, retail sales only;
Florist, retail sales only;
Furniture store, retail only;
Gasoline Service Station (subject to Special Use Permit approval);
Grocery store, retail sales only;
Hardware, sporting goods, toys; paints, wallpaper, clothing, retail sales only;
Health club;
Household and office furniture, furnishings, and appliances, retail;
Job printing;
Jewelry, optical goods, photographic supplies, retail sales only;
Library, rental;
Massage and chiropractor office;
Meat market, retail sales only;
Medical and dental office
Office building;
Photographers or artists studio;
Parking lot without public garage or automobile facilities for the parking of passenger cars and trucks of less than one (1) ton capacity only;
Professional offices for architect, attorney, engineer and real estate;
Piano and musical instruments, retail sales only;
Restaurants with or without sale of alcohol for on-premise consumption (subject to Special Use Permit approval)
Retail store/shop for custom work or the making of articles to be sold for retail on the premises;
Seamstress, dressmaker or tailor;
Shoe repair show, retail sales only;
Studios, dance, music, drama, heath, reducing;
Studio for the display and sale of glass, china, art objects, cloth and draperies;
Taxi stand;
Washateria, equipped with automatic washing machines of the time customarily found in a home and where the customers may personally supervise the washing and handling of their laundry;
Wearing apparel, including clothing, shoes, hats, millinery and accessories;
Accessory building and uses customarily incident to the above uses;

Section 3. That Section 3 of Ordinance O93-018 is hereby amended to:

(a)Remove the existing building elevation for the grocer and add the building elevation attached here to as **Appendix A**

(b)Revise the total required parking shown on the site plan to 1,950 spaces.

Section 4. That any person, firm, or corporation violating any of the provisions or terms of this ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the city, as heretofore amended, and upon conviction shall be punished by a fine set in accordance with Chapter 1, General Provisions, Section 1.10, General penalty for violations of Code; continuing violations, of the Code of Ordinances for the Town of Addison.

Section 5. That it is the intention of the City Council that this ordinance be considered in its entirety, as one ordinance, and should any portion of this ordinance be held to be void or unconstitutional, then said ordinance shall be void in its entirety, and the City Council would not have adopted said ordinance if any part or portion of said ordinance should be held to be unconstitutional or void.

Section 6. That all ordinances of the City in conflict with the provisions of this ordinance be, and the same are hereby repealed and all other ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

Section 7. That save and except as amended by this Ordinance, Ordinance O93-018 shall remain in full force and effect.

Section 8. That this Ordinance shall become effective from and after its passage and approval and after publication as may be required by law or by the City Charter or ordinance.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, on this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

_____
Laura Bell, City Secretary

PUBLISHED ON: _____

APPROVED AS TO FORM:

_____
Brenda N. McDonald, City Attorney

ORDINANCE NO. _____

APPENDIX A



HODGES Architecture

KROGER FACADE UPDATE

ADDISON TOWN CENTER

ORDINANCE NO. _____

AI-1397 **Item # 25.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Hold A Public Hearing,Consider And Approve An **Ordinance Approving A Special Use Permit For A Gasoline Service Station On Property Located At 3770 Belt Line Road.** The Property Is Currently Zoned PD (Planned Development) Through Ordinance O93-18. Case 1717-SUP/Kroger Fuel Center/CEI Engineering Associates, Inc./ Mr. Jim Evans.

BACKGROUND:

COMMISSION FINDINGS:
The Addison Planning and Zoning Commission, meeting in regular session on October 20, 2015, voted to recommend approval of ordinance approving a Special Use Permit for a gasoline service station on property located at 3770 Belt Line Road which is currently zoned PD (Planned Development) through Ordinance O93-018, subject to the following condition:

- Prior to the issuance of a Certificate of Occupancy for the gasoline service station, the property owner shall obtain building permits for and start construction work on the exterior facade of the grocery store.

Voting Aye: Griggs, Morgan, Robbins, Robinson, Schaeffer, Smith
Voting Nay: none
Absent: Ennis

RECOMMENDATION:

Administration recommends approval.

Attachments

1717-SUP Council Packet
1717-SUP Plans
Ordinance

1717-SUP

PUBLIC HEARING Case 1717-SUP/Kroger Fuel Center. Public hearing, discussion, and take action on a recommendation for an ordinance approving a Special Use Permit for a gasoline service station on property located at 3770 Belt Line Road which is currently zoned PD (Planned Development) through Ordinance O93-018, on application from CEI Engineering Associates, Inc., represented by Mr. Jim Evans.

LOCATION MAP



October 16, 2015

STAFF REPORT

RE:	Case 1717-SUP/Kroger Fuel Center
LOCATION:	3770 Belt Line Road.
REQUEST:	Approval of a Special Use Permit for a gasoline service station.
APPLICANT:	CEI Engineering Associates, Inc, represented by Mr. Jim Evans.

DISCUSSION:

Background: Kroger is an existing anchor tenant within the Addison Town Center retail center. In a separate case (Case 1720-Z), the owner is requesting that various changes be made to the Planned Development district regulations for the center. These changes are intended to accommodate Kroger's request to remodel and add a gasoline service station. Should those changes be approved, a new use category would be added to allow for a gasoline service station subject to the Special Use Permit approval process.

Proposed Plan: Kroger is requesting approval of the newly established Special Use Permit for a gasoline service station. The proposed station would be located in the parking lot in front of the Kroger store adjacent to the interior drive that runs parallel to Belt Line Road behind the row of outlying parcels. The station would include seven pump islands and a 179 square foot sales kiosk for the station attendant. These would all be located under a typical canopy structure common to most service stations.

Exterior Facades: The kiosk building and canopy columns would be of brick masonry construction to match the center. The canopy structure and building would include design elements matching Kroger's brand standards for fuel centers.

Parking: The gasoline service station will result in a loss of 79 existing parking spaces. Another amendment requested to the Planned Development district will allow the center to lose these spaces and remain in compliance. The addition of a gasoline service station will not increase the parking demand for the property.

Landscaping: The location of the proposed gasoline service station will require alteration of the existing landscape islands in this part of the center. Three existing islands will be removed and replaced with a single five foot wide landscaping island. This will provide a small buffer between the fueling area and the interior drive of the center. Three new islands will be added to buffer the parking area for Kroger from the fueling station. Overall, these changes will result in a slight increase in the landscaped area for the center.

RECOMMENDATION: **APPROVAL**

The Town has been discussing a renovation project with both Kroger and the property owner for quite some time. It has always been the intent for Kroger to add a gasoline service station as part of this renovation. Accommodating this project requires a two step process. Should the PD amendments be approved as part of Case 1720-Z to adjust the overarching zoning requirements for the site, staff recommends approval of a Special Use Permit for a gasoline service station with no conditions.

Land Use Analysis

Attributes of Success Matrix

Kroger Fuel Center, 3770 Belt Line Road **1717-SUP**

Attribute	Comment	Score
Competitive	The gasoline service station should perform well in this location and help drive traffic to the center overall.	
Safe	The fuel center will be constructed to ensure that it will be safe.	
Functional	The layout of the station is functional and does not impact the functionality of the overall site plan.	
Visually Appealing	The structures associated with the station will be of quality masonry construction.	
Supported with Amenities	The site has a good location for restaurants, retail and other support services. Fuel service will add to the draw of the center.	
Environmentally Responsible	The proposed plan will add additional landscaping to the center.	
Walkable	The sidewalks along Belt Line and Marsh are immediately back of curb and not pleasant to walk on. The site's large parking area is not pedestrian friendly.	
Overall Assessment	**The center overall has some macro-level challenges, but the Fuel Center itself should be a positive addition to the center.**	

Case 17217-SUP/Kroger Fuel Center
October 20, 2015

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on October 20, 2015, voted to recommend approval of ordinance approving a Special Use Permit for a gasoline service station on property located at 3770 Belt Line Road which is currently zoned PD (Planned Development) through Ordinance O93-018, subject to the following condition:

- Prior to the issuance of a Certificate of Occupancy for the gasoline service station, the property owner shall obtain building permits for and start construction work on the exterior facade of the grocery store.

Voting Aye: Griggs, Morgan, Robbins, Robinson, Schaeffer, Smith
Voting Nay: none
Absent: Ennis

KROGER

EXISTING 8" WATER LINE

PROPOSED 8" WATER LINE

EXISTING SANITARY SEWER MANHOLE

LANDSCAPE ISLAND

LOCATION FOR EXISTING TREES TO BE RELOCATED OR REPLACED WITH TREES OF EQUAL CALIPER INCHES

LANDSCAPE ISLAND

ELECTRICAL TRANSFORMER PAD FOR FUEL

LOCATION FOR EXISTING TREES TO BE RELOCATED OR REPLACED WITH TREES OF EQUAL CALIPER INCHES

LOCATION FOR EXISTING TREES TO BE RELOCATED OR REPLACED WITH TREES OF EQUAL CALIPER INCHES

LANDSCAPE AREAS TO BE SODDED. (TYP.

EXISTING SANITARY SEWER EASEMENT

PROPOSED 6" PVC SANITARY SEWER LINE

179SF KIOSK W/RESTROOM

PROPOSED 1" WATER LINE

PROPOSED FIRE HYDRANT ASSEMBLY

EXISTING 8" PVC SANITARY SEWER LINE

7 FUEL DISPENSERS

PROPOSED 6" PVC STORM LINE

EXISTING 18" RCP

PROPOSED UNDERGROUND TANKS (AREA TO BE STRIPED)

FUEL CENTER CANOPY

EXISTING 8" PVC SANITARY SEWER LINE

VENT RISER

AIR/WATER UNIT

EXISTING 10'x10' BOX CULVERT

5' LANDSCAPE ISLAND

EXISTING 8" PVC SANITARY SEWER LINE

EXISTING DRAINAGE EASEMENTS

EXISTING 84" RCP

41 – LITTLELEAF BOXWOOD – 3' O.C.

PROPOSED 8" WATER LINE

EXISTING UTILITY EASEMENT

EXISTING 8" WATER LINE

PYLON SIGN

PYLON SIGN

ADDISON TOWN CENTER

BELT LINE ROAD

N

0 50' 75' 100'
SCALE IN FEET

NOTE: THIS DRAWING IS FOR CONCEPTUAL PURPOSES ONLY. SITE INFORMATION WAS PER THE DRAWINGS OBTAINED FROM KROGER. DESIGN MAY VARY, DEPENDING ON ACTUAL TOPOGRAPHY, DRAINAGE, SOILS, SURVEY, ETC. THIS ADDITIONAL DATA AND SITE CONDITIONS COULD CAUSE CHANGES IN PARKING RATIOS AND SPACE AVAILABLE FOR DEVELOPMENT, AND MAY INCREASE ESTIMATED DEVELOPMENT COSTS.

PARKING DATA

SHOPPING CENTER & FUEL STATION

EXISTING SHOPPING CENTER BUILDINGS S.F.: 71,567 SF (PER KROGER PROVIDED DRAWING)
PROPERTY ZONING: PD (ORDINANCE NO. 093-018)
PARKING REQUIRED: 1/200 SF
: 358 SPACES
EXISTING PARKING: 354 SPACES (PER KROGER PROVIDED DRAWING)
314 SPACES (PER GOOGLE EARTH AERIAL)

FUEL STATION BUILDING S.F.: 179 S.F.
PARKING REMOVE FOR FUEL: 79 SPACES
PARKING ADDED: 12 SPACES
TOTAL PARKING AVAILABLE AFTER FUEL: 287 SPACES

CASE NUMBER 1717-SUP/KROGER FUEL CENTER

26873	9/9/15	ADS	JEE	DAH	DAH
CEI PROJECT NO.	INITIAL DATE	DPOR	PM	DES	DRW

Engineering Associates, Inc.
ENGINEERS • PLANNERS • SURVEYORS
LANDSCAPE ARCHITECTS • ENVIRONMENTAL SCIENTISTS
4800 Sugar Grove Blvd, Suite 316
Stafford, TX 77477
(281)494-0309
(281)494-0360

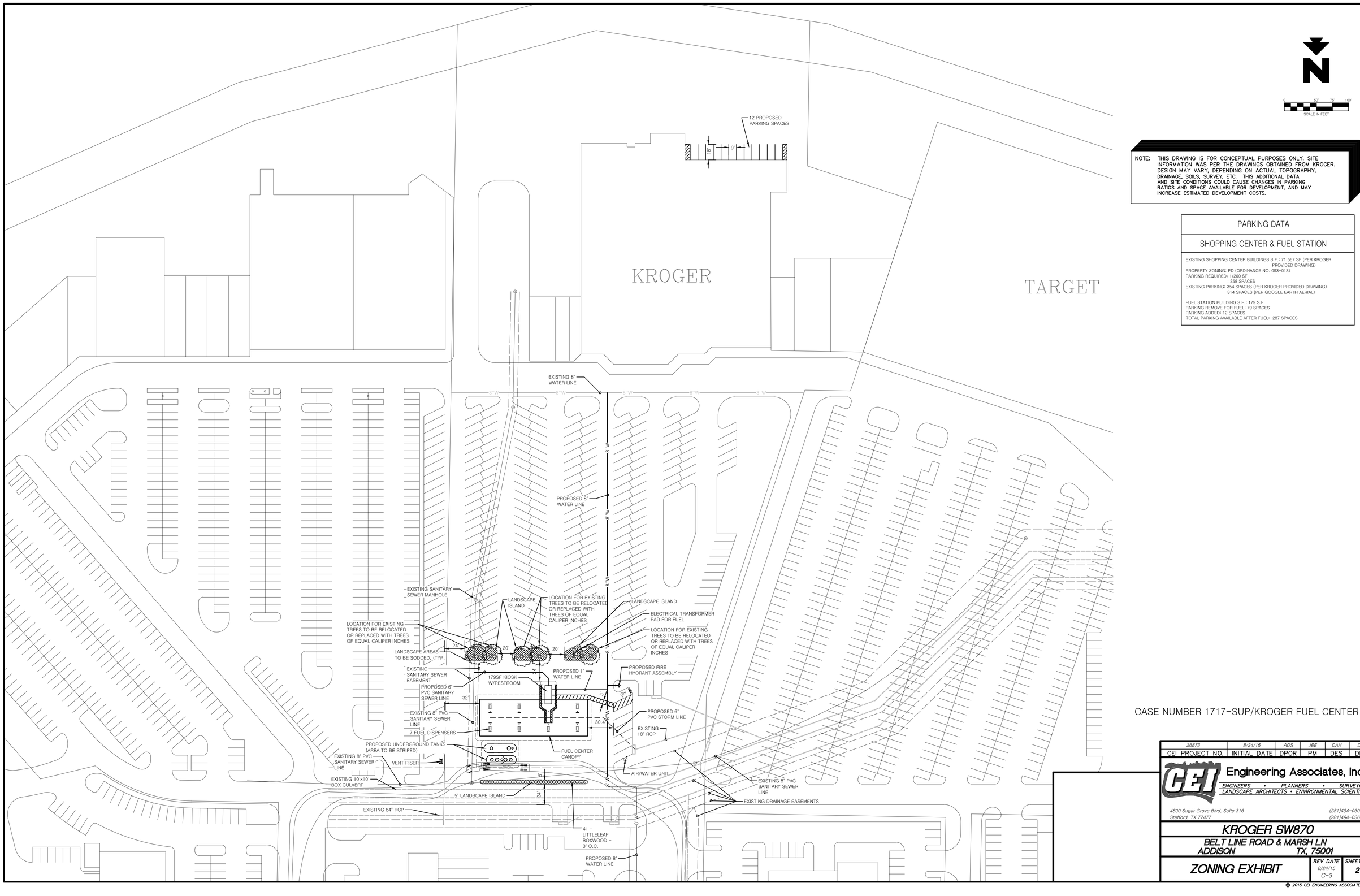
KROGER SW870
BELT LINE ROAD & MARSH LN
ADDISON TX, 75001

ZONING EXHIBIT

REV DATE	SHEET NO.
9/9/15 C-3	1

© 2015 CEI ENGINEERING ASSOCIATES, INC.

JOB # 26873 DRAWING: Kroger Fuel SW870 SUP R-1 – Copy.dwg LAST SAVED BY: JEVANS



NOTE: THIS DRAWING IS FOR CONCEPTUAL PURPOSES ONLY. SITE INFORMATION WAS PER THE DRAWINGS OBTAINED FROM KROGER. DESIGN MAY VARY, DEPENDING ON ACTUAL TOPOGRAPHY, DRAINAGE, SOILS, SURVEY, ETC. THIS ADDITIONAL DATA AND SITE CONDITIONS COULD CAUSE CHANGES IN PARKING RATIOS AND SPACE AVAILABLE FOR DEVELOPMENT, AND MAY INCREASE ESTIMATED DEVELOPMENT COSTS.

PARKING DATA

SHOPPING CENTER & FUEL STATION

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PARKING ADDED: 12 SPACES
TOTAL PARKING AVAILABLE AFTER FUEL: 287 SPACES

CASE NUMBER 1717-SUP/KROGER FUEL CENTER

26873	8/24/15	ADS	JEE	DAH	DAH
CEI PROJECT NO.	INITIAL DATE	DPOR	PM	DES	DRW

Engineering Associates, Inc.
ENGINEERS • PLANNERS • SURVEYORS
LANDSCAPE ARCHITECTS • ENVIRONMENTAL SCIENTISTS
4800 Sugar Grove Blvd, Suite 316
Stafford, TX 77477
(281)494-0309
(281)494-0360

KROGER SW870

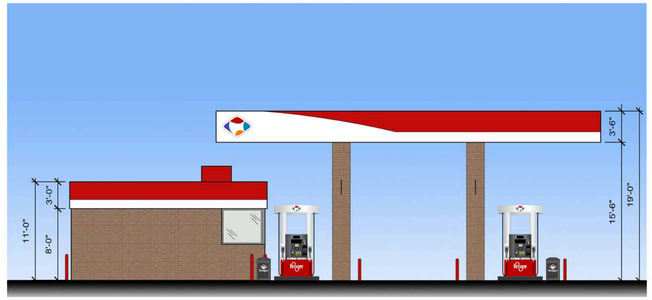
BELT LINE ROAD & MARSH LN
ADDISON TX, 75001

ZONING EXHIBIT

REV DATE	SHEET NO.
8/24/15 C-3	2

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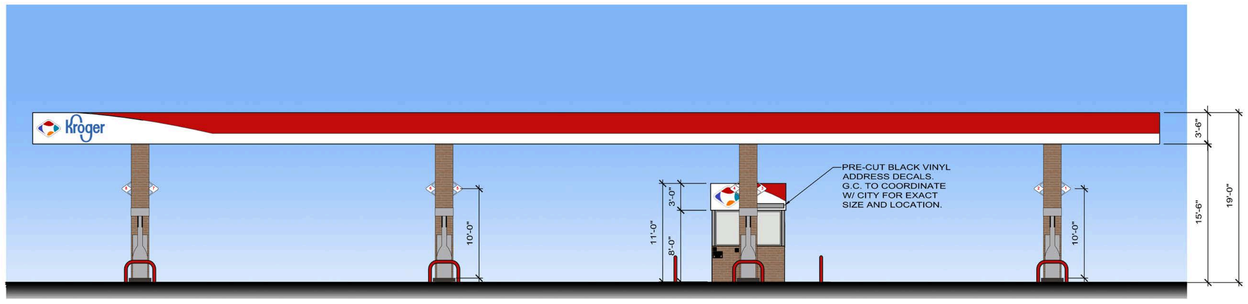
JOB # 26873 DRAWING: Kroger Fuel SW870 SUP R-1 - Copy.dwg LAST SAVED BY: JEVANS



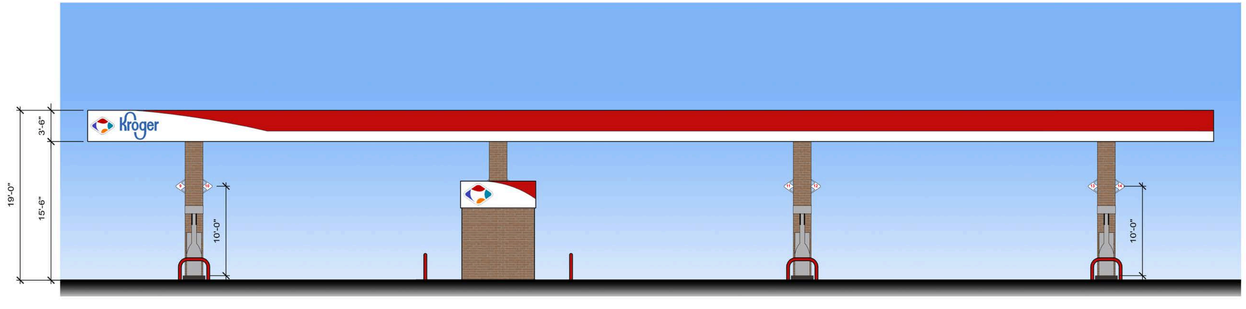
LEFT SIDE ELEVATION



RIGHT SIDE ELEVATION



FRONT ELEVATION

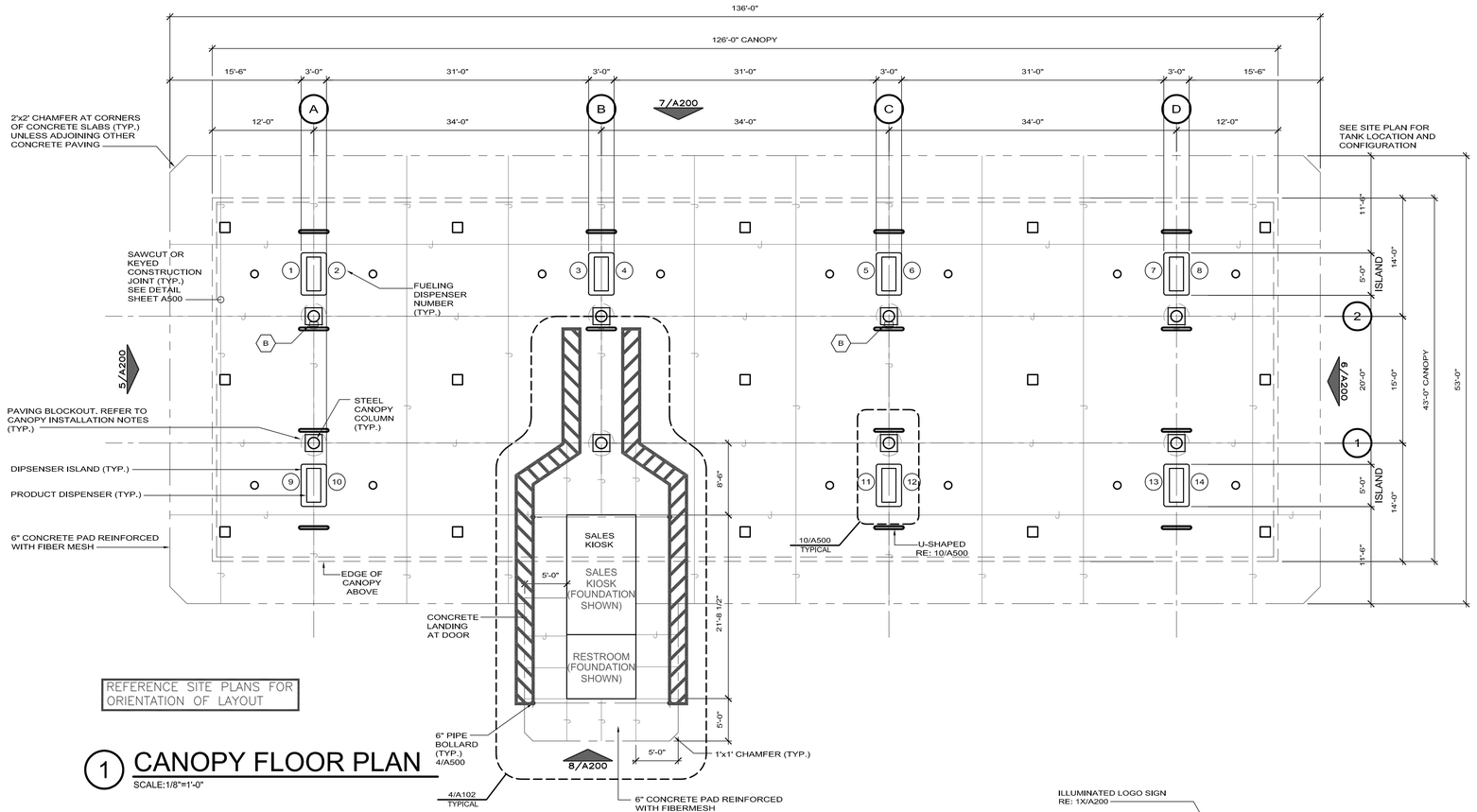


REAR ELEVATION

CDA
Architects
Member American Institute of Architects
Ray A. Duerer

Not for regulatory approval, permitting, or construction. Date: 8/5/2015

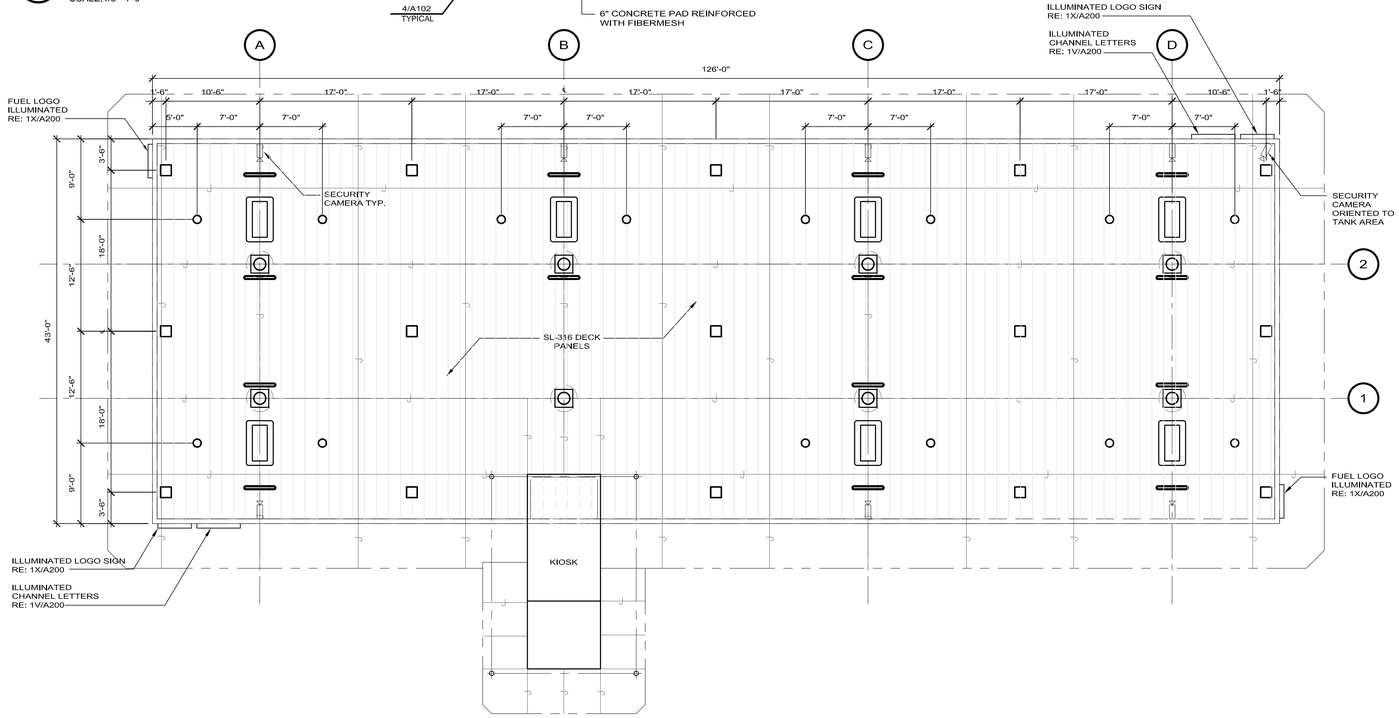
KROGER FUEL STATION SW-870
S.E.C. BELT LINE RD. & MARSH LN.
ADDISON, TX



REFERENCE SITE PLANS FOR ORIENTATION OF LAYOUT

1 CANOPY FLOOR PLAN

SCALE:1/8"=1'-0"



2 CANOPY REFLECTED CEILING PLAN

SCALE:1/8"=1'-0"

SITE NOTES FOR CANOPY INSTALLATION

1. TOP OF FIRST POUR OF COLUMN FOOTINGS SHALL BE AS SHOWN ON THE GRADING AND DRAINAGE PLAN DRAWING. ANY DEVIATION FROM THESE ELEVATIONS SHALL BE REPORTED TO CANOPY SUPPLIER PRIOR TO FABRICATION OF COLUMNS.
2. ANCHOR BOLTS SHALL BE INSTALLED PLUMB WITH TEMPLATES FURNISHED. ALL THREADS SHALL BE CLEAN AND FREE OF CONCRETE SPILLAGE.
3. BLOCK-OUT PAVING AT EACH COLUMN FOOTING SHALL BE AT LEAST SIX INCHES BEYOND EDGE OF COLUMN BASE PLATE AND SHALL BE A MINIMUM OF 36" DIAMETER.
4. ALL YARD PAVING WITHIN A DISTANCE OF FIVE FEET BEYOND THE PERIMETER OF THE CANOPY SHALL BE IN PLACE WITH NO OPEN HOLES OR TRENCHES PRIOR TO CANOPY INSTALLATION.
5. CONTRACTOR SHALL FURNISH A DUMPSTER ON SITE FOR USE BY CANOPY INSTALLER FOR CLEAN-UP OF CRATING AND SHIPPING DEBRIS.
6. CONTRACTOR SHALL BE RESPONSIBLE FOR FINAL COORDINATION OF INSTALLATION SCHEDULE WITH CANOPY SUPPLIER. ANY DEVIATION FROM THE MINIMUM SITE CONDITIONS LISTED ABOVE OR A CHANGE IN SCHEDULING RESULTING IN ADDITIONAL COST TO THE CANOPY SUPPLIER, WILL BE BACK-CHARGED TO THE CONTRACTOR.

EQUIPMENT LEGEND

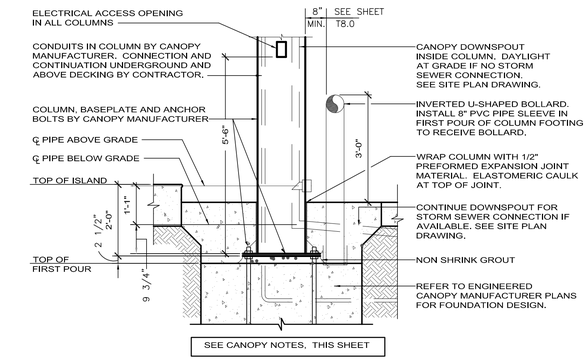
ALL EQUIPMENT FURNISHED BY OWNER UNLESS OTHERWISE SPECIFIED

(A) NOT USED

(B) 2-A: 10-B:C FIRE EXTINGUISHER IN STEEL CABINET (TYP. 2) G.C. TO MOUNT BOTTOM 32" ABOVE PAVING. CIVIL ENGINEER MUST VERIFY ACCESSIBILITY. G.C. TO ENSURE COMPLIANCE WITH 2012 T.A.S. SECTION 308 & 309. G.C. TOO ENSURE TRAVEL DISTANCE TO NEAREST FIRE EXTINGUISHER IS NO MORE THAN 75 FEET. SEE "CONSTRUCTION IMPROVEMENT PLAN"

GENERAL STRUCTURAL NOTES:

1. DESIGN CRITERIA
   > ALLOWABLE SOIL BEARING PRESSURE 1500 PSF
2. APPLICABLE CODES
   - 2.1. 2012 INTERNATIONAL BUILDING CODE WITH LOCAL AMENDMENTS.
   - 2.2. AMERICAN CONCRETE INSTITUTE, BUILDING CODE REQUIREMENTS FOR STRUCTURAL CONCRETE (ACI-318). LATEST EDITION
3. CANOPY
   - 3.1. CANOPY FOUNDATIONS SHALL BE CONSTRUCTED BY THE GENERAL CONTRACTOR IN ACCORDANCE WITH A DESIGN PROVIDED BY THE CANOPY MANUFACTURER, ANY DESIGN DETAILS ON THIS SHEET ARE PROVIDED FOR BID PURPOSES ONLY, AND MAY NOT REFLECT THE FINAL DESIGN.
   - 3.2. ANCHOR BOLTS ARE SUPPLIED BY CANOPY MANUFACTURER
   - 3.3. ANCHOR BOLT PATTERNS SHALL BE PROVIDED BY THE CANOPY MANUFACTURER
   - 3.4. CANOPY SUPERSTRUCTURE, INCLUDING COLUMNS, BASE PLATES AND ALL STRUCTURAL STEEL COMPONENTS SHALL BE SUPPLIED AND ERECTED BY THE CANOPY MANUFACTURER.
4. CAST-IN-PLACE CONCRETE
   - 4.1. STRUCTURAL CONCRETE FABRICATION AND CONSTRUCTION SHALL CONFORM TO ACI BUILDING CODE ACI-318, LATEST EDITION.
   - 4.2. PORTLAND CEMENT SHALL CONFORM TO ASTM C150, TYPE I UNLESS NOTED OTHERWISE IN GEOTECHNICAL REPORT.
   - 4.3. REINFORCING SHALL BE CONTINUOUS AROUND CORNERS AND AT ALL INTERSECTIONS. PROVIDE CORNER BARS IF NECESSARY WITH LAPS.
   - 4.4 MINIMUM REINFORCING COVER REQUIREMENTS ARE AS FOLLOW:
     - > CONCRETE CAST AGAINST EARTH 3 INCHES — 3 INCHES
     - > CONCRETE EXPOSED TO WEATHER OR EARTH:
       - > #6 BARS & LARGER — 2 INCHES
       - > #5 BARS & SMALLER — 1 1/2 INCHES
     - > CONCRETE SLABS, NOT EXPOSED TO WEATHER OR EARTH — 1 INCH
   - 4.5 REFER TO PROJECT SPECIFICATION SECTION 3300 FOR ADDITIONAL NOTES.



3 CANOPY COLUMN FOOTING DETAIL

SCALE:1/2"=1'-0"

NOT FOR REGULATORY APPROVAL, PERMITTING, OR CONSTRUCTION.
RAY DUERER
Date: 8/5/2015

CDA Architects
Member American Institute of Architects
17200 State Hwy 249, Suite 230
Houston, Texas 77064
832/678-9232 Fax 832/678-9240

Kroger

The Kroger Co.
Denver, CO 80238
2700 Commerce Center Dr.
Phone (303) 715-5900

CANOPY CONSTRUCTION PLANS

FUEL STATION SW-870
S.E.C. BELT LINE RD. & MARSH LN.
ADDISON, TEXAS 75001

SCALE: AS INDICATED
PROJECT:
DATE:
SHEET NO. A100

EQUIPMENT LEGEND

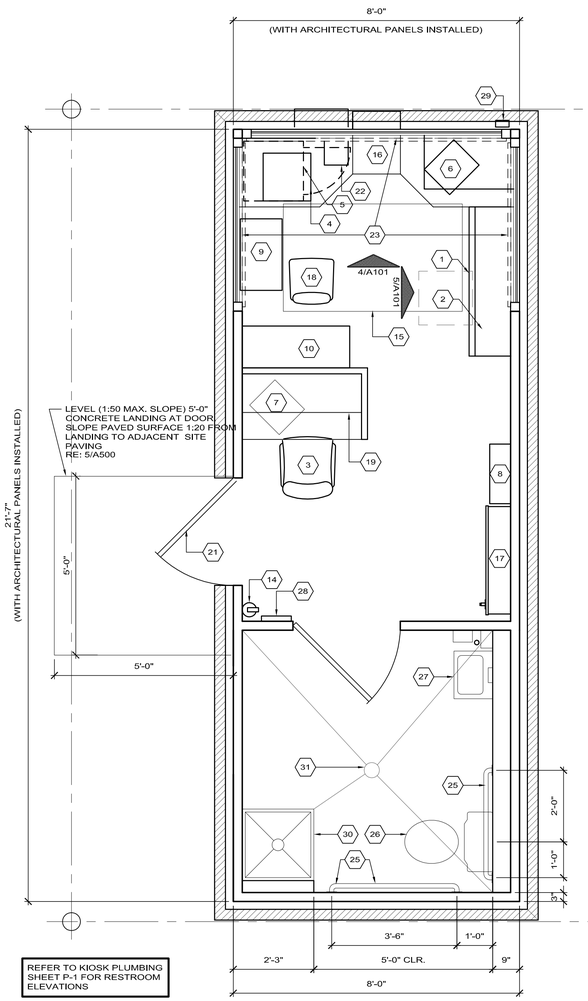
ALL EQUIPMENT FURNISHED BY OWNER UNLESS OTHERWISE SPECIFIED

1. 4' STORAGE RACK - BY G.C.
2. CANDY RACK
3. CHAIR
4. LOTTO MACHINE
5. SAFE
6. P.O.S. REGISTER
7. P.O.S. - BACK OFFICE UNIT
8. TANK MONITOR
9. CIGARETTE CARTON MERCHANDISER
10. CIGARETTE PACK MERCHANDISER
11. NOT USED
12. NOT USED
13. NOT USED
14. 2-A: 10-B:C FIRE EXTINGUISHER BY G.C., QUANTITIES AND LOCATIONS INSTALLED PER LOCAL CODE
15. ANTI-FATIGUE MAT
16. DEAL TRAY/MERCHANDISE DRAWER
17. PANEL BOARD
18. STOOL
19. SHELF ABOVE
20. 6" PIPE BOLLARD - BY G.C. (TYP. 4)
21. BULLETIN BOARD - G.C. TO MOUNT ABOVE PEEPHOLE
22. INTERCOM MASTER STATION
23. CIGARETTE MERCHANDISING SIGN PANELS
24. NOT USED
25. GRAB BARS (TYP.)-INSTALLED BY KIOSK MANUFACTURER
26. WATER CLOSET BY G.C, AMERICAN STANDARD MODEL #2377.100 (WHITE) PROVIDE WITH OPEN-FRONT SEAT (WHITE) & POLISHED CHROME WATER SUPPLY/STOP
27. LAVATORY-INSTALLED BY KIOSK MANUFACTURER
28. ALARM SYSTEM KEYPAD - G.C. TO ENSURE COMPLIANCE WITH 2012 T.A.S. SECTION 308 & 309.
29. EMERGENCY 911 CALL BOX (IF REQ'D.)
30. 2'x2' MOP SINK, FAUCET AND ALL TRIM, SUPPLIED BY KIOSK MANUFACTURER - INSTALLED BY G.C.
31. 3" FLOOR DRAIN BY G.C. JAY R. SMITH #2005-B

GENERAL NOTE:

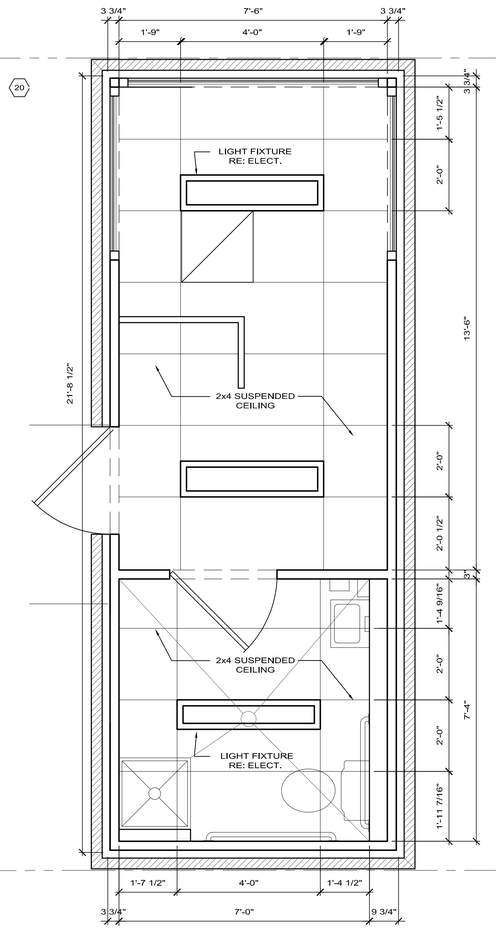
1. CONTRACTOR TO PROVIDE AND INSTALL KNOX KEY BOX ON FRONT OF BUILDING. (WWW.KNOXBOX.COM) CONTRACTOR TO COORDINATE WITH CITY FIRE MARSHAL FOR ANY ADDITIONAL REQUIREMENTS.

   KNOX COMPANY BRAND LOCKING KEY BOX WITH THE BAYTOWN FIRE DEPARTMENT'S KEYWAY, MOUNTED ON THE EXTERIOR AT MAIN ENTRANCE. MOUNT KNOX BOX NO HIGHER THAN 6 FEET A.F.F. KNOX BOX MUST BE INSTALLED WITH THE PROPER KEYS INSIDE PRIOR TO ISSUANCE OF CERTIFICATE OF OCCUPANCY.
2. KIOSK TO PROVIDE PRE-PACKAGED FOOD AND BEVERAGES ONLY.
3. WHERE APPLICABLE, ALL NEW EXIT SIGNAGE SHALL HAVE GREEN LETTERING.



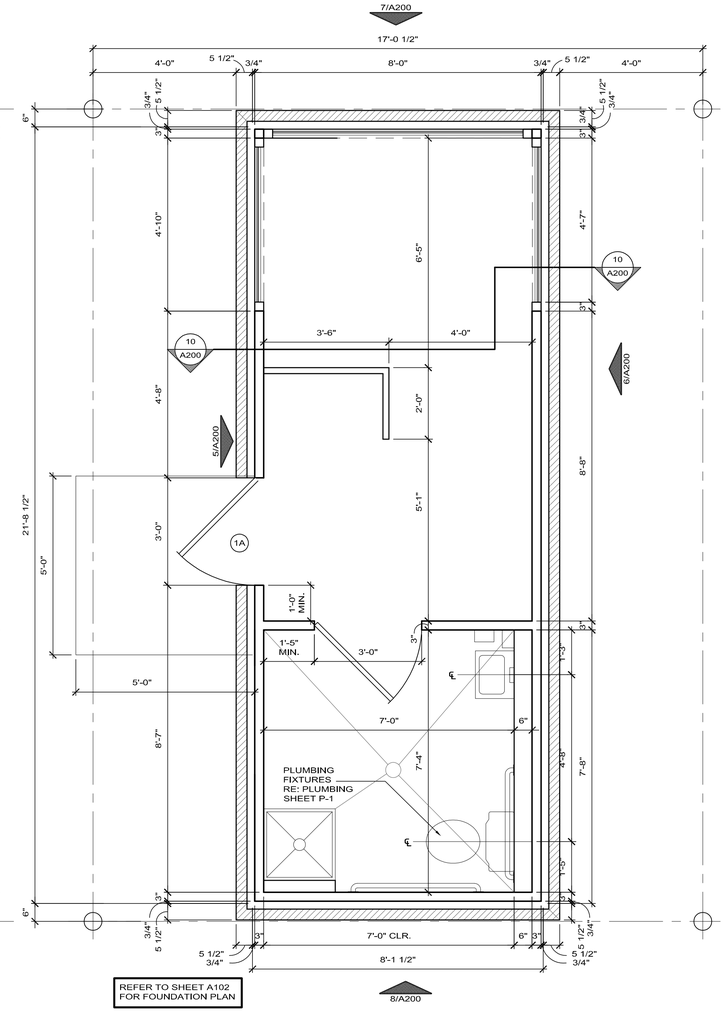
3 KIOSK FIXTURE PLAN

SCALE:1/2"=1'-0"



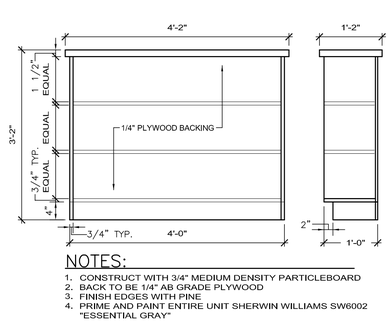
2 KIOSK REFLECTED PLAN

SCALE:1/2"=1'-0"



1 KIOSK FLOOR PLAN

SCALE:1/2"=1'-0"

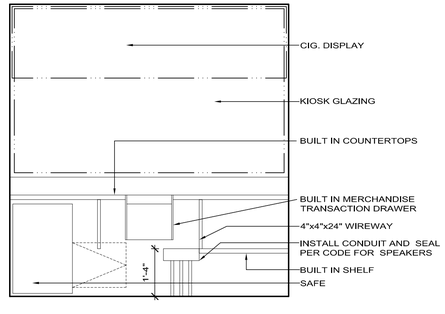


NOTES:

1. CONSTRUCT WITH 3/4" MEDIUM DENSITY PARTICLEBOARD
2. BACK TO BE 1/4" AB GRADE PLYWOOD
3. FINISH EDGES WITH PINE
4. PRIME AND PAINT ENTIRE UNIT SHERWIN WILLIAMS SW6002 "ESSENTIAL GRAY"

5 STORAGE RACK

SCALE:3/4"=1'-0"



4 KIOSK INTERIOR ELEVATION

SCALE:1/2"=1'-0"

NOT FOR REGULATORY APPROVAL, PERMITTING, OR CONSTRUCTION.
RAY DUERER
Date: 8/5/2015

CDA Architects
Member American Institute of Architects
17200 State Hwy 249, Suite 230
Houston, Texas 77064
832/678-9232 Fax 832/678-9240

Kroger
The Kroger Co.
Denver, CO 80229
1000 Kroger Way 80217
Phone (303) 731-5505

KIOSK CONSTRUCTION PLANS AND DETAILS

FUEL STATION SW-870
S.E.C. BELT LINE RD. & MARSH LN.
ADDISON, TEXAS 75001

SCALE: AS INDICATED
PROJECT:
DATE:
SHEET NO.
A101

TOWN OF ADDISON, TEXAS

ORDINANCE NO. 015-_____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE TO GRANT A SPECIAL USE PERMIT FOR A GASOLINE SERVICE STATION ON PROPERTY LOCATED AT 3770 BELT LINE ROAD; PROVIDING A PENALTY NOT TO EXCEED TWO THOUSAND AND NO/100 DOLLARS ($2,000.00) FOR EACH OFFENSE AND A SEPARATE OFFENSE SHALL BE DEEMED COMMITTED EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; AND PROVIDING FOR SAVINGS, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, after due deliberations and consideration of the recommendation of the Planning and Zoning Commission, the information received at a public hearing, and other relevant information and materials, the City Council of the Town of Addison, Texas finds that this ordinance promotes the general welfare and safety of this community.

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

Section 1. That the recitals and findings set forth above are hereby found to be true and correct and incorporated as if fully set forth herein.

Section 2. That a Special Use Permit authorizing a gasoline service station on the property located at 3770 Belt Line Road (the "Property") is hereby granted subject to the following conditions:

(a) Prior to the issuance of a Certificate of Occupancy, the Property shall be improved in accordance with the site plan, floor plan, landscape plan, and building elevations which are attached hereto as **Exhibit A** and made a part hereof for all purposes.

(b) Prior to the issuance of a Certificate of Occupancy for the gasoline service station, the owner of the Addison Town Center shopping center shall obtain building permits for and start construction work on the exterior facade of the grocery store in accordance with the provisions of Ordinance _____ .

Section 3. That any person, firm, or corporation violating any of the provisions or terms of this ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the city, as heretofore amended, and upon conviction shall be punished by a fine set in accordance with Chapter 1, General Provisions, Section 1.10, General penalty for violations of Code; continuing violations, of the Code of Ordinances for the Town of Addison.

Section 4. That it is the intention of the City Council that this ordinance be considered in its entirety, as one ordinance, and should any portion of this ordinance be held to be void or unconstitutional, then said ordinance shall be void in its entirety, and the City Council would not

have adopted said ordinance if any part or portion of said ordinance should be held to be unconstitutional or void.

Section 5. That all ordinances of the City in conflict with the provisions of this ordinance be, and the same are hereby repealed and all other ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

Section 6. That this Ordinance shall become effective from and after its passage and approval and after publication as may be required by law or by the City Charter or ordinance.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, on this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

_____
Laura Bell, City Secretary

PUBLISHED ON: _____

APPROVED AS TO FORM:

_____
Brenda N. McDonald, City Attorney

EXHIBIT A

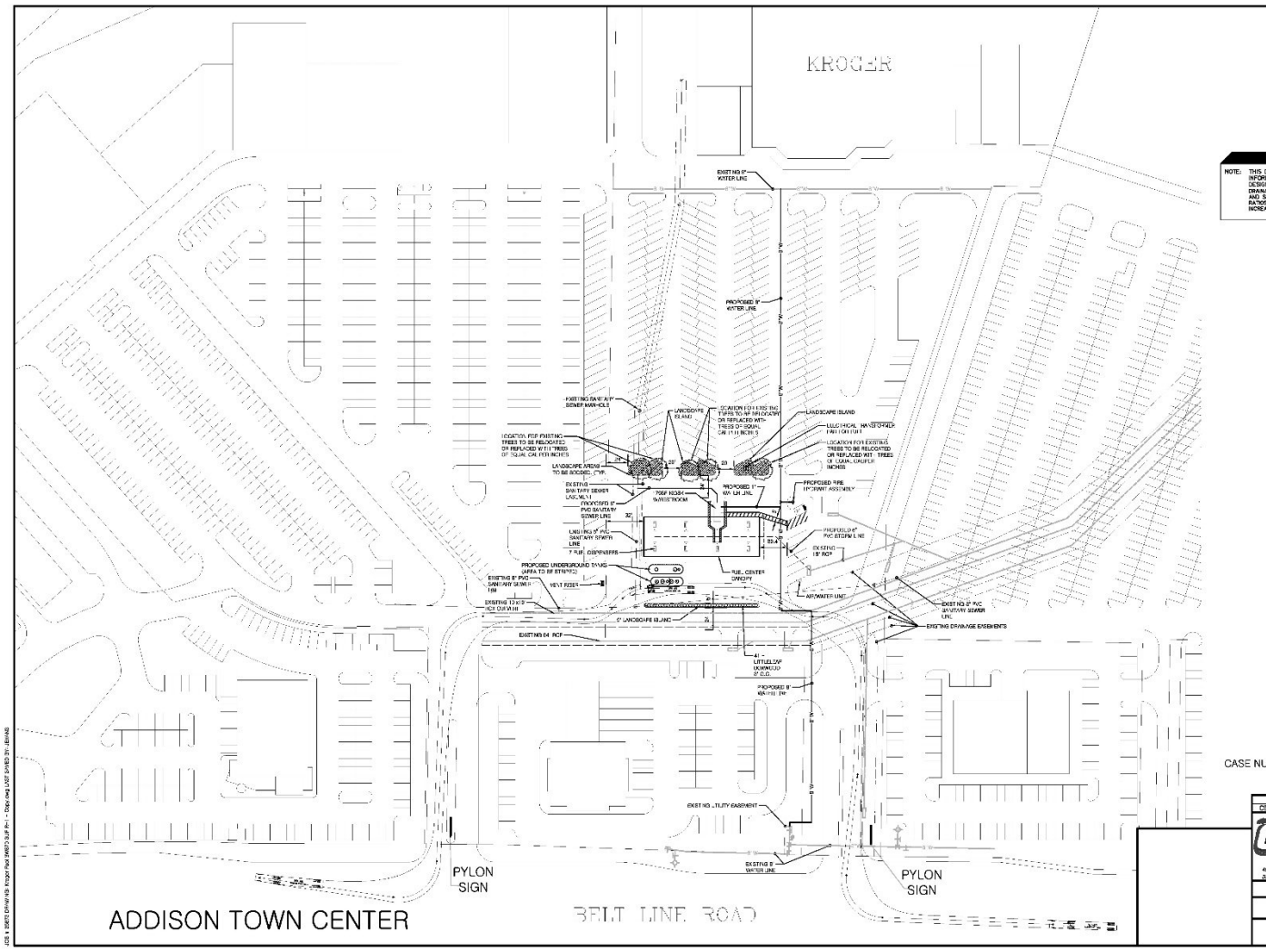

KROGER
PYLON SIGN
PYLON SIGN
ADDISON TOWN CENTER
BELT LINE ROAD

EXHIBIT A

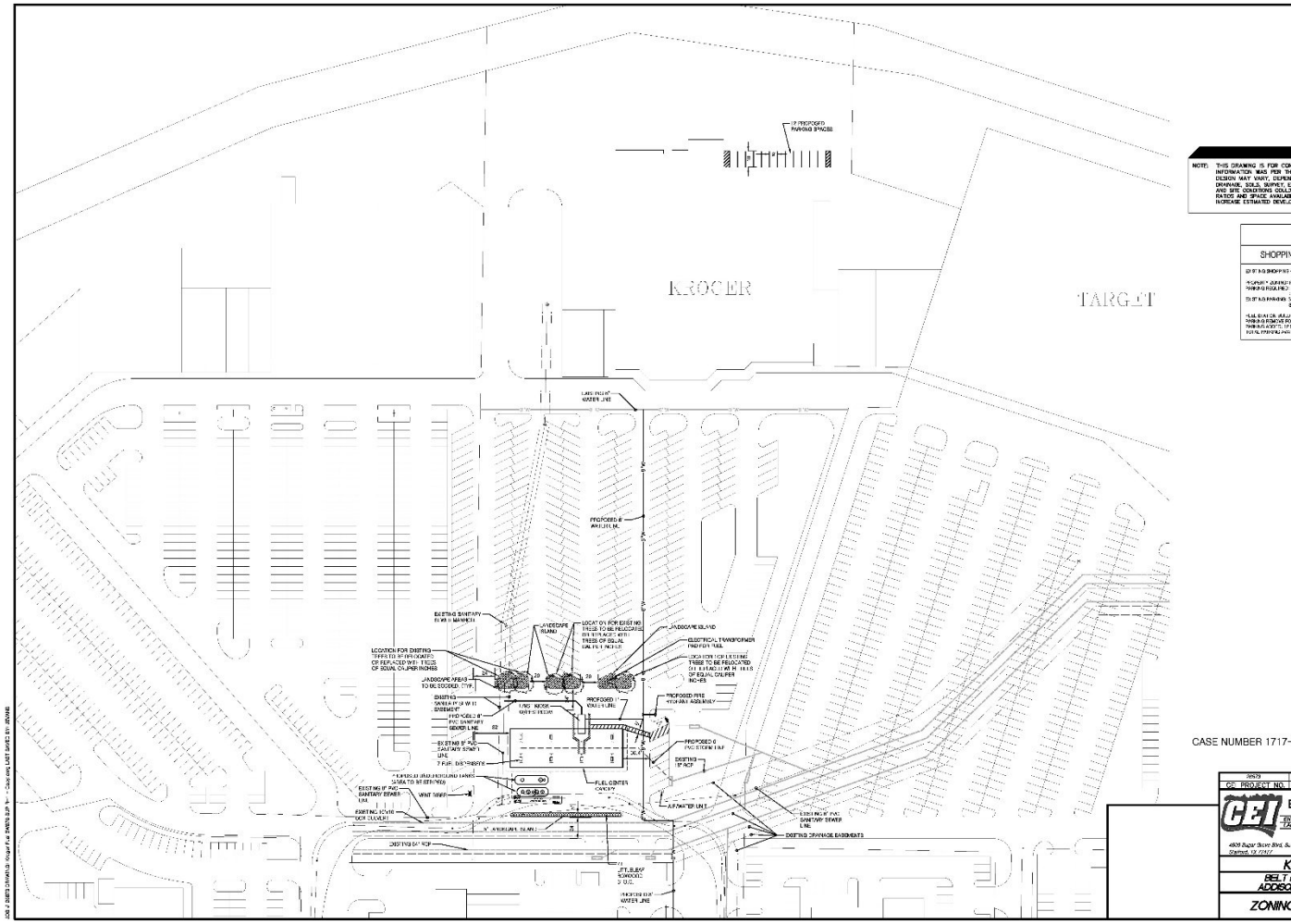


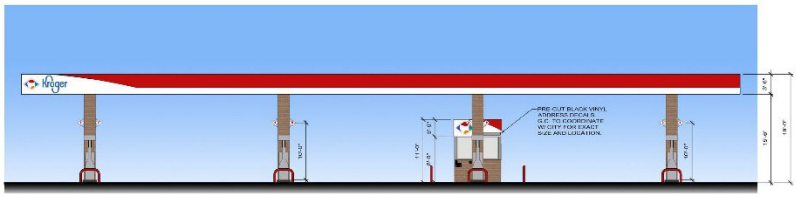
EXHIBIT A



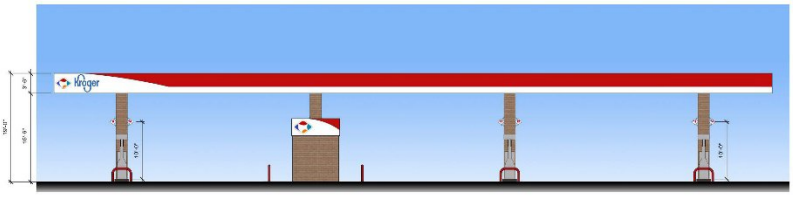
LEFT SIDE ELEVATION



RIGHT SIDE ELEVATION



FRONT ELEVATION



REAR ELEVATION

CDA Architects
Member American Institute of Architects
Ray A. Duerer
Not for regulatory approval, permitting, or construction. Date: 8/5/2015

KROGER

EXHIBIT A

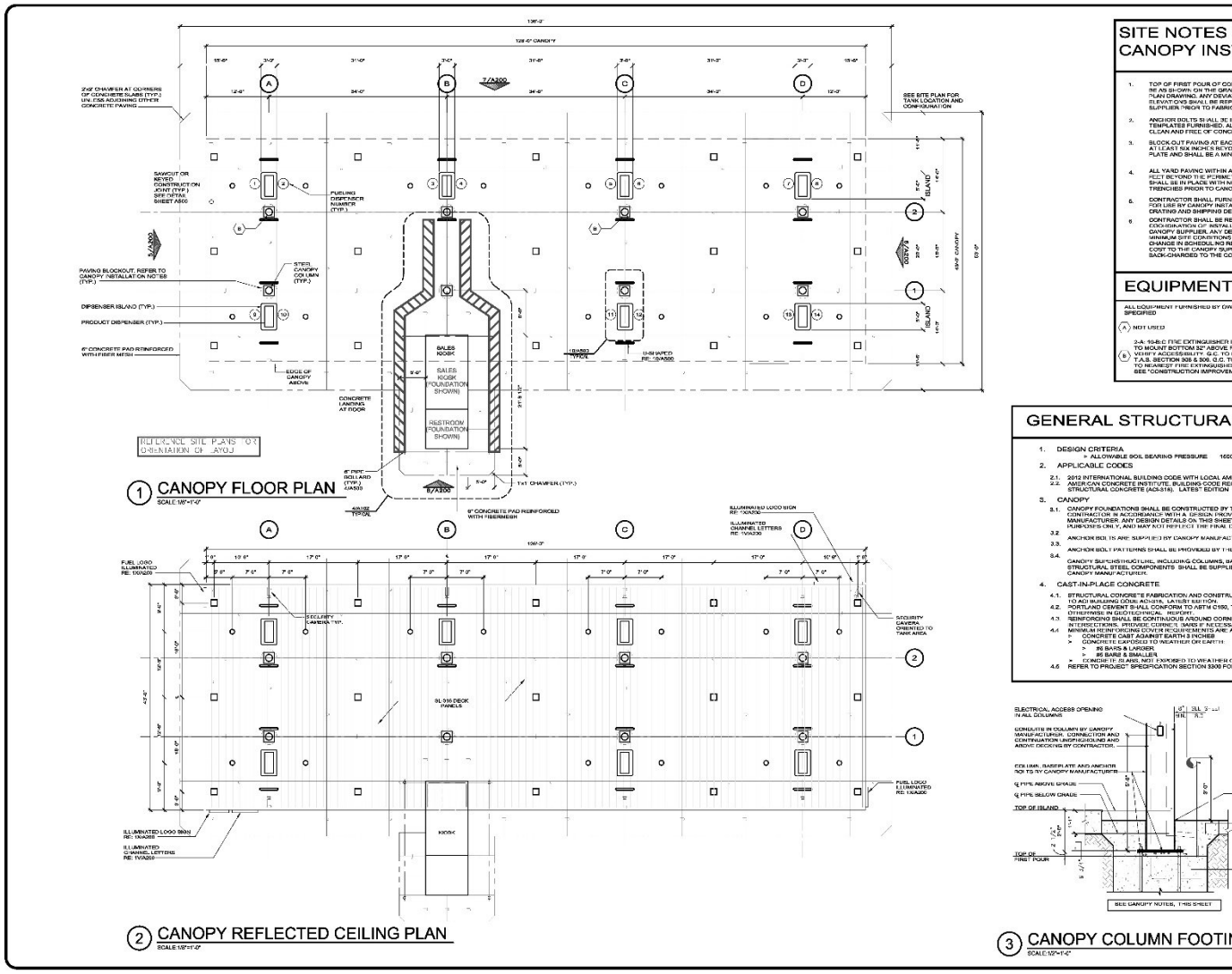
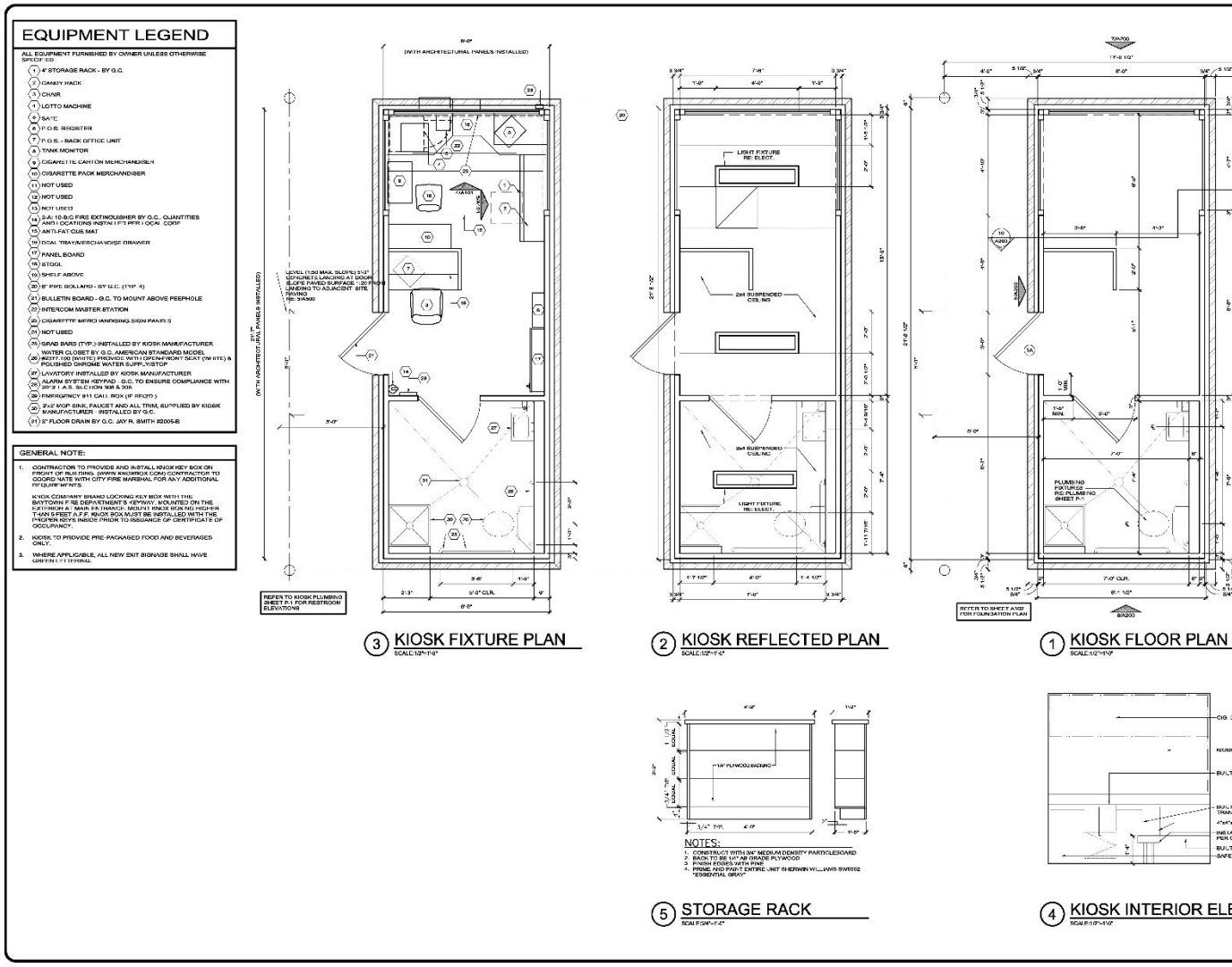

SITE NOTES
CANOPY INS
EQUIPMENT
GENERAL STRUCTURA
1 CANOPY FLOOR PLAN
SCALE: 1/8"=1'-0"
2 CANOPY REFLECTED CEILING PLAN
SCALE: 1/8"=1'-0"
3 CANOPY COLUMN FOOTI
SCALE: 1/2"=1'-0"
SEE CANOPY NOTES, THIS SHEET

EXHIBIT A


EQUIPMENT LEGEND
ALL EQUIPMENT FURNISHED BY OWNER UNLESS OTHERWISE SPECIFIED
1 4' STORAGE RACK - BY G.C.
2 VANITY RACK
3 CHAIR
4 LOTTO MACHINE
5 SAFE
6 P.O.S. REGISTER
7 P.O.S. - BACK OFFICE UNIT
8 TANK MONITOR
9 CIGARETTE CARTON MERCHANDISER
10 CIGARETTE PACK MERCHANDISER
11 NOT USED
12 NOT USED
13 NOT USED
14 2-A; 10-B;C FIRE EXTINGUISHER BY G.C., QUANTITIES AND LOCATIONS INSTALLED PER LOCAL CODE
15 ANTI-FAT CUE MAT
16 TOTAL TRAY/MERCHANDISE DRAWER
17 PANEL BOARD
18 STOOL
19 SHELF ABOVE
20 6" PIPE BOLLARD - BY G.C. (TYP. 4)
21 BULLETIN BOARD - G.C. TO MOUNT ABOVE PEEPHOLE
22 INTERCOM MASTER STATION
23 CIGARETTE BRAND LABELING SIGN PANELS
24 NOT USED
25 GRAB BARS (TYP.) INSTALLED BY KIOSK MANUFACTURER
26 WATER CLOSET BY G.C. AMERICAN STANDARD MODEL #2277.100 (WHITE) PROVIDE WITH OPEN-FRONT SEAT (WHITE) & POLISHED CHROME WATER SUPPLY STOP
27 LAVATORY INSTALLED BY KIOSK MANUFACTURER
28 ALARM SYSTEM KEYPAD - G.C. TO ENSURE COMPLIANCE WITH 2012 I.A.S. SECTION 308 & 309.
29 EMERGENCY 911 CALL BOX (IF REQ'D.)
30 2'x2' MOP SINK, FAUCET AND ALL TRIM, SUPPLIED BY KIOSK MANUFACTURER - INSTALLED BY G.C.
31 3" FLOOR DRAIN BY G.C. JAY R. SMITH #2005-B
GENERAL NOTE:
1. CONTRACTOR TO PROVIDE AND INSTALL KNOX KEY BOX ON FRONT OF BUILDING. (WWW.KNOXBOX.COM) CONTRACTOR TO COORDINATE WITH CITY FIRE MARSHAL FOR ANY ADDITIONAL REQUIREMENTS.
KNOX COMPANY BRAND LOCKING KEY BOX WITH THE BAYTOWN F.R.E DEPARTMENT'S KEYWAY, MOUNTED ON THE EXTERIOR A.T. MAIN ENTRANCE. MOUNT KNOX BOX NO HIGHER THAN 5 FEET A.F.F. KNOX BOX MUST BE INSTALLED WITH THE PROPER KEYS INSIDE PRIOR TO ISSUANCE OF CERTIFICATE OF OCCUPANCY.
2. KIOSK TO PROVIDE PRE-PACKAGED FOOD AND BEVERAGES ONLY.
3. WHERE APPLICABLE, ALL NEW EXIT SIGNAGE SHALL HAVE GREEN LETTERING.
(WITH ARCHITECTURAL PANELS INSTALLED)
REFER TO KIOSK PLUMBING SHEET P-1 FOR RESTROOM ELEVATIONS
3 KIOSK FIXTURE PLAN
SCALE: 1/2"=1'-0"
LIGHT FIXTURE RE: ELECT.
2x4 SUSPENDED CEILING
2 KIOSK REFLECTED PLAN
SCALE: 1/2"=1'-0"
REFER TO SHEET A102 FOR FOUNDATION PLAN
1 KIOSK FLOOR PLAN
SCALE: 1/2"=1'-0"
NOTES:
1. CONSTRUCT WITH 3/4" MEDIUM DENSITY PARTICLEBOARD
2. BACK TO BE 1/4" AB GRADE PLYWOOD
3. FINISH EDGES WITH PINE
4. PRIME AND PAINT ENTIRE UNIT SHERWIN WILLIAMS SW6002 "ESSENTIAL GRAY"
5 STORAGE RACK
SCALE: 1/2"=1'-0"
4 KIOSK INTERIOR ELE
SCALE: 1/2"=1'-0"

AI-1395 **Item # 26.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Hold A Public Hearing, Consider And Approve An **Ordinance Approving A Special Use Permit For The Sale Of Alcoholic Beverages For On-Premises Consumption Only On Property Located At 15650 Addison Road On Application From The Town Of Addison** . Case 1721-SUP/Addison Conference and Theatre Centre/Mr. Mark Gooch.

BACKGROUND:

COMMISSION FINDINGS:
The Addison Planning and Zoning Commission, meeting in regular session on October 20, 2015, voted to recommend approval of ordinance granting a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only on property located at 15650 Addison Road, subject to no conditions.

Voting Aye: Griggs, Morgan, Robbins, Robinson, Schaeffer, Smith
Voting Nay: none
Absent: Ennis

RECOMMENDATION:

Administration recommends approval.

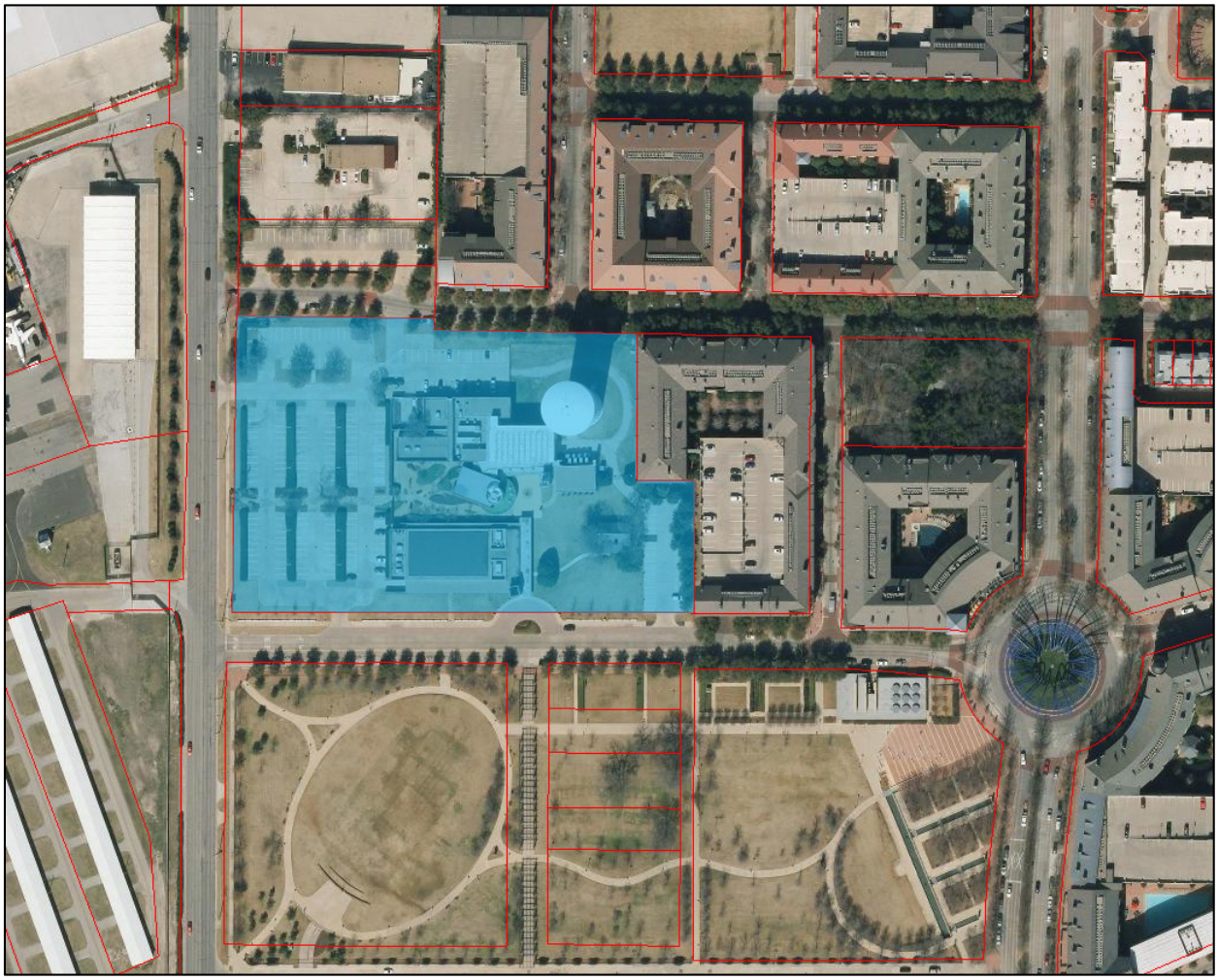
Attachments

1721-SUP Council Packet
Ordinance

1721-SUP

PUBLIC HEARING Case 1721-SUP/Addison Conference and Theatre Centre. Public hearing, discussion, and take action on a recommendation for an ordinance approving a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only on property located at 15650 Addison Road on application from the Town of Addison, represented by Mr. Mark Gooch.

LOCATION MAP



October 16, 2015

STAFF REPORT

RE:	Case 1721-SUP/Addison Conference and Theatre Centre
LOCATION:	15650 Addison Road
REQUEST:	Approval of a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only
APPLICANT:	The Town of Addison, represented by Mr. Mark Gooch

DISCUSSION:

Background: The Addison Conference and Theatre Centre was constructed in 1991 on 5.899 acres at the corner of Addison Road and Addison Circle. The complex consists of three buildings, the Conference Centre, the Theatre, and the Stone Cottage. Each of these facilities is owned and operated by the Town and can be rented out for various meetings, events, and productions.

Proposed Plan: The Water Tower Theatre has requested permission to sell alcoholic beverages to patrons during their productions. The Town, as the landlord, has reviewed and approved this request. However, in order to get licensed by the TABC, a Special Use Permit for the sale of alcoholic beverages for on-premises consumption is required. This would apply to all three facilities.

RECOMMENDATION: **APPROVAL**

The Town and the WaterTower Theatre have a long history working together and they have been a good partner. Many theatres venues are now serving alcoholic beverages during their productions. The ability to serve alcoholic beverages should help our Theatre compete on a full service level. Staff recommends approval of the request for a Special Use Permit for the sale of alcoholic beverages for on-premises consumption subject to no conditions.

Land Use Analysis

Attributes of Success Matrix

Addison Conference and Theatre Centre, 15650 Addison Road **1721-SUP**

Attribute	Comment	Score
Competitive	This property is a competitive meeting and events venue. The theatre produces many successful productions a year. The ability to serve alcohol will allow them to be more competitive.	
Safe	The site is safe.	
Functional	The property functions well.	
Visually Appealing	The site is well designed and is visually appealing.	
Supported with Amenities	The site's location in Addison Circle adds to the positive mixed use environment of that neighborhood.	
Environmentally Responsible	The property is operated in an environmentally responsible manner.	
Walkable	The site is walkable from Addison Circle.	
Overall Assessment	**The Conference and Theatre Center is a unique amenity to the Town. The ability to service alcohol will allow the facility to provide additional offerings to their clients and patrons.**	

Case 1721-SUP/Addison Conference and Theatre Centre
October 20, 2015

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on October 20, 2015, voted to recommend approval of ordinance granting a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only on property located at 15650 Addison Road, subject to no conditions.

Voting Aye: Griggs, Morgan, Robbins, Robinson, Schaeffer, Smith
Voting Nay: none
Absent: Ennis

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE TO GRANT A SPECIAL USE PERMITS FOR THE SALE OF ALCOHOLIC BEVERAGES FOR ON-PREMISES CONSUMPTION FOR PROPERTY LOCATED AT 15650 ADDISON ROAD; PROVIDING A PENALTY NOT TO EXCEED TWO THOUSAND AND NO/100 DOLLARS ($2,000.00) FOR EACH OFFENSE AND A SEPARATE OFFENSE SHALL BE DEEMED COMMITTED EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; PROVIDING FOR SAVINGS, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the property located at 15650 Addison Road is the Addison Conference and Theatre Centre with three buildings including the Conference Centre, Theatre, and Stone Cottage; and

WHEREAS, after due deliberations and consideration of the recommendation of the Planning and Zoning Commission, the information received at a public hearing, and other relevant information and materials, the City Council of the Town of Addison, Texas finds that this ordinance promotes the general welfare and safety of this community.

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

Section 1. That the recitals and findings set forth above are hereby found to be true and correct and incorporated as if fully set forth herein.

Section 2. That a Special Use Permit authorizing the sale of alcoholic beverages for on-premises consumption only, on the property located at 15650 Belt Line Road, is hereby granted.

Section 3. That any person, firm, or corporation violating any of the provisions or terms of this ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the city, as heretofore amended, and upon conviction shall be punished by a fine set in accordance with Chapter 1, General Provisions, Section 1.10, General penalty for violations of Code; continuing violations, of the Code of Ordinances for the Town of Addison.

Section 4. That it is the intention of the City Council that this ordinance be considered in its entirety, as one ordinance, and should any portion of this ordinance be held to be void or unconstitutional, then said ordinance shall be void in its entirety, and the City Council would not have adopted said ordinance if any part or portion of said ordinance should be held to be unconstitutional or void.

Section 5. That all ordinances of the City in conflict with the provisions of this ordinance be, and the same are hereby repealed and all other ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

Section 6. That this Ordinance shall become effective from and after its passage and approval and after publication as may be required by law or by the City Charter or ordinance.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, on this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

_____
Laura Bell, City Secretary

PUBLISHED ON: _____

APPROVED AS TO FORM:

_____
Brenda N. McDonald, City Attorney

AI-1398 **Item # 27.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Hold A Public Hearing,Consider And Approve An **Ordinance Amending Article XXI (Landcaping Regulations) By Revising The Requirements Relating To The Maintenance Of Irrigation Systems And Enforcement.** Case 1722-Z/Town of Addison/Charles Goff.

BACKGROUND:

COMMISSION FINDINGS:
The Addison Planning and Zoning Commission, meeting in regular session on September 15, 2015, voted to table this item. It was reconsidered at a special meeting on November 3, 2015 where the Commission recommend approval of an ordinance amending Article XXI (Landscaping Regulations) of the Zoning Code by revising the requirements relating to the maintenance of irrigation systems and enforcement subject to the ordinance being written so that the regulation of irrigation systems be applicable to all properties in the Town.

Voting Aye: Ennis, Griggs, Schaeffer, Robbins, Robinson
Voting Nay: Smith
Abstain: none
Absent: Morgan

RECOMMENDATION:

Administration recommends approval.

Attachments

Ordinance

Supplemental Information

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING THE CODE OF ORDINANCES, APPENDIX A – ZONING, ARTICLE XXI BY ADDING LANDSCAPING REGULATIONS RELATED TO RAIN SHUT-OFF DEVICES FOR IRRIGATION SYSTEMS AND GRANTING ENFORCEMENT AUTHORITY TO THE DIRECTOR OF THE PARKS DEPARTMENT; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR A PENALTY OF A FINE NOT TO EXCEED THE SUM OF TWO THOUSAND DOLLARS ($2,000) FOR EACH OFFENSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Addison, Texas (the "City") is a home rule municipality having full power of local self-government pursuant to Article 11, Section 5 of the Texas Constitution and its Home Rule Charter; and

WHEREAS, the Texas Commission of Environmental Quality promulgated regulations related to irrigation systems installed throughout the State of Texas; and

WHEREAS, the Texas Administrative Code requires all irrigators, installers, irrigation technicians, and inspectors to conform to the current adopted rules of the State of Texas and any local rules that do not conflict with the State's rules, or that are more stringent than the State rules; and

WHEREAS, installation of water conservation technology in irrigation systems preserves a finite resource and allows the City to plan for efficient use of water resources; and

WHEREAS, irrigations systems that operate during freezing temperatures create a hazard to the public by icing roads and sidewalks; and

WHEREAS, the City Council, acting pursuant to law, deems it advisable to adopt regulations requiring the installation of rain, moisture, and freeze shut-off devises on irrigations systems and determines that such devices can efficiently be installed on existing irrigations systems when repairs or maintenance occur;

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

Section 1. The Code of Ordinances (the "Code") of the Town of Addison, Texas Appendix A (Zoning), Article XXI (Landscaping Regulations), Section 10 (Landscape Maintenance) of the Code is hereby amended to add a new Subsection (C) which shall read in its entirety as follows:

(C) Rain, Moisture, and Freeze Shut-Off Devices

(1) All automatically controlled irrigation systems required to be installed by a Landscape or Irrigation Plan must include rain, moisture, and freeze shut-off devices and sensors or other technology designed to inhibit or interrupt operation of the irrigation system during periods of moisture, rainfall, or freezing temperatures. Following adoption of this ordinance, all properties identified in Subsection 10(C)(3) where a new certificate of occupancy is requested will be required to submit a letter from a licensed irrigator that the irrigation system complies with the provisions of this ordinance and includes an operational sensor or other technology designed to inhibit or interrupt operation of the irrigation system during periods of freezing weather and moisture or rainfall. Repairs to existing automatic irrigation systems on all properties identified in Subsection 10(C)(3) that require replacement of an existing controller must include an operational sensor or other technology designed to inhibit or interrupt operation of the irrigation system during periods of freezing weather and moisture or rainfall.

(2) It shall be unlawful to permit or allow any irrigation system to spray water over surfaces made of concrete, asphalt, brick, wood, stones set in mortar, or any other impervious material such as, but not limited to, walls, fences sidewalks, and streets. Irrigation systems adjacent to any street, sidewalk, alley, highway or parking lot shall not operate so as to cause damage to other property or to interfere with the free movement of any vehicle or pedestrian.

(3) This Subsection applies to all property within the city limits of the Town of Addison.

Section 2. The Code of Ordinances (the "Code") of the Town of Addison, Texas Appendix A (Zoning), Article XXI (Landscaping Regulations), Section 11 (Enforcement) is hereby amended to read in its entirety as follows:

Section 11. - Enforcement.

(A) The provisions of this Article may be enforced against any property owner or property manager or tenant or person or entity in possession of the property for violation of the provisions contained herein. In addition to the issuance of a citation as provided in subsection (B) below which does not require notice, following continued violation after ten days' written notice of the violation to any of the responsible parties identified above, the Town shall have the right to:

(1) Revoke any building permits, certificates of occupancy, or other approvals or permits previously issued for the premises.

(2) Withhold approval for building permits, certificates of occupancy, and other permits or approvals relating to the premises.

(3) Enter onto the premises and perform care and maintenance. The property owner and tenants of any part of the premises on which such work is performed shall jointly and severally be liable for the costs of such work and shall promptly reimburse the town for such costs. If such property owner or tenant shall fail to reimburse the town within 30 days after receipt of a statement for such work from the town, the said indebtedness shall be a debt of all of said persons jointly and severally, and shall constitute a lien against the premises on which the work was performed. The lien may be evidenced by an affidavit of costs filed in the real property records.

(B) Any person that violates any of the provisions of this article shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in a sum not to exceed $2,000.00 and a separate offense shall be deemed committed upon each day during or on which a violation occurs or continues.

(C) Enforcement of this Article shall be the responsibility of the Building Official, code enforcement officer, police officer or other designee of the City Manager. It shall be unlawful for any person to interfere or prevent authorized enforcement personnel in the performance of their duties.

Section 3. Recitals. The above and foregoing recitals are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 4. Savings; Repealer. This Ordinance shall be cumulative of all other ordinances of the City and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those ordinances are in direct conflict with the provisions of this Ordinance. Provided, however, that the repeal of such ordinances or parts of such ordinances and the amendments and changes made by this Ordinance, shall not affect any right, property or claim which was or is vested in the City, or any act done, or right accruing or accrued, or established, or any suit, action or proceeding had or commenced before the time when this Ordinance shall take effect; nor shall said repeals, amendments or changes affect any offense committed, or an penalty or forfeiture incurred, or any suit or prosecution pending at the time when this Ordinance shall take effect under any of the ordinances or sections thereof so repealed, amended or changed; and to that extent and for that purpose the provisions of such ordinances or parts of such ordinances shall be deemed to remain and continue in full force and effect.

Section 5. Severability. The sections, paragraphs, sentences, phrases, clauses and words of this Ordinance are severable, and if any section, paragraph, sentence, phrase, clause or word in this Ordinance or application thereof to any person or circumstances is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares that it would have passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

Section 6. Penalty. Any person, firm, or corporation violating any of the provisions of this ordinance shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed the sum of Two Thousand Dollars ($2,000.00) for each offense and each and every such day such offense shall continue shall be deemed to constitute a separate offense.

Section 7. Effective Date. This Ordinance shall take from and after its adoption and publication as required by law.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the _____ day of _____, 2015.

_____
Todd Meier, Mayor
Town of Addison, Texas

ATTEST:

_____
Laura Bell, City Secretary

APPROVED AS TO FORM:

_____
Brenda N. McDonald, City Attorney

October 30, 2015

STAFF REPORT

RE:	Case 1722-Z/Town of Addison
LOCATION:	N/A – This is a text amendment to the zoning code.
REQUEST:	Approval of an ordinance amending Article XXI (Landscaping Regulations) by revising the requirements for maintenance of irrigation systems and enforcement.
APPLICANT:	Town of Addison, represented by Mr. Charles Goff

CASE HISTORY:

The Commission voted to table this item at the October 20, 2015 meeting and requested that staff consider revisions to the proposed amendments. In further discussion with the City Attorney, staff is bringing the proposal back as originally submitted and will be prepared to discuss in more detail at the meeting.

DISCUSSION:

Background: From time to time, situations occur where property owners do not shut off their irrigation systems when the temperature is at or below freezing. This can cause water to spray on to streets and sidewalks, accumulate and turn to ice. This creates a hazardous condition. Staff has been asked to strengthen our current regulations in order to prevent this from occurring.

Addison's Landscape regulations are part of the zoning code. This requires that any change to these regulations go through the zoning process for adoption.

Current Request: Staff is proposing to revise Article XXI (Landscaping Regulations), Section 10 (Landscape Maintenance) to add several new requirements. The first would require that all

automatically controlled irrigation systems install a rain, moisture and freeze shut-off devices, sensors or other technology designed to inhibit or interrupt operation of the irrigation system during periods of moisture, rainfall, or freezing temperatures. Existing systems would need to be brought into compliance when repairs are necessary or if there is a change on the property which requires a new certificate of occupancy.

The proposed new requirements would also prohibit spraying water over surfaces made of concrete, asphalt, brick, wood, stones set in mortar, or any other impervious material. Furthermore, systems adjacent to streets, sidewalks, alleys, and parking lots must not cause damage to other property or interfere with the free movement of vehicles or pedestrians.

These new regulations would apply to all zoning districts which are bound by the landscape ordinance. This is every property except those zoned in one of the Town's residential districts (R-1, R-2, R-3, and R-16).

Section 11 (Enforcement) is also being amended to grant authority to the police department, the building official or the city manager's designee to enforce these requirements. Should a property be found in violation of these requirements, they can be cited by the Town.

RECOMMENDATION: **APPROVAL**

The proposed changes will bring Town requirements in line with current TCEQ regulations with regards to rain/freeze sensors. The new requirements will limit the likelihood of irrigation systems causing hazardous conditions during cold weather and better enable the Town to respond when a situation arises to make sure that it does not occur repeatedly. Staff recommends approval, subject to no conditions.

Case 1722-Z/Town of Addison
November 3, 2015

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on September 15, 2015, voted to table this item. It was reconsidered at a special meeting on November 3, 2015 where the Commission recommend approval of an ordinance amending Article XXI (Landscaping Regulations) of the Zoning Code by revising the requirements relating to the maintenance of irrigation systems and enforcement subject to the ordinance being written so that the regulation of irrigation systems be applicable to all properties in the Town.

Voting Aye:	Ennis, Griggs, Schaeffer, Robbins, Robinson
Voting Nay:	Smith
Abstain:	none
Absent:	Morgan

AI-1364 **Item # 28.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Approve A Ground Lease Assignment From Tailwind Worldwide To Mills Group, Inc. On Addison Airport For Office Space At 4584 Claire Chennault And The Creation Of A Leasehold Mortgage.**

BACKGROUND:

On June 17, 1981, the Town of Addison, Addison Airport of Texas, Inc. (Landlord), and Donham Oil Tool Company (Donham) entered into a ground lease for certain real property located at 4584 Claire Chennault Drive. By virtue of subsequent assignments and conveyances, Tailwind Worldwide LP, acquired the existing building improvements and underlying leasehold interests from Cherry Air, Inc. in December, 2011.

The subject ground lease consists of 35,000 square feet of real property located at 4584 Claire Chennault Drive with 12,185 square feet of metal-clad hangar space, 1,500 square feet of office space, limited off-street parking and 11,350 square feet of aircraft ramp subject to the Reciprocal Easement Agreement described above. The permitted use of the leased premises as provided for in the Ground Lease includes the typical aeronautical uses found in most other Addison Airport ground leases, however a limiting provision added to the terms further restricts the permitted to corporate aircraft storage only. This provision has proven to be somewhat ambiguous, however, has been interpreted in the past by the Airport to mean for only aircraft owned, leased or under the operational control of the tenant could be stored on the premises (storage of third-party aircraft not permitted).

The terms of the ground lease requires that the Town consider and consent to the proposed sale and assignment of the Tailwind Worldwide, LP (Tailwind) ground leasehold interests to Mills Group, Inc. a Texas corporation (Mills Group). In association with the assignment of the Ground Lease and the purchase of the improvements, Mills Group is requesting the Town's consent to the creation of a leasehold mortgage pursuant to the terms of an estoppel agreement between the Town and the assignee's lender.

The Ground Lease commenced June 30, 1982 and has a forty (40) year term, which is scheduled to expire June 29, 2022. Upon the term expiration the ownership of the building improvements will revert to the Town.

The current ground rental is $1,143.04 monthly or $13,716.48 annually. The rental is regarded to be below the prevailing market, however the contract rate is indicative of the

impact the restricted permitted use, Reciprocal Easement Agreement and the smaller than normal aircraft apron and off-street parking has on the leasehold value. The next scheduled rental adjustment (based on CPI) is 7/1/2016 and occurs every other year for the duration of the remaining term.

Mills Group, Inc., a Texas corporation led by Cameron Leggett, with corporate offices at 10424 Marsh Lane, Dallas, is engaged in real estate investment activities including the construction and renovation of commercial and residential properties. Mills Group corporate headquarters will relocate to and will occupy part of the office space at 4584 Claire Chennault and the remainder will be subleased. The hangar space will be occupied by RR Investments, Inc. d/b/a Million Air, and will be used solely for the storage of aircraft owned and/or under their direct operational control. Addison Airport will serve as the base for these aircraft.

The assignee is also requesting the Town consent to the creation of a leasehold mortgage pursuant to the terms of the proposed bank estoppel letter. The proposed bank estoppel letter is from Texas Security Bank, who intends to make a $200K loan to the assignee, with the proceeds from the loan to be used for the acquisition of the leasehold interest and building improvements. The note will be secured with a leasehold deed of trust referencing the real property subject to the ground lease. The lien created by the leasehold deed of trust will be subordinate and inferior to the Landlord's lien created by the Ground Lease. The terms and conditions of the estoppel letter is consistent with the Town's practice regarding such matters.

RECOMMENDATION:

Administration recommends approval.

Fiscal Impact

Budgeted Yes/No:

Funding Source:

Amount: N/A

Attachments

Resolution

Supplemental Information

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING AN ASSIGNMENT OF GROUND LEASE BETWEEN THE TOWN OF ADDISON, TAILWIND WORLDWIDE, LP AND MILLS GROUP, INC. FOR COMMERCIAL AVIATION PROPERTY LOCATED AT 4584 CLAIRE CHENNAULT, AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. The Assignment of Ground Lease between the Town of Addison and Tailwind Worldwide, LP and Mills Group, Inc. for commercial aviation property located at 4584 Claire Chennault, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved and the City Manager is authorized to execute the agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

STATE OF TEXAS §
§ **ASSIGNMENT OF GROUND LEASE**
COUNTY OF DALLAS §

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of _____ 2015, at Addison, Texas, by and between Tailwind Worldwide, LP, a Texas limited partnership (herein referred to as "Assignor") and Mills Group, Inc., a Texas corporation (herein referred to as "Assignee").

WHEREAS, a Ground Lease was executed on June 17, 1981 between the City of Addison, Addison Airport of Texas, Inc., and Donham Oil Tool Company by the terms of which certain real property located at 4584 Claire Chennault (the "Demised Premises"), Addison Airport within the Town of Addison, Texas (the "City") and owned by the City was leased to Donham Oil Tool Company; and

WHEREAS, by that Assignment of Lease dated June 28, 1983, the Ground Lease was assigned from Donham Oil Tool Company, as Assignor, to Airport Associates, LTD., a Texas limited partnership, as Assignee; and

WHEREAS, by that Assignment of Lease dated January 3, 1989, the Ground Lease was assigned from Airport Associates, LTD., as Assignor, to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as Assignee; and

WHEREAS, by that certain General Warranty Deed executed July 17, 1990, and recorded in the Dallas County Clerk's Official Public Records ("OPR") in Book/Volume 90155, Page 3379 whereby John M. Barbee granted, sold and conveyed to James D. Donaldson any and all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises; and

WHEREAS, on or before July 9, 2007 James Donald Donaldson died and by that certain Letter Testamentary (No. PB1-359-2007) given by Probate Court No. 1, Collin County, Texas, on said date appointed Kenneth Charles Donaldson as Independent Executor of the Estate of James Donald Donaldson; and

WHEREAS, pursuant to James Donald Donaldson's Last Will and Testament, all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises were transferred to the James Donald Donaldson Estate Trust; and

WHEREAS, by that Assignment of Lease dated December 20, 2011, the Ground Lease was assigned from the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson, as Assignor, to Tailwind Worldwide, LP, a Texas limited partnership, as Assignee as recorded in the Dallas County Clerk's Official Public Records ("OPR") as Document #201100339045; and

WHEREAS, pursuant to the Assignment of Lease Dated December 20, 2011 (OPR Instrument #201100339045) the parties acknowledge and agree the boundary survey dated November 7, 2011 prepared by TerraCorp Associates, LLC containing ±.803 acres described therein is the true and correct legal description of the demised premises (a true and correct copy of said Survey is attached and incorporated herein by reference as **Exhibit "A"**); and

WHEREAS, by virtue of such assignments, amendments and/or modifications made to the Ground Lease, Assignor is the Tenant under the Ground Lease (a true and correct copy of said Ground Lease in its entirety with all hereinabove said assignments, amendments and/modifications made thereto are attached and incorporated herein by reference as **Exhibit "B"**); and

WHEREAS, the Ground Lease is subject to that certain Reciprocal Easement Agreement first entered into and made effective June 28, 1983 by and between Donham Oil Tool Company, Inc. and Airport Associates, Ltd., as filed and recorded in the Dallas County, Texas OPR as Book/Volume 84248 Page 4110, the same having been amended by that certain First Amendment to Reciprocal Easement Agreement entered to and made effective December 19, 2011 by and between Doyle Hartman and Margaret M. Hartman d/b/a Doyle Hartman, Oil Operator and the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson as filed and record in the Dallas County, Texas OPR as Instrument #201100339044 (the "Reciprocal Easement," which a true and correct copy as amended and modified is attached hereto and incorporated herein by references as **Exhibit "C"**); and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

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

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

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

AGREEMENT

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as Exhibit "B", the same being subject to Reciprocal Easement, attached hereto as Exhibit "C", TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming an part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 ($450.00) to Landlord.

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

Mills Group, Inc., a Texas corporation
Attn: Cameron Leggett
10424 Marsh Lane
Dallas, TX 75229

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein.

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

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

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

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

ASSIGNOR:

Tailwind Worldwide, LP, a Texas limited partnership

_____

Michele Wilkinson, President of Tailwind International, Inc., a member of Tailwind Worldwide, LP, its general partner

and,

ASSIGNEE:

Mills Group, Inc., a Texas corporation

_____

Cameron Leggett, President of Mills Group, Inc.

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Michele Wilkinson, president of Tailwind International, Inc., a member of Tailwind Worldwide, LP, its general partner known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2015.

[SEAL]

_____
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared, Cameron Leggett, president of Mills Group, Inc., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2015.

[SEAL]

_____
Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of _____ 2015, at Addison, Texas, by and between Tailwind Worldwide, LP, a Texas limited partnership (herein referred to as "Assignor") and Mills Group, Inc., a Texas corporation(herein referred to as "Assignee"). In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding this Consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, or responsibilities under or in connection with the Ground Lease, and Assignor shall remain liable and responsible for all such covenants obligations, duties, or responsibilities. In addition, notwithstanding any provisions of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This consent is not intended and shall not be construed to waive any rights of the Landlord under the Ground Lease, to release or waive any claims of the Landlord against any tenant under or in connection with the Ground Lease or to release any tenant from any duties, obligations or liabilities under or in connection with the Lease.

This Consent shall be and remain valid only if and provided that, by no later than 6:00 o'clock p.m. on _____, _____, 2015:

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

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of this Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001. Otherwise, and failing compliance with and satisfaction of each all of paragraphs (i) and (ii) above, this Consent shall be null and void *ab initio* as if it had never been given and executed.

Signed this _____ day _____, 2015.

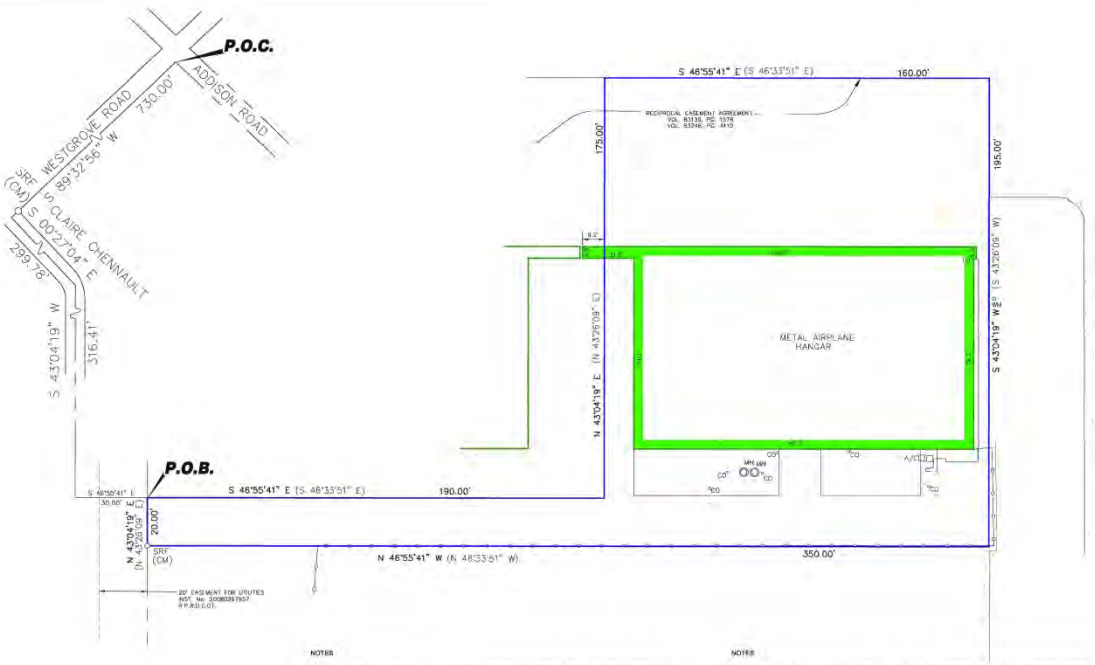
LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Charles W. Daniels, City Manager

Exhibit A
to Ground Lease Assignment

SURVEY DATED NOVEMBER 7, 2011



NOTES

2. The following items are from Schedule B, Commitment for Title Insurance, Fidelity National Title Insurance Company, GF No. LT1978-1978000792, issued November 2, 2011.

f. Terms, conditions, covenants and stipulations as set out in Ground Lease dated June 17,1981, filed December 10, 1982, by and among the City of Addison, Texas, Addison Airport of Texas, Inc., Lessors and Dorrann Oil Tool Company, Lessee, as recorded in Volume 82240, Page 976, Real Property Records, Dallas County, Texas. Said Lease being assigned by Volume 83139, Page 1564, and in Volume 86002, Page 7815, Real Property Records, Dallas County, Texas.

g. Rights of the public to any portion of the Land lying within the area commonly known as Claire Chennault.

h. All easements and/or building lines and other matters as shown on plat recorded in Volume 2005131, Page 82, Map Records, Dallas County, Texas.

i. Pipeline easement granted to Lone Star Gas Company by Guy Dennis recorded in Volume 4819, Page 82 and Volume 4819, Page 93, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

j. Easement granted to Lone Star Gas Company by Addison Airport, Inc. recorded in Volume 4882, Page 396, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

k. Electric communications line easement granted to Brazos Electric Power Cooperative, Inc. recorded in Volume 4896, Page 372, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

l. Electric communications line easement granted to Brazos Electric Power Cooperative, Inc. recorded Volume 92167, Page 1833, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

m. Right of Entry Agreement by and between Town of Addison and Texas Turnpike Authority recorded in Volume 95172, Page 5378, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

n. Access Drive Agreement by and among Addison Airport Associates, Ltd.; Warfield, Inc., Beech Holding, Inc.; the Town of Addison, Texas; Addison Airport of Texas, Inc., and Southwest Land Title Co. Recorded in Volume 87007, Page 5990, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

o. Terms and conditions of Grant Agreement by and between the City of Addison and the United States of America, acting through the Federal Aviation Administration, dated December 30,1976, (unrecorded), as amended by Memorandum recorded in Volume 2000122, Page 4123, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

NOTES

p. Electric and telephone line easement granted to Texas Power & Light Company recorded in Volume 4759, Page 300, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

q. Electric and telephone line easement granted to Texas Power & Light Company recorded in Volume 8337, Page 540, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

r. Electric and telephone line easement granted Texas Power & Light Company recorded in Volume 85117, Page 2035, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

s. Electric and telephone line easement granted Texas Power & Light Company recorded in Volume 85117, Page 2036, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

t. Addison Airport Toll Tunnel Grant of Easements granted to Texas Turnpike Authority by Addison Airport of Texas recorded in Volume 97084, Page 2939, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

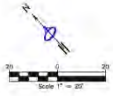
u. Easement and right of way granted to Texas Utilities Electric Company by Town of Addison, Texas recorded in Volume 98099, Page 1384, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

v. Terms, conditions, covenants and restrictions as set out in Reciprocal Easement Agreement by and between Dorrann Oil Tool Company, Inc. and Airport Associates, Ltd. recorded in Volume 83139, Page 1578 and Volume 83246, Page 4110, as affected by assignment recorded in Volume 84359, Page 2068, Real Property Records, Dallas County, Texas, affects the subject tract.

w. Easement for Utility Facilities granted to Southwestern Bell Telephone Company by Town of Addison, Texas recorded No. CC# 20080267957, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

LEGEND

A/C ..... AIR CONDITION
CM/CL ..... CENTER LINE/MONUMENT
IRF ..... IRON ROD FOUND
MH ..... MANHOLE
SRF ..... STEEL ROD FOUND
T ..... TELEPHONE VAULT
W ..... WATER METER
— C — ..... CHAIN LINK FENCE



DESCRIPTION OF PROPERTY SURVEYED

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows;

COMMENCING at a point for the intersection of the west right-of-way line of Addison Road, a 80-foot street, and the south right-of-way line of Westgrove Road, a 80-foot street;

THENCE S 89°32'56" W (S 89° 54' 46" W, deed) along the south line of said Westgrove Road passing at a distance of 700.00 feet a 1/2-inch steel rod found at the intersection of the said south right-of-way line of Westgrove Road with the east line of Clair Chennault (a 80 foot ingress/egress easement), then continuing on the same course an additional 30.00 feet for a total distance of 730.00 feet to a point in the centerline of Claire Chennault;

THENCE S 00°27'04" E (S 00° 05' 14" E, deed) along the centerline of Claire Chennault projected a distance of 299.78 (301.36 deed) feet to an angle point;

THENCE S 43°04'19" W(S 43° 26' 09" W, deed) along the centerline of Claire Chennault projected a distance of 316.41 (317.27, deed) feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 30.00 feet to the southerly right-of-way of said Claire Chennault and the POINT OF BEGINNING of this description;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 190 feet to a point for a corner;

THENCE N 43°04'19" E(N 43° 29' 09" E, deed) a distance of 175.00 feet to a point for a corner;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of taxi way (120 feet wide);

THENCE S 43°04'19" W(S 43° 26' 09" W, deed) along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46°55'41" W(N 46° 33' 51" W, deed) a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault;

THENCE N 43°04'19" E(N 43° 29' 09" E, deed) along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.803 acres of land, more or less, and now being a part of ADDISON AIRPORT ADDITION, an Addition to the Town of Addison, Dallas County, Texas, according to the plat thereof recorded in Volume 2005131, Page 82, Plat Records, Dallas County, Texas.

NOTES:

1. Bearings shown hereon are based on NAD83(CORS96, EPOCH 2002) trad in the Texas Coordinate System of 1983, North Central Zone (4202) using the Geodetic "GeoNet" RTK GPS Network.

The convergence/mapping angle is 00°54'32" with a combined scale factor of 0.99984975.

SURVEYOR'S CERTIFICATION

Certified to: Tailwind International, Inc; Lawyers Title Company

I hereby certify that this plat represents the results of a survey made on the ground on the 7th day of November, 2011.

Signed 8th day of November, 2011



4584 CLAIRE CHENNAULT
ADDISON AIRPORT

AND BEING SITUATED IN THE
WILLIAM LOMAX SURVEY, ABSTRACT No. 792
CITY OF ADDISON,
DALLAS COUNTY, TEXAS

TerraCorp Associates LLC
3960 Broadway Blvd. Ste 236
Garland, TX 75043
ph. 972-805-4529, fax 972-805-4527
www.terracorpsurvey.com

Exhibit B
to Ground Lease Assignment

TRUE AND CORRECT COPY OF GROUND LEASE
AS AMENDED AND MODIFIED

#2

THE STATE OF TEXAS
COUNTY OF DALLAS

GROUND LEASE

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of June 17, 1981, 19___, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and DONHAM OIL TOOL COMPANY, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor at AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. Base Lease: All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. Definition of Landlord and Effect of Default under the Base Lease: The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. Term: The term hereof shall commence on the earlier of June 30, 19 82, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. Rental: Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of FIVE HUNDRED TWENTY FIVE AND NO/100----- per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. Adjustment of Rental: Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

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

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

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

6. Use of Demised Premises and Construction of Improvements. The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

1-Metal building with attached offices and shops for corporate aircraft storage only. Final construction drawings shall have Airport approval before start of construction.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. Acceptance of Demised Premises. Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. Securing Governmental Approvals and Compliance with Law. Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. Assignment, Subletting and Mortgaging of Leasehold Estate:

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised 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 Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, 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.

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

C. All mortgages or deeds of trust whereby Tenant mortgages the leasehold estate of Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

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

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgage.

10. Property Taxes and Assessments: Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. Alterations, Additions and Improvement. After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably wit iheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed 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.

13. Insurance. Tenant shall during the team hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than $500,000.00 with respect to any one person, $1,000,000.00 with respect to any one accident and not less than $200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of $100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: $200,000.00 per aircraft and $400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. Casualty Damage or Destruction:

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

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

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

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

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

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration. Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

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

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

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

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

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

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meterological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

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

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

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

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

A. Failure of Tenant to pay any instalment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

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

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

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

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

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

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

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

demand from time to time any deficiency that may arise by reason of any such reletting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, remodeling expenses and other costs of relettin[illegible] be subtracted from the amount of rent received under such reletting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

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

24. Default by Landlord. No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages 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 demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

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

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

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

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

26. Title to Improvements. Any and all improvements on the demised premises 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 and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. Mechanics' and Materialmen's Liens. Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen)15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. Title. Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

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

30. Rent on Net Return Basis. Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, 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 demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. Holding Over. Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. 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.

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

34. 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.

35. 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.

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

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

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

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

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being furnis[illegible] Landlord's mortgagee and Landlord's mo[illegible] fails to cure such default within the curative period allowed Landlord under [illegible]se.

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

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

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

C. 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.

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

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

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

40. 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.

41. Use of Langauge. 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.

42. 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.

43. 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.

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

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

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Donham Oil Tool Company, Inc.
1341 W. Mockingbird Lane
Suite 300-E
Dallas, Texas 75247

46. Fees or Commisions. 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.

47. 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.

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

49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: [signature]

Its: Vice President

CITY OF ADDISON, TEXAS

By: [signature]

Its: Mayor

TENANT:

By: [signature]
Keith Alexander, Jr.

Its: Executive Vice President

STATE OF TEXAS

COUNTY OF DALLAS

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 19__

_____
Notary Public

_____
County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 19____

_____
Notary Public

_____
County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerry Kiddie known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 7th day of September, 19 81

Jacque Sharp
Notary Public
Dallas
County, Texas

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public in and for said State, on this day personally appeared Kent Alexander, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DONHAM OIL TOOL COMPANY, INC., a Texas corporation, and that he executed the same as the act of said corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28th day of June, 1983.

Notary Public, State of Texas

My commission expires:

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(print name)

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared DON V. AVERITT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said AIRPORT ASSOCIATES, LTD., a Texas Limited partnership, and that he executed the same as its General Partner and as the act of such limited partnership for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.

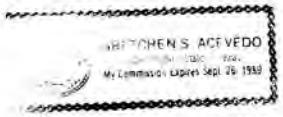
Notary Public, State of Texas

PEGGY LEHRMANN
(print Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

My commission expires:

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on June ____, 1983 by _____ as Mayor of the City of Addison.



Notary Public, State of Texas

(printed name)

My commission expires:

_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC. a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of June, 1983.

Notary Public, State of Texas

(printed name)

My commission expires:

_____.

EXHIBIT "B"

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

Commencing at a point for the intersection of the west right-of-way line of Addison Road, a 60-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89° 54' 46" W along the south line of said Westgrove Road a distance of 730.00 feet to a point in the centerline of Claire Chennault Road (an undedicated 60-foot street);

THENCE S 00° 05' 14" E along the centerline of Clair Chennault Road projected a distance of 301.36 feet to an angle point;

THENCE S 43° 26' 09" W along the centerline of Clair Chennault Road projected a distance of 317.27 feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46° 33' 51" E to the southerly right-of-way of said road a distance of 30.00 feet for the POINT OF BEGINNING of this description;

THENCE S 46° 33' 51" E a distance of 190 feet to a point for a corner;

THENCE N 43° 26' 09" E a distance of 175.00 feet to a point for a corner;

THENCE S 46° 33' 51" E a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of taxiway (120 feet wide);

THENCE S 43° 26' 09" W along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46° 33' 51" W a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault Road;

THENCE N 43° 26' 09" E along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.803 acres of land, more or less.

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 28th day of June, 1983, at Addison, Texas, between DONHAM OIL TOOL COMPANY, INC., a Texas corporation (hereinafter called "Assignor"), and AIRPORT ASSOCIATES, LTD., a Texas limited partnership (hereinafter called "Assignee").

WHEREAS, a lease (hereinafter called "Lease") was executed on June 17, 1981, between the CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor, as Lessee, a copy of which Lease is attached hereto as Exhibit A and made a part hereof for all purposes, by the terms of which Lease certain real property located on the Addison Airport, which real property (hereinafter called the "Property") is described in Exhibit "B" attached hereto and made a part hereof for all purposes, was leased to the Assignor upon the terms and conditions provided therein; and

WHEREAS, as permitted by the Lease, Tenant has constructed an aircraft hangar and other improvements and fixtures on the Property (hereinafter called the "Improvements"); and

WHEREAS, the Assignor now desires to assign the Lease, and convey all of its right, title and interest in the Improvements, to Assignee, and the Assignee desires to accept the assignment and conveyance thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the Lease and the Improvements and all materials, equipment or other property now erected or located on the Property, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

DONHAM OIL TOOL COMPANY, INC.

By: _____, President

ASSIGNEE:

AIRPORT ASSOCIATES, LTD., a Texas limited partnership

By: _____
Don V. Averitt, General Partner

CONSENT OF LESSOR

The undersigned is the Lessor under the Lease and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: _____

ADDISON AIRPORT OF TEXAS, INC.

By: _____ PRES

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared Neal Alexander, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DONHAM OIL AND TOOL COMPANY, INC., a Texas corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20 day of June, 1983.

NOTARY PUBLIC STATE OF TEXAS

_____
Notary Public, State of Texas

_____
(printed name)

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

My commission expires:
_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared DON V. AVERITT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said AIRPORT ASSOCIATES, LTD., a Texas limited partnership, and that he executed the same as its General Partner and as the act of such limited partnership for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.



Notary Public, State of Texas

PEGGY LERMAN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(printed name)

My commission expires:
_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on ~~June~~ July 8, 1983 by Jerry Kiddoo as Mayor of the City of Addison.



Notary Public, State of Texas

Jacque Sharp

(printed name)

My commission expires:
8/85.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC. a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ___ day of June, 1983.

_____
Notary Public, State of Texas

_____
(printed name)

My commission expires:
_____.

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 3rd day of January, 1989, at Addison, Texas, between Airport Associates LTD, hereinafter called "Assignor", and James Donaldson and John Barbee DBA Addison Aircraft Storage hereinafter called "Assignee".

WHEREAS, a lease executed on June 17, 1981, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of his right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

The Assignee does hereby assume all the duties and obligations of the Assignor under the Reciprocal Easement Agreement dated the 28th day of June, 1983 by and between Donham Oil Tool Company, Inc., and Airport Associates, Ltd.

EXECUTED the day and year first above written.

ASSIGNOR:
Airport Associates, LTD

ASSIGNEE:
Addison Aircraft Storage

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By _____

ADDISON AIRPORT OF TEXAS, INC.

By _____
President

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Don Averitt known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9 day of February, 19 89.

Dianna L. Ibarra
Notary Public

Dallas
County, Texas

DIANNA L. IBARRA
Notary Public
STATE OF TEXAS
My Comm. Exp. July 22, 1989

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jim Donaldson known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9 day of February, 19 89.

Dianna L. Ibarra
Notary Public

Dallas
County, Texas

DIANNA L. IBARRA
Notary Public
STATE OF TEXAS
My Comm. Exp. July 22, 1989

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared D. L. [illegible] known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 1 day of [illegible], 19 [illegible].

[illegible]
Notary Public

Dallas
County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Gene Stuart known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16th day of February, 19 89.

Willene Faris
Notary Public

DALLAS
County, Texas

WILLENE FARIS
COMMISSION EXPIRES
AUGUST 16, 1989

COUNTY CLERK'S MEMO
PORTIONS OF THIS
DOCUMENT NOT
REPRODUCIBLE
WHEN RECORDED

ADDRESS OF GRANTEE:
James D. Donaldson
4584 Claire Chennault
Dallas, Texas 75248

GENERAL WARRANTY DEED

A 7087 2 11.00 DEED 1 08/09/90

STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THAT, JOHN M. BARBEE (hereinafter collectively referred to as "Grantor"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other valuable consideration, the receipt and sufficiency of which consideration are hereby acknowledged, has GRANTED, SOLD and CONVEYED and by these presents does GRANT, SELL and CONVEY unto JAMES D. DONALDSON (hereinafter referred to as the "Grantee"), any and all of Grantor's right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the following described property (hereinafter collectively referred to as the "Property"), to-wit:

> Those certain tracts or parcels of real property situated in Dallas County, Texas as more particularly described on Exhibit "A" attached hereto and incorporated herein by reference for all purposes (the "Real Property"), together with all improvements thereon and all rights and appurtenances pertaining thereto, and that certain personal property described on Exhibit "B" attached hereto and incorporated herein by reference for all purposes.

The Property described and conveyed herein is the same as the "Mortgaged Property" as that term is defined in that certain Substitute Trustee's Deed dated January 3, 1989 recorded in Volume 89002, Page 7815 of the Deed Records of Dallas County, Texas, which Mortgaged Property was conveyed to Grantor and Jim Donaldson d/b/a Addison Aircraft Storage by Peggy J. Jones as Substitute Trustee.

TO HAVE AND TO HOLD the Property, together with any and all the rights and appurtenances thereto and in anywise belonging to Grantor, unto the said Grantee, his heirs, executors, administrators, legal representatives, successors and assigns forever, and Grantor does hereby bind himself, his heirs, executors, administrators, legal representatives, successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property unto the said Grantee, his heirs, executors, administrators, legal representatives, successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

20155 3379

Unofficial Document

EXECUTED the 17th day of July, 1990.

John M. Barbee

JOHN M. BARBEE

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 17th day of July, 1990 by JOHN M. BARBEE.

Linda L. Brown

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

90155 3380

Unofficial Document

EXHIBIT "A"

Land Description

TRACT ONE:

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

Commencing at a point for the intersection of the west right-of-way line of Addison Road, a 60-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89° 54' 46" W along the south line of said Westgrove Road a distance of 730.00 feet to a point in the centerline of Claire Chennault Road (an undedicated 60-foot street);

THENCE S 00° 05' 14" E along the centerline of Clair Chennault Road projected a distance of 301.36 feet to an angle point;

THENCE S 43° 26' 09" W along the centerline of Clair Chennault Road projected a distance of 317.27 feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46° 33' 51" E to the southerly right-of-way of said road a distance of 30.00 feet for the POINT OF BEGINNING of this description;

THENCE S 46° 33' 51" E a distance of 190 feet to a point for a corner;

THENCE N 43° 26' 09" E a distance of 175.00 feet to a point for a corner;

THENCE S 46° 33' 51" E a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of taxiway (120 feet wide);

THENCE S 43° 26' 09" W along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46° 33' 51" W a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault Road;

THENCE N 43° 26' 09" E along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.803 acres of land, more or less.

TRACT TWO:

BEING a tract of land situated in the E. Cook Survey, Abstract 326, Town of Addison, Dallas County, Texas, and located on the Addison Municipal Airport, Addison, Texas; said tract being more particularly described as follows:

COMMENCING at the intersection of the centerline of Addison Road and the northern R.O.W. of St. Louis Southwestern Railway Company (100' ROW);

THENCE, N 7°38' W, along said centerline a distance of 361.5 ft. to a point;

Unofficial Document

THENCE, S 89°48'10" W, a distance of 30.0 ft. to the POINT OF BEGINNING;

THENCE, S 89°48'10" W, a distance of 70.0 ft. to a point;

THENCE, N 01°35'29" W, a distance of 22.0 ft. to a point;

THENCE, N 89°48'10" E, a distance of 70.0 ft. to a point;

THENCE, S 00°22'50" E, parallel to and 30 feet from centerline of Addison Road (along the right-of-way) a distance of 11.7 ft. to a point;

THENCE, S 02°38'00" E, a distance of 10.3 ft. along said R.O.W. to the Point Of Beginning and containing 1,536.435 s.f. of Land, more or less.

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EXHIBIT "B"

Personal Property

1. All materials, supplies, equipment, apparatus and other items attached to, installed in or used (temporarily or permanently) in connection with any of the Real Property and all renewals, replacements, and substitutions thereof and additions thereto, including but not limited to any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, generators, fans, blowers, vents, switchboards, elevators, mail conveyors, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, swimming pools, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas and electric equipment, disposals, dishwashers, washers, dryers, refrigerators and ranges, cafeteria equipment, and recreational equipment and facilities of all kinds.

2. All of the right, title and interest of Grantors in and to all personal property (other than fixtures) of any kind as defined in Chapter 9 of the Texas Uniform Commercial Code, including but not limited to all furniture, furnishings, equipment, machinery, goods, general intangibles, money, accounts, contract rights, and inventory, located upon, within or about the Real Property, together with all accessories, replacements and substitutions therefor and the proceeds thereof.

30155 3383

Unofficial Document

AUG 9 1990

STATE OF TEXAS
COUNTY OF DALLAS

90155 3384

EXECUTED the 3rd day of January A.D. 89

James D. Donaldson

John R. Barbee

Addison Aircraft Storage

Acknowledgment

THE STATE OF TEXAS)
COUNTY OF Dallas)

Before me, the undersigned authority, on this day personally appeared James D. Donaldson and John R. Barbee

known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the 3rd day of January , A.D. 19 89

KATIN SIMS
Notary Public
STATE OF TEXAS
My Comm. Exp. 11-14-90

Notary Public in and for Dallas County, Texas

Acknowledgment

THE STATE OF TEXAS
COUNTY OF

Before me, the undersigned authority, on this day personally appeared

known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the day of , A.D. 19

Notary Public in and for County, Texas.

DEED OF TRUST

TO

TRUSTEE FOR

WHEN RECORDED RETURN TO
Addison National Bank
P.O. Box 777
Addison, TX 75001

Corporate Acknowledgment

THE STATE OF TEXAS)
COUNTY OF Dallas)

Before me, the undersigned authority, on this day personally appeared

Wayne Woodruff of Sr. Vice President

a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office on this the 3rd day of January A.D. 1988

Notary Public in and for County, Texas

89004 Dallas 3918

Unofficial Document

LETTERS TESTAMENTARY

NO. PB1-359-2007

ESTATE OF	§	PROBATE COURT
JAMES DONALD DONALDSON	§	NO. 1
DECEASED	§	COLLIN COUNTY, TEXAS

THE STATE OF TEXAS
COUNTY OF COLLIN

I, Stacey Kemp, Clerk of the County Courts and Probate Court No. 1 of Collin County, Texas hereby certify that on the 9th day of July, 2007

KENNETH CHARLES DONALDSON

was duly granted by said Court Letters Testamentary of the Estate of

JAMES DONALD DONALDSON, Deceased

and that HE qualified as such INDEPENDENT EXECUTOR of said Estate on the 9th day of July, 2007 as the law requires, and that said appointment is still in full force and effect.

Witness my hand and seal of office at McKinney, Texas on this the 9th day of July, 2007.

Stacey Kemp, County Clerk
Collin County, Texas

By Jean Fraga Deputy

ELECTRONICALLY RECORDED 201100333705
12/22/2011 11:20:39 AM AS 1/24

ELECTRONICALLY RECORDED 201100339045
12/29/2011 02:16:02 PM AS 1/25

STATE OF TEXAS §
§ ASSIGNMENT OF GROUND LEASE
COUNTY OF DALLAS §

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of December 20, 2011, at Addison, Texas, by and between the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson (herein referred to as "Assignor") and Tailwind Worldwide, LP, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease was executed on June 17, 1981 between the City of Addison, Addison Airport of Texas, Inc., and Donham Oil Tool Company by the terms of which certain real property located at 4584 Claire Chennault (the "Demised Premises"), Addison Airport within the Town of Addison, Texas (the "City") and owned by the City was leased to Donham Oil Tool Company; and

WHEREAS, by that Assignment of Lease dated June 28, 1983, the Ground Lease was assigned from Donham Oil Tool Company, as Assignor, to Airport Associates, LTD., a Texas limited partnership, as Assignee; and

WHEREAS, by that Assignment of Lease dated January 3, 1989, the Ground Lease was assigned from Airport Associates, LTD., as Assignor, to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as Assignee; and

WHEREAS, by that certain General Warranty Deed executed July 17, 1990, and recorded in the Dallas County Clerk's Official Public Records ("OPR") in Book/Volume 90155, Page 3379 whereby John M. Barbee granted, sold and conveyed to James D. Donaldson any and all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises; and

WHEREAS, on or before July 9, 2007 James Donald Donaldson died and by that certain Letter Testamentary (No. PB1-359-2007) given by Probate Court No. 1, Collin County, Texas, on said date appointed Kenneth Charles Donaldson as Independent Executor of the Estate of James Donald Donaldson; and

WHEREAS, pursuant to James Donald Donaldson's Last Will and Testament, all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises were transferred to the James Donald Donaldson Estate Trust; and

WHEREAS, the parties acknowledge and agree the boundary survey dated November 7, 2011 prepared by TerraCorp Associates, LLC containing .803 acres as described therein is the true and correct legal description of the demised premises (a true and correct copy of said Survey is attached and incorporated herein by reference as Exhibit "A"); and

Re-record due to error in recording order

ELECTRONICALLY RECORDED 201100333705
12/22/2011 11:20:39 AM AS 1/24

STATE OF TEXAS §
§
COUNTY OF DALLAS §

ASSIGNMENT OF GROUND LEASE

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of December 20, 2011, at Addison, Texas, by and between the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson (herein referred to as "Assignor") and Tailwind Worldwide, LP, a Texas limited liability company (herein referred to as "Assignee").

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WHEREAS, by that Assignment of Lease dated June 28, 1983, the Ground Lease was assigned from Donham Oil Tool Company, as Assignor, to Airport Associates, LTD., a Texas limited partnership, as Assignee; and

WHEREAS, by that Assignment of Lease dated January 3, 1989, the Ground Lease was assigned from Airport Associates, LTD., as Assignor, to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as Assignee; and

WHEREAS, by that certain General Warranty Deed executed July 17, 1990, and recorded in the Dallas County Clerk's Official Public Records ("OPR") in Book/Volume 90155, Page 3379 whereby John M. Barbee granted, sold and conveyed to James D. Donaldson any and all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises; and

WHEREAS, on or before July 9, 2007 James Donald Donaldson died and by that certain Letter Testamentary (No. PB1-359-2007) given by Probate Court No. 1, Collin County, Texas, on said date appointed Kenneth Charles Donaldson as Independent Executor of the Estate of James Donald Donaldson; and

WHEREAS, pursuant to James Donald Donaldson's Last Will and Testament, all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises were transferred to the James Donald Donaldson Estate Trust; and

WHEREAS, the parties acknowledge and agree the boundary survey dated November 7, 2011 prepared by TerraCorp Associates, LLC containing .803 acres as described therein is the true and correct legal description of the demised premises (a true and correct copy of said Survey is attached and incorporated herein by reference as Exhibit "A"); and

Re-record due to error in recording order

STATE OF TEXAS §
§
COUNTY OF DALLAS §

ASSIGNMENT OF GROUND LEASE

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of December 20, 2011, at Addison, Texas, by and between the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson (herein referred to as "Assignor") and Tailwind Worldwide, LP, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease was executed on June 17, 1981 between the City of Addison, Addison Airport of Texas, Inc., and Donham Oil Tool Company by the terms of which certain real property located at 4584 Claire Chennault (the "Demised Premises"), Addison Airport within the Town of Addison, Texas (the "City") and owned by the City was leased to Donham Oil Tool Company; and

WHEREAS, by that Assignment of Lease dated June 28, 1983, the Ground Lease was assigned from Donham Oil Tool Company, as Assignor, to Airport Associates, LTD., a Texas limited partnership, as Assignee; and

WHEREAS, by that Assignment of Lease dated January 3, 1989, the Ground Lease was assigned from Airport Associates, LTD., as Assignor, to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as Assignee; and

WHEREAS, by that certain General Warranty Deed executed July 17, 1990, and recorded in the Dallas County Clerk's Official Public Records ("OPR") in Book/Volume 90155, Page 3379 whereby John M. Barbee granted, sold and conveyed to James D. Donaldson any and all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises; and

WHEREAS, on or before July 9, 2007 James Donald Donaldson died and by that certain Letter Testamentary (No. PB1-359-2007) given by Probate Court No. 1, Collin County, Texas, on said date appointed Kenneth Charles Donaldson as Independent Executor of the Estate of James Donald Donaldson; and

WHEREAS, pursuant to James Donald Donaldson's Last Will and Testament, all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises were transferred to the James Donald Donaldson Estate Trust; and

WHEREAS, the parties acknowledge and agree the boundary survey dated November 7, 2011 prepared by TerraCorp Associates, LLC containing .803 acres as described therein is the true and correct legal description of the demised premises (a true and correct copy of said Survey is attached and incorporated herein by reference as Exhibit "A"); and

WHEREAS, by virtue of such assignments, amendments and/or modifications made to the Ground Lease Assignor is the Tenant under the Ground Lease (a true and correct copy of said Ground Lease in its entirety with all hereinabove said assignments, amendments and/modifications made thereto are attached and incorporated herein by reference as Exhibit "B"); and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

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

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

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

AGREEMENT

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

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 ($450.00) to Landlord.

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

Tailwind Worldwide, LP
Attn: Michele Wilkinson
4600 Claire Chennault, Suite 210
Addison, Texas 75001

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein.

5. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from the Assignee all rents becoming due under this Assignment and apply such rent against any sums due to Landlord. Assignor acknowledges that it does not owe Landlord any past rent, fees, charges, taxes, insurance payments, penalties or any other amounts at the time of this Assignment. No such collection by Landlord from any such Assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

6. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, ASSIGNOR IS ASSIGNING THIS GROUND LEASE TO ASSIGNEE "AS IS", "WHERE IS", AND WITH ALL FAULTS AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESS OR IMPLIED, OF ANY KIND, NATURE, OR TYPE WHATSOEVER FROM OR ON BEHALF OF THE GRANTOR.

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

ASSIGNOR:

The James Donald Donaldson Estate Trust

By: Kenneth Charles Donaldson, Trustee

and

The Estate of James Donald Donaldson

By: Kenneth Charles Donaldson,
Independent Executor

ASSIGNEE:

Tailwind Worldwide, L.P.

By: Michele Wilkinson,
as the president of Tailwind International,
Inc., a member of Tailwind Worldwide
(GP), LLC, its general partner

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Kenneth Charles Donaldson, Trustee for the James Donald Donaldson Estate Trust and Independent Executor of the Estate of James Donald Donaldson known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 20th day of December, 2011.

[SEAL]

Linda D. Clack
Notary Public, State of Texas
Comm. Exp. 03-02-15

Linda D. Clack
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Michele Wilkinson, as the president of Tailwind International, Inc. a member of Tailwind Worldwide (GP), LLC, the general partner of Tailwind Worldwide, LP known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 20th day of December 2011.

[SEAL]

Linda D. Clack
Notary Public, State of Texas
Comm. Exp. 03-02-15

Linda D. Clack
Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of December 20, 2011, at Addison, Texas, by and between the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson, a _____ trust (herein referred to as "Assignor") and Tailwind Worldwide, LP, a Texas limited liability company (herein referred to as "Assignee"). In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding this Consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, or responsibilities under or in connection with the Ground Lease, and Assignor shall remain liable and responsible for all such covenants obligations, duties, or responsibilities. In addition, notwithstanding any provisions of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This consent is not intended and shall not be construed to waive any rights of the Town under the Ground Lease, to release or waive any claims of the Town against any tenant under or in connection with the Ground Lease or to release any tenant from any duties, obligations or liabilities under or in connection with the Lease.

This Consent shall be and remain valid only if and provided that, by no later than 6:00 o'clock p.m. on Monday, February 6, 2012:

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

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of this Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001. Otherwise, and failing compliance with and satisfaction of each all of paragraphs (i) and (ii) above, this Consent shall be null and void *ab initio* as if it had never been given and executed.

Signed this 15 day Dec, 2011.

LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on DECEMBER 15, 2011, by Ron Whitehead, City Manager of the TOWN OF ADDISON, a home-rule municipality, on behalf of said Town.

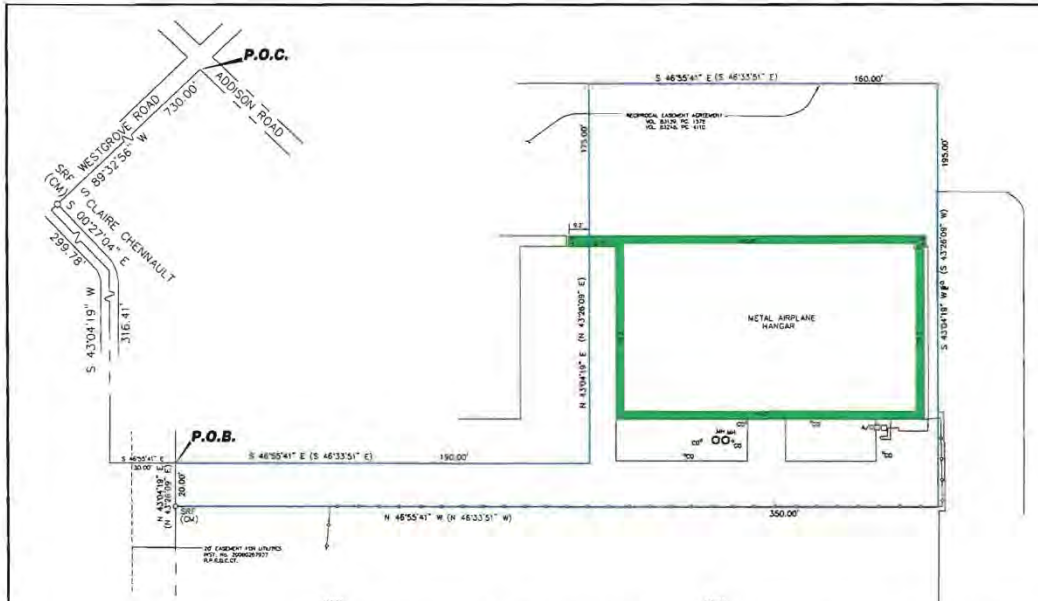


Michele Loper Hilgart
Notary Public, State of Texas

My Commission Expires:

09/22/2013

MICHELE LOPER HILGART
(Printed or Typed Name of Notary)



NOTES:

2. The following items are from Schedule B, Commitment for Title Insurance, Fidelity National Title Insurance Company, GF No. 1-1978-1978006752, Issued November 2, 2011:

f. Terms, conditions, covenants and stipulations as set out in Ground Lease dated June 17, 1981, filed December 10, 1982, by and among the City of Addison, Texas, Addison Airport of Texas, Inc., Lessors and Dorrean Oil Tool Company, Lessee, as recorded in Volume 82240, Page 970, Real Property Records, Dallas County, Texas, Said Lease being assigned by Volume 83139, Page 1564, and in Volume 84002, Page 7915, Real Property Records, Dallas County, Texas.

g. Rights of the public to any portion of the Land lying within the area commonly known as Claire Chennault.

h. All easements and/or building lines and other matters as shown on plat recorded in Volume 2003131, Page 82, Real Records, Dallas County, Texas.

i. Pipeline easement granted to Lone Star Gas Company by Guy Dennis recorded in Volume 4816, Page 92 and Volume 4818, Page 90, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

j. Easement granted to Lone Star Gas Company by Addison Airport, Inc. recorded in Volume 4982, Page 299, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

k. Electric communications line easement granted to Oncor Electric Power Cooperative, Inc. recorded in Volume 4598, Page 373, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

l. Electric communications line easement granted to Oncor Electric Power Cooperative, Inc. recorded Volume 82167, Page 1533, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

m. Right of Entry Agreement by and between Town of Addison and Texas Turnpike Authority recorded in Volume 85172, Page 5376, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

n. Access Drive Agreement by and among Addison Airport Associates, Ltd., Wortley, Inc., Dwech Holding, Inc., the Town of Addison, Texas; Addison Airport of Texas, Inc., and Southwest Land Title Co. Recorded in Volume 87007, Page 0098, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

o. Terms and conditions of Grant Agreement by and between the City of Addison and the United States of America, acting through the Federal Aviation Administration, dated December 30,1978, (unrecorded), as amended by Memorandum recorded in Volume 2000127, Page 4123, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

NOTES:

p. Electric and telephone line easement granted to Texas Power & Light Company recorded in Volume 4732, Page 360 Real Property Records, Dallas County, Texas. does not affect the subject parcel.

q. Electric and telephone line easement granted to Texas Power & Light Company recorded in Volume 5337, Page 643 Real Property Records, Dallas County, Texas. does not affect the subject parcel.

r. Electric and telephone line easement granted Texas Power & Light Company recorded in Volume 85117, Page 2033, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

s. Electric and telephone line easement granted Texas Power & Light Company recorded in Volume 85117, Page 2035, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

t. Addison Airport Toll Tunnel Grant of Easements granted to Texas Turnpike Authority by Addison Airport of Texas recorded in Volume 87064, Page 2625, Real Property Records, Dallas County, Texas. does not affect the subject parcel

u. Easement and right of way granted to Texas Utilities Electric Company by Town of Addison, Texas recorded in Volume 79598, Page 1364, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

v. Terms, conditions, covenants and restrictions as set out in Reciprocal Easement Agreement by and between Dorrean Oil Tool Company, Inc. and Airport Associates, Ltd. recorded in Volume 83136, Page 1376 and Volume 83240, Page 4118, as affected by assignment recorded in Volume 84002, Page 2066, Real Property Records, Dallas County, Texas, affects the subject tract.

w. Easement for Utility Facilities granted to Southwestern Bell Telephone Company by Town of Addison, Texas recorded No. COX 20060257967, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

DESCRIPTION OF PROPERTY SURVEYED

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

COMMENCING at a point for the intersection of the west right-of-way line of Addison Road, a 60-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89°32'56" W (S 89° 54' 46" W, deed) along the south line of said Westgrove Road passing at a distance of 700.00 feet a 1/2-inch steel rod found at the intersection of the said south right-of-way line of Westgrove Road with the east line of Claire Chennault (a 50 foot ingress/egress easement), then continuing on the same course an additional 30.00 and for a total distance of 730.00 feet to a point in the centerline of Claire Chennault;

THENCE S 00°27'04" E (S 00° 05' 14" E, deed) along the centerline of Claire Chennault, projected a distance of 299.78 (301.38 deed) feet to an angle point;

THENCE S 43°04'19" W(S 43° 26' 09" W, deed) along the centerline of Claire Chennault projected a distance of 316.41 (317.37, deed) feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 30.00 feet to the southerly right-of-way of said Claire Chennault and the POINT OF BEGINNING of the description;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 190 feet to a point for a corner;

THENCE N 43°04'19" E(N 43° 26' 09" E, deed) a distance of 175.00 feet to a point for a corner;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of said way (120 feet wide);

THENCE S 43°04'19" W(S 43° 26' 09" W, deed) along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46°55'41" W(N 46° 33' 51" W, deed) a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault;

THENCE N 43°04'19" E(N 43° 26' 09" E, deed) along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 5.833 acres of land, more or less, and now being a part of ADDISON AIRPORT ADDITION, an Addition to the Town of Addison, Dallas County, Texas, according to the plat thereof recorded in Volume 2000131, Page 82, Plat Records, Dallas County, Texas.

NOTES

1. Bearings shown hereon are based on RADS(CORS96, EPOCH 2002) tied to the Texas Coordinate System of 1983, North Central Zone (4202) using the Obsshack "Obsshack" RTK GPS Network.

The convergence/combining angle is 00°54'32" with a combined scale factor of 0.99994979.

SURVEYOR'S CERTIFICATION

Certified to: Fathead International, Inc/ Lawyers Title Company

I hereby certify that this plat represents the results of a survey made on the ground on the 7th day of November, 2011.

Signed 8th day of November, 2011

4584 CLAIRE CHENNAULT ADDISON AIRPORT

AND BEING SITUATED IN THE
WILLIAM LOMAX SURVEY, ABSTRACT No. 792
CITY OF ADDISON,
DALLAS COUNTY, TEXAS

TerraCorp Associates LLC
3960 Broadway Blvd. Ste 236
Garland, TX 75043
ph. 972-805-4529, fax 972-805-4527
www.terracorpsurvey.com

#2

THE STATE OF TEXAS

COUNTY OF DALLAS

GROUND LEASE

EXHIBIT "B"

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of June 17, 1981, 19__, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and DONHAM OIL TOOL COMPANY, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor at AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of June 30, 19 82, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of FIVE HUNDRED TWENTY FIVE AND NO/100---------- per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

6. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

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

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

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

5. **Use of Demised Premises and Construction of Improvements.** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

1-Metal building with attached offices and shops for corporate aircraft storage only. Final construction drawings shall have Airport approval before start of construction.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises.** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law.** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. **Assignment, Subletting and Mortgaging of Leasehold Estate:**

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised 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 Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, 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.

B. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in paragraph 5 or for other construction upon the demised premises approved from time to time by Landlord in writing. In the event that Tenant pursuant to mortgages or deeds of trust mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee become the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

C. All mortgages or deeds of trust whereby Tenant mortgages the leasehold estate of Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

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

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgagee.

10. Property Taxes and Assessments: Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. Alterations, Additions and Improvement. After completion of the improvements described in paragraph 8, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed 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.

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

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than $500,000.00 with respect to any one person, $1,000,000.00 with respect to any one accident and not less than $200,000.00 with respect to property damage.

(iii) Workman's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of $100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: $200,000.00 per aircraft and $400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. Casualty Damage or Destruction:

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

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

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

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

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

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not diligently commence Restoration, or after comm... Tenant does not diligently proceed to the completion of same, Landlord shall ... right to commence or complete Restora... Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

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

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

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

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

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

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meterological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

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

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

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

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

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

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

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

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

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

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

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

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

demand from time to time any deficiency that may arise by reason of any such reletting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, [illegible]elling expenses and other costs of reletting [illegible] be subtracted from the amount of rent received under such reletting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus affecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

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

24. Default by Landlord. No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages 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 demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

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

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

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

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

26. Title to Improvements. Any and all improvements on the demised premises 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 and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. Mechanics' and Materialman's Liens. Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. Title. Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

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

30. Rent on Net Return Basis. Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, 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 demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. Holding Over. Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. 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.

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

34. 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.

35. 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.

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

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

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

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

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being furnis' · Landlord's mortgagee and Landlord's mr v fails to cure such default within the curative period allowed Landlord under .se.

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

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

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

C. 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.

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

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

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

40. 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.

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

42. 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.

43. 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.

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

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

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Donham Oil Tool Company, Inc.
1341 W. Mockingbird Lane
Suite 300-E
Dallas, Texas 75247

46. 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.

47. 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.

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

49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: _____

Its: _____

CITY OF ADDISON, TEXAS

By: _____

Its: _____

TENANT:

By: _____
Keith Alexander, Jr.

Its: Executive Vice President

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Hank Alexander Jr. known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 5th day of May, 19 91

Notary Public

County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 7th day of _____, 19 ____

Notary Public

County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerry Rodgers known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 7th day of September, 19 91

Notary Public

Dallas, Texas

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public in and for said State, on this day personally appeared Kent Alexander, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DONHAM OIL TOOL COMPANY, INC., a Texas corporation, and that he executed the same as the act of said corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28th day of June, 1983.

Notary Public, State of Texas

My commission expires:

(print name)

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared DON V. AVERITT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said AIRPORT ASSOCIATES, LTD., a Texas Limited partnership, and that he executed the same as its General Partner and as the act of such limited partnership for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.

Notary Public, State of Texas

(print name)

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

My commission expires:

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on June ___, 1983 by _____ as Mayor of the City of Addison.



Notary Public, State of Texas

(printed name)

My commission expires:

_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC. a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ___ day of June, 1983.

Notary Public, State of Texas

(printed name)

My commission expires:

_____.

EXHIBIT "B"

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

Commencing at a point for the intersection of the west right-of-way line of Addison Road, a 60-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89° 54' 46" W along the south line of said Westgrove Road a distance of 730.00 feet to a point in the centerline of Claire Chennault Road (an undedicated 60-foot street);

THENCE S 00° 05' 14" E along the centerline of Clair Chennault Road projected a distance of 301.36 feet to an angle point;

THENCE S 43° 26' 09" W along the centerline of Clair Chennault Road projected a distance of 317.27 feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46° 33' 51" E to the southerly right-of-way of said road a distance of 30.00 feet for the POINT OF BEGINNING of this description;

THENCE S 46° 33' 51" E a distance of 190 feet to a point for a corner;

THENCE N 43° 26' 09" E a distance of 175.00 feet to a point for a corner;

THENCE S 46° 33' 51" E a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of taxiway (120 feet wide);

THENCE S 43° 26' 09" W along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46° 33' 51" W a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault Road;

THENCE N 43° 26' 09" E along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.803 acres of land, more or less.

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 28th day of June, 1983, at Addison, Texas, between DONHAM OIL TOOL COMPANY, INC., a Texas corporation (hereinafter called "Assignor"), and AIRPORT ASSOCIATES, LTD., a Texas limited partnership (hereinafter called "Assignee").

WHEREAS, a lease (hereinafter called "Lease") was executed on June 17, 1981, between the CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor, as Lessee, a copy of which Lease is attached hereto as Exhibit A and made a part hereof for all purposes, by the terms of which Lease certain real property located on the Addison Airport, which real property (hereinafter called the "Property") is described in Exhibit "B" attached hereto and made a part hereof for all purposes, was leased to the Assignor upon the terms and conditions provided therein; and

WHEREAS, as permitted by the Lease, Tenant has constructed an aircraft hangar and other improvements and fixtures on the Property (hereinafter called the "Improvements"); and

WHEREAS, the Assignor now desires to assign the Lease, and convey all of its right, title and interest in the Improvements, to Assignee, and the Assignee desires to accept the assignment and conveyance thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the Lease and the Improvements and all materials, equipment or other property now erected or located on the Property, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

DONHAM OIL TOOL COMPANY, INC.

By: _____, President

ASSIGNEE:

AIRPORT ASSOCIATES, LTD., a Texas limited partnership

By: _____
Don V. Averitt, General Partner

CONSENT OF LESSOR

The undersigned is the Lessor under the Lease and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: _____

ADDISON AIRPORT OF TEXAS, INC.

By: _____ PRES

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared Kent Alexander, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DONHAM OIL AND TOOL COMPANY, INC., a Texas corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 29 day of June, 1983.

_____
Notary Public, State of Texas

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

_____
(printed name)

My commission expires:
_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared DON V. AVERITT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said AIRPORT ASSOCIATES, LTD., a Texas limited partnership, and that he executed the same as its General Partner and as the act of such limited partnership for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.



Notary Public, State of Texas

PEGGY LERMAN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(printed name)

My commission expires:
_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on ~~June~~ July 8, 1983 by Jerry Kiddoo as Mayor of the City of Addison.



Notary Public, State of Texas

Jacque Sharp
(printed name)

My commission expires:
8/85.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC. a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 21 day of June, 1983.

_____
Notary Public, State of Texas

_____
(printed name)

My commission expires:
_____.

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 3rd day of January, 1989, at Addison, Texas, between Airport Associates LTD, hereinafter called "Assignor", and James Donaldson and John Barbee DBA Addison Aircraft Storage hereinafter called "Assignee".

WHEREAS, a lease executed on June 17, 1981, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of his right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

The Assignee does hereby assume all the duties and obligations of the Assignor under the Reciprocal Easement Agreement dated the 28th day of June, 1983 by and between Donham Oil Tool Company, Inc., and Airport Associates, Ltd.

EXECUTED the day and year first above written.

ASSIGNOR:
Airport Associates, LTD

ASSIGNEE:
Addison Aircraft Storage

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:
CITY OF ADDISON

By _____

ADDISON AIRPORT OF TEXAS, INC.

By _____
President

Document Receipt Information

Reference Number: 1978006752/LTC - Assignment

Instrument Number:	201100339045
No of Pages:	25
Recorded Date:	12/29/2011 2:16:02 PM
County:	Dallas
Officer Name:	YCRAIG
Volume:	
Page:	
Recording Fee:	$112.00

Exhibit C
to Ground Lease Assignment

RECIPROCAL EASEMENT

SAMPLE BANK ESTOPPEL AGREEMENT FORM

On Bank Letterhead

_____, _____

Town of Addison
P.O. Box 9010
Addison, Texas 75001-9010

RE: Ground Lease dated June 17,1981 (the "Ground Lease"), by and among the Town of Addison, Texas, a home-rule municipality (the "City", the same being the Town of Addison, Texas) and Addison Airport of Texas, Inc., a Texas corporation, as Landlord (the City now being the sole Landlord under the Ground Lease, the "Base Lease" (as defined in the Ground Lease) having expired, and the City alone being referred to herein as the "Landlord") and Donham Oil Tool Company, as tenant; the said Ground Lease then having been assigned to Airport Associates LTD., a Texas limited partnership by that Assignment of Lease entered into on June 28, 1983; the said Ground Lease then having been assigned to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as assignee, by that Assignment of Lease dated January 3, 1989; then John Barbee sold and conveyed to James D. Donaldson all his rights, title and interests in the leasehold by that certain General Warranty Deed executed July 17, 1990 as recorded in Book/Volume 90155, Page 3379 of the Official Public Records of Dallas County, Texas (the "OPR"); then the James Donald Donaldson Estate Trust, successor in interest of James D. Donaldson, now deceased assigned the Ground Lease to Tailwind Worldwide, LP., a Texas limited partnership, as recorded in the OPR as Instrument #201100339045 by that Assignment of Lease dated December 20, 2011, the said Ground Lease then having been assigned to Mills Group, Inc., a Texas corporation by that Assignment of Ground Lease entered into and made effective on _____, 2015; and by virtue of the above and foregoing assignments, Mills Group, Inc. is the tenant of the said Ground Lease, as amended and modified and subject to the instruments described herein; and the Ground Lease is subject to that certain Reciprocal Easement Agreement entered into and made effective June 28, 1983 and amended by that certain First Amendment to Reciprocal Easement Agreement entered to and made effective December 19, 2011 by and between Doyle Hartman and Margaret M. Hartman d/b/a Doyle Hartman, Oil Operator and the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson as filed and record in the Dallas County, Texas OPR as Instrument #201100339044 (the "Reciprocal Easement"); and a true and correct copy of the Ground Lease as described herein is attached hereto **Exhibit "A"** and a true and correct copy of the Reciprocal Easement attached hereto **Exhibit "C"**), each being incorporated herein by reference respectively.

Gentlemen:

Texas Security Bank (the "Bank") intends to make a loan to Mills Group, Inc. a Texas corporation (the "Tenant") in the amount of two hundred thousand dollars ($200,000.00) (the "Loan") will be secured by, among other things a lien against the leasehold interest of Tenant in the Real Property created pursuant to a leasehold deed of trust (the "Leasehold Deed of Trust") to be executed by Tenant to Craig T. Scheef, as Trustee for the benefit of Bank, which Leasehold Deed of Trust shall be subordinate and inferior to the Ground Lease and Landlord's lien (contractual and statutory) and other rights thereunder and all terms and conditions thereof, which Leasehold Deed of Trust shall be in substantially the form of the Leasehold Deed of Trust attached hereto as **Exhibit "B"** .

The Bank has advised Tenant that Bank requires the written acknowledgment of Landlord to the execution by Tenant of the above-described Leasehold Deed of Trust and the written acknowledgment and consent of the Landlord to the statements set forth in this letter.

Therefore, by executing the enclosed copy of this letter and returning it to the undersigned, Landlord hereby specifically states as follows (and notwithstanding any statement or provision hereof, Landlord's statements herein do not constitute approval by or consent of Landlord of the Leasehold Deed of Trust or of any of the terms and conditions set forth therein, and nothing herein contained shall be deemed a waiver or release of any of the Landlord's rights under the Ground Lease or otherwise):

1. Landlord takes notice of the Leasehold Deed of Trust and the subordinate and inferior lien provided for therein being impressed solely against the leasehold interest of Tenant in the Real Property.

2. The Ground Lease has not been modified, altered or amended to the best of Landlord's actual knowledge except as described herein.

3. Landlord has no actual knowledge of the existence of any default by Tenant under the Ground Lease, or of any lien against the Real Property other than that created by the Ground Lease, any lien for taxes, or as may be otherwise created or provided by law.

4. Landlord will give to Bank, at the address of Bank specified in this letter or at such other address as Bank may hereafter designate in writing to Landlord, prompt written notice of any default by Tenant under the Ground Lease simultaneously with the giving of such notice to Tenant (if such notice is required under the Ground Lease), and Bank shall have the right, but not the obligation, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make such payment as my be necessary or appropriate to cure any such default so specified. Landlord shall not exercise Landlord's right to terminate the Ground Lease without first giving Bank the notice provided for herein and affording Bank the right to cure such default as provided for herein.

5. For the purposes of this letter, any notice to Bank may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in United

States mail, postage prepaid, registered, or certified mail, return receipt requested, addressed to Bank at the above-described address.

6. If Bank or a third party (provided such third party is approved by Landlord in accordance with the terms of the Ground Lease for approval of an assignee) succeeds to the interest of Tenant in and to the Ground Lease by means of foreclosure under the Leasehold Deed of Trust, by means of a transfer in lieu of such foreclosure, or by any other lawful means due to the failure or inability of Tenant to pay the Loan secured by the Leasehold Deed of Trust, Landlord shall thereafter accept, recognize and treat Bank or such approved third party as the tenant under the Ground Lease and Landlord shall continue to perform all of its obligations under the Ground Lease subject, however, to the terms and conditions of the Ground Lease. Bank may thereafter, with the written consent of the Landlord, which consent shall not be unreasonably withheld or delayed, assign its leasehold right, title, and interest in and to the Ground Lease. For purposes hereof and any applicable law, and without limitation as to other grounds for Landlord withholding consent, it shall be deemed to be reasonable for Landlord to withhold its consent when any one or more of the following apply:

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

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

(c) the proposed assignee's intended use of the demised premises as defined in the Ground Lease is inconsistent with the Ground Lease;

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

(e) if at any time consent is requested or at any time prior to the granting of consent, tenant is in default under the Ground Lease or would be in default under the Ground Lease but for the pendency of a grace or cure period, provided that if such default is cured within such grace or cure period, then Landlord may not continue to withhold its consent solely for this circumstance; or

(f) the proposed assignee does not intend to occupy the entire demised premises as described in the Ground Lease and conduct its business therefrom for a substantial portion of the then remaining term of the Ground Lease.

For purposes hereof and any applicable law, and without limitation as to other grounds

for Landlord delaying consent, it shall be deemed to be reasonable for Landlord to delay its consent for a period of 45 days after the receipt by Landlord of all information requested by Landlord regarding or in connection with the proposed assignment and the proposed assignee.

7. To the actual knowledge of Landlord no rent has been paid more than thirty (30) days in advance of its due date.

Very truly yours,

_____ (BANK)

By: _____
_____ (Name and Title)

Acknowledged and consented to the _____ day of _____, 2015.

TOWN OF ADDISON, TEXAS

By: _____ By: _____

By: _____ By: _____

Name: _____ Name: _____

Its: _____ Its: _____

cc: Real Estate Manager
Addison Airport
16051 Addison Road, Suite 220
Addison, Texas 75001

ELECTRONICALLY RECORDED 201100333707
12/22/2011 11:20:39 AM AM 1/19

AFTER RECORDING RETURN TO:
Larry O. Littleton
The Law Offices of Larry O. Littleton
5001 Spring Valley Road, Suite 400 East
Dallas, Texas 75244-3947

ELECTRONICALLY RECORDED 201100339044
12/29/2011 02:16:02 PM AM 1/20

FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT (this "*Agreement*") is made and entered into as of the 19th day of December, 2011, by and between DOYLE HARTMAN and MARGARET M. HARTMAN d/b/a DOYLE HARTMAN, OIL OPERATOR ("*Hartman*") and the JAMES DONALD DONALDSON ESTATE TRUST and the ESTATE OF JAMES DONALD DONALDSON ("*Donaldson*").

WITNESSETH:

WHEREAS, Donham Oil Tool Company, Inc., a Texas corporation ("*Donham*"), and Airport Associates, Ltd., a Texas limited partnership ("*Airport Associates*"), executed a Reciprocal Easement Agreement (the "*REA*") dated June 28, 1983, recorded in Volume 83139, Page 1576 of the Deed Records of Dallas County, Texas, and also recorded in Volume 83248, Page 4110 of the Deed Records of Dallas County, Texas (a true and correct copy of the REA is attached hereto as Exhibit "A"); and

WHEREAS, Hartman is the leasehold owner of that certain tract of real property identified as "Tract A" in the REA (the "*Hartman Tract*"), and is the successor in interest to the FDIC, as Receiver for Independence Bank of Plano, the successor in interest by substitute trustee's deed to Flytex, Inc., a Texas corporation, the successor in interest to Donham; and

WHEREAS, by that certain Assignment of Interest In Reciprocal Easement recorded in Volume 84034, Page 1277 of the Deed of Records of Dallas County, Texas, Donham assigned all of its right, title and interest in the REA to Flytex, Inc.; and

WHEREAS, Donaldson is the leasehold owner of that certain tract of real property identified as "Tract B" in the REA (the "*Donaldson Tract*"), and is the successor in interest to James Donaldson, an individual now deceased, the successor in interest to John N. Barbee and James Donaldson, d/b/a Addison Aircraft Storage, the successor in interest to Airport Associates, Ltd., a Texas limited partnership, the successor in interest to Airport Associates, the successor in interest to Donham; and

Re-record due to error in recording order

ELECTRONICALLY RECORDED 201100333707
12/22/2011 11:20:39 AM AM 1/19

AFTER RECORDING RETURN TO:
Larry O. Littleton
The Law Offices of Larry O. Littleton
5001 Spring Valley Road, Suite 400 East
Dallas, Texas 75244-3947

FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

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WITNESSETH:

WHEREAS, Donham Oil Tool Company, Inc., a Texas corporation ("***Donham***"), and Airport Associates, Ltd., a Texas limited partnership ("***Airport Associates***"), executed a Reciprocal Easement Agreement (the "***REA***") dated June 28, 1983, recorded in Volume 83139, Page 1576 of the Deed Records of Dallas County, Texas, and also recorded in Volume 83248, Page 4110 of the Deed Records of Dallas County, Texas (a true and correct copy of the REA is attached hereto as Exhibit "A"); and

WHEREAS, Hartman is the leasehold owner of that certain tract of real property identified as "Tract A" in the REA (the "***Hartman Tract***"), and is the successor in interest to the FDIC, as Receiver for Independence Bank of Plano, the successor in interest by substitute trustee's deed to Flytex, Inc., a Texas corporation, the successor in interest to Donham; and

WHEREAS, by that certain Assignment of Interest In Reciprocal Easement recorded in Volume 84034, Page 1277 of the Deed of Records of Dallas County, Texas, Donham assigned all of its right, title and interest in the REA to Flytex, Inc.; and

WHEREAS, Donaldson is the leasehold owner of that certain tract of real property identified as "Tract B" in the REA (the "***Donaldson Tract***"), and is the successor in interest to James Donaldson, an individual now deceased, the successor in interest to John N. Barbee and James Donaldson, d/b/a Addison Aircraft Storage, the successor in interest to Airport Associates, Ltd., a Texas limited partnership, the successor in interest to Airport Associates, the successor in interest to Donham; and

Re-record due to error in recording order

AFTER RECORDING RETURN TO:
Larry O. Littleton
The Law Offices of Larry O. Littleton
5001 Spring Valley Road, Suite 400 East
Dallas, Texas 75244-3947

FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT (this "***Agreement***") is made and entered into as of the 19th day of December, 2011, by and between DOYLE HARTMAN and MARGARET M. HARTMAN d/b/a DOYLE HARTMAN, OIL OPERATOR ("***Hartman***") and the JAMES DONALD DONALDSON ESTATE TRUST and the ESTATE OF JAMES DONALD DONALDSON ("***Donaldson***").

WITNESSETH:

WHEREAS, Donham Oil Tool Company, Inc., a Texas corporation ("***Donham***"), and Airport Associates, Ltd., a Texas limited partnership ("***Airport Associates***"), executed a Reciprocal Easement Agreement (the "***REA***") dated June 28, 1983, recorded in Volume 83139, Page 1576 of the Deed Records of Dallas County, Texas, and also recorded in Volume 83248, Page 4110 of the Deed Records of Dallas County, Texas (a true and correct copy of the REA is attached hereto as Exhibit "A"); and

WHEREAS, Hartman is the leasehold owner of that certain tract of real property identified as "Tract A" in the REA (the "***Hartman Tract***"), and is the successor in interest to the FDIC, as Receiver for Independence Bank of Plano, the successor in interest by substitute trustee's deed to Flytex, Inc. a Texas corporation, the successor in interest to Donham; and

WHEREAS, by that certain Assignment of Interest In Reciprocal Easement recorded in Volume 84034, Page 1277 of the Deed of Records of Dallas County, Texas, Donham assigned all of its right, title and interest in the REA to Flytex, Inc.; and

WHEREAS, Donaldson is the leasehold owner of that certain tract of real property identified as "Tract B" in the REA (the "***Donaldson Tract***"), and is the successor in interest to James Donaldson, an individual now deceased, the successor in interest to John N. Barbee and James Donaldson, d/b/a Addison Aircraft Storage, the successor in interest to Airport Associates, Ltd., a Texas limited partnership, the successor in interest to Airport Associates, the successor in interest to Donham; and

WHEREAS, Kenneth Charles Donaldson was appointed Executor of the Estate of James Donald Donaldson by the Probate Court of Collin County, Texas in Cause No. PB 1-359-2007; and

WHEREAS, Hartman and Donaldson desire to amend the REA in certain respects.

NOW, THEREFORE, for and in consideration of the premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The Ramp Area (as such term is defined in the REA) shall mean the portion of the Hartman Tract and the Donaldson Tract of the concrete area on the east side of the hangars within the following four points: (i) the northwest corner of such concrete area, (ii) the northeast corner of such concrete area, (iii) the southeast corner of such concrete area, and (iv) the southwest corner of such concrete area. The Ramp Area is shown on Exhibit "B" attached hereto and made a part hereof for all purposes. The Ramp Area on Exhibit "B" is shaded in blue and marked "***Ramp Area***."

2. Donaldson hereby confirms and, to the extent legally necessary, does grant and convey to Hartman, his successors and assigns (as owners of the Hartman Tract or any portion thereof), a perpetual, non-exclusive access easement for pedestrian and vehicular ingress and egress between the Hartman Tract and Claire Chennault Street, upon and across the portion of the Donaldson Tract, twenty feet (20') in width, adjacent to the southwest boundary of the Hartman Tract , from Claire Chennault Street 190 feet to the extended southeastern property line of the Hartman Tract. The location of the access easement is shown on Exhibit "B" attached hereto and made a part hereof for all purposes. This area is shaded blue on Exhibit B and marked "***Access Easement***."

3. Hartman and Donaldson hereby confirm and, to the extent legally necessary, do grant and convey to each other, their successors and assigns (as owners of the Hartman Tract and the Donaldson Tract, respectively, or any portion thereof), a perpetual, non-exclusive access easement for pedestrian, vehicular, and aircraft ingress and egress over the Ramp Area to get from Claire Chennault Road to the taxiway and from the taxiway to Claire Chennault Road.

4. Section 3.03 of the REA is hereby amended by the addition of the following at the end of such Section: "If at any time any such vehicle, aircraft, equipment or other object hinders either party's access to and from the taxiway or to and from Claire Chennault Road, the offending party shall within one hour from notice by the complaining party remove the item to allow access. Subject to the provisions of this Section

3.03 the offending party will be allowed to replace the vehicle, aircraft, or equipment immediately after giving the complaining party access."

5. For purposes of Section 3.08 of the REA, Hartman's address is:

Doyle Hartman and Margaret M. Hartman
d/b/a Doyle Hartman, Oil Operator
c/o Larry O. Littleton
5001 Spring Valley Road, Suite 400 East
Dallas, Texas 75244-3947

and Donaldson's address is:

James Donald Donaldson Estate Trust and
The Estate of James Donald Donaldson
c/o Kenneth Donaldson
4584 Claire Chennault Rd.
Addison, Texas 75001

6. To the extent there are any inconsistencies between this Agreement and the REA, the terms of this Agreement will control. Otherwise, nothing in this Agreement shall modify or alter the terms and conditions of the REA.

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

DOYLE HARTMAN and MARGARET M. HARTMAN
d/b/a DOYLE HARTMAN, OIL OPERATOR

By: _____
Doyle Hartman

By: _____
Margaret M. Hartman

JAMES DONALD DONALDSON ESTATE TRUST and
ESTATE OF JAMES DONALD DONALDSON

By: _____
Kenneth Charles Donaldson, Trustee and Independent Executor

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on 12th December, 2011, by DOYLE HARTMAN and MARGARET M. HARTMAN d/b/a DOYLE HARTMAN, OIL OPERATOR.

TAMARA D. WADE
Notary Public, State of Texas
My Commission Expires
April 13, 2012

Tamara D. Wade
Notary Public, State of Texas

My Commission Expires:

4-13-2012

TAMARA D. WADE
(Printed or Typed Name of Notary)

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on DECEMBER 15, 2011, by KENNETH CHARLES DONALDSON as TRUSTEE OF THE JAMES DONALD DONALDSON ESTATE TRUST and THE INDEPENDENT EXECUTOR OF THE ESTATE OF JAMES DONALD DONALDSON.

Elaine M. Moore
Notary Public, State of Texas

My Commission Expires:

12/30/2012

ELAINE M. MOORE
(Printed or Typed Name of Notary)

ELAINE M. MOORE
My Commission Expires
December 30, 2012

CONSENT OF LANDLORD

The undersigned, the Landlord under the Ground Leases covering the Hartman Tract and the Donaldson Tract, hereby consents to the above First Amendment to Reciprocal Easement Agreement waiving none of its rights under said Ground Leases.

TOWN OF ADDISON,
a home-rule municipality

By: _____
Ron Whitehead, City Manager

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on DECEMBER 15, 2011, by Ron Whitehead, City Manager of the TOWN OF ADDISON, a home-rule municipality, on behalf of said Town.

MICHELE LOPER HILGART
NOTARY PUBLIC STATE OF TEXAS
COMMISSION EXPIRES:
09-22-2013

_____
Notary Public, State of Texas

My Commission Expires:

09/22/2013

MICHELE LOPER HILGART
(Printed or Typed Name of Notary)

Exhibit A

RECIPROCAL EASEMENT AGREEMENT

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

THIS RECIPROCAL EASEMENT AGREEMENT ("Agreement") is made and entered into as of the 28th day of June, 1983, by and between DONHAM OIL TOOL COMPANY, INC., a Texas corporation ("Donham"), and AIRPORT ASSOCIATES, LTD., a Texas limited partnership ("Associates"),

W I T N E S S E T H :

WHEREAS, Donham is the leasehold owner of that certain tract of real property in Dallas County, Texas, more particularly described in Exhibit "A" attached hereto and incorporated herein for all purposes ("Tract A");

WHEREAS, Associates is the leasehold owner of that certain tract of real property located in Dallas County, Texas, more particularly described in Exhibit "B" attached hereto and incorporated herein for all purposes ("Tract B");

WHEREAS, Tracts A and B are both located within Addison Airport, Addison, Texas.

WHEREAS, Donham and Associates desire that the one hundred seventy-five (175) foot in length ramp area (hereinafter called the "Ramp Area") located between the aircraft hangars which are located on Tract A and Tract B, respectively, should be accessible for ingress and egress to and from the taxiway (hereinafter called the "Taxiway") and Tracts A and B;

WHEREAS, there is an aircraft hangar located on Tract B, and the door of such aircraft hanger (hereinafter called the "Hangar Door"), when opened, slides into a bay which encroaches upon the Donham Ramp Area (as hereinafter defined);

NOW, THEREFORE, for and in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

Grants of Easements and Rights

1.01. Donham, for itself and its successors and assigns, does hereby grant, sell, convey and deliver to Associates, its successors and assigns, a non-exclusive, perpetual and permanent right-of-way easement, which shall be appurtenant to and inure to the benefit of Tract B, for (i) aircraft, vehicular and pedestrian access over and across that portion of the Ramp Area owned by Donham (the "Donham Ramp Area") in order to provide access to and from Tract B to and from the Taxiway, (ii) Hangar Door opening onto the Donham Ramp Area, and (iii) permanent rights of entry upon the Donham Ramp Area for the purpose of maintaining and repairing the Improvements (hereinafter defined) and the Hangar Door.

1.02. Associates, for itself and its successors and assigns, does hereby grant, sell, convey and deliver to Donham, its successors and assigns, a non-exclusive, perpetual and permanent right-of-way easement, which shall be appurtenant to and inure to the benefit of Tract A, for aircraft, vehicular and pedestrian access over and across that portion of the Ramp

Area owned by Associates (the "Associates Ramp Area") in order to provide access to and from Tract A to and from the Taxiway, together with permanent rights of entry upon the Associates Ramp Area for the purpose of maintaining and repairing the Improvements.

1.03. Donham and Associates hereby reserve the right, for themselves and their respective successors and assigns, to grant such other or similar easements, rights, rights-of-way and privileges over and across their respective Tracts; provided, however, any such other easements, rights, rights-of-way and privileges hereinafter granted over, across or under Tracts A and B shall not interfere with the use of any of the easements, rights, rights-of-way and servitudes herein granted.

1.04. It is the intention of Donham and Associates that this Agreement shall be for the exclusive benefit of the owner(s) of Tracts A and B. Nothing contained herein, express or implied, shall confer upon any person or entity other than said owner(s) any rights or remedies under or by reason of this Agreement. Associates and Donham and any other owner(s) of Tract A or Tract B shall each have the right to grant a license, right or permission to their respective officers, employees, tenants, business invitees and all licensees and guests to use any of the easement areas or avail themselves of any rights granted herein, but any action to enforce any of such rights may be maintained only by Associates, Donham or such other owner(s) or their respective successors and assigns.

ARTICLE II

Maintenance of Improvements

2.01. Donham and Associates hereby covenant and agree to maintain and repair the ramp improvements located on the Ramp Area (the "Improvements"). Such maintenance and repair shall include, but not be limited to, cleaning, sweeping, ice and snow removal, repair of paving and lighting, restriping of paving, and such other necessary maintenance and repairs, including the necessary safety measures, to the extent necessary to maintain the Improvements on the Ramp Area in a condition substantially equivalent to their condition and usefulness when newly constructed. Fifty percent (50%) of all costs and expenses incurred by either party in connection with the maintenance and repair of the Improvements located on the Ramp Area shall be paid by the other party within ten (10) days following receipt of written notice detailing such costs and expenses.

2.02. Donham's covenant to improve, repair and maintain the Improvements on the Donham Ramp Area shall be a covenant running Tract A and shall be for the benefit of Tract B and the owner(s) thereof.

2.03. Associates' covenant to improve, repair and maintain the Improvements on the Associates Ramp Area shall be a covenant running with Tract B and shall be for the benefit of Tract A and the owner(s) thereof.

ARTICLE III

General Provisions

3.01. Donham agrees to secure and maintain as to the Donham Ramp Area and Associates agrees to secure and maintain as to the Associates Ramp Area, sufficient public liability insurance coverage against claims for bodily injury or death and property damage occuring on such Areas and upon reasonable request, each shall furnish to the other a certificate of

insurance, on or before the effective date of such coverage and each renewal date therafter, evidencing such coverage, together with paid receipts evidencing payment of premiums for all such coverages obtained.

3.02. Donham and Associates hereby covenant and agree that upon the completion of an aircraft hangar on that certain tract of real property located in Dallas County, Texas, contiguous to the Ramp Area (the "Adjacent Tracts"), this Agreement shall be amended to grant the leasehold owners of the Adjacent Tracts a non-exclusive, perpetual and permanent right-of-way easements for aircraft, vehicular and pedestrian access over and across the Ramp Area, provided, however, that such grant shall be contingent upon (i) the leasehold owners of the Adjacent Tracts granting to Donham and Associates non-exclusive, perpetual and permanent right-of-ways and easements for the benefit of Donham and Associates, for aircraft, vehicular and pedestrian access over and across that portion of the ramp areas to be extended at least seventy-five feet (75') from the boundary of the Ramp Area ("Future Ramp Area"), and (ii) all of said leasehold owners agreeing to maintain the Future Ramp Area and the Ramp Area in an equitable manner acceptable to Donham and Associates.

3.03. Donham and Associates agree that no aircraft, vehicle or other equipment will be left unattended on the Ramp Area, thereby hindering the other party's access to and from the Taxiway, other than during periods of normal loading, unloading or refueling.

3.04. Associates and Donham agree that if either of them or any future owner of the Associates Ramp Area or the Donham Ramp Area shall be in default of any of the easements, covenants, agreements, terms or restrictions contained herein, then the owner or owners of the other Area and any mortgagees shall have the right, but shall not be obligated, to cure such default, provided it is a curable default under this Agreement, and provided that such defaulting owner (hereinafter referred to as the "Defaulting Owner"), and any mortgagee having an interest in the Area upon which the default has occurred are notified in writing of such intended cure in the manner provided hereinafter at least ten (10) days prior to the date of effecting any curative action. All expenses and costs incurred by the owner effecting such cure, together with reasonable attorneys' fees and costs for collecting such costs and interest thereon, shall be a demand obligation owing by the Defaulting Owner to the party effecting such cure and such demand obligation shall bear interest at the lesser of eighteen per cent (18%) per annum or the maximum rate then permitted under applicable law. Any such owner or mortgagee electing to effect such cure, its directors, officers, employees, agents, servants and workmen shall have the right of entry and ingress and egress upon that portion of the Area upon which such default occurred as is necessary for effecting any such cure. The Defaulting Owner hereby agrees to indemnify and hold harmless any such party so entering upon such Area from all claims, demands, liabilities and judgments arising from any such entry for the purpose of effecting any such cure. Additionally, such owner or mortgagee effecting such cure, or in the event that breach of such covenant, agreement or term is not subject to cure as provided herein, shall have the right to institute suit and obtain protective or mandatory injunction to prevent a continuing breach of or to enforce the continued observance by such Defaulting Owner of the covenants, agreements, terms, conditions and restrictions contained herein, and such Owner (but not such mortgagee) shall have the right to ordinary damages against such Defaulting Owner occasioned by any such continuing default under this Agreement.

3.05. Associates and Donham covenant and agree that the servitudes, easements, rights, rights-of-way, privileges,

agreements, covenants and restrictions and all other terms hereof shall be binding upon their respective successors and assigns, and all other persons or entities having or hereafter acquiring any right, title or interest in Tract A or Tract B, and all other persons and entities claiming by, through or under said owners and their respective successors and assigns. In the event any owner or future owner of all or any part of either Tract A or Tract B shall convey either all or any portion of such Tract, such owner so conveying shall automatically be freed and relieved, from and after the date of recording of such conveyance, of all liability for future performance of any covenants, agreements or obligations on the part of such owner which are required by this Agreement to thereafter be performed with respect to any such Tract or the portion of any such Tract so conveyed, except as herein otherwise specified. It is intended hereby that the agreements and obligations contained in this Agreement shall be binding on such owner only as to that owner's period of ownership or subsequent periods of ownership, though such conveying owner shall remain liable after the date of recording of such conveyance for any obligations arising or incurred prior to such date of recording during such conveying owner's period of ownership.

3.06. No breach of the covenants, conditions, obligations or restrictions herein contained shall in any way impair, defeat or render invalid the lien or charge of any mortgage or deed of trust made in good faith and for good and valuable consideration encumbering any of the Areas herein described, but all of such covenants, conditions, obligations and restrictions shall be binding upon and effective against the owner of any of such Areas whose title is derived through foreclosure of or sale under any such mortgage or deed of trust, or otherwise.

3.07. Associates and Donham hereby agree that in recognition of the fact that they, or their respective successors and assigns, as owners of the Tracts or Areas, may find it necessary from time to time to establish to banks, mortgagees, accountants or the like, the then current status of performance under this Agreement, that each, upon the written request of the other, will furnish from time to time, with reasonable promptness, a written statement in recordable form on the status of any matter relating to this Agreement.

3.08. Any notice, demand, request or communication required or permitted hereunder shall be in writing and hand delivered or sent by United States mail, postage prepaid, registered or certified mail or by prepaid telegram (provided that such telegram is confirmed by mail in the manner previously described), addressed as follows:

If to Associates:	6336 Greenvile Avenue Dallas, Texas 75206 Attn: Alan T. Gregory or Don V. Averitt
If to Donham:	16479 N. Dallas Parkway Suite 400 Dallas, Texas 75248 Attn: Ken Alexander

or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable parties sent in accordance herewith. Any such notice, demand, request or communication shall be deemed to have been given as of the date of receipt in the case of hand delivery or, in the case of mailing, as of the first attempted delivery at the address and in the manner provided herein; provided, however, that all notices of completion of cure and

creation of lien shall, in addition to being sent in the manner specified above, be recorded in the Deed Records of Dallas County, Texas, and shall be deemed to be given on the later of (i) the date on which such notice is recorded or (ii) the date the notice of completion of cure is deemed received as provided in this Paragraph 3.08.

3.09. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and vice versa, and the words in masculine gender shall include the feminine and neuter genders and vice versa.

3.10. Every provision in this Agreement is intended to be severable. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remaining provisions of this Agreement.

3.11. This Agreement contains the entire understanding and agreement between the parties hereto and supersedes any prior written or oral agreements between them respecting the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, between and among the parties hereto relating to the subject matter of this Agreement which are not fully expressed herein.

3.12. The failure of any party hereto or any mortgagee consenting hereto to insist upon strict performance of any of the servitudes, easements, privileges, rights, covenants, agreements, terms and conditions hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of any of such party's rights. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any obligation hereunder.

3.13. This Agreement may be changed, modified, amended, or rescinded only by an instrument in writing duly executed and acknowledged by all of the parties hereto or by the then owner(s) of Tract A and Tract B and consented to by all mortgagees which then hold a first lien against Tract A or B or any part thereof. Any such amendment shall be effective as of such date as may be determined by the parties hereto.

3.14. This Agreement and the rights and obligations hereunder of the parties hereto shall be governed by the laws of the State of Texas.

3.15. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereinabove set forth.

DONHAM OIL TOOL COMPANY, INC., a Texas corporation

By: _____, President

Secretary

DONHAM

AIRPORT ASSOCIATES, LTD., a Texas limited partnership

By _____
Don V. Averitt, General Partner

CONSENT OF LESSOR

The undersigned is the Lessor under the ground leases covering Tract A and Tract B and the Adjacent Tracts and hereby consents to the foregoing Reciprocal Easement Agreement, waiving none of their rights under said ground leases.

LESSOR:

CITY OF ADDISON

By: _____ PRES

ADDISON AIRPORT OF TEXAS, INC.

By: _____

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public in and for said State, on this day personally appeared Kent Alexander, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DONHAM OIL TOOL COMPANY, INC., a Texas corporation, and that he executed the same as the act of said corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28th day of June, 1983.

Notary Public, State of Texas

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

My commission expires:

(print name)

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared DON V. AVERITT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said AIRPORT ASSOCIATES, LTD., a Texas Limited partnership, and that he executed the same as its General Partner and as the act of such limited partnership for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.

Notary Public, State of Texas

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(printed name)

My commission expires:

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on June 8, 1983 by [illegible] as [illegible] of the City of Addison.

[illegible]
Notary Public, State of Texas

[illegible]
(printed name)

My commission expires:

5/85

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC. a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the [illegible] day of June, 1983.

[illegible]
Notary Public, State of Texas

[illegible]
(printed name)

My commission expires:

[illegible]

EXHIBIT "B"

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

Commencing at a point for the intersection of the west right-of-way line of Addison Road, a 60-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89° 54' 46" W along the south line of said Westgrove Road a distance of 730.00 feet to a point in the centerline of Claire Chennault Road (an undedicated 60-foot street);

THENCE S 00° 05' 14" E along the centerline of Clair Chennault Road projected a distance of 301.36 feet to an angle point;

THENCE S 43° 26' 09" W along the centerline of Clair Chennault Road projected a distance of 317.27 feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46° 33' 51" E to the southerly right-of-way of said road a distance of 30.00 feet for the POINT OF BEGINNING of this description;

THENCE S 46° 33' 51" E a distance of 190 feet to a point for a corner;

THENCE N 43° 26' 09" E a distance of 175.00 feet to a point for a corner;

THENCE S 46° 33' 51" E a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of taxiway (120 feet wide);

THENCE S 43° 26' 09" W along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46° 33' 51" W a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault Road;

THENCE N 43° 26' 09" E along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.803 acres of land, more or less.

EXHIBIT "A"

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison, Texas and being more fully described as follows:

Commencing at a point for the intersection of the west Right-of-Way line of Addison Road, a 60 foot street, and the south Right-of-Way line of Westgrove Road, a 60 foot street;

THENCE S 89°54' 46" W along the south line of said Westgrove Road a distance of 730.00 feet to a point in the centerline of Claire Chennault Road (an undedicated 60 foot street);

THENCE S 00°05' 14" E along the centerline of Claire Chennault Road projected a distance of 301.36 feet to an angle point;

THENCE S 43°26' 09" W along the center line of Claire Chennault Road projected a distance of 142.27 feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46°33' 51" E to the southerly Right-of-Way of said road a distance of 30.00 feet for the POINT OF BEGINNING of this description;

THENCE S 46°33' 51" E a distance of 190.00 feet to a point for a corner;

THENCE S 43°26' 09" W a distance of 175 feet to a point for a corner;

THENCE N 46°33' 51" W a distance of 190.00 feet to a point for a corner, said point being in the southerly Right-of-Way line of Claire Chennault Road;

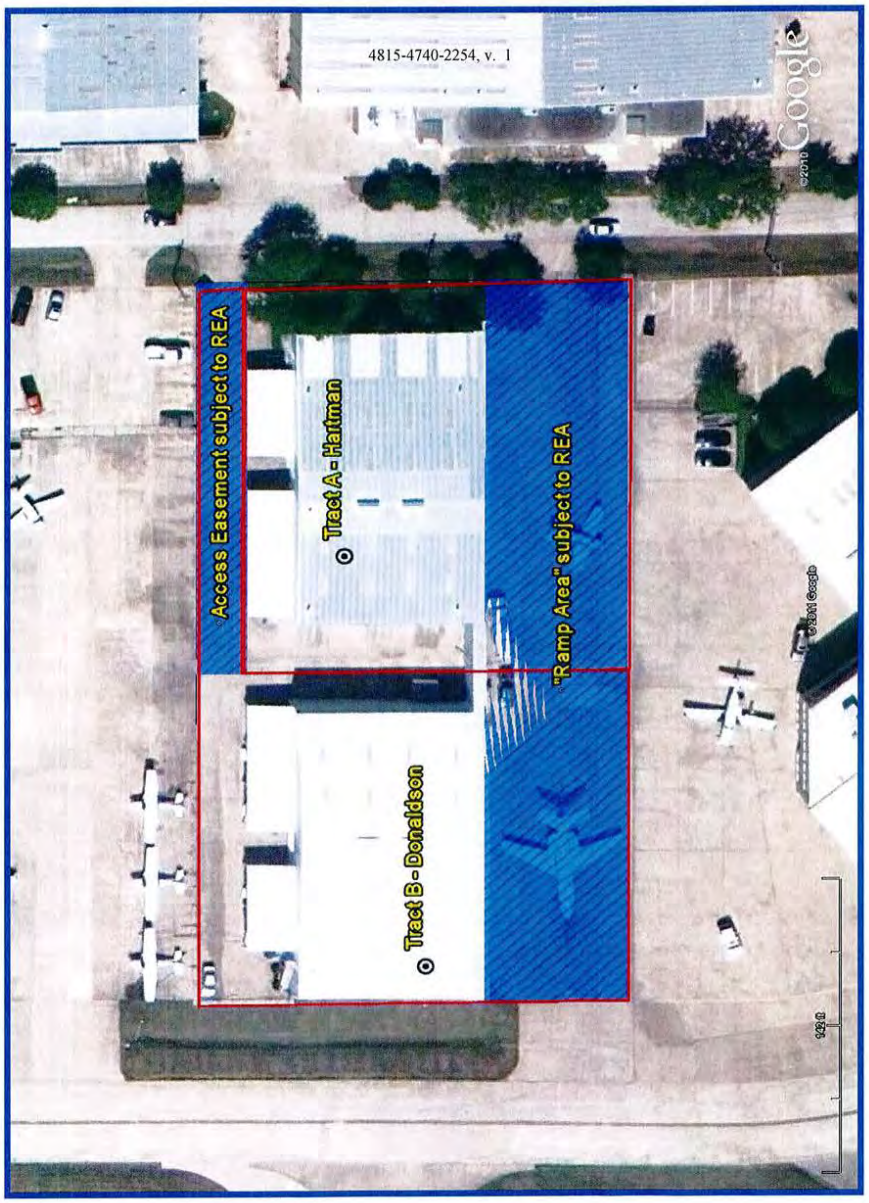
THENCE N 43°26' 09" E along said southerly Right-of-Way line a distance of 175.00 feet to the POINT OF BEGINNING and containing 0.763 acres of land more or less.

Exhibit B

EXHIBIT "B"

(Ramp Area and Location of Access Easement)

Graphic representation depicting easements in relation
to the Hartman Tract and the Donaldson Tract



Document Receipt Information

Reference Number: 1978006752/LTC - Amendment

Instrument Number:	201100339044
No of Pages:	20
Recorded Date:	12/29/2011 2:16:02 PM
County:	Dallas
Officer Name:	YCRAIG
Volume:	
Page:	
Recording Fee:	$92.00

Exhibit 2

BANK ESTOPPEL AGREEMENT

SAMPLE BANK ESTOPPEL AGREEMENT FORM

On Bank Letterhead

_____, _____

Town of Addison
P.O. Box 9010
Addison, Texas 75001-9010

RE: Ground Lease dated June 17,1981 (the "Ground Lease"), by and among the Town of Addison, Texas, a home-rule municipality (the "City", the same being the Town of Addison, Texas) and Addison Airport of Texas, Inc., a Texas corporation, as Landlord (the City now being the sole Landlord under the Ground Lease, the "Base Lease" (as defined in the Ground Lease) having expired, and the City alone being referred to herein as the "Landlord") and Donham Oil Tool Company, as tenant; the said Ground Lease then having been assigned to Airport Associates LTD., a Texas limited partnership by that Assignment of Lease entered into on June 28, 1983; the said Ground Lease then having been assigned to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as assignee, by that Assignment of Lease dated January 3, 1989; then John Barbee sold and conveyed to James D. Donaldson all his rights, title and interests in the leasehold by that certain General Warranty Deed executed July 17, 1990 as recorded in Book/Volume 90155, Page 3379 of the Official Public Records of Dallas County, Texas (the "OPR"); then the James Donald Donaldson Estate Trust, successor in interest of James D. Donaldson, now deceased assigned the Ground Lease to Tailwind Worldwide, LP., a Texas limited partnership, as recorded in the OPR as Instrument #201100339045 by that Assignment of Lease dated December 20, 2011, the said Ground Lease then having been assigned to Mills Group, Inc., a Texas corporation by that Assignment of Ground Lease entered into and made effective on _____, 2015; and by virtue of the above and foregoing assignments, Mills Group, Inc. is the tenant of the said Ground Lease, as amended and modified and subject to the instruments described herein; and the Ground Lease is subject to that certain Reciprocal Easement Agreement entered into and made effective June 28, 1983 and amended by that certain First Amendment to Reciprocal Easement Agreement entered to and made effective December 19, 2011 by and between Doyle Hartman and Margaret M. Hartman d/b/a Doyle Hartman, Oil Operator and the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson as filed and record in the Dallas County, Texas OPR as Instrument #201100339044 (the "Reciprocal Easement"); and a true and correct copy of the Ground Lease as described herein is attached hereto **Exhibit "A"** and a true and correct copy of the Reciprocal Easement attached hereto **Exhibit "C"**), each being incorporated herein by reference respectively.

Gentlemen:

Texas Security Bank (the "Bank") intends to make a loan to Mills Group, Inc. a Texas corporation (the "Tenant") in the amount of two hundred thousand dollars ($200,000.00) (the "Loan") will be secured by, among other things a lien against the leasehold interest of Tenant in the Real Property created pursuant to a leasehold deed of trust (the "Leasehold Deed of Trust") to be executed by Tenant to Craig T. Scheef, as Trustee for the benefit of Bank, which Leasehold Deed of Trust shall be subordinate and inferior to the Ground Lease and Landlord's lien (contractual and statutory) and other rights thereunder and all terms and conditions thereof, which Leasehold Deed of Trust shall be in substantially the form of the Leasehold Deed of Trust attached hereto as **Exhibit "B"** .

The Bank has advised Tenant that Bank requires the written acknowledgment of Landlord to the execution by Tenant of the above-described Leasehold Deed of Trust and the written acknowledgment and consent of the Landlord to the statements set forth in this letter.

Therefore, by executing the enclosed copy of this letter and returning it to the undersigned, Landlord hereby specifically states as follows (and notwithstanding any statement or provision hereof, Landlord's statements herein do not constitute approval by or consent of Landlord of the Leasehold Deed of Trust or of any of the terms and conditions set forth therein, and nothing herein contained shall be deemed a waiver or release of any of the Landlord's rights under the Ground Lease or otherwise):

1. Landlord takes notice of the Leasehold Deed of Trust and the subordinate and inferior lien provided for therein being impressed solely against the leasehold interest of Tenant in the Real Property.

2. The Ground Lease has not been modified, altered or amended to the best of Landlord's actual knowledge except as described herein.

3. Landlord has no actual knowledge of the existence of any default by Tenant under the Ground Lease, or of any lien against the Real Property other than that created by the Ground Lease, any lien for taxes, or as may be otherwise created or provided by law.

4. Landlord will give to Bank, at the address of Bank specified in this letter or at such other address as Bank may hereafter designate in writing to Landlord, prompt written notice of any default by Tenant under the Ground Lease simultaneously with the giving of such notice to Tenant (if such notice is required under the Ground Lease), and Bank shall have the right, but not the obligation, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make such payment as my be necessary or appropriate to cure any such default so specified. Landlord shall not exercise Landlord's right to terminate the Ground Lease without first giving Bank the notice provided for herein and affording Bank the right to cure such default as provided for herein.

5. For the purposes of this letter, any notice to Bank may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in United

States mail, postage prepaid, registered, or certified mail, return receipt requested, addressed to Bank at the above-described address.

6. If Bank or a third party (provided such third party is approved by Landlord in accordance with the terms of the Ground Lease for approval of an assignee) succeeds to the interest of Tenant in and to the Ground Lease by means of foreclosure under the Leasehold Deed of Trust, by means of a transfer in lieu of such foreclosure, or by any other lawful means due to the failure or inability of Tenant to pay the Loan secured by the Leasehold Deed of Trust, Landlord shall thereafter accept, recognize and treat Bank or such approved third party as the tenant under the Ground Lease and Landlord shall continue to perform all of its obligations under the Ground Lease subject, however, to the terms and conditions of the Ground Lease. Bank may thereafter, with the written consent of the Landlord, which consent shall not be unreasonably withheld or delayed, assign its leasehold right, title, and interest in and to the Ground Lease. For purposes hereof and any applicable law, and without limitation as to other grounds for Landlord withholding consent, it shall be deemed to be reasonable for Landlord to withhold its consent when any one or more of the following apply:

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

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

(c) the proposed assignee's intended use of the demised premises as defined in the Ground Lease is inconsistent with the Ground Lease;

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

(e) if at any time consent is requested or at any time prior to the granting of consent, tenant is in default under the Ground Lease or would be in default under the Ground Lease but for the pendency of a grace or cure period, provided that if such default is cured within such grace or cure period, then Landlord may not continue to withhold its consent solely for this circumstance; or

(f) the proposed assignee does not intend to occupy the entire demised premises as described in the Ground Lease and conduct its business therefrom for a substantial portion of the then remaining term of the Ground Lease.

For purposes hereof and any applicable law, and without limitation as to other grounds

for Landlord delaying consent, it shall be deemed to be reasonable for Landlord to delay its consent for a period of 45 days after the receipt by Landlord of all information requested by Landlord regarding or in connection with the proposed assignment and the proposed assignee.

7. To the actual knowledge of Landlord no rent has been paid more than thirty (30) days in advance of its due date.

Very truly yours,

_____ (BANK)

By: _____
_____ (Name and Title)

Acknowledged and consented to the _____ day of _____, 2015.

TOWN OF ADDISON, TEXAS

By: _____ By: _____

By: _____ By: _____

Name: _____ Name: _____

Its: _____ Its: _____

cc: Real Estate Manager
Addison Airport
16051 Addison Road, Suite 220
Addison, Texas 75001

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

Main: 972-392-4850
Direct: 972-392-4856
Fax: 972-788-9334
bill.dyer@addisonairport.net

- M E M O R A N D U M -

To: Lisa Pyles, Director of Infrastructure & Development Services

From: Bill Dyer, Real Estate Manager

CC: Joel Jenkinson, Airport Director

Date: November 2, 2015

Re: A Request for the Consideration and Consent of the Town of Addison Regarding the Assignment of Ground Lease #0630-3202 (Tailwind Worldwide, LP) commonly known as 4584 Claire Chennault Drive at Addison Airport to Mills Group, Inc. and its creation of a Leasehold Mortgage

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Summary of Requested Approval and Recommendation by Airport Manager:

Airport Management is requesting the Town's consideration and consent to the proposed sale and assignment of the Tailwind Worldwide, LP (Tailwind) ground leasehold interests to Mills Group, Inc., a Texas corporation (Mills Group). In association with the assignment of the Ground Lease and the purchase of the improvements, Mills Group is requesting the Town's consent to the creation of a leasehold mortgage pursuant to the terms of an estoppel agreement between the Town and the assignee's lender.



Figure 1: Arial View of Subject Property with approximate boundaries

Airport Management has reviewed the above matter and recommends the Town give its consent as requested. The city attorney has reviewed the proposed Assignment to Ground Lease Agreement and the proposed bank estoppel letter and find them acceptable to form (each attached hereto to be substantially in the form of Exhibit 1 and Exhibit 2 respectively).

Background Information:

On June 17, 1981, the City of Addison, Addison Airport of Texas, Inc. (Landlord) and Donham Oil Tool Company (Donham) entered into a ground lease for certain real property located at 4584 Claire Chennault Drive. Donham improved the property as required by the ground lease. By virtue of subsequent assignments and conveyances Tailwind acquired the existing building improvements and underlying leasehold interests from the Estate of James Donaldson d.b.a. Cherry Air, Inc. in December of 2011.

The permitted use of the leased premises as provided for in the Ground Lease includes the typical aeronautical uses found in most other Addison Airport ground leases, however a limiting provision added to the terms further restricts the permitted use to "corporate aircraft storage only." This provision has proven to be somewhat ambiguous, however, has been interpreted in the past by the Airport to mean for only aircraft owned, leased or "under the operational control" of the tenant or subtenants could be stored on the premises (storage of third-party aircraft not permitted). Cherry Air and Tailwind were both charter/cargo operators and stored and maintained on the premises only the aircraft that were owned, leased or under their direct operational control.

The leased premises are subject to a Reciprocal Easement Agreement with the adjoining and adjacent ground tenant Doyle Hartman (Hartman). Inclusive of the ramp area fronting both hangars, each party gives the right to access the other's aircraft ramp for the purpose of aircraft, vehicular and pedestrian movement (to the extent permitted by the Airport Rules and Regulations). Furthermore, Hartman has ingress/egress for the purpose of vehicular and pedestrian traffic over Tailwind's dedicated driveway, giving Hartman legal access to his off-street parking directly in front of his hangar facility.

Current Status:

The subject ground lease consists of 35,000 square feet, or .803 acres, of real property located at 4584 Claire Chennault Drive with 12,185 square feet of metal-clad hangar space, 1,500 square feet of office space, limited off-street parking and 11,350 square feet of aircraft ramp subject to the Reciprocal Easement Agreement described above.

The Ground Lease commenced June 30, 1982 and has a forty (40) year term, which is scheduled to expire June 29, 2022, or just less than 7 years from now. Upon the term expiration the ownership of the building improvements are expected to revert to the Town. Presently it is the strategic objective of the Airport not to grant any term extension or renewal of the Ground Lease in order for the Town to take full control of the property, a position consistent with the adopted 2013 Airport Strategic Plan.

The Mill's Group acquisition of the leasehold is with full and complete knowledge and understanding of the Airport's current position. Provided the ground tenant is not in default and remains good standing with the Town, Mills Group could be considered to continue their use and occupancy of the premises subject to an at-market commercial hangar lease arrangement with the Town as landlord.

The current ground rental is $1,143.04 monthly or $13,716.48 annually. The rental is regarded to be below the prevailing market, however the contract rate is indicative of the impact the restricted permitted use, Reciprocal Easement Agreement and the smaller than normal aircraft apron and off-street parking has on the leasehold value. The next scheduled rental adjustment (based on CPI) is 7/1/2016 and occurs every other year for the duration of the remaining term.

Property Description	
Date of Report	10/15/2015
Property Number	0630-32
Property Address	4584 Claire Chennault Drive
Ramp Address	T-13
Property Type	Hangar with Office
Land Area	35,000
Hangar Area	12,185
Office/Shop Area	1,500
Total Building Area	13,685
Year Built	1981
Est. Economic Life	40
End of Eco. Life	2021
% Obsolescent	85%
Ramp Area	11,350

Ground Lease Information	
Lease #	0630-3202
Tenant Name	Tailwind Worldwide, LP
Doing Business As	Tailwind Worldwide, LP
Primary Contact:	Michele Wilkinson
Primary Contact Phone:	972-380-4407
Lease Type	Ground Lease
Lease Commencement Date	6/30/1982
Lease Expiration Date	6/29/2022
Years Remaining in Term	6.7
Current Monthly Rent	$1,143.04
Current Annual Rent	$13,716.48
Annual Rent /SF Land	$0.39
Est. Remaining Contract Rent	$96,480
Next Rent Adjustment Date	07/01/16 - CPI every 2 years

The current ground tenant, Tailwind Worldwide, LP has experienced a significant shift and decline in their business operations over the past couple of years. Consequently they have been actively seeking to divest their leasehold interests at Addison Airport in connection with their corporate restructuring.

Background of Proposed Assignee:

Mills Group, Inc., a Texas corporation led by Cameron Leggett, with corporate offices at 10424 Marsh Lane, Dallas, is engaged in real estate investment activities including the construction and renovation of commercial and residential properties. Mills Group's corporate headquarters will relocate to and will occupy part of the office space at 4584 Claire Chennault and the remainder will be subleased. Although not made as a requirement to the Assignment, Mills Group intends to renovate the interior and exterior of the entire facility to improve aesthetics. Mr. Leggett's introduction to the airport was in 1995 when he attended flight school and would earn funds for flight time by cleaning aircraft.

The hangar space will be occupied by RR Investments, Inc. d/b/a Million Air, and will be used solely for the storage of aircraft owned and/or under their direct operational control. Addison Airport will serve as the base for these aircraft. Repair and maintenance is not planned to be provided or performed within the leased premises but, rather, at approved facilities elsewhere on the airfield. Aircraft stored will be those not flown as regularly so the movement of these aircraft should be infrequent and not conflict with the Reciprocal Easement Agreement described above.

The assignee is also requesting the Town to consent to the creation of a leasehold mortgage pursuant to the terms of the proposed bank estoppel letter substantially in the form as attached. The proposed bank estoppel letter is from Texas Security Bank, who intends to make a $200K loan to the assignee, with the proceeds from the loan to be used for the acquisition of the leasehold interest and building improvements. The note will be secured with a leasehold deed of trust referencing the real property subject to the ground lease. The lien created by the leasehold deed of trust will be subordinate and inferior to the Landlord's lien created by the Ground Lease. The terms and conditions of the estoppel letter is consistent with the Town's practice regarding such matters.

Conclusion and Recommendation of Airport Manager:

Tailwind Worldwide, LP is requesting the Town's consideration and consent to the sell and assignment of their ground leasehold interests located at 4584 Claire Chennault Drive at Addison Airport to Mills Group, Inc., a Texas corporation. Mills Group, Inc. is acquiring the property subject to the current terms and conditions of the Ground Lease, including but not limited to, the remaining lease term of less than 7 years. The proposed transaction does not have any financial or immediate economic impact to the Airport.

Airport Management recommends the Town give its consent to the requested action and authorize the City Manager to execute the Assignment of Ground Lease and bank estoppel letter on behalf of the Town of Addison. The city attorney has reviewed each of the referenced agreements, attached hereto as Exhibit 1 and Exhibit 2, and find them acceptable to form.

Exhibits

- Exhibit 1: Proposed Assignment of Ground Lease Agreement Form and Consent of Landlord
- Exhibit 2: Bank Estoppel Agreement

Exhibit 1

PROPOSED ASSIGNMENT AGREEMENT

STATE OF TEXAS §
§ **ASSIGNMENT OF GROUND LEASE**
COUNTY OF DALLAS §

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of _____ 2015, at Addison, Texas, by and between Tailwind Worldwide, LP, a Texas limited partnership (herein referred to as "Assignor") and Mills Group, Inc., a Texas corporation (herein referred to as "Assignee").

WHEREAS, a Ground Lease was executed on June 17, 1981 between the City of Addison, Addison Airport of Texas, Inc., and Donham Oil Tool Company by the terms of which certain real property located at 4584 Claire Chennault (the "Demised Premises"), Addison Airport within the Town of Addison, Texas (the "City") and owned by the City was leased to Donham Oil Tool Company; and

WHEREAS, by that Assignment of Lease dated June 28, 1983, the Ground Lease was assigned from Donham Oil Tool Company, as Assignor, to Airport Associates, LTD., a Texas limited partnership, as Assignee; and

WHEREAS, by that Assignment of Lease dated January 3, 1989, the Ground Lease was assigned from Airport Associates, LTD., as Assignor, to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as Assignee; and

WHEREAS, by that certain General Warranty Deed executed July 17, 1990, and recorded in the Dallas County Clerk's Official Public Records ("OPR") in Book/Volume 90155, Page 3379 whereby John M. Barbee granted, sold and conveyed to James D. Donaldson any and all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises; and

WHEREAS, on or before July 9, 2007 James Donald Donaldson died and by that certain Letter Testamentary (No. PB1-359-2007) given by Probate Court No. 1, Collin County, Texas, on said date appointed Kenneth Charles Donaldson as Independent Executor of the Estate of James Donald Donaldson; and

WHEREAS, pursuant to James Donald Donaldson's Last Will and Testament, all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises were transferred to the James Donald Donaldson Estate Trust; and

WHEREAS, by that Assignment of Lease dated December 20, 2011, the Ground Lease was assigned from the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson, as Assignor, to Tailwind Worldwide, LP, a Texas limited partnership, as Assignee as recorded in the Dallas County Clerk's Official Public Records ("OPR") as Document #201100339045; and

WHEREAS, pursuant to the Assignment of Lease Dated December 20, 2011 (OPR Instrument #201100339045) the parties acknowledge and agree the boundary survey dated November 7, 2011 prepared by TerraCorp Associates, LLC containing .803 acres described therein is the true and correct legal description of the demised premises (a true and correct copy of said Survey is attached and incorporated herein by reference as **Exhibit "A"**); and

WHEREAS, by virtue of such assignments, amendments and/or modifications made to the Ground Lease, Assignor is the Tenant under the Ground Lease (a true and correct copy of said Ground Lease in its entirety with all hereinabove said assignments, amendments and/modifications made thereto are attached and incorporated herein by reference as **Exhibit "B"**); and

WHEREAS, the Ground Lease is subject to that certain Reciprocal Easement Agreement first entered into and made effective June 28, 1983 by and between Donham Oil Tool Company, Inc. and Airport Associates, Ltd., as filed and recorded in the Dallas County, Texas OPR as Book/Volume 84248 Page 4110, the same having been amended by that certain First Amendment to Reciprocal Easement Agreement entered to and made effective December 19, 2011 by and between Doyle Hartman and Margaret M. Hartman d/b/a Doyle Hartman, Oil Operator and the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson as filed and record in the Dallas County, Texas OPR as Instrument #201100339044 (the "Reciprocal Easement," which a true and correct copy as amended and modified is attached hereto and incorporated herein by references as **Exhibit "C"**); and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

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

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

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

AGREEMENT

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as Exhibit "B", the same being subject to Reciprocal Easement, attached hereto as Exhibit "C", TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming an part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 ($450.00) to Landlord.

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

Mills Group, Inc., a Texas corporation
Attn: Cameron Leggett
10424 Marsh Lane
Dallas, TX 75229

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein.

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

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

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

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

ASSIGNOR:

Tailwind Worldwide, LP, a Texas limited partnership

_____

Michele Wilkinson, President of Tailwind International, Inc., a member of Tailwind Worldwide, LP, its general partner

and,

ASSIGNEE:

Mills Group, Inc., a Texas corporation

_____

Cameron Leggett, President of Mills Group, Inc.

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Michele Wilkinson, president of Tailwind International, Inc., a member of Tailwind Worldwide, LP, its general partner known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2015.

[SEAL]

_____
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared, Cameron Leggett, president of Mills Group, Inc., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____day of _____, 2015.

[SEAL]

_____
Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of _____ 2015, at Addison, Texas, by and between Tailwind Worldwide, LP, a Texas limited partnership (herein referred to as "Assignor") and Mills Group, Inc., a Texas corporation(herein referred to as "Assignee"). In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding this Consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, or responsibilities under or in connection with the Ground Lease, and Assignor shall remain liable and responsible for all such covenants obligations, duties, or responsibilities. In addition, notwithstanding any provisions of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This consent is not intended and shall not be construed to waive any rights of the Town under the Ground Lease, to release or waive any claims of the Town against any tenant under or in connection with the Ground Lease or to release any tenant from any duties, obligations or liabilities under or in connection with the Lease.

This Consent shall be and remain valid only if and provided that, by no later than 6:00 o'clock p.m. on _____, _____, 2015:

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

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of this Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001. Otherwise, and failing compliance with and satisfaction of each all of paragraphs (i) and (ii) above, this Consent shall be null and void *ab initio* as if it had never been given and executed.

Signed this _____ day _____, 2015.

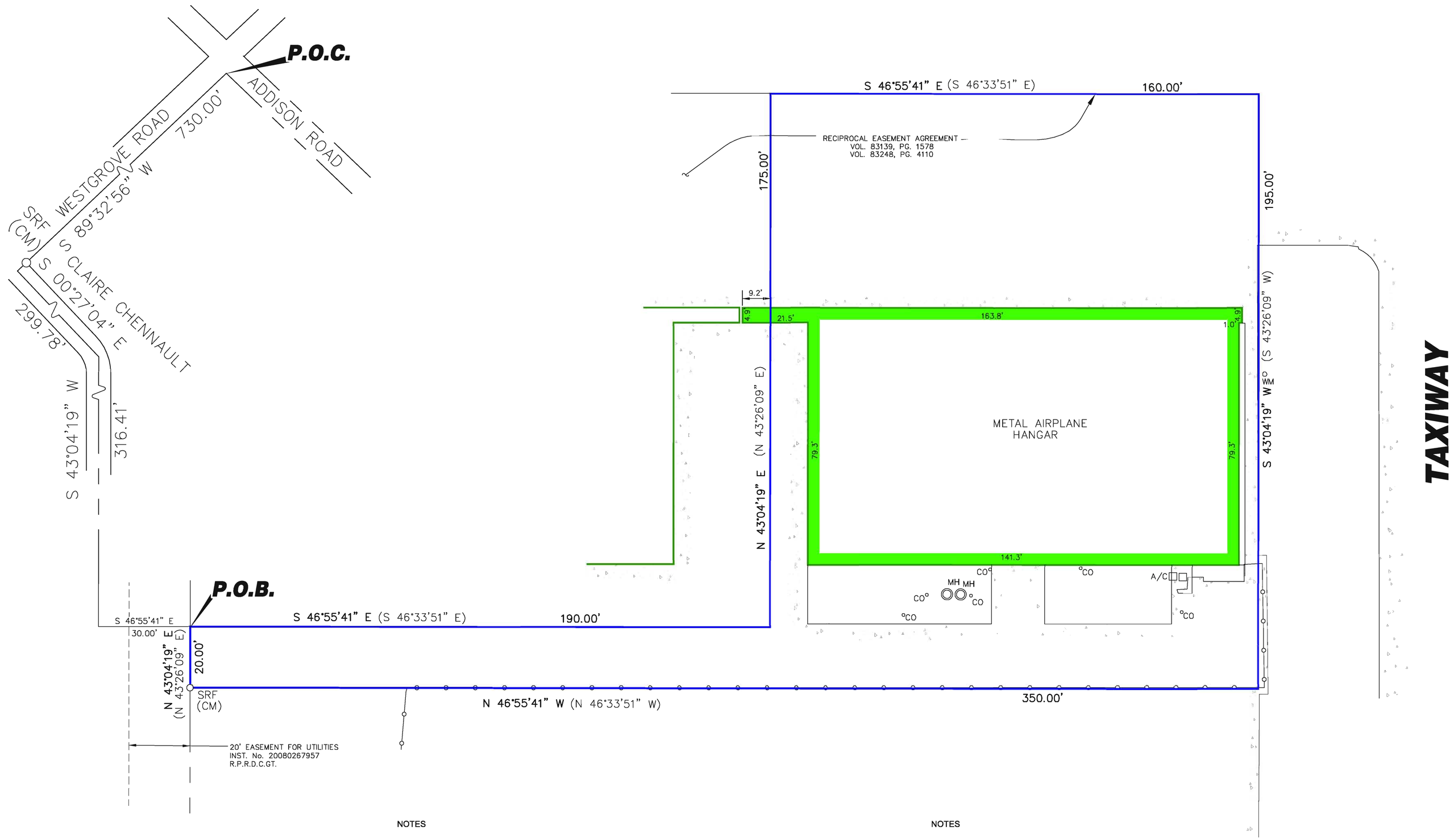
LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Charles Daniels, City Manager

Exhibit A
to Ground Lease Assignment

SURVEY DATED NOVEMBER 7, 2011



DESCRIPTION OF PROPERTY SURVEYED

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

COMMENCING at a point for the intersection of the west right-of-way line of Addison Road, a 60-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89°32'56" W (S 89° 54' 46" W, deed) along the south line of said Westgrove Road passing at a distance of 700.00 feet a 1/2-inch steel rod found at the intersection of the said south right-of-way line of Westgrove Road with the east line of Clair Chennault (a 60 foot ingress/egress easement), then continuing on the same course an additional 30.00 feet for a total distance of 730.00 feet to a point in the centerline of Claire Chennault;

THENCE S 00°27'04" E (S 00° 05' 14" E, deed) along the centerline of Claire Chennault projected a distance of 299.78 (301.36 deed) feet to an angle point;

THENCE S 43°04'19" W(S 43° 26' 09" W, deed) along the centerline of Claire Chennault projected a distance of 316.41 (317.27, deed) feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 30.00 feet to the southerly right-of-way of said Claire Chennault and the POINT OF BEGINNING of this description;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 190 feet to a point for a corner;

THENCE N 43°04'19" E(N 43° 26' 09" E, deed) a distance of 175.00 feet to a point for a corner;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of taxi way (120 feet wide);

THENCE S 43°04'19" W(S 43° 26' 09" W, deed) along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46°55'41" W(N 46° 33' 51" W, deed) a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault;

THENCE N 43°04'19" E(N 43° 26' 09" E, deed) along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.803 acres of land, more or less, and now being a part of ADDISON AIRPORT ADDITION, an Addition to the Town of Addison, Dallas County, Texas, according to the plat thereof recorded in Volume 2005131, Page 82, Plat Records, Dallas County, Texas.

NOTES

1. Bearings shown hereon are based on NAD83(CORS96, EPOCH 2002) tied to the Texas Coordinate System of 1983, North Central Zone (4202) using the Geoshack "GeoNet" RTK GPS Network.

The convergence/mapping angle is 00°54'32" with a combined scale factor of 0.999846970.

NOTES

2. The following items are from Schedule B, Commitment for Title Insurance, Fidelity National Title Insurance Company, GF No. LT1978-1978006752, issued November 2, 2011.

f. Terms, conditions, covenants and stipulations as set out in Ground Lease dated June 17,1981, filed December 10, 1982, by and among the City of Addison, Texas, Addison Airport of Texas, Inc., Lessors and Donham Oil Tool Company, Lessee, as recorded in Volume 82240, Page 976, Real Property Records, Dallas County, Texas. Said Lease being assigned by Volume 83139, Page 1564, and in Volume 89002, Page 7815, Real Property Records, Dallas County, Texas.

g. Rights of the public to any portion of the Land lying within the area commonly known as Claire Chennault.

h. All easements and/or building lines and other matters as shown on plat recorded in Volume 2005131, Page 82, Map Records, Dallas County, Texas.

i. Pipeline easement granted to Lone Star Gas Company by Guy Dennis recorded in Volume 4816, Page 92 and Volume 4816, Page 93, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

j. Easement granted to Lone Star Gas Company by Addison Airport, Inc. recorded in Volume 4862, Page 399, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

k. Electric communications line easement granted to Brazos Electric Power Cooperative, Inc. recorded in Volume 4696, Page 372, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

l. Electric communications line easement granted to: Brazos Electric Power Cooperative, Inc. recorded Volume 92167, Page 1633, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

m. Right of Entry Agreement by and between Town of Addison and Texas Turnpike Authority recorded in Volume 95172, Page 5378, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

n. Access Drive Agreement by and among Addison Airport Associates, Ltd.; Warfiled, Inc.; Beech Holding, Inc.; the Town of Addison, Texas; Addison Airport of Texas, Inc., and Southwest Land Title Co. Recorded in Volume 87007, Page 5998, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

o. Terms and conditions of Grant Agreement by and between the City of Addison and the United States of America, acting through the Federal Aviation Administration, dated December 30,1975, (unrecorded), as amended by Memorandum recorded in Volume 2000122, Page 4123, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

NOTES

p. Electric and telephone line easement granted to Texas Power & Light Company recorded in Volume 4750, Page 300, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

q. Electric and telephone line easement granted to Texas Power & Light Company recorded in Volume 5337, Page 543, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

r. Electric and telephone line easement granted Texas Power & Light Company recorded in Volume 85117, Page 2035, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

s. Electric and telephone line easement granted Texas Power & Light Company recorded in Volume 85117, Page 2035, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

t. Addison Airport Toll Tunnel Grant of Easements granted to Texas Turnpike Authority by Addison Airport of Texas recorded in Volume 97084, Page 2628, Real Property Records, Dallas County, Texas, does not affect the subject parcel

u. Easement and right of way granted to Texas Utilities Electric Company by Town of Addison, Texas recorded in Volume 99098, Page 1384, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

v. Terms, conditions, covenants and restrictions as set out in Reciprocal Easement Agreement by and between Donham Oil Tool Company, Inc. and Airport Associates, Ltd. recorded in Volume 83139, Page 1576 and Volume 83248, Page 4110, as affected by assignment recorded in Volume 84039, Page 2066, Real Property Records, Dallas County, Texas, affects the subject tract..

w. Easement for Utility Facilities granted to Southwestern Bell Telephone Company by Town of Addison, Texas recorded No: CC# 20080267957, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

LEGEND

A/C.....AIR CONDITION
(CM).....CONTROL MONUMENT
CO.....CLEANOUT
MH.....MANHOLE
SRF.....STEEL ROD FOUND
( ).....PLAT/DEED CALLS
WM.....WATER METER
—— O ——CHAIN LINK FENCE

20 0 20
Scale 1" = 20'

SURVEYOR'S CERTIFICATION

Certified to: Tailwind International, Inc; Lawyers Title Company

I hereby certify that this plat represents the results of a survey made on the ground on the 7th day of November, 2011.

Signed 8th day of November, 2011

STATE OF TEXAS
REGISTERED
NEIL D. CULVER
5211
PROFESSIONAL
LAND SURVEYOR

4584 CLAIRE CHENNAULT ADDISON AIRPORT

AND BEING SITUATED IN THE
WILLIAM LOMAX SURVEY, ABSTRACT No. 792
CITY OF ADDISON,
DALLAS COUNTY, TEXAS

TerraCorp Associates LLC
3960 Broadway Blvd. Ste 236
Garland, TX 75043
ph. 972-805-4529, fax 972-805-4527
www.terracorpsurvey.com

Exhibit B
to Ground Lease Assignment

TRUE AND CORRECT COPY OF GROUND LEASE AS AMENDED AND MODIFIED

THE STATE OF TEXAS
COUNTY OF DALLAS

GROUND LEASE

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of June 17, 1981, 19____, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and DONHAM OIL TOOL COMPANY, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor at AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. Base Lease: All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. Definition of Landlord and Effect of Default under the Base Lease: The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. Term: The term hereof shall commence on the earlier of June 30, 19 82, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. Rental: Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of FIVE HUNDRED TWENTY FIVE AND NO/100----- per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. Adjustment of Rental: Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

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

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

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

6. Use of Demised Premises and Construction of Improvements. The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

1-Metal building with attached offices and shops for corporate aircraft storage only. Final construction drawings shall have Airport approval before start of construction.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. Acceptance of Demised Premises. Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. Securing Governmental Approvals and Compliance with Law. Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. Assignment, Subletting and Mortgaging of Leasehold Estate:

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised 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 Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, 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.

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

C. All mortgages or deeds of trust whereby Tenant mortgages the leasehold estate of Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

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

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgage.

10. Property Taxes and Assessments: Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. Alterations, Additions and Improvement. After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed 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.

13. Insurance. Tenant shall during the team hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than $500,000.00 with respect to any one person, $1,000,000.00 with respect to any one accident and not less than $200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of $100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: $200,000.00 per aircraft and $400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. Casualty Damage or Destruction:

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

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

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

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

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

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

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

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

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

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

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

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meterological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

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

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

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

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

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

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

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

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

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

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

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

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenent agrees to pay to Landlord monthly or on

demand from time to time any deficiency that may arise by reason of any such reletting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, [illegible] reletting expenses and other costs of relettin[illegible] be subtracted from the amount of rent received under such reletting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

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

24. Default by Landlord. No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages 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 demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

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

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

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

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

26. Title to Improvements. Any and all improvements on the demised premises 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 and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. Mechanics' and Materialmen's Liens. Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen)15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. Title. Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

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

30. Rent on Net Return Basis. Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, 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 demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. Holding Over. Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. 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.

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

34. 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.

35. 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.

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

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

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

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

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being furnis' ' Landlord's mortgagee and Landlord's mc ar falls to cure such default within the curative period allowed Landlord under .se.

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

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

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

C. 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.

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

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

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

40. 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.

41. Use of Langauge. 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.

42. 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.

43. 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.

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

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

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Donham Oil Tool Company, Inc.
1341 W. Mockingbird Lane
Suite 300-E
Dallas, Texas 75247

46. Fees or Commisions. 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.

47. 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.

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

49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: _____

Its: Vice President

CITY OF ADDISON, TEXAS

By: _____

Its: Mayor

TENANT:

By: _____
Keith Alexander, Jr.

Its: Executive Vice President

STATE OF TEXAS }

COUNTY OF DALLAS }

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 19 ___.

_____
Notary Public

_____
County, Texas

STATE OF TEXAS }

COUNTY OF DALLAS }

BEFORE ME, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 19 ___.

_____
Notary Public

_____
County, Texas

STATE OF TEXAS }

COUNTY OF DALLAS }

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 19 ___.

_____
Notary Public

_____
County, Texas

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public in and for said State, on this day personally appeared Kent Alexander, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DONHAM OIL TOOL COMPANY, INC., a Texas corporation, and that he executed the same as the act of said corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28th day of June, 1983.

Notary Public, State of Texas

My commission expires:

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(print name)

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared DON V. AVERITT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said AIRPORT ASSOCIATES, LTD., a Texas Limited partnership, and that he executed the same as its General Partner and as the act of such limited partnership for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.

Notary Public, State of Texas

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(print name)

My commission expires:

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on June ____, 1983 by _____ as Mayor of the City of Addison.

GRETCHEN S. ACEVEDO
Notary Public, State of Texas
My Commission Expires Sept. 26, 1989

Gretchen S. Acevedo
Notary Public, State of Texas

Gretchen S. Acevedo
(printed name)

My commission expires:

9-26-87.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared Henry Chesser, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC. a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.

Notary Public, State of Texas

Dorothy L. James
(printed name)

My commission expires:

_____.

EXHIBIT "B"

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

Commencing at a point for the intersection of the west right-of-way line of Addison Road, a 60-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89° 54' 46" W along the south line of said Westgrove Road a distance of 730.00 feet to a point in the centerline of Claire Chennault Road (an undedicated 60-foot street);

THENCE S 00° 05' 14" E along the centerline of Clair Chennault Road projected a distance of 301.36 feet to an angle point;

THENCE S 43° 26' 09" W along the centerline of Clair Chennault Road projected a distance of 317.27 feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46° 33' 51" E to the southerly right-of-way of said road a distance of 30.00 feet for the POINT OF BEGINNING of this description;

THENCE S 46° 33' 51" E a distance of 190 feet to a point for a corner;

THENCE N 43° 26' 09" E a distance of 175.00 feet to a point for a corner;

THENCE S 46° 33' 51" E a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of taxiway (120 feet wide);

THENCE S 43° 26' 09" W along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46° 33' 51" W a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault Road;

THENCE N 43° 26' 09" E along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.803 acres of land, more or less.

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 28th day of June, 1983, at Addison, Texas, between DONHAM OIL TOOL COMPANY, INC., a Texas corporation (hereinafter called "Assignor"), and AIRPORT ASSOCIATES, LTD., a Texas limited partnership (hereinafter called "Assignee").

WHEREAS, a lease (hereinafter called "Lease") was executed on June 17, 1981, between the CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor, as Lessee, a copy of which Lease is attached hereto as Exhibit A and made a part hereof for all purposes, by the terms of which Lease certain real property located on the Addison Airport, which real property (hereinafter called the "Property") is described in Exhibit "B" attached hereto and made a part hereof for all purposes, was leased to the Assignor upon the terms and conditions provided therein; and

WHEREAS, as permitted by the Lease, Tenant has constructed an aircraft hangar and other improvements and fixtures on the Property (hereinafter called the "Improvements"); and

WHEREAS, the Assignor now desires to assign the Lease, and convey all of its right, title and interest in the Improvements, to Assignee, and the Assignee desires to accept the assignment and conveyance thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the Lease and the Improvements and all materials, equipment or other property now erected or located on the Property, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

DONHAM OIL TOOL COMPANY, INC.

By: _____, ~~President~~ Secretary

ASSIGNEE:

AIRPORT ASSOCIATES, LTD., a Texas limited partnership

By: _____
Don V. Averitt, General Partner

CONSENT OF LESSOR

The undersigned is the Lessor under the Lease and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: _____

ADDISON AIRPORT OF TEXAS, INC.

By: _____ PRES

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared Kent Alexander, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DONHAM OIL AND TOOL COMPANY, INC., a Texas corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 29 day of June, 1983.

NOTARY PUBLIC STATE OF TEXAS

_____
Notary Public, State of Texas

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

_____
(printed name)

My commission expires:

_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared DON V. AVERITT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said AIRPORT ASSOCIATES, LTD., a Texas limited partnership, and that he executed the same as its General Partner and as the act of such limited partnership for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.



Notary Public, State of Texas

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(printed name)

My commission expires:
_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on ~~June~~ July 8, 1983 by Jerry Redding as Mayor of the City of Addison.



Notary Public, State of Texas

Jacque Sharp

(printed name)

My commission expires:
8/85.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared Henry Stewart, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC. a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.

Notary Public, State of Texas

Dorothy L. Summers

(printed name)

My commission expires:
6-13-84.

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 3rd day of January, 1989, at Addison, Texas, between Airport Associates LTD, hereinafter called "Assignor", and James Donaldson and John Barbee DBA Addison Aircraft Storage hereinafter called "Assignee".

WHEREAS, a lease executed on June 17, 1981, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of his right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

The Assignee does hereby assume all the duties and obligations of the Assignor under the Reciprocal Easement Agreement dated the 28th day of June, 1983 by and between Donham Oil Tool Company, Inc., and Airport Associates, Ltd.

EXECUTED the day and year first above written.

ASSIGNOR:
Airport Associates, LTD

ASSIGNEE:
Addison Aircraft Storage

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By _____

ADDISON AIRPORT OF TEXAS, INC.

By _____
President

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Don Averitt known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9 day of February, 19 89.

Dianna L. Ibarra
Notary Public

Dallas
County, Texas

DIANNA L. IBARRA
Notary Public
STATE OF TEXAS
My Comm. Exp. July 22, 1989

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jim Donaldson known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9 day of February, 19 89.

Dianna L. Ibarra
Notary Public

Dallas
County, Texas

DIANNA L. IBARRA
Notary Public
STATE OF TEXAS
My Comm. Exp. July 22, 1989

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared D. Lynn Drake known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 1st day of March, 19 89.

Diana Miller
Notary Public

Dallas
County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Sam Stuart known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16th day of February, 19 89.

Willene Faris
Notary Public

DALLAS
County, Texas

WILLENE FARIS
COMMISSION EXPIRES
AUGUST 16, 1989

COUNTY CLERK'S MEMO
PORTIONS OF THIS
DOCUMENT NOT
REPRODUCIBLE
WHEN RECORDED

ADDRESS OF GRANTEE:
James D. Donaldson
4584 Claire Chennault
Dallas, Texas 75248

GENERAL WARRANTY DEED

A 7087 2 11.00 DEED 1 08/09/90

STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THAT, JOHN M. BARBEE (hereinafter collectively referred to as "Grantor"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other valuable consideration, the receipt and sufficiency of which consideration are hereby acknowledged, has GRANTED, SOLD and CONVEYED and by these presents does GRANT, SELL and CONVEY unto JAMES D. DONALDSON (hereinafter referred to as the "Grantee"), any and all of Grantor's right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the following described property (hereinafter collectively referred to as the "Property"), to-wit:

> Those certain tracts or parcels of real property situated in Dallas County, Texas as more particularly described on Exhibit "A" attached hereto and incorporated herein by reference for all purposes (the "Real Property"), together with all improvements thereon and all rights and appurtenances pertaining thereto, and that certain personal property described on Exhibit "B" attached hereto and incorporated herein by reference for all purposes.

The Property described and conveyed herein is the same as the "Mortgaged Property" as that term is defined in that certain Substitute Trustee's Deed dated January 3, 1989 recorded in Volume 89002, Page 7815 of the Deed Records of Dallas County, Texas, which Mortgaged Property was conveyed to Grantor and Jim Donaldson d/b/a Addison Aircraft Storage by Peggy J. Jones as Substitute Trustee.

TO HAVE AND TO HOLD the Property, together with any and all the rights and appurtenances thereto and in anywise belonging to Grantor, unto the said Grantee, his heirs, executors, administrators, legal representatives, successors and assigns forever, and Grantor does hereby bind himself, his heirs, executors, administrators, legal representatives, successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property unto the said Grantee, his heirs, executors, administrators, legal representatives, successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

90155 3379

Unofficial Document

EXECUTED the 12th day of July, 1990.

John M. Barbee
JOHN M. BARBEE

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 12th day of July, 1990 by JOHN M. BARBEE.

Lolli S. Browne
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

Unofficial Document

90155 3380

EXHIBIT "A"

Land Description

TRACT ONE:

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

Commencing at a point for the intersection of the west right-of-way line of Addison Road, a 60-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89° 54' 46" W along the south line of said Westgrove Road a distance of 730.00 feet to a point in the centerline of Claire Chennault Road (an undedicated 60-foot street);

THENCE S 00° 05' 14" E along the centerline of Clair Chennault Road projected a distance of 301.36 feet to an angle point;

THENCE S 43° 26' 09" W along the centerline of Clair Chennault Road projected a distance of 317.27 feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46° 33' 51" E to the southerly right-of-way of said road a distance of 30.00 feet for the POINT OF BEGINNING of this description;

THENCE S 46° 33' 51" E a distance of 190 feet to a point for a corner;

THENCE N 43° 26' 09" E a distance of 175.00 feet to a point for a corner;

THENCE S 46° 33' 51" E a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of taxiway (120 feet wide);

THENCE S 43° 26' 09" W along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46° 33' 51" W a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault Road;

THENCE N 43° 26' 09" E along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.803 acres of land, more or less.

TRACT TWO:

BEING a tract of land situated in the E. Cook Survey, Abstract 326, Town of Addison, Dallas County, Texas, and located on the Addison Municipal Airport, Addison, Texas; said tract being more particularly described as follows:

COMMENCING at the intersection of the centerline of Addison Road and the northern R.O.W. of St. Louis Southwestern Railway Company (100' ROW);

THENCE, N 1°38' W, along said centerline a distance of 361.5 ft. to a point;

30155 3381

Unofficial Document

THENCE, S 89°48'10" W, a distance of 30.0 ft. to the POINT OF BEGINNING;

THENCE, S 89°48'10" W, a distance of 70.0 ft. to a point;

THENCE, N 01°35'29" W, a distance of 22.0 ft. to a point;

THENCE, N 89°48'10" E, a distance of 70.0 ft. to a point;

THENCE, S 00°22'50" E, parallel to and 30 feet from centerline of Addison Road (along the right-of-way) a distance of 11.7 ft. to a point;

THENCE, S 02°38'00" E, a distance of 10.3 ft. along said R.O.W. to the Point Of Beginning and containing 1,536.43 s.f. of Land, more or less.

Unofficial Document

EXHIBIT "B"

Personal Property

1. All materials, supplies, equipment, apparatus and other items attached to, installed in or used (temporarily or permanently) in connection with any of the Real Property and all renewals, replacements, and substitutions thereof and additions thereto, including but not limited to any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, generators, fans, blowers, vents, switchboards, elevators, mail conveyors, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, swimming pools, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas and electric equipment, disposals, dishwashers, washers, dryers, refrigerators and ranges, cafeteria equipment, and recreational equipment and facilities of all kinds.

2. All of the right, title and interest of Grantors in and to all personal property (other than fixtures) of any kind as defined in Chapter 9 of the Texas Uniform Commercial Code, including but not limited to all furniture, furnishings, equipment, machinery, goods, general intangibles, money, accounts, contract rights, and inventory, located upon, within or about the Real Property, together with all accessories, replacements and substitutions therefor and the proceeds thereof.

UNOFFICIAL Document

Unofficial Document

AUG 9 1990

STATE OF TEXAS
COUNTY OF DALLAS

90155 3384

EXECUTED this 3rd day of January A.D. 89

James D. Donaldson

John R. Barbee

Addison Aircraft Storage

Acknowledgment

THE STATE OF TEXAS)
COUNTY OF Dallas)

Before me, the undersigned authority, on this day personally appeared James D. Donaldson and John R. Barbee

known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the 3rd day of January , A.D. 19 89

KATHI SIMS
Notary Public
STATE OF TEXAS
My Comm Exp. 11-24-90

Notary Public in and for Dallas County, Texas

Acknowledgment

THE STATE OF TEXAS)
COUNTY OF)

Before me, the undersigned authority, on this day personally appeared

known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the day of , A.D. 19

Notary Public in and for County, Texas.

DEED OF TRUST

TO

TRUSTEE FOR

WHEN RECORDED RETURN TO
Addison National Bank
P.O. Box 777
Addison, TX 75001

THE ODELL COMPANY, Dallas 75240

Corporate Acknowledgment

THE STATE OF TEXAS)
COUNTY OF Dallas)

Before me, the undersigned authority, on this day personally appeared
Wayne Woodruff
of Sr. Vice President
known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office on this the 3rd day of January A.D. 1988

Notary Public in and for County, Texas

89004 Dallas 3918

UNOFFICIAL DOCUMENT

LETTERS TESTAMENTARY

NO. PB1-359-2007

ESTATE OF	§	PROBATE COURT
JAMES DONALD DONALDSON	§	NO. 1
DECEASED	§	COLLIN COUNTY, TEXAS

THE STATE OF TEXAS
COUNTY OF COLLIN

I, Stacey Kemp, Clerk of the County Courts and Probate Court No. 1 of Collin County, Texas hereby certify that on the 9th day of July, 2007

KENNETH CHARLES DONALDSON

was duly granted by said Court Letters Testamentary of the Estate of

JAMES DONALD DONALDSON, Deceased

and that HE qualified as such INDEPENDENT EXECUTOR of said Estate on the 9th day of July, 2007 as the law requires, and that said appointment is still in full force and effect.

Witness my hand and seal of office at McKinney, Texas on this the 9th day of July, 2007.

Stacey Kemp, County Clerk
Collin County, Texas

By Jean Fraga Deputy

ELECTRONICALLY RECORDED 201100333705
12/22/2011 11:20:39 AM AS 1/24

ELECTRONICALLY RECORDED 201100339045
12/29/2011 02:16:02 PM AS 1/25

STATE OF TEXAS §
§
COUNTY OF DALLAS §

ASSIGNMENT OF GROUND LEASE

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of December 20, 2011, at Addison, Texas, by and between the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson (herein referred to as "Assignor") and Tailwind Worldwide, LP, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease was executed on June 17, 1981 between the City of Addison, Addison Airport of Texas, Inc., and Donham Oil Tool Company by the terms of which certain real property located at 4584 Claire Chennault (the "Demised Premises"), Addison Airport within the Town of Addison, Texas (the "City") and owned by the City was leased to Donham Oil Tool Company; and

WHEREAS, by that Assignment of Lease dated June 28, 1983, the Ground Lease was assigned from Donham Oil Tool Company, as Assignor, to Airport Associates, LTD., a Texas limited partnership, as Assignee; and

WHEREAS, by that Assignment of Lease dated January 3, 1989, the Ground Lease was assigned from Airport Associates, LTD., as Assignor, to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as Assignee; and

WHEREAS, by that certain General Warranty Deed executed July 17, 1990, and recorded in the Dallas County Clerk's Official Public Records ("OPR") in Book/Volume 90155, Page 3379 whereby John M. Barbee granted, sold and conveyed to James D. Donaldson any and all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises; and

WHEREAS, on or before July 9, 2007 James Donald Donaldson died and by that certain Letter Testamentary (No. PB1-359-2007) given by Probate Court No. 1, Collin County, Texas, on said date appointed Kenneth Charles Donaldson as Independent Executor of the Estate of James Donald Donaldson; and

WHEREAS, pursuant to James Donald Donaldson's Last Will and Testament, all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises were transferred to the James Donald Donaldson Estate Trust; and

WHEREAS, the parties acknowledge and agree the boundary survey dated November 7, 2011 prepared by TerraCorp Associates, LLC containing .803 acres as described therein is the true and correct legal description of the demised premises (a true and correct copy of said Survey is attached and incorporated herein by reference as Exhibit "A"); and

Re-record due to error in recording order

ELECTRONICALLY RECORDED 201100333705
12/22/2011 11:20:39 AM AS 1/24

STATE OF TEXAS §
§
COUNTY OF DALLAS §

ASSIGNMENT OF GROUND LEASE

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of December 20, 2011, at Addison, Texas, by and between the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson (herein referred to as "Assignor") and Tailwind Worldwide, LP, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease was executed on June 17, 1981 between the City of Addison, Addison Airport of Texas, Inc., and Donham Oil Tool Company by the terms of which certain real property located at 4584 Claire Chennault (the "Demised Premises"), Addison Airport within the Town of Addison, Texas (the "City") and owned by the City was leased to Donham Oil Tool Company; and

WHEREAS, by that Assignment of Lease dated June 28, 1983, the Ground Lease was assigned from Donham Oil Tool Company, as Assignor, to Airport Associates, LTD., a Texas limited partnership, as Assignee; and

WHEREAS, by that Assignment of Lease dated January 3, 1989, the Ground Lease was assigned from Airport Associates, LTD., as Assignor, to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as Assignee; and

WHEREAS, by that certain General Warranty Deed executed July 17, 1990, and recorded in the Dallas County Clerk's Official Public Records ("OPR") in Book/Volume 90155, Page 3379 whereby John M. Barbee granted, sold and conveyed to James D. Donaldson any and all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises; and

WHEREAS, on or before July 9, 2007 James Donald Donaldson died and by that certain Letter Testamentary (No. PB1-359-2007) given by Probate Court No. 1, Collin County, Texas, on said date appointed Kenneth Charles Donaldson as Independent Executor of the Estate of James Donald Donaldson; and

WHEREAS, pursuant to James Donald Donaldson's Last Will and Testament, all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises were transferred to the James Donald Donaldson Estate Trust; and

WHEREAS, the parties acknowledge and agree the boundary survey dated November 7, 2011 prepared by TerraCorp Associates, LLC containing .803 acres as described therein is the true and correct legal description of the demised premises (a true and correct copy of said Survey is attached and incorporated herein by reference as Exhibit "A"); and

Re-record due to error in recording order

STATE OF TEXAS §
§ **ASSIGNMENT OF GROUND LEASE**
COUNTY OF DALLAS §

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of December 20, 2011, at Addison, Texas, by and between the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson (herein referred to as "Assignor") and Tailwind Worldwide, LP, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease was executed on June 17, 1981 between the City of Addison, Addison Airport of Texas, Inc., and Donham Oil Tool Company by the terms of which certain real property located at 4584 Claire Chennault (the "Demised Premises"), Addison Airport within the Town of Addison, Texas (the "City") and owned by the City was leased to Donham Oil Tool Company; and

WHEREAS, by that Assignment of Lease dated June 28, 1983, the Ground Lease was assigned from Donham Oil Tool Company, as Assignor, to Airport Associates, LTD., a Texas limited partnership, as Assignee; and

WHEREAS, by that Assignment of Lease dated January 3, 1989, the Ground Lease was assigned from Airport Associates, LTD., as Assignor, to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as Assignee; and

WHEREAS, by that certain General Warranty Deed executed July 17, 1990, and recorded in the Dallas County Clerk's Official Public Records ("OPR") in Book/Volume 90155, Page 3379 whereby John M. Barbee granted, sold and conveyed to James D. Donaldson any and all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises; and

WHEREAS, on or before July 9, 2007 James Donald Donaldson died and by that certain Letter Testamentary (No. PB1-359-2007) given by Probate Court No. 1, Collin County, Texas, on said date appointed Kenneth Charles Donaldson as Independent Executor of the Estate of James Donald Donaldson; and

WHEREAS, pursuant to James Donald Donaldson's Last Will and Testament, all right, title and interest, subject to all recorded and unrecorded encumbrances, in and to the Demised Premises were transferred to the James Donald Donaldson Estate Trust; and

WHEREAS, the parties acknowledge and agree the boundary survey dated November 7, 2011 prepared by TerraCorp Associates, LLC containing .803 acres as described therein is the true and correct legal description of the demised premises (a true and correct copy of said Survey is attached and incorporated herein by reference as Exhibit "A"); and

WHEREAS, by virtue of such assignments, amendments and/or modifications made to the Ground Lease Assignor is the Tenant under the Ground Lease (a true and correct copy of said Ground Lease in its entirety with all hereinabove said assignments, amendments and/modifications made thereto are attached and incorporated herein by reference as Exhibit "B"); and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

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

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

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

AGREEMENT

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

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 ($450.00) to Landlord.

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

Tailwind Worldwide, LP
Attn: Michele Wilkinson
4600 Claire Chennault, Suite 210
Addison, Texas 75001

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein.

5. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from the Assignee all rents becoming due under this Assignment and apply such rent against any sums due to Landlord. Assignor acknowledges that it does not owe Landlord any past rent, fees, charges, taxes, insurance payments, penalties or any other amounts at the time of this Assignment. No such collection by Landlord from any such Assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

6. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, ASSIGNOR IS ASSIGNING THIS GROUND LEASE TO ASSIGNEE "AS IS", "WHERE IS", AND WITH ALL FAULTS AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESS OR IMPLIED, OF ANY KIND, NATURE, OR TYPE WHATSOEVER FROM OR ON BEHALF OF THE GRANTOR.

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

ASSIGNOR:

The James Donald Donaldson Estate Trust



By: Kenneth Charles Donaldson, Trustee

and

The Estate of James Donald Donaldson

By: Kenneth Charles Donaldson,
Independent Executor

ASSIGNEE:

Tailwind Worldwide, L.P.

By: Michele Wilkinson,
as the president of Tailwind International, Inc., a member of Tailwind Worldwide (GP), LLC, its general partner

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Kenneth Charles Donaldson, Trustee for the James Donald Donaldson Estate Trust and Independent Executor of the Estate of James Donald Donaldson known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 20th day of December, 2011.

[SEAL]

Linda D. Clack
Notary Public, State of Texas
Comm. Exp. 03-02-15

Linda D. Clack
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Michele Wilkinson, as the president of Tailwind International, Inc. a member of Tailwind Worldwide (GP), LLC, the general partner of Tailwind Worldwide, LP known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 20th day of December 2011.

[SEAL]

Linda D. Clack
Notary Public, State of Texas
Comm. Exp. 03-02-15

Linda D. Clack
Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of December 20, 2011, at Addison, Texas, by and between the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson, a _____ trust (herein referred to as "Assignor") and Tailwind Worldwide, LP, a Texas limited liability company (herein referred to as "Assignee"). In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding this Consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, or responsibilities under or in connection with the Ground Lease, and Assignor shall remain liable and responsible for all such covenants obligations, duties, or responsibilities. In addition, notwithstanding any provisions of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This consent is not intended and shall not be construed to waive any rights of the Town under the Ground Lease, to release or waive any claims of the Town against any tenant under or in connection with the Ground Lease or to release any tenant from any duties, obligations or liabilities under or in connection with the Lease.

This Consent shall be and remain valid only if and provided that, by no later than 6:00 o'clock p.m. on Monday, February 6, 2012:

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

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of this Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001. Otherwise, and failing compliance with and satisfaction of each all of paragraphs (i) and (ii) above, this Consent shall be null and void *ab initio* as if it had never been given and executed.

Signed this 15 day Dec, 2011.

LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on DECEMBER 15, 2011, by Ron Whitehead, City Manager of the TOWN OF ADDISON, a home-rule municipality, on behalf of said Town.

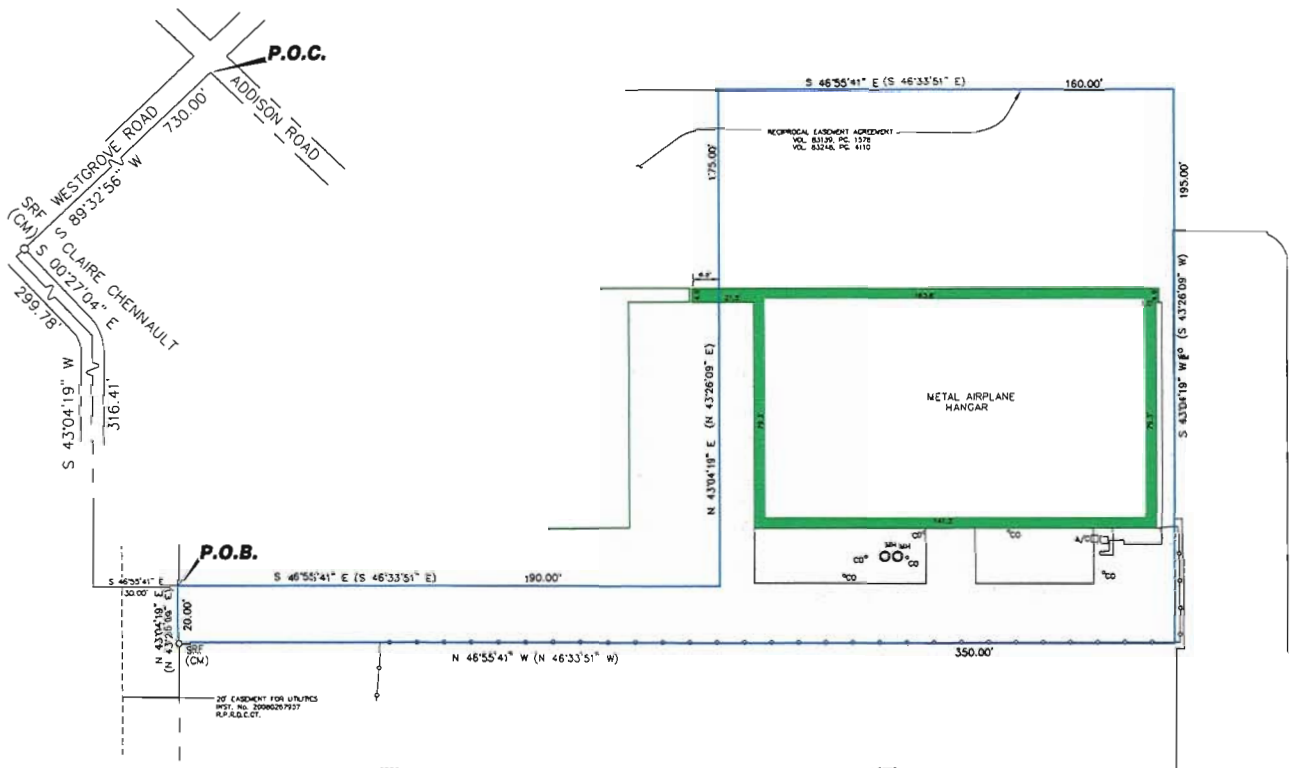
MICHELE LOPER HILGART
NOTARY PUBLIC STATE OF TEXAS
COMMISSION EXPIRES:
09-22-2013

Michele Loper Hilgart
Notary Public, State of Texas

My Commission Expires:

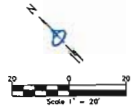
09/22/2013

MICHELE LOPER HILGART
(Printed or Typed Name of Notary)



LEGEND





NOTES

2. The following items are from Schedule B, Commitment for Title Insurance, Fidelity National Title Insurance Company, GF No. LT1978-1978006752, issued November 2, 2011.

f. Terms, conditions, covenants and stipulations as set out in Ground Lease dated June 17, 1981, filed December 10, 1982, by and among the City of Addison, Texas, Addison Airport of Texas, Inc., Lessors and Dorinam Oil Tool Company, Lessee, as recorded in Volume 82240, Page 978, Real Property Records, Dallas County, Texas. Said Lease being assigned by Volume 83139, Page 1564, and in Volume 89002, Page 7813, Real Property Records, Dallas County, Texas.

g. Rights of the public to any portion of the Land lying within the area commonly known as Claire Chennault.

h. All easements and/or building lines and other matters as shown on plat recorded in Volume 2003131, Page 82, Map Records, Dallas County, Texas.

i. Pipeline easement granted to Lone Star Gas Company by Guy Dennis recorded in Volume 4816, Page 92 and Volume 4618, Page 93, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

j. Easement granted to Lone Star Gas Company by Addison Airport, Inc. recorded in Volume 4882, Page 399, Real Property Records, Dallas County, Texas. does not affect the subject parcel.

k. Electric communications line easement granted to Brazos Electric Power Cooperative, Inc. recorded in Volume 4598, Page 372, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

l. Electric communications line easement granted to: Brazos Electric Power Cooperative, Inc. recorded Volume 92167, Page 1533, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

m. Right of Entry Agreement by and between Town of Addison and Texas Turnpike Authority recorded in Volume 95172, Page 5378, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

n. Access Drive Agreement by and among Addison Airport Associates, Ltd.; Wentfled, Inc.; Beech Holding, Inc.; the Town of Addison, Texas; Addison Airport of Texas, Inc., and Southwest Land Title Co. Recorded in Volume 87007, Page 5995, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

o. Terms and conditions of Grant Agreement by and between the City of Addison and the United States of America, acting through the Federal Aviation Administration, dated December 30,1978, (unrecorded), as amended by Memorandum recorded in Volume 2000127, Page 4123, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

NOTES

p. Electric and telephone line easement granted to Texas Power & Light Company recorded in Volume 4750, Page 300, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

q. Electric and telephone line easement granted to Texas Power & Light Company recorded in Volume 5337, Page 543, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

r. Electric and telephone line easement granted Texas Power & Light Company recorded in Volume 85117, Page 2035, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

s. Electric and telephone line easement granted Texas Power & Light Company recorded in Volume 85117, Page 2035, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

t. Addison Airport Toll Tunnel Grant of Easements granted to Texas Turnpike Authority by Addison Airport of Texas recorded in Volume 97064, Page 2628, Real Property Records, Dallas County, Texas, does not affect the subject parcel

u. Easement and right of way granted to Texas Utilities Electric Company by Town of Addison, Texas recorded in Volume 99098, Page 1384, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

v. Terms, conditions, covenants and restrictions as set out in Reciprocal Easement Agreement by and between Dorinam Oil Tool Company, Inc. and Airport Associates, Ltd. recorded in Volume 83139, Page 1578 and Volume 83248, Page 4110, as affected by assignment recorded in Volume 84039, Page 2066, Real Property Records, Dallas County, Texas, affects the subject tract.

w. Easement for Utility Facilities granted to Southwestern Bell Telephone Company by Town of Addison, Texas recorded No. CO# 20060267937, Real Property Records, Dallas County, Texas, does not affect the subject parcel.

DESCRIPTION OF PROPERTY SURVEYED

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

COMMENCING at a point for the intersection of the west right-of-way line of Addison Road, a 80-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89°32'56" W (S 89° 54' 46" W, deed) along the south line of said Westgrove Road passing at a distance of 700.00 feet a 1/2-inch steel rod found at the intersection of the said south right-of-way line of Westgrove Road with the east line of Clair Chennault (a 60 foot ingress/egress easement), then continuing on the same course an additional 30.00 feet for a total distance of 730.00 feet to a point in the centerline of Claire Chennault;

THENCE S 00°27'04" E (S 00° 05' 14" E, deed) along the centerline of Claire Chennault projected a distance of 299.78 (301.38 deed) feet to an angle point;

THENCE S 43°04'19" W(S 43° 26' 09" W, deed) along the centerline of Claire Chennault projected a distance of 316.41 (317.27, deed) feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 30.00 feet to the southerly right-of-way of said Claire Chennault and the POINT OF BEGINNING of this description;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 190 feet to a point for a corner;

THENCE N 43°04'19" E(N 43° 26' 09" E, deed) a distance of 175.00 feet to a point for a corner;

THENCE S 46°55'41" E(S 46° 33' 51" E, deed) a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of said way (120 feet wide);

THENCE S 43°04'19" W(S 43° 26' 09" W, deed) along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46°55'41" W(N 46° 33' 51" W, deed) a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault;

THENCE N 43°04'19" E(N 43° 26' 09" E, deed) along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.833 acres of land, more or less, and now being a part of ADDISON AIRPORT ADDITION, an Addition to the Town of Addison, Dallas County, Texas, according to the plat thereof recorded in Volume 2003131, Page 82, Plat Records, Dallas County, Texas.

NOTES

1. Bearings shown hereon are based on NAD83/CORS96, EPOCH 2002 and to the Texas Coordinate System of 1983, North Central Zone (4202) using the Smartnet "Geoid09" RTK GPS Network.

The convergence/meaning angle is 00°54'32" with a combined scale factor of 0.999845970.

SURVEYOR'S CERTIFICATION

Certified to: Tailwind International, Inc; Lawyers Title Company

I hereby certify that this plat represents the results of a survey made on the ground on the 7th day of November, 2011.

Signed 8th day of November, 2011



4584 CLAIRE CHENNAULT
ADDISON AIRPORT

AND BEING SITUATED IN THE
WILLIAM LOMAX SURVEY, ABSTRACT No. 792
CITY OF ADDISON,
DALLAS COUNTY, TEXAS

TerraCorp Associates LLC
3960 Broadway Blvd. Ste 236
Garland, TX 75043
ph. 972-805-4529, fax 972-805-4527
www.terracorpsurvey.com

THE STATE OF TEXAS
COUNTY OF DALLAS

GROUND LEASE

EXHIBIT "B"

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of June 17, 1981, 19____, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and DONHAM OIL TOOL COMPANY, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor at AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of June 30, 19 82, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenent prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of FIVE HUNDRED TWENTY FIVE AND NO/100----- per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

6. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

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

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

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

6. **Use of Demised Premises and Construction of Improvements.** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

1-Metal building with attached offices and shops for corporate aircraft storage only. Final construction drawings shall have Airport approval before start of construction.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises.** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law.** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. **Assignment, Subletting and Mortgaging of Leasehold Estate:**

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised 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 Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, 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.

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

C. All mortgages or deeds of trust whereby Tenant mortgages the leasehold estate of Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to [illegible] Landlord fifteen (15) days written notice pr[illegible]celerating the debt of Tenant to such mortgagee and/or initiating foreclosure [illegible].ngs under said mortgages or deeds of tru[illegible]) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust

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

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (I) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (II) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgage.

10. Property Taxes and Assessments: Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. Alterations, Additions and Improvement. After completion of the improvements described in paragraph 8, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed 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.

13. Insurance. Tenant shall during the team hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than $500,000.00 with respect to any one person, $1,000,000.00 with respect to any one accident and not less than $200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of $100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: $200,000.00 per aircraft and $400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. Casualty Damage or Destruction:

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

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

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

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

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

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

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

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

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

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

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

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meterological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

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

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

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

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

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

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

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

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

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

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

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

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

demand from time to time any deficiency that may arise by reason of any such reletting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, remodeling expenses and other costs of relettin[illegible] be subtracted from the amount of rent received under such reletting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

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

24. Default by Landlord. No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages 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 demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

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

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

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

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

26. Title to Improvements. Any and all improvements on the demised premises 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 and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. Mechanics' and Materialmen's Liens. Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen)15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. Title. Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

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

30. Rent on Net Return Basis. Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, 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 demised premises, including, without limitation, maintenance, repairs, replacment, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. Holding Over. Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. 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.

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

34. 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.

35. 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.

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

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

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

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

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being furnis' ' Landlord's mortgagee and Landlord's mr v fails to cure such default within the curative period allowed Landlord under .se.

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

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

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

C. 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.

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

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

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

40. 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.

41. Use of Langauge. 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.

42. 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.

43. 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.

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

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

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

TENANT:

Donham Oil Tool Company, Inc.
1341 W. Mockingbird Lane
Suite 300-E
Dallas, Texas 75247

46. Fees or Commisions. 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.

47. 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.

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

49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: _____

Its: Vice President

CITY OF ADDISON, TEXAS

By: _____

Its: Mayor

TENANT

By: _____
Keith Alexander, Jr.

Its: Executive Vice President

STATE OF TEXAS }
COUNTY OF DALLAS }

BEFORE ME, the undersigned authority, on this day personally appeared [illegible] known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the [illegible] day of [illegible], 19[illegible].

[illegible]
Notary Public
[illegible]
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS }

BEFORE ME, the undersigned authority, on this day personally appeared [illegible] known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the [illegible] day of [illegible], 19[illegible].

[illegible]
Notary Public
[illegible]
County, Texas

STATE OF TEXAS }
COUNTY OF DALLAS }

BEFORE ME, the undersigned authority, on this day personally appeared Jerry Reddin known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 7th day of September, 19 81

Jacque Shaw
Notary Public
Dallas
County, Texas

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public in and for said State, on this day personally appeared Kent Alexander, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DONHAM OIL TOOL COMPANY, INC., a Texas corporation, and that he executed the same as the act of said corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28th day of June, 1983.

Notary Public, State of Texas

My commission expires:

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(print name)

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared DON V. AVERITT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said AIRPORT ASSOCIATES, LTD., a Texas Limited partnership, and that he executed the same as its General Partner and as the act of such limited partnership for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.

Notary Public, State of Texas

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(print name)

My commission expires:

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on June ___, 1983 by _____ as Mayor of the City of Addison.



Notary Public, State of Texas

(printed name)

My commission expires:

_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC. a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ___ day of June, 1983.

Notary Public, State of Texas

(printed name)

My commission expires:

_____.

EXHIBIT "B"

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

Commencing at a point for the intersection of the west right-of-way line of Addison Road, a 60-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89° 54' 46" W along the south line of said Westgrove Road a distance of 730.00 feet to a point in the centerline of Claire Chennault Road (an undedicated 60-foot street);

THENCE S 00° 05' 14" E along the centerline of Clair Chennault Road projected a distance of 301.36 feet to an angle point;

THENCE S 43° 26' 09" W along the centerline of Clair Chennault Road projected a distance of 317.27 feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46° 33' 51" E to the southerly right-of-way of said road a distance of 30.00 feet for the POINT OF BEGINNING of this description;

THENCE S 46° 33' 51" E a distance of 190 feet to a point for a corner;

THENCE N 43° 26' 09" E a distance of 175.00 feet to a point for a corner;

THENCE S 46° 33' 51" E a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of taxiway (120 feet wide);

THENCE S 43° 26' 09" W along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46° 33' 51" W a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault Road;

THENCE N 43° 26' 09" E along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.803 acres of land, more or less.

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 28th day of June, 1983, at Addison, Texas, between DONHAM OIL TOOL COMPANY, INC., a Texas corporation (hereinafter called "Assignor"), and AIRPORT ASSOCIATES, LTD., a Texas limited partnership (hereinafter called "Assignee").

WHEREAS, a lease (hereinafter called "Lease") was executed on June 17, 1981, between the CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor, as Lessee, a copy of which Lease is attached hereto as Exhibit A and made a part hereof for all purposes, by the terms of which Lease certain real property located on the Addison Airport, which real property (hereinafter called the "Property") is described in Exhibit "B" attached hereto and made a part hereof for all purposes, was leased to the Assignor upon the terms and conditions provided therein; and

WHEREAS, as permitted by the Lease, Tenant has constructed an aircraft hangar and other improvements and fixtures on the Property (hereinafter called the "Improvements"); and

WHEREAS, the Assignor now desires to assign the Lease, and convey all of its right, title and interest in the Improvements, to Assignee, and the Assignee desires to accept the assignment and conveyance thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the Lease and the Improvements and all materials, equipment or other property now erected or located on the Property, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

DONHAM OIL TOOL COMPANY, INC.

By: _____, ~~President~~ Secretary

ASSIGNEE:

AIRPORT ASSOCIATES, LTD., a Texas limited partnership

By: _____
Don V. Averitt, General Partner

CONSENT OF LESSOR

The undersigned is the Lessor under the Lease and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: _____

ADDISON AIRPORT OF TEXAS, INC.

By: _____ PRES

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared Kent Dexander, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DONHAM OIL AND TOOL COMPANY, INC., a Texas corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 29 day of June, 1983.

NOTARY PUBLIC STATE OF TEXAS

_____
Notary Public, State of Texas

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

_____
(printed name)

My commission expires:
_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared DON V. AVERITT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said AIRPORT ASSOCIATES, LTD., a Texas limited partnership, and that he executed the same as its General Partner and as the act of such limited partnership for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.



Notary Public, State of Texas

PEGGY LEHMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(printed name)

My commission expires:
_____.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on ~~June~~ July 8, 1983 by Jerry Kolarz as Mayor of the City of Addison.



Notary Public, State of Texas

Jaque Sharp
(printed name)

My commission expires:
8/85.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC. a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.

_____
Notary Public, State of Texas

_____
(printed name)

My commission expires:
6-1-88.

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 3rd day of January, 1989, at Addison, Texas, between Airport Associates LTD, hereinafter called "Assignor", and James Donaldson and John Barbee DBA Addison Aircraft Storage hereinafter called "Assignee".

WHEREAS, a lease executed on June 17, 1981, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of his right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

The Assignee does hereby assume all the duties and obligations of the Assignor under the Reciprocal Easement Agreement dated the 28th day of June, 1983 by and between Donham Oil Tool Company, Inc., and Airport Associates, Ltd.

EXECUTED the day and year first above written.

ASSIGNOR:
Airport Associates, LTD

ASSIGNEE:
Addison Aircraft Storage

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By _____

ADDISON AIRPORT OF TEXAS, INC.

By _____
President

Document Receipt Information

Reference Number: 1978006752/LTC - Assignment

Instrument Number:	201100339045
No of Pages:	25
Recorded Date:	12/29/2011 2:16:02 PM
County:	Dallas
Officer Name:	YCRAIG
Volume:	
Page:	
Recording Fee:	$112.00

Exhibit C
to Ground Lease Assignment

RECIPROCAL EASEMENT

SAMPLE BANK ESTOPPEL AGREEMENT FORM

On Bank Letterhead

_____, ____

Town of Addison
P.O. Box 9010
Addison, Texas 75001-9010

RE: Ground Lease dated June 17,1981 (the "Ground Lease"), by and among the Town of Addison, Texas, a home-rule municipality (the "City", the same being the Town of Addison, Texas) and Addison Airport of Texas, Inc., a Texas corporation, as Landlord (the City now being the sole Landlord under the Ground Lease, the "Base Lease" (as defined in the Ground Lease) having expired, and the City alone being referred to herein as the "Landlord") and Donham Oil Tool Company, as tenant; the said Ground Lease then having been assigned to Airport Associates LTD., a Texas limited partnership by that Assignment of Lease entered into on June 28, 1983; the said Ground Lease then having been assigned to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as assignee, by that Assignment of Lease dated January 3, 1989; then John Barbee sold and conveyed to James D. Donaldson all his rights, title and interests in the leasehold by that certain General Warranty Deed executed July 17, 1990 as recorded in Book/Volume 90155, Page 3379 of the Official Public Records of Dallas County, Texas (the "OPR"); then the James Donald Donaldson Estate Trust, successor in interest of James D. Donaldson, now deceased assigned the Ground Lease to Tailwind Worldwide, LP., a Texas limited partnership, as recorded in the OPR as Instrument #201100339045 by that Assignment of Lease dated December 20, 2011, the said Ground Lease then having been assigned to Mills Group, Inc., a Texas corporation by that Assignment of Ground Lease entered into and made effective on _____, 2015; and by virtue of the above and foregoing assignments, Mills Group, Inc. is the tenant of the said Ground Lease, as amended and modified and subject to the instruments described herein; and the Ground Lease is subject to that certain Reciprocal Easement Agreement entered into and made effective June 28, 1983 and amended by that certain First Amendment to Reciprocal Easement Agreement entered to and made effective December 19, 2011 by and between Doyle Hartman and Margaret M. Hartman d/b/a Doyle Hartman, Oil Operator and the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson as filed and record in the Dallas County, Texas OPR as Instrument #201100339044 (the "Reciprocal Easement"); and a true and correct copy of the Ground Lease as described herein is attached hereto **Exhibit "A"** and a true and correct copy of the Reciprocal Easement attached hereto **Exhibit "C"**), each being incorporated herein by reference respectively.

Gentlemen:

Texas Security Bank (the "Bank") intends to make a loan to Mills Group, Inc. a Texas corporation (the "Tenant") in the amount of two hundred thousand dollars ($200,000.00) (the "Loan") will be secured by, among other things a lien against the leasehold interest of Tenant in the Real Property created pursuant to a leasehold deed of trust (the "Leasehold Deed of Trust") to be executed by Tenant to Craig T. Scheef, as Trustee for the benefit of Bank, which Leasehold Deed of Trust shall be subordinate and inferior to the Ground Lease and Landlord's lien (contractual and statutory) and other rights thereunder and all terms and conditions thereof, which Leasehold Deed of Trust shall be in substantially the form of the Leasehold Deed of Trust attached hereto as **Exhibit "B"** .

The Bank has advised Tenant that Bank requires the written acknowledgment of Landlord to the execution by Tenant of the above-described Leasehold Deed of Trust and the written acknowledgment and consent of the Landlord to the statements set forth in this letter.

Therefore, by executing the enclosed copy of this letter and returning it to the undersigned, Landlord hereby specifically states as follows (and notwithstanding any statement or provision hereof, Landlord's statements herein do not constitute approval by or consent of Landlord of the Leasehold Deed of Trust or of any of the terms and conditions set forth therein, and nothing herein contained shall be deemed a waiver or release of any of the Landlord's rights under the Ground Lease or otherwise):

1. Landlord takes notice of the Leasehold Deed of Trust and the subordinate and inferior lien provided for therein being impressed solely against the leasehold interest of Tenant in the Real Property.

2. The Ground Lease has not been modified, altered or amended to the best of Landlord's actual knowledge except as described herein.

3. Landlord has no actual knowledge of the existence of any default by Tenant under the Ground Lease, or of any lien against the Real Property other than that created by the Ground Lease, any lien for taxes, or as may be otherwise created or provided by law.

4. Landlord will give to Bank, at the address of Bank specified in this letter or at such other address as Bank may hereafter designate in writing to Landlord, prompt written notice of any default by Tenant under the Ground Lease simultaneously with the giving of such notice to Tenant (if such notice is required under the Ground Lease), and Bank shall have the right, but not the obligation, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make such payment as my be necessary or appropriate to cure any such default so specified. Landlord shall not exercise Landlord's right to terminate the Ground Lease without first giving Bank the notice provided for herein and affording Bank the right to cure such default as provided for herein.

5. For the purposes of this letter, any notice to Bank may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in United

States mail, postage prepaid, registered, or certified mail, return receipt requested, addressed to Bank at the above-described address.

6. If Bank or a third party (provided such third party is approved by Landlord in accordance with the terms of the Ground Lease for approval of an assignee) succeeds to the interest of Tenant in and to the Ground Lease by means of foreclosure under the Leasehold Deed of Trust, by means of a transfer in lieu of such foreclosure, or by any other lawful means due to the failure or inability of Tenant to pay the Loan secured by the Leasehold Deed of Trust, Landlord shall thereafter accept, recognize and treat Bank or such approved third party as the tenant under the Ground Lease and Landlord shall continue to perform all of its obligations under the Ground Lease subject, however, to the terms and conditions of the Ground Lease. Bank may thereafter, with the written consent of the Landlord, which consent shall not be unreasonably withheld or delayed, assign its leasehold right, title, and interest in and to the Ground Lease. For purposes hereof and any applicable law, and without limitation as to other grounds for Landlord withholding consent, it shall be deemed to be reasonable for Landlord to withhold its consent when any one or more of the following apply:

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

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

(c) the proposed assignee's intended use of the demised premises as defined in the Ground Lease is inconsistent with the Ground Lease;

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

(e) if at any time consent is requested or at any time prior to the granting of consent, tenant is in default under the Ground Lease or would be in default under the Ground Lease but for the pendency of a grace or cure period, provided that if such default is cured within such grace or cure period, then Landlord may not continue to withhold its consent solely for this circumstance; or

(f) the proposed assignee does not intend to occupy the entire demised premises as described in the Ground Lease and conduct its business therefrom for a substantial portion of the then remaining term of the Ground Lease.

For purposes hereof and any applicable law, and without limitation as to other grounds

for Landlord delaying consent, it shall be deemed to be reasonable for Landlord to delay its consent for a period of 45 days after the receipt by Landlord of all information requested by Landlord regarding or in connection with the proposed assignment and the proposed assignee.

7. To the actual knowledge of Landlord no rent has been paid more than thirty (30) days in advance of its due date.

Very truly yours,

_____ (BANK)

By: _____
_____ (Name and Title)

Acknowledged and consented to the _____ day of _____, 2015.

TOWN OF ADDISON, TEXAS

By: _____ By: _____

By: _____ By: _____

Name: _____ Name: _____

Its: _____ Its: _____

cc: Real Estate Manager
Addison Airport
16051 Addison Road, Suite 220
Addison, Texas 75001

ELECTRONICALLY RECORDED 201100333707
12/22/2011 11:20:39 AM AM 1/19

AFTER RECORDING RETURN TO:
Larry O. Littleton
The Law Offices of Larry O. Littleton
5001 Spring Valley Road, Suite 400 East
Dallas, Texas 75244-3947

ELECTRONICALLY RECORDED 201100339044
12/29/2011 02:16:02 PM AM 1/20

FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT (this "***Agreement***") is made and entered into as of the 19th day of December, 2011, by and between DOYLE HARTMAN and MARGARET M. HARTMAN d/b/a DOYLE HARTMAN, OIL OPERATOR ("***Hartman***") and the JAMES DONALD DONALDSON ESTATE TRUST and the ESTATE OF JAMES DONALD DONALDSON ("***Donaldson***").

WITNESSETH:

WHEREAS, Donham Oil Tool Company, Inc., a Texas corporation ("***Donham***"), and Airport Associates, Ltd., a Texas limited partnership ("***Airport Associates***"), executed a Reciprocal Easement Agreement (the "***REA***") dated June 28, 1983, recorded in Volume 83139, Page 1576 of the Deed Records of Dallas County, Texas, and also recorded in Volume 83248, Page 4110 of the Deed Records of Dallas County, Texas (a true and correct copy of the REA is attached hereto as Exhibit "A"); and

WHEREAS, Hartman is the leasehold owner of that certain tract of real property identified as "Tract A" in the REA (the "***Hartman Tract***"), and is the successor in interest to the FDIC, as Receiver for Independence Bank of Plano, the successor in interest by substitute trustee's deed to Flytex, Inc., a Texas corporation, the successor in interest to Donham; and

WHEREAS, by that certain Assignment of Interest In Reciprocal Easement recorded in Volume 84034, Page 1277 of the Deed of Records of Dallas County, Texas, Donham assigned all of its right, title and interest in the REA to Flytex, Inc.; and

WHEREAS, Donaldson is the leasehold owner of that certain tract of real property identified as "Tract B" in the REA (the "***Donaldson Tract***"), and is the successor in interest to James Donaldson, an individual now deceased, the successor in interest to John N. Barbee and James Donaldson, d/b/a Addison Aircraft Storage, the successor in interest to Airport Associates, Ltd., a Texas limited partnership, the successor in interest to Airport Associates, the successor in interest to Donham; and

Re-record due to error in recording order

ELECTRONICALLY RECORDED 201100333707
12/22/2011 11:20:39 AM AM 1/19

AFTER RECORDING RETURN TO:
Larry O. Littleton
The Law Offices of Larry O. Littleton
5001 Spring Valley Road, Suite 400 East
Dallas, Texas 75244-3947

FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT (this "***Agreement***") is made and entered into as of the 19th day of December, 2011, by and between DOYLE HARTMAN and MARGARET M. HARTMAN d/b/a DOYLE HARTMAN, OIL OPERATOR ("***Hartman***") and the JAMES DONALD DONALDSON ESTATE TRUST and the ESTATE OF JAMES DONALD DONALDSON ("***Donaldson***").

WITNESSETH:

WHEREAS, Donham Oil Tool Company, Inc., a Texas corporation ("***Donham***"), and Airport Associates, Ltd., a Texas limited partnership ("***Airport Associates***"), executed a Reciprocal Easement Agreement (the "***REA***") dated June 28, 1983, recorded in Volume 83139, Page 1576 of the Deed Records of Dallas County, Texas, and also recorded in Volume 83248, Page 4110 of the Deed Records of Dallas County, Texas (a true and correct copy of the REA is attached hereto as Exhibit "A"); and

WHEREAS, Hartman is the leasehold owner of that certain tract of real property identified as "Tract A" in the REA (the "***Hartman Tract***"), and is the successor in interest to the FDIC, as Receiver for Independence Bank of Plano, the successor in interest by substitute trustee's deed to Flytex, Inc. a Texas corporation, the successor in interest to Donham; and

WHEREAS, by that certain Assignment of Interest In Reciprocal Easement recorded in Volume 84034, Page 1277 of the Deed of Records of Dallas County, Texas, Donham assigned all of its right, title and interest in the REA to Flytex, Inc.; and

WHEREAS, Donaldson is the leasehold owner of that certain tract of real property identified as "Tract B" in the REA (the "***Donaldson Tract***"), and is the successor in interest to James Donaldson, an individual now deceased, the successor in interest to John N. Barbee and James Donaldson, d/b/a Addison Aircraft Storage, the successor in interest to Airport Associates, Ltd., a Texas limited partnership, the successor in interest to Airport Associates, the successor in interest to Donham; and

Re-record due to error in recording order

AFTER RECORDING RETURN TO:
Larry O. Littleton
The Law Offices of Larry O. Littleton
5001 Spring Valley Road, Suite 400 East
Dallas, Texas 75244-3947

FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT (this "***Agreement***") is made and entered into as of the 19th day of December, 2011, by and between DOYLE HARTMAN and MARGARET M. HARTMAN d/b/a DOYLE HARTMAN, OIL OPERATOR ("***Hartman***") and the JAMES DONALD DONALDSON ESTATE TRUST and the ESTATE OF JAMES DONALD DONALDSON ("***Donaldson***").

WITNESSETH:

WHEREAS, Donham Oil Tool Company, Inc., a Texas corporation ("***Donham***"), and Airport Associates, Ltd., a Texas limited partnership ("***Airport Associates***"), executed a Reciprocal Easement Agreement (the "***REA***") dated June 28, 1983, recorded in Volume 83139, Page 1576 of the Deed Records of Dallas County, Texas, and also recorded in Volume 83248, Page 4110 of the Deed Records of Dallas County, Texas (a true and correct copy of the REA is attached hereto as Exhibit "A"); and

WHEREAS, Hartman is the leasehold owner of that certain tract of real property identified as "Tract A" in the REA (the "***Hartman Tract***"), and is the successor in interest to the FDIC, as Receiver for Independence Bank of Plano, the successor in interest by substitute trustee's deed to Flytex, Inc. a Texas corporation, the successor in interest to Donham; and

WHEREAS, by that certain Assignment of Interest In Reciprocal Easement recorded in Volume 84034, Page 1277 of the Deed of Records of Dallas County, Texas, Donham assigned all of its right, title and interest in the REA to Flytex, Inc.; and

WHEREAS, Donaldson is the leasehold owner of that certain tract of real property identified as "Tract B" in the REA (the "***Donaldson Tract***"), and is the successor in interest to James Donaldson, an individual now deceased, the successor in interest to John N. Barbee and James Donaldson, d/b/a Addison Aircraft Storage, the successor in interest to Airport Associates, Ltd., a Texas limited partnership, the successor in interest to Airport Associates, the successor in interest to Donham; and

WHEREAS, Kenneth Charles Donaldson was appointed Executor of the Estate of James Donald Donaldson by the Probate Court of Collin County, Texas in Cause No. PB 1-359-2007; and

WHEREAS, Hartman and Donaldson desire to amend the REA in certain respects.

NOW, THEREFORE, for and in consideration of the premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The Ramp Area (as such term is defined in the REA) shall mean the portion of the Hartman Tract and the Donaldson Tract of the concrete area on the east side of the hangars within the following four points: (i) the northwest corner of such concrete area, (ii) the northeast corner of such concrete area, (iii) the southeast corner of such concrete area, and (iv) the southwest corner of such concrete area. The Ramp Area is shown on Exhibit "B" attached hereto and made a part hereof for all purposes. The Ramp Area on Exhibit "B" is shaded in blue and marked "***Ramp Area***."

2. Donaldson hereby confirms and, to the extent legally necessary, does grant and convey to Hartman, his successors and assigns (as owners of the Hartman Tract or any portion thereof), a perpetual, non-exclusive access easement for pedestrian and vehicular ingress and egress between the Hartman Tract and Claire Chennault Street, upon and across the portion of the Donaldson Tract, twenty feet (20') in width, adjacent to the southwest boundary of the Hartman Tract , from Claire Chennault Street 190 feet to the extended southeastern property line of the Hartman Tract. The location of the access easement is shown on Exhibit "B" attached hereto and made a part hereof for all purposes. This area is shaded blue on Exhibit B and marked "***Access Easement***."

3. Hartman and Donaldson hereby confirm and, to the extent legally necessary, do grant and convey to each other, their successors and assigns (as owners of the Hartman Tract and the Donaldson Tract, respectively, or any portion thereof), a perpetual, non-exclusive access easement for pedestrian, vehicular, and aircraft ingress and egress over the Ramp Area to get from Claire Chennault Road to the taxiway and from the taxiway to Claire Chennault Road.

4. Section 3.03 of the REA is hereby amended by the addition of the following at the end of such Section: "If at any time any such vehicle, aircraft, equipment or other object hinders either party's access to and from the taxiway or to and from Claire Chennault Road, the offending party shall within one hour from notice by the complaining party remove the item to allow access. Subject to the provisions of this Section

3.03 the offending party will be allowed to replace the vehicle, aircraft, or equipment immediately after giving the complaining party access."

5. For purposes of Section 3.08 of the REA, Hartman's address is:

Doyle Hartman and Margaret M. Hartman
d/b/a Doyle Hartman, Oil Operator
c/o Larry O. Littleton
5001 Spring Valley Road, Suite 400 East
Dallas, Texas 75244-3947

and Donaldson's address is:

James Donald Donaldson Estate Trust and
The Estate of James Donald Donaldson
c/o Kenneth Donaldson
4584 Claire Chennault Rd.
Addison, Texas 75001

6. To the extent there are any inconsistencies between this Agreement and the REA, the terms of this Agreement will control. Otherwise, nothing in this Agreement shall modify or alter the terms and conditions of the REA.

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

DOYLE HARTMAN and MARGARET M. HARTMAN
d/b/a DOYLE HARTMAN, OIL OPERATOR

By: _____
Doyle Hartman

By: _____
Margaret M. Hartman

JAMES DONALD DONALDSON ESTATE TRUST and
ESTATE OF JAMES DONALD DONALDSON

By: _____
Kenneth Charles Donaldson, Trustee and Independent Executor

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on 12th December, 2011, by DOYLE HARTMAN and MARGARET M. HARTMAN d/b/a DOYLE HARTMAN, OIL OPERATOR.

TAMARA D. WADE
Notary Public, State of Texas
My Commission Expires
April 13, 2012

Tamara D. Wade
Notary Public, State of Texas

My Commission Expires:

4-13-2012

TAMARA D. WADE
(Printed or Typed Name of Notary)

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on DECEMBER 15, 2011, by KENNETH CHARLES DONALDSON as TRUSTEE OF THE JAMES DONALD DONALDSON ESTATE TRUST and THE INDEPENDENT EXECUTOR OF THE ESTATE OF JAMES DONALD DONALDSON.

Elaine M. Moore
Notary Public, State of Texas

My Commission Expires:

12/30/2012

ELAINE M. MOORE
(Printed or Typed Name of Notary)

NOTARY PUBLIC STATE OF TEXAS
ELAINE M. MOORE
My Commission Expires
December 30, 2012

CONSENT OF LANDLORD

The undersigned, the Landlord under the Ground Leases covering the Hartman Tract and the Donaldson Tract, hereby consents to the above First Amendment to Reciprocal Easement Agreement waiving none of its rights under said Ground Leases.

TOWN OF ADDISON,
a home-rule municipality

By: _____
Ron Whitehead, City Manager

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on DECEMBER 15, 2011, by Ron Whitehead, City Manager of the TOWN OF ADDISON, a home-rule municipality, on behalf of said Town.

MICHELE LOPER HILGART
NOTARY PUBLIC STATE OF TEXAS
COMMISSION EXPIRES:
09-22-2013

_____
Notary Public, State of Texas

My Commission Expires:

09/22/2013

MICHELE LOPER HILGART
(Printed or Typed Name of Notary)

Exhibit A

RECIPROCAL EASEMENT AGREEMENT

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

THIS RECIPROCAL EASEMENT AGREEMENT ("Agreement") is made and entered into as of the 28th day of June, 1983, by and between DONHAM OIL TOOL COMPANY, INC., a Texas corporation ("Donham"), and AIRPORT ASSOCIATES, LTD., a Texas limited partnership ("Associates"),

W I T N E S S E T H :

WHEREAS, Donham is the leasehold owner of that certain tract of real property in Dallas County, Texas, more particularly described in Exhibit "A" attached hereto and incorporated herein for all purposes ("Tract A");

WHEREAS, Associates is the leasehold owner of that certain tract of real property located in Dallas County, Texas, more particularly described in Exhibit "B" attached hereto and incorporated herein for all purposes ("Tract B");

WHEREAS, Tracts A and B are both located within Addison Airport, Addison, Texas.

WHEREAS, Donham and Associates desire that the one hundred seventy-five (175) foot in length ramp area (hereinafter called the "Ramp Area") located between the aircraft hangars which are located on Tract A and Tract B, respectively, should be accessible for ingress and egress to and from the taxiway (hereinafter called the "Taxiway") and Tracts A and B;

WHEREAS, there is an aircraft hangar located on Tract B, and the door of such aircraft hanger (hereinafter called the "Hangar Door"), when opened, slides into a bay which encroaches upon the Donham Ramp Area (as hereinafter defined);

NOW, THEREFORE, for and in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

Grants of Easements and Rights

1.01. Donham, for itself and its successors and assigns, does hereby grant, sell, convey and deliver to Associates, its successors and assigns, a non-exclusive, perpetual and permanent right-of-way easement, which shall be appurtenant to and inure to the benefit of Tract B, for (i) aircraft, vehicular and pedestrian access over and across that portion of the Ramp Area owned by Donham (the "Donham Ramp Area") in order to provide access to and from Tract B to and from the Taxiway, (ii) Hangar Door opening onto the Donham Ramp Area, and (iii) permanent rights of entry upon the Donham Ramp Area for the purpose of maintaining and repairing the Improvements (hereinafter defined) and the Hangar Door.

1.02. Associates, for itself and its successors and assigns, does hereby grant, sell, convey and deliver to Donham, its successors and assigns, a non-exclusive, perpetual and permanent right-of-way easement, which shall be appurtenant to and inure to the benefit of Tract A, for aircraft, vehicular and pedestrian access over and across that portion of the Ramp

Area owned by Associates (the "Associates Ramp Area") in order to provide access to and from Tract A to and from the Taxiway, together with permanent rights of entry upon the Associates Ramp Area for the purpose of maintaining and repairing the Improvements.

1.03. Donham and Associates hereby reserve the right, for themselves and their respective successors and assigns, to grant such other or similar easements, rights, rights-of-way and privileges over and across their respective Tracts; provided, however, any such other easements, rights, rights-of-way and privileges hereinafter granted over, across or under Tracts A and B shall not interfere with the use of any of the easements, rights, rights-of-way and servitudes herein granted.

1.04. It is the intention of Donham and Associates that this Agreement shall be for the exclusive benefit of the owner(s) of Tracts A and B. Nothing contained herein, express or implied, shall confer upon any person or entity other than said owner(s) any rights or remedies under or by reason of this Agreement. Associates and Donham and any other owner(s) of Tract A or Tract B shall each have the right to grant a license, right or permission to their respective officers, employees, tenants, business invitees and all licensees and guests to use any of the easement areas or avail themselves of any rights granted herein, but any action to enforce any of such rights may be maintained only by Associates, Donham or such other owner(s) or their respective successors and assigns.

ARTICLE II

Maintenance of Improvements

2.01. Donham and Associates hereby covenant and agree to maintain and repair the ramp improvements located on the Ramp Area (the "Improvements"). Such maintenance and repair shall include, but not be limited to, cleaning, sweeping, ice and snow removal, repair of paving and lighting, restriping of paving, and such other necessary maintenance and repairs, including the necessary safety measures, to the extent necessary to maintain the Improvements on the Ramp Area in a condition substantially equivalent to their condition and usefulness when newly constructed. Fifty percent (50%) of all costs and expenses incurred by either party in connection with the maintenance and repair of the Improvements located on the Ramp Area shall be paid by the other party within ten (10) days following receipt of written notice detailing such costs and expenses.

2.02. Donham's covenant to improve, repair and maintain the Improvements on the Donham Ramp Area shall be a covenant running Tract A and shall be for the benefit of Tract B and the owner(s) thereof.

2.03. Associates' covenant to improve, repair and maintain the Improvements on the Associates Ramp Area shall be a covenant running with Tract B and shall be for the benefit of Tract A and the owner(s) thereof.

ARTICLE III

General Provisions

3.01. Donham agrees to secure and maintain as to the Donham Ramp Area and Associates agrees to secure and maintain as to the Associates Ramp Area, sufficient public liability insurance coverage against claims for bodily injury or death and property damage occuring on such Areas and upon reasonable request, each shall furnish to the other a certificate of

insurance, on or before the effective date of such coverage and each renewal date therafter, evidencing such coverage, together with paid receipts evidencing payment of premiums for all such coverages obtained.

3.02. Donham and Associates hereby covenant and agree that upon the completion of an aircraft hangar on that certain tract of real property located in Dallas County, Texas, contiguous to the Ramp Area (the "Adjacent Tracts"), this Agreement shall be amended to grant the leasehold owners of the Adjacent Tracts a non-exclusive, perpetual and permanent right-of-way easements for aircraft, vehicular and pedestrian access over and across the Ramp Area, provided, however, that such grant shall be contingent upon (i) the leasehold owners of the Adjacent Tracts granting to Donham and Associates non-exclusive, perpetual and permanent right-of-ways and easements for the benefit of Donham and Associates, for aircraft, vehicular and pedestrian access over and across that portion of the ramp areas to be extended at least seventy-five feet (75') from the boundary of the Ramp Area ("Future Ramp Area"), and (ii) all of said leasehold owners agreeing to maintain the Future Ramp Area and the Ramp Area in an equitable manner acceptable to Donham and Associates.

3.03. Donham and Associates agree that no aircraft, vehicle or other equipment will be left unattended on the Ramp Area, thereby hindering the other party's access to and from the Taxiway, other than during periods of normal loading, unloading or refueling.

3.04. Associates and Donham agree that if either of them or any future owner of the Associates Ramp Area or the Donham Ramp Area shall be in default of any of the easements, covenants, agreements, terms or restrictions contained herein, then the owner or owners of the other Area and any mortgagees shall have the right, but shall not be obligated, to cure such default, provided it is a curable default under this Agreement, and provided that such defaulting owner (hereinafter referred to as the "Defaulting Owner"), and any mortgagee having an interest in the Area upon which the default has occurred are notified in writing of such intended cure in the manner provided hereinafter at least ten (10) days prior to the date of effecting any curative action. All expenses and costs incurred by the owner effecting such cure, together with reasonable attorneys' fees and costs for collecting such costs and interest thereon, shall be a demand obligation owing by the Defaulting Owner to the party effecting such cure and such demand obligation shall bear interest at the lesser of eighteen per cent (18%) per annum or the maximum rate then permitted under applicable law. Any such owner or mortgagee electing to effect such cure, its directors, officers, employees, agents, servants and workmen shall have the right of entry and ingress and egress upon that portion of the Area upon which such default occurred as is necessary for effecting any such cure. The Defaulting Owner hereby agrees to indemnify and hold harmless any such party so entering upon such Area from all claims, demands, liabilities and judgments arising from any such entry for the purpose of effecting any such cure. Additionally, such owner or mortgagee effecting such cure, or in the event that breach of such covenant, agreement or term is not subject to cure as provided herein, shall have the right to institute suit and obtain protective or mandatory injunction to prevent a continuing breach of or to enforce the continued observance by such Defaulting Owner of the covenants, agreements, terms, conditions and restrictions contained herein, and such Owner (but not such mortgagee) shall have the right to ordinary damages against such Defaulting Owner occasioned by any such continuing default under this Agreement.

3.05. Associates and Donham covenant and agree that the servitudes, easements, rights, rights-of-way, privileges,

agreements, covenants and restrictions and all other terms hereof shall be binding upon their respective successors and assigns, and all other persons or entities having or hereafter acquiring any right, title or interest in Tract A or Tract B, and all other persons and entities claiming by, through or under said owners and their respective successors and assigns. In the event any owner or future owner of all or any part of either Tract A or Tract B shall convey either all or any portion of such Tract, such owner so conveying shall automatically be freed and relieved, from and after the date of recording of such conveyance, of all liability for future performance of any covenants, agreements or obligations on the part of such owner which are required by this Agreement to thereafter be performed with respect to any such Tract or the portion of any such Tract so conveyed, except as herein otherwise specified. It is intended hereby that the agreements and obligations contained in this Agreement shall be binding on such owner only as to that owner's period of ownership or subsequent periods of ownership, though such conveying owner shall remain liable after the date of recording of such conveyance for any obligations arising or incurred prior to such date of recording during such conveying owner's period of ownership.

3.06. No breach of the covenants, conditions, obligations or restrictions herein contained shall in any way impair, defeat or render invalid the lien or charge of any mortgage or deed of trust made in good faith and for good and valuable consideration encumbering any of the Areas herein described, but all of such covenants, conditions, obligations and restrictions shall be binding upon and effective against the owner of any of such Areas whose title is derived through foreclosure of or sale under any such mortgage or deed of trust, or otherwise.

3.07. Associates and Donham hereby agree that in recognition of the fact that they, or their respective successors and assigns, as owners of the Tracts or Areas, may find it necessary from time to time to establish to banks, mortgagees, accountants or the like, the then current status of performance under this Agreement, that each, upon the written request of the other, will furnish from time to time, with reasonable promptness, a written statement in recordable form on the status of any matter relating to this Agreement.

3.08. Any notice, demand, request or communication required or permitted hereunder shall be in writing and hand delivered or sent by United States mail, postage prepaid, registered or certified mail or by prepaid telegram (provided that such telegram is confirmed by mail in the manner previously described), addressed as follows:

If to Associates:	6336 Greenvile Avenue Dallas, Texas 75206 Attn: Alan T. Gregory or Don V. Averitt
If to Donham:	16479 N. Dallas Parkway Suite 400 Dallas, Texas 75248 Attn: Ken Alexander

or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable parties sent in accordance herewith. Any such notice, demand, request or communication shall be deemed to have been given as of the date of receipt in the case of hand delivery or, in the case of mailing, as of the first attempted delivery at the address and in the manner provided herein; provided, however, that all notices of completion of cure and

creation of lien shall, in addition to being sent in the manner specified above, be recorded in the Deed Records of Dallas County, Texas, and shall be deemed to be given on the later of (i) the date on which such notice is recorded or (ii) the date the notice of completion of cure is deemed received as provided in this Paragraph 3.08.

3.09. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and vice versa, and the words in masculine gender shall include the feminine and neuter genders and vice versa.

3.10. Every provision in this Agreement is intended to be severable. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remaining provisions of this Agreement.

3.11. This Agreement contains the entire understanding and agreement between the parties hereto and supersedes any prior written or oral agreements between them respecting the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, between and among the parties hereto relating to the subject matter of this Agreement which are not fully expressed herein.

3.12. The failure of any party hereto or any mortgagee consenting hereto to insist upon strict performance of any of the servitudes, easements, privileges, rights, covenants, agreements, terms and conditions hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of any of such party's rights. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any obligation hereunder.

3.13. This Agreement may be changed, modified, amended, or rescinded only by an instrument in writing duly executed and acknowledged by all of the parties hereto or by the then owner(s) of Tract A and Tract B and consented to by all mortgagees which then hold a first lien against Tract A or B or any part thereof. Any such amendment shall be effective as of such date as may be determined by the parties hereto.

3.14. This Agreement and the rights and obligations hereunder of the parties hereto shall be governed by the laws of the State of Texas.

3.15. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereinabove set forth.

DONHAM OIL TOOL COMPANY, INC., a Texas corporation

By: _____, President

DONHAM

AIRPORT ASSOCIATES, LTD., a Texas limited partnership

By _____
Don V. Averitt, General Partner

CONSENT OF LESSOR

The undersigned is the Lessor under the ground leases covering Tract A and Tract B and the Adjacent Tracts and hereby consents to the foregoing Reciprocal Easement Agreement, waiving none of their rights under said ground leases.

LESSOR:

CITY OF ADDISON

By: _____ PRES

ADDISON AIRPORT OF TEXAS, INC.

By: _____

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public in and for said State, on this day personally appeared Kent Alexander, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DONHAM OIL TOOL COMPANY, INC., a Texas corporation, and that he executed the same as the act of said corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28th day of June, 1983.

Notary Public, State of Texas

My commission expires:

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(print name)

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared DON V. AVERITT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said AIRPORT ASSOCIATES, LTD., a Texas Limited partnership, and that he executed the same as its General Partner and as the act of such limited partnership for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of June, 1983.

Notary Public, State of Texas

PEGGY LEHRMANN
Notary Public, State of Texas
My Commission Expires Nov. 30, 1984

(printed name)

My commission expires:

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on June 8, 1983 by Jerry Kiddie as Mayor of the City of Addison.

Jaque Sharp
Notary Public, State of Texas

JAQUE SHARP
(printed name)

My commission expires:
8/85.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ADDISON AIRPORT OF TEXAS, INC. a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of June, 1983.

_____
Notary Public, State of Texas

_____
(printed name)

My commission expires:

_____.

EXHIBIT "B"

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison Texas and being more fully described as follows:

Commencing at a point for the intersection of the west right-of-way line of Addison Road, a 60-foot street, and the south right-of-way line of Westgrove Road, a 60-foot street;

THENCE S 89° 54' 46" W along the south line of said Westgrove Road a distance of 730.00 feet to a point in the centerline of Claire Chennault Road (an undedicated 60-foot street);

THENCE S 00° 05' 14" E along the centerline of Clair Chennault Road projected a distance of 301.36 feet to an angle point;

THENCE S 43° 26' 09" W along the centerline of Clair Chennault Road projected a distance of 317.27 feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46° 33' 51" E to the southerly right-of-way of said road a distance of 30.00 feet for the POINT OF BEGINNING of this description;

THENCE S 46° 33' 51" E a distance of 190 feet to a point for a corner;

THENCE N 43° 26' 09" E a distance of 175.00 feet to a point for a corner;

THENCE S 46° 33' 51" E a distance of 160.00 feet to a point for a corner, said point being in the northerly right-of-way line of taxiway (120 feet wide);

THENCE S 43° 26' 09" W along the northerly right-of-way of said taxiway a distance of 195.00 feet to a point for corner;

THENCE N 46° 33' 51" W a distance of 350.00 feet to a point for a corner, said point being in the southerly right-of-way line of Claire Chennault Road;

THENCE N 43° 26' 09" E along said southerly right-of-way line a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.803 acres of land, more or less.

EXHIBIT "A"

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison, Texas and being more fully described as follows:

Commencing at a point for the intersection of the west Right-of-Way line of Addison Road, a 60 foot street, and the south Right-of-Way line of Westgrove Road, a 60 foot street;

THENCE S 89°54' 46" W along the south line of said Westgrove Road a distance of 730.00 feet to a point in the centerline of Claire Chennault Road (an undedicated 60 foot street);

THENCE S 00°05' 14" E along the centerline of Claire Chennault Road projected a distance of 301.36 feet to an angle point;

THENCE S 43°26' 09" W along the center line of Claire Chennault Road projected a distance of 142.27 feet to an angle point in the centerline of Claire Chennault Road;

THENCE S 46°33' 51" E to the southerly Right-of-Way of said road a distance of 30.00 feet for the POINT OF BEGINNING of this description;

THENCE S 46°33' 51" E a distance of 190.00 feet to a point for a corner;

THENCE S 43°26' 09" W a distance of 175 feet to a point for a corner;

THENCE N 46°33' 51" W a distance of 190.00 feet to a point for a corner, said point being in the southerly Right-of-Way line of Claire Chennault Road;

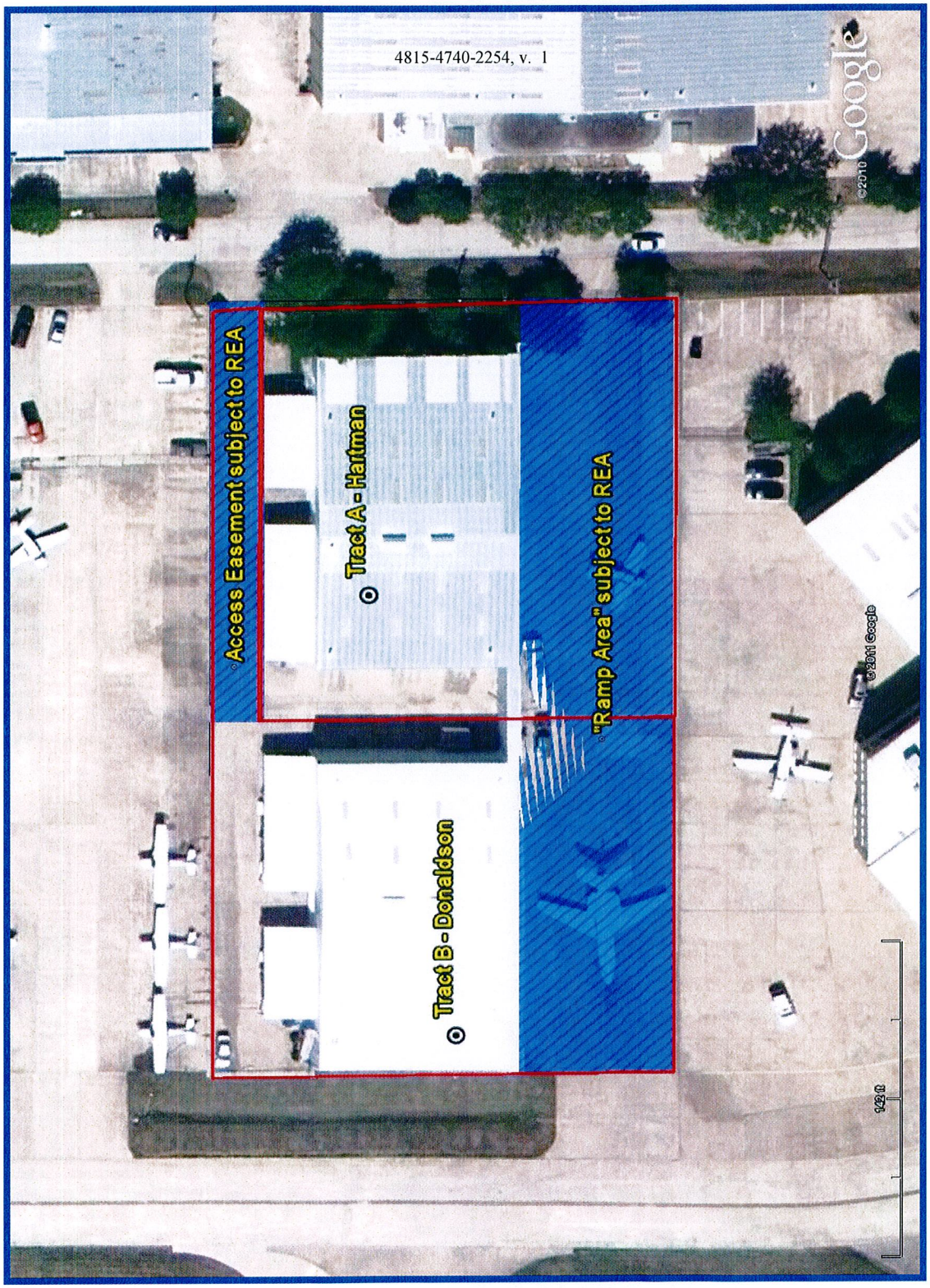
THENCE N 43°26' 09" E along said southerly Right-of-Way line a distance of 175.00 feet to the POINT OF BEGINNING and containing 0.763 acres of land more or less.

Exhibit B

EXHIBIT "B"

(Ramp Area and Location of Access Easement)

Graphic representation depicting easements in relation to the Hartman Tract and the Donaldson Tract



Document Receipt Information

Reference Number: 1978006752/LTC - Amendment

Instrument Number:	201100339044
No of Pages:	20
Recorded Date:	12/29/2011 2:16:02 PM
County:	Dallas
Officer Name:	YCRAIG
Volume:	
Page:	
Recording Fee:	$92.00

Exhibit 2

BANK ESTOPPEL AGREEMENT

SAMPLE BANK ESTOPPEL AGREEMENT FORM

On Bank Letterhead

_____, ____

Town of Addison
P.O. Box 9010
Addison, Texas 75001-9010

RE: Ground Lease dated June 17,1981 (the "Ground Lease"), by and among the Town of Addison, Texas, a home-rule municipality (the "City", the same being the Town of Addison, Texas) and Addison Airport of Texas, Inc., a Texas corporation, as Landlord (the City now being the sole Landlord under the Ground Lease, the "Base Lease" (as defined in the Ground Lease) having expired, and the City alone being referred to herein as the "Landlord") and Donham Oil Tool Company, as tenant; the said Ground Lease then having been assigned to Airport Associates LTD., a Texas limited partnership by that Assignment of Lease entered into on June 28, 1983; the said Ground Lease then having been assigned to James Donaldson and John Barbee, each Texas individuals d.b.a. Addison Aircraft Storage, as assignee, by that Assignment of Lease dated January 3, 1989; then John Barbee sold and conveyed to James D. Donaldson all his rights, title and interests in the leasehold by that certain General Warranty Deed executed July 17, 1990 as recorded in Book/Volume 90155, Page 3379 of the Official Public Records of Dallas County, Texas (the "OPR"); then the James Donald Donaldson Estate Trust, successor in interest of James D. Donaldson, now deceased assigned the Ground Lease to Tailwind Worldwide, LP., a Texas limited partnership, as recorded in the OPR as Instrument #201100339045 by that Assignment of Lease dated December 20, 2011, the said Ground Lease then having been assigned to Mills Group, Inc., a Texas corporation by that Assignment of Ground Lease entered into and made effective on _____, 2015; and by virtue of the above and foregoing assignments, Mills Group, Inc. is the tenant of the said Ground Lease, as amended and modified and subject to the instruments described herein; and the Ground Lease is subject to that certain Reciprocal Easement Agreement entered into and made effective June 28, 1983 and amended by that certain First Amendment to Reciprocal Easement Agreement entered to and made effective December 19, 2011 by and between Doyle Hartman and Margaret M. Hartman d/b/a Doyle Hartman, Oil Operator and the James Donald Donaldson Estate Trust and the Estate of James Donald Donaldson as filed and record in the Dallas County, Texas OPR as Instrument #201100339044 (the "Reciprocal Easement"); and a true and correct copy of the Ground Lease as described herein is attached hereto **Exhibit "A"** and a true and correct copy of the Reciprocal Easement attached hereto **Exhibit "C"**), each being incorporated herein by reference respectively.

Gentlemen:

Texas Security Bank (the "Bank") intends to make a loan to Mills Group, Inc. a Texas corporation (the "Tenant") in the amount of two hundred thousand dollars ($200,000.00) (the "Loan") will be secured by, among other things a lien against the leasehold interest of Tenant in the Real Property created pursuant to a leasehold deed of trust (the "Leasehold Deed of Trust") to be executed by Tenant to Craig T. Scheef, as Trustee for the benefit of Bank, which Leasehold Deed of Trust shall be subordinate and inferior to the Ground Lease and Landlord's lien (contractual and statutory) and other rights thereunder and all terms and conditions thereof, which Leasehold Deed of Trust shall be in substantially the form of the Leasehold Deed of Trust attached hereto as **Exhibit "B"** .

The Bank has advised Tenant that Bank requires the written acknowledgment of Landlord to the execution by Tenant of the above-described Leasehold Deed of Trust and the written acknowledgment and consent of the Landlord to the statements set forth in this letter.

Therefore, by executing the enclosed copy of this letter and returning it to the undersigned, Landlord hereby specifically states as follows (and notwithstanding any statement or provision hereof, Landlord's statements herein do not constitute approval by or consent of Landlord of the Leasehold Deed of Trust or of any of the terms and conditions set forth therein, and nothing herein contained shall be deemed a waiver or release of any of the Landlord's rights under the Ground Lease or otherwise):

1. Landlord takes notice of the Leasehold Deed of Trust and the subordinate and inferior lien provided for therein being impressed solely against the leasehold interest of Tenant in the Real Property.

2. The Ground Lease has not been modified, altered or amended to the best of Landlord's actual knowledge except as described herein.

3. Landlord has no actual knowledge of the existence of any default by Tenant under the Ground Lease, or of any lien against the Real Property other than that created by the Ground Lease, any lien for taxes, or as may be otherwise created or provided by law.

4. Landlord will give to Bank, at the address of Bank specified in this letter or at such other address as Bank may hereafter designate in writing to Landlord, prompt written notice of any default by Tenant under the Ground Lease simultaneously with the giving of such notice to Tenant (if such notice is required under the Ground Lease), and Bank shall have the right, but not the obligation, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make such payment as my be necessary or appropriate to cure any such default so specified. Landlord shall not exercise Landlord's right to terminate the Ground Lease without first giving Bank the notice provided for herein and affording Bank the right to cure such default as provided for herein.

5. For the purposes of this letter, any notice to Bank may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in United

States mail, postage prepaid, registered, or certified mail, return receipt requested, addressed to Bank at the above-described address.

6. If Bank or a third party (provided such third party is approved by Landlord in accordance with the terms of the Ground Lease for approval of an assignee) succeeds to the interest of Tenant in and to the Ground Lease by means of foreclosure under the Leasehold Deed of Trust, by means of a transfer in lieu of such foreclosure, or by any other lawful means due to the failure or inability of Tenant to pay the Loan secured by the Leasehold Deed of Trust, Landlord shall thereafter accept, recognize and treat Bank or such approved third party as the tenant under the Ground Lease and Landlord shall continue to perform all of its obligations under the Ground Lease subject, however, to the terms and conditions of the Ground Lease. Bank may thereafter, with the written consent of the Landlord, which consent shall not be unreasonably withheld or delayed, assign its leasehold right, title, and interest in and to the Ground Lease. For purposes hereof and any applicable law, and without limitation as to other grounds for Landlord withholding consent, it shall be deemed to be reasonable for Landlord to withhold its consent when any one or more of the following apply:

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

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

(c) the proposed assignee's intended use of the demised premises as defined in the Ground Lease is inconsistent with the Ground Lease;

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

(e) if at any time consent is requested or at any time prior to the granting of consent, tenant is in default under the Ground Lease or would be in default under the Ground Lease but for the pendency of a grace or cure period, provided that if such default is cured within such grace or cure period, then Landlord may not continue to withhold its consent solely for this circumstance; or

(f) the proposed assignee does not intend to occupy the entire demised premises as described in the Ground Lease and conduct its business therefrom for a substantial portion of the then remaining term of the Ground Lease.

For purposes hereof and any applicable law, and without limitation as to other grounds

for Landlord delaying consent, it shall be deemed to be reasonable for Landlord to delay its consent for a period of 45 days after the receipt by Landlord of all information requested by Landlord regarding or in connection with the proposed assignment and the proposed assignee.

7. To the actual knowledge of Landlord no rent has been paid more than thirty (30) days in advance of its due date.

Very truly yours,

_____ (BANK)

By: _____
_____ (Name and Title)

Acknowledged and consented to the _____ day of _____, 2015.

TOWN OF ADDISON, TEXAS

By: _____ By: _____

By: _____ By: _____

Name: _____ Name: _____

Its: _____ Its: _____

cc: Real Estate Manager
Addison Airport
16051 Addison Road, Suite 220
Addison, Texas 75001

AI-1365 **Item # 29.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Approve An 8-Year Ground Lease Extension At Addison Airport For Key Development, LLC, At 4500 Westgrove Drive.**

BACKGROUND:

Key Development, LLC, (Key) located at 4500 Westgrove Drive, requests that the Town consent to an amendment to their Ground Lease, thereby extending the remaining lease term by an additional eight (8) years provided that Key completes a minimum of $378,000 of qualifying capital improvements and repairs within one (1) year of the effective date of the proposed amendment. Staff recommends the Town consent to enter into and execute the proposed Second Amendment to Ground Lease (to be substantially in the form attached hereto) subject to the City Attorney's review and acceptance of the agreement's final form (the Amendment).

Key acquired and took assignment of the leasehold interest and building improvements located at 4500 Westgrove Drive at Addison Airport in 2006. At that time, the Town agreed to amend the assigned ground lease, extending the lease term an additional fifteen (15) years in consideration for a 37% rental increase (from $.54/SFL to $.74/SFL) effective as of the amendment date. The ground lease, which first originated in 1984, is now due to expire in Year 2039 (24 years remaining).

According to the Town's leasing guidelines at the Airport,a ground lease term may be extended in exchange for the tenant agreeing to complete qualifying capital improvements or repairs to the existing building improvements that are designed to enhance the property's fair market value and/or its useful life proportionate to the desired extended term. In connection with this request, Key Development provided airport management an itemized schedule of proposed capital improvements and repairs that they intend and agree to complete within one (1) year of the effective date of the Amendment.

When a lease term extension is granted, the Town defers taking title of the building improvements and the opportunity to realize a higher revenue by way of the increased rental rate. In this case, using commercially reasonable assumptions, the Town's estimated opportunity cost for extending the Key Development ground lease term in today's dollars (NPV) is:

a. 5-year extension: $266,000
b. 8-year extension: $378,000

c. 10-year extension:$439,000

Key proposes to make certain capital improvements and repairs that are itemized in the Amendment that meet or exceed the completed construction value of $378,000 to the Town's satisfaction and within one (1) year of the effective date of the proposed Amendment. Upon completion of the improvements as agreed, and provided they are not in default at the time, the extended lease term would then become effective. In the event the Key fails to complete the capital improvements and repairs as agreed, the eight (8) year extension would not be made effective, causing the existing lease expiration date of 3/31/2039 to remain unchanged.

Key Development, LLC has been a tenant in good standing since 2006. They have successfully managed, operated and maintained the leased premises to a high standard since taking ownership of the building improvements. The proposed capital improvements and repairs are expected to enhance the property's market valuation and extend the facility's remaining useful life. Upon satisfactory completion of the improvements, the Ground Lease term will be extended to3/31/2047, or in 32 years. The proposed extended lease term does not conflict or interfere with any long-term redevelopment or strategic plans for the Airport.

Key Development’s proposal is consistent with the 2013 Addison Airport Strategic Plan by (i) enhancing the overall value of the Airport and surrounding community; and (ii) represents upgrades and improvements to an existing Airport facility. With respect to the pending FAA Addison Airport Master Plan Update, this plan does not contemplate any significant land-use change or use for this portion of the Airport.

RECOMMENDATION:
Administration recommends approval.

Attachments

Resolution
Supplemental Information

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A SECOND AMENDMENT TO GROUND LEASE BETWEEN THE TOWN OF ADDISON AND KEY DEVELOPMENT, LLC FOR COMMERCIAL AVIATION USE ON PROPERTY LOCATED AT 4500 WESTGROVE DRIVE, AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. The Second Amendment to Ground Lease between the Town of Addison and Key Development, LLC for commercial aviation use on property located at 4500 Westgrove Drive, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved and the City Manager is authorized to execute the agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

STATE OF TEXAS §
§ **SECOND AMENDMENT TO GROUND LEASE**
COUNTY OF DALLAS §

This Second Amendment to Ground Lease (hereinafter referred to as the "Second Amendment") is entered into and made effective as of _____ 2015, (the "Effective Date") at Addison, Texas, by and between the Town of Addison, Texas, a home-rule municipality (hereinafter sometimes referred to as the "Landlord" or the "City"), and Key Development, LLC, a Texas limited liability company ("Tenant") (Landlord and Tenant are sometimes referred to as the "parties" or "party").

WHEREAS, a Ground Lease, together with the Addendum to Ground Lease, was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI") as Landlord, and Lawson Ridgeway as Tenant ("Lawson Ridgeway"), recorded in Volume 86022, Pages 0124-0133 of the Deed Records of Dallas County, Texas, and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway as Granter and the City and AATI as Grantee, recorded as Instrument #198601697396 in Volume 861969, Pages 5742-5748 in the Deed Records of Dallas County, Texas, collectively referred to herein as the Ground Lease, as amended or modified, hereinafter referred to as the "Ground Lease" and described in that certain boundary survey dated June 6, 2006 by the terms of which certain real property now commonly referred to as 4500 Westgrove Drive at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, the Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and AATI), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Lease; and

WHEREAS, the said Base Lease has expired and the City alone is the Landlord under the Lease; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169, Pages 5724-5748 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613, in Volume 88189, Pages 1182-1201 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE, Inc., as assignee; and

WHEREAS, by that Substitute Trustee's Deed, dated September 7, 1988 recorded as Instrument #198801897613 in Volume 88178, Pages 1420-1425 of the Deed Records of Dallas

County, Texas, the Ground Lease was assigned to the beneficiary, MCORP MANAGEMENT SOLUTIONS, INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 in Volume 89004, Pages 577-580 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 in Volume 90054, Pages 1648-1687 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 in Volume 99063, Pages 1763-1767 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 in Volume 2000132, Pages 07549-07556 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated September 15, 2006, recorded as Instrument #200600346255 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development LLC., a Texas limited liability company, as assignee; and

WHEREAS, by virtue of such assignments, Key Development, LLC, a Texas limited liability company, is the Tenant under the Ground Lease, as amended or modified as of the effective date given above for this Second Amendment; and

WHEREAS, the Lease was modified by that First Amendment to Ground Lease made and entered into September 15, 2006, recorded as Instrument #200600346256 of the Deed Records of Dallas County, Texas ("First Amendment"), modifying, among other things, the term of the agreement by adding 240 months, (ending 3/31/2044) provided within 18 months of the effective date of the First Amendment tenant completed the remodeling and renovation of approximately 10,000 sf. of office space and the construction of at least 5,000 sf of additional hangar space (conditions detailed in the Amendment Section 2, Paragraph A); and

WHEREAS, by that certified letter dated September 17, 2008 confirming the lease extension in accordance with the First Amendment, Tenant elected not to complete the Improvements as defined in Section 2, Paragraph A of the First Amendment and did not elect either of the alternate options as defined in Subparagraph (vii) of Section 2, Paragraph A of the

First Amendment, and as a result, the Term of the Ground Lease was extended by one hundred eighty (180) months so that the Term of the Ground Lease shall end on March 31, 2039, still subject to the termination provisions of the Ground Lease as amended or modified; and

WHEREAS, a true and correct copy of the Ground Lease as amended or modified as set forth above is attached hereto and incorporated herein by reference as **Exhibit "A"**; and

WHEREAS, Tenant has proposed to construct certain additional improvements on the Demised Premises, as described in **Exhibit "C"** attached hereto and incorporated herein for all purposes, and in connection therewith and as consideration therefore Landlord and Tenant desire to amend the Ground Lease in the manner set forth below, contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars ($10.00), and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Town of Addison, Texas and Key Development, LLC, a Texas limited liability company, do hereby agree as follows:

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

Section 2. Amendments and Modifications to Ground Lease. The Ground Lease, as described in the above and foregoing recitals, is hereby amended and modified as follows:

A. Amendment to Term. The term of the Ground Lease may be modified in accordance with the following:

1. The Term of the Ground Lease, currently scheduled to end on March 31, 2039, shall be extended for an additional **96 months** so it shall end on March 31, 2047 (the "Second Lease Extension Period"), subject to the termination provisions of the Ground Lease. Provided, however, notwithstanding the foregoing, the Second Lease Extension Period shall not become effective unless and until Tenant has complied with and fully satisfied each of the following terms and conditions:

(i) Within one year immediately following the Effective Date of this Second Amendment (the "Repair and Improvement Period"), Tenant shall have completed upon the Demised Premises to Landlord's satisfaction the construction, remodeling and renovation of improvements to the existing building improvements as generally described in **Exhibit "B"** attached hereto and incorporated herein (the "Building Improvements");

(ii) Tenant agrees that it will contribute no less than Three Hundred Seventy-Eight Thousand and No/100 Dollars ($378,000.00) to the cost of the construction of the Building Improvements. If Landlord requests, Tenant shall provide Landlord with reasonable evidence of the costs and expenses contributed by Tenant to the construction and completion of the Building Improvements;

(iii) All construction of the Building Improvements and any other facilities or improvements shall be in a first-class, workmanlike manner and in accordance with and subject to the provisions of the Ground Lease. The design and construction of the Building Improvements shall be in accordance and comply with all applicable federal, state, and local laws, statutes, ordinances, codes, rules, regulations, orders, and standards. Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations that arise in connection with any such construction; and

(iv) At the time of the issuance of the written notice described in paragraph 2 below, Tenant shall not then be in default of any provision of the Ground Lease beyond any applicable cure period;

2. Upon Landlord's determination that Tenant has fully, finally and timely complied with, to Landlord's satisfaction, each of the terms and conditions set forth in Section 2.A.1, above, Landlord will notify Tenant of the same in writing and the Second Lease Extension Period shall thereafter be in effect.

3. If, however, Landlord determines that Tenant has failed to fully, finally and timely comply with, to Landlord's satisfaction, all of the conditions and provisions of Section 2.A.1., above, Landlord shall deliver to Tenant written notice of Tenant's failure to comply with and satisfy all the conditions and provisions of Section 2.A.1; and if said conditions and provisions remain unresolved and not so complied with or so satisfied, in the sole discretion of Landlord, for more than thirty (30) days after said notice, the Second Lease Extension Period shall not be granted and shall not take effect, and the Term of the Ground Lease shall end on March 31, 2039 (subject to the termination provisions of the Ground Lease).

4. Upon the eventual conclusion of either Subparagraph 2 or 3 above, Landlord and Tenant hereby agree to execute and cause to be recorded in the Official Public Records of Dallas County, Texas a Memorandum of the Second Amendment to the Ground Lease substantially in the form of **Exhibit "C"** which shall, among other things, affirm the true and correct expiration date of the Ground Lease resulting from this Second Amendment to Ground Lease.

Section 3. No Other Amendments. Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

Section 4. Applicable Law; Venue. In the event of any action under this Second Amendment, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the state of Texas shall govern and apply to the interpretation, validity and enforcement of this Second Amendment; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Second Amendment. All obligations of the parties created by this Second Amendment are performable in Dallas County, Texas.

Section 5. **No Third Party Beneficiaries.** This Second Amendment 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.

Section 6. **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 Second Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this _____ day of _____, 2015.

LANDLORD:	**TENANT:**
TOWN OF ADDISON, TEXAS	**KEY DEVELOPMENT, LLC**
By:_____	By:_____
Charles W. Daniels, City Manager	James W. Keyes, President

ATTEST:

By:_____

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keyes, president of Key Development, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2015.

[SEAL]

_____
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Charles W. Daniels, City Manager of the Town of Addison, Texas, a home-rule municipality, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2015.

[SEAL]

_____
Notary Public, State of Texas

EXHIBIT "A"

TRUE AND CORRECT COPY OF GROUND LEASE AS AMENDED AND MODIFIED

STATE OF TEXAS §
§
COUNTY OF DALLAS §

FIRST AMENDMENT TO GROUND LEASE

This FIRST AMENDMENT TO GROUND LEASE (hereinafter referred to as the "First Amendment to Ground Lease" or "Amendment") is entered into and effective as of Sept 15, 2006 **(the "Effective Date")** between the Town of Addison, Texas a Texas home-rule municipality (hereinafter sometimes referred to as "Addison" or the "Landlord"), and **Key Development, LLC, a Texas limited liability company** ("Tenant").

Schedule of Exhibits

Exhibit A:	Copy of Ground Lease dated
Exhibit B:	Assignment of Lease Dated 10/23/1985 to Great Southwest Homes, Inc.
Exhibit C:	Assignment of Lease Dated May 31, 1988 to Tarfive, Inc.
Exhibit D:	Substitute Trustee's Deed to MCORP Management Solutions, Inc.
Exhibit E:	Assignment of Lease Dated September 8, 1988 to Realty Alliance of Texas, Ltd.
Exhibit F:	Assignment of Ground Lease Dated March 15, 1990 to Hulix Acquisition Corporation
Exhibit G:	Assignment of Ground Lease Dated March 31, 1999 to AIR 276 I, L.P.
Exhibit H:	Assignment of Ground Lease Dated July 7, 2000 to ADS AIR 2000, L.P.
Exhibit I	Assignment of Ground Lease Dated Sept 15 2006 to Key Development, LLC
Exhibit J	Building Maintenance Reserve
Exhibit K	Survey Dated 06/05/2006 Doug Connally & Assoc., Inc.

WHEREAS, a Ground Lease together with the Addendum To Ground Lease was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI"), as Landlord, and Lawson Ridgeway, as Tenant, recorded in Volume 86022, Page 0124-0133[1] of the Deed Records of Dallas County, Texas; and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway, as Grantor and the City and AATI recorded as Instrument #198601697396 in Volume 861969 Page 5742-5748 in the Deed of Records of Dallas County, Texas comprising the Ground Lease, as amended or modified and hereinafter referred to as the "Ground Lease," (a true and correct copy is attached hereto as Exhibit A) and described in that certain boundary survey dated June 6, 2006 (a true and correct copy is attached hereto as Exhibit K), by the terms of which certain real property now commonly referred to as 4444 Westgrove Dr. at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169 Page 5724-5748 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613 Volume 88189 Page 1182-1201 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit C), the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE, Inc., as assignee; and

[1] Appears to be first public recording of the Ground Lease, which includes the Assignment of Lease dated March 2, 1984 to Great Southwest Homes, Inc. which does not reflect the Landlord's consent.

WHEREAS, by that Substitute Trustee's Deed, dated September 7, 1988 recorded as Instrument #198801897613 Volume 88178 Page 1420-1425 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit D), the Ground Lease was assigned to the beneficiary, MCORP MANAGMEMENT SOLUTIONS, INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 Volume 89004 Page 577-580 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit E), the Ground Lease was assigned from MCORP MANAGMEMENT SOLUTIONS, INC., a Texas Corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 Volume 90054 Page 1648-1687 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit F), the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas Corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 Volume 99063 Page 1763-1767 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit G), the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 Volume 2000132 Page 07549-07556 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit H), the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated Sept 15, 2006, as consented to by Landlord (a true and correct copy of which is attached hereto as Exhibit I), the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development, LLC., a Texas limited liability company, as assignee; and

WHEREAS, by virtue of such assignments, Key Development, LLC, a Texas limited liability company, is the Tenant under the Ground Lease, as amended and modified, as of the effective date given above for this Agreement; and

WHEREAS, Tenant has proposed to construct certain additional improvements on the Demised Premises as described herein, and in connection therewith and as consideration therefore Landlord and Tenant desire to amend the Ground Lease in the manner set forth below, contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars ($10.00), the terms and conditions of this Amendment, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

AGREEMENT

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

Section 2. **Amendments and Modifications to Ground Lease.** Notwithstanding anything in the Lease (as amended) to the contrary, Tenant and its successors and assigns and Landlord agree as follows with respect to the Lease:

A. Term Adjustment. The Term of the Lease, currently scheduled to end on March 31, 2024, shall hereby be extended an additional **240 months** so it shall now end on March 31, 2044 ("the First Lease Extension Period") but still subject to the termination provisions of the Ground Lease. The First Lease Extension Period shall become effective, provided Tenant first complies with each of the following terms and conditions:

(i) Within eighteen (18) months of the Effective Date (the "Improvement Period"), Tenant shall have completed the remodeling and renovation of approximately 10,000 square feet of existing building area and, the construction upon the Demised Premises of at least 5,000 square feet of additional hangar area (the "Improvements");

(ii) Tenant shall, prior to the construction of the Improvements or any other facilities or improvements on the Demised Premises, present to Landlord for Landlord's review and consideration of approval, the plans and specifications for the construction of the Improvements or any other improvements or facilities (the "Plans and Specifications"). For purposes of this subparagraph (ii), Plans and Specifications shall be approved by Landlord or by the Town of Addison City Manager's designee, and all such approvals shall not be unreasonably withheld or delayed in any manner. All construction of the Improvements and any other facilities or improvements shall be substantially in accordance with the approved Plans and Specifications, and such construction shall be in a first class, workmanlike manner. Tenant shall promptly pay and discharge (or provide adequate bond or escrow funds with regard to any disputed amounts) all costs, expenses, claims for damages, liens and any and all other liabilities and obligations that arise in connection with any such construction;

(iii) For the purpose herein, the Improvements shall be deemed completed upon the issuance by the Town of Addison, Texas of a Certificate of Occupancy for such Improvements, and the certification by Tenant's architect that the Improvements have been completed in substantial conformance with the Plans and Specifications;

(iv) Tenant agrees that it will contribute no less than $250,000.00 to the cost of the construction of the Improvements. If Landlord requests, Tenant shall provide Landlord with reasonable evidence of the costs and expenses contributed by Tenant to the construction and completion of the Improvements up the completion of the Improvements;

(v) Tenant shall not, at the time of the issuance of the letter described in subparagraph (ix) below, then be in default of any provisions of the Ground Lease beyond any applicable cure period;

(vi) Upon the final completion of the Improvements as defined in this Section 2 and, if requested, the presentation of evidence satisfactory to Landlord of the cost of the completed Improvements, the terms and conditions prerequisite to the First Lease Extension Period as stated above shall be deemed to have been fulfilled, and the Lease Extension Period shall thereafter be in effect;

(vii) If for any reason beyond the control of Tenant, the Plans and Specifications are not approved by the Landlord (or by any other regulating authority required of Tenant under Paragraph 8 of the Ground Lease and as amended herein) and cannot be constructed by Tenant in accordance with the Plans and Specifications, or completed in accordance herewith, Tenant shall at Tenant's sole discretion elect to either;

(a) propose an alternate to the Plans and Specifications for the Improvements acceptable to Landlord (and the other regulatory authorities) of comparable value and like-kind benefit to the Demised Premises. If Tenant elects to construct said Improvements under this option, the Improvement Period is hereby extended but not to exceed beyond twenty-four (24) months from the Effective Date of this Agreement unless otherwise mutually agreed to in writing by both parties, or

(b) elect to pay Landlord the cash sum of TWO HUNDRED AND THIRTY-FIVE THOUSAND dollars and no cents ($235,000.00 US) on or before the expiration of the Improvement Period set forth in Section 2A(i).

Tenant's election of any one of the above options in this sub-paragraph must be delivered to Landlord in writing on or before the expiration of the Improvement Period set forth in Section 2A(i);

(viii) Tenant's failure to complete the Improvements within the Improvement Period or, fail to exercise and fulfill either of the two options provided for in sub-paragraph (vii) of this Section 2 shall cause, without further action or notice by Landlord, the Term of the Lease to be extended by **180 months** so that the Term of the Ground Lease shall end on March 31, 2039 but still subject to the termination provisions of the Ground Lease as amended or modified; and

(ix) Landlord or Tenant agree to execute and deliver a confirmation of the Lease Extension Period if requested by the other party, which may be filed in the deed records accordingly.

B. Amendment to Paragraph 4. Paragraph 4 is hereby amended so that it shall hereafter read as follows:

4. **Rental**; Subject to adjustments as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the Demised Premises at the rate of FOUR THOUSAND ONE-HUNDRED EIGHTY FOUR and 88/100 Dollars ($4,184.88) per month in advance (the "Amended Rental)". The first of such monthly installments shall be due and payable on or before the first day of the calendar month following the Effective date of this Amendment and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof, subject to adjustment as provided for in Section 5 of the Ground Lease.

C. Amendment to Paragraph 5. Paragraph 5 is hereby amended so that it shall hereafter read as follows:

5. Adjustment of Rental: Commencing on April 1, 2008 and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

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

(ii). Beginning with the first full month following the then applicable Adjustment Date, the monthly rent shall be adjusted so that it equals the product of the Base Amount multiplied by a fraction, the numerator of which is the Current Index and the denominator of which is the Basic Index (the "Adjusted Rental"), but in no event shall such monthly rent ever be decreased below the Base Rental set forth in Paragraph 4, as amended.

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

D. Amendment to Paragraph 6. Paragraph 6 is hereby amended so that it shall hereafter read as follows:

6. Use of Demised Premises: The Demised Premises shall be used and occupied by Tenant (or Tenant's sub-tenants provided for in Paragraph 9A and the Addendum To Ground Lease dated March 2, 1984 attached to and made a part of the Ground Lease) only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair, aircraft storage; aircraft training; aircraft charter; aircraft rentals; general office uses and not otherwise without the prior written consent of Landlord.

E. Amendment to Paragraph 7. Paragraph 7 is hereby amended so that it shall hereafter read as follows:

7. Acceptance of Demised Premises: Tenant acknowledges that Tenant has fully inspected the Demised Premises and accepts the Demised Premises as suitable for the purpose for which the same are leased in their present condition "**AS IS, WHERE IS**" and with all faults and defects, whether known or unknown to either Landlord or Tenant and without representation or warranty of any kind from Landlord as to the status or condition thereof, and further the Ground Lease is subject to any and all currently existing title exceptions or other matters of record or visible or apparent from an inspection affecting the Demised Premises. Without limiting the foregoing, THERE IS NO WARRANTY, EXPRESS OR IMPLIED, OF SUITABILITY, MERCHANTABILITY, and HABITABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE GIVEN IN CONNECTION WITH THIS LEASE.

F. Amendment to Paragraph 8. Paragraph 8 is hereby amended so that it shall hereafter read as follows:

8. Securing Governmental Approvals and Compliance with Law:

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

Tenant agrees that any construction or modification of improvements on the Demised Premises will comply with all standards and rules published by the Landlord or by any person or entity authorized by Landlord to manage and/or operate the Airport ("Airport Manager"), including, but not limited to, the Airport's published "Construction/Maintenance Standards and Specifications," will comply with the Town of Addison building codes and zoning requirements or any other laws, ordinances, permits, rules, regulations, or policies of the Town of Addison, Texas, and will meet or exceed all applicable state and federal standards, permits, laws, rules, or regulations. Tenant recognizes that the referenced

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

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

G. Amendments to Paragraph 9. Paragraph 9, subparagraphs A., B., and E. of the Ground Lease are hereby amended so that they shall hereafter read as follows:

A. Without the prior written consent of Landlord, Tenant shall have no power to and may not assign, sell, pledge, encumber, transfer, or otherwise convey (together, "assign" or "assignment") this Lease or any rights or obligations of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided and in accordance with all of the terms and conditions of this Lease) or sublet the whole or any part of the Demised Premises, and any such assignment or any subletting shall be null and void and may be deemed by Landlord (in Landlord's sole discretion) a default under Paragraph 22.B of this Lease. An assignment will be deemed to occur if the person or persons who own or have voting control of 51% or more of Tenant on the date of the First Amendment to Ground Lease cease to own or have voting control of 51% or more of Tenant at any time during the Term; Tenant shall provide to Landlord from time to time, as requested by Landlord and in a form acceptable to Landlord, a written certification as to the ownership of voting securities or voting control of Tenant. For purposes hereof, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities or partnership interests, by contract, or otherwise. Any assignment or any subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions

of Paragraph 6 pertaining to the use of the Demised Premises. In the event of any assignment or any subletting, Tenant shall not assign Tenant's rights hereunder or sublet the Demised 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 Lease (and Tenant shall provide a copy of such written agreement to Landlord). No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the Demised Premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee, transferee, pledgee, or person or entity to whom this Lease is otherwise conveyed or to such subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder. 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 Demised Premises.

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

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder; provided, however, that notwithstanding the foregoing or any other provision of this Lease, such mortgagee shall not and does not have the right and shall not and does not

have the power to assign, sell, transfer, pledge, encumber, license, or otherwise convey this Lease, or any right, interest, obligation, or liability hereunder, or sublet the whole or any part of the Demised Premises without the prior written approval of the Landlord, and any such assignment, sale, transfer, pledge, encumbrance, license, or other conveyance and any such subletting without the prior written consent of Landlord shall be null and void and may be deemed a default under Paragraph 22.B. of this Lease, it being the intent of this provision that such mortgagee shall have no greater right than Tenant to assign, sell, transfer, pledge, encumber, license, or otherwise convey this Lease (or any right, interest, obligation, or liability hereunder), or to sublet the Demised Premises (or any portion thereof), or to use the Demised Premises. Landlord also agrees to reasonably consider the execution and delivery to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the Demised Premises to the mortgagee of such proposed leasehold mortgage.

H. Amendment to Paragraph 10. Paragraph 10 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

10. 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 any improvements on the Demised Premises, the personal property and fixtures on the Demised Premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord "paid receipts" or other written evidence that all such taxes has been paid by Tenant. In the event Tenant shall fail to pay any such taxes, assessments, or charges prior to delinquency, Landlord shall have the right to pay (but not the obligation) to cause all taxes, assessments, or charges to be paid and the reasonable costs thereof expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand. Tenant may protest, appeal or institute other formal proceedings to effect a reduction or abatement of real estate taxes and assessments with respect to real estate taxes and assessments levied against the Improvements and/or the Lease for any tax fiscal year that ends after the Commencement Date of this Lease. Such protest, appeal or other proceedings may be conducted in the name of Landlord or Tenant, as Tenant may consider appropriate. To this end and at Tenant's expense, Tenant shall give Landlord written notice of any such protest or appeal and Landlord shall cooperate with Tenant and furnish to Tenant appropriate documents and information. If the protest, appeal or other proceedings are successful and any real estate taxes and assessments are refunded, Tenant is entitled to any such refund for which Tenant actually incurred the expense.

I. Amendment to Paragraph 11. Paragraph 11 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and in a first class condition (in accordance with, all applicable ordinances, rules, regulations, standards, and permits of the Town of Addison, Texas) all the Demised Premises and all the fixtures, equipment and personal property on the Demised Premises and keep them free from waste or nuisance. Tenant shall be fully responsible, at its expense, for all repair, maintenance and management services other than those, which are expressly assumed by Landlord.

B. Tenant, for itself and its successors and assigns, shall maintain a building maintenance reserve fund ("Reserve Fund") solely for the purpose of paying for unexpected and scheduled repairs and expenses, or for capital improvements to the Demised Premises, as they same may be needed or required from time to time pursuant to Exhibit J attached hereto and incorporated herein. Tenant's failure to routinely fund or properly account for the Reserve Fund as required herein, shall constitute a non-monetary default where in the event such failure continues without being cured within thirty (30) days after written notice thereof is given to Tenant in accordance with Paragraph 22 of this Ground Lease.—Upon the reasonable written request of Landlord, Tenant shall provide Landlord reasonable evidence of Tenant's access to such available funds for these purposes.

C. In the event Tenant shall fail to so maintain the Demised Premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in Paragraph 37 shall be paid by Tenant on demand.

D. At the expiration or termination of this Lease, Tenant shall deliver up the Demised Premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the Demised Premises in working order, reasonable wear and tear excepted.

J. Amendment to Paragraph 13. Paragraph 13 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

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

(i) Insurance against loss or damage to improvements by fire, lightning, and all other risks from time to time included under standard extended

coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than one hundred percent (100%) of the full insurable value of the Demised Premises and any and all improvements thereon. The term "full insurable value" as used herein means actual replacement value at the time of such loss.

(ii) Commercial General Liability insurance against claims for bodily injury, death or property damage or destruction occurring on, in or about the Demised Premises, with limits of liability of not less than $1,000,000.00 for each occurrence for coverage A (Bodily Injury and Property Damage) and coverage B (Personal and Advertising Injury) which policy shall contain the following provisions: independent Contractors Coverage; Blanket contractual liability coverage for liability assumed under the Lease; medical expense coverage with a limit of $5,000 for any one person.

(iii) Statutory limits of workers compensation insurance and employer's liability, if required by law, with limits of liability of not less than $1,000,000.00.

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

(v) Such other insurance on improvements in such amounts and against such other insurable hazard, which at the time are commonly obtained in the case of property similar to such improvements.

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

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

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

$1,000,000 for Personal and Advertising Injury, including contractual liability coverage for liability assumed under the Lease.

All such policies of insurance shall (i) be issued by insurance companies acceptable to Landlord and authorized to do business in Texas and in the standard form approved by the Texas Department of Insurance, (ii) name the Town of Addison, Texas, and Manager and their respective officials, officers, employees and agents as additional insureds or loss payees, as the case may be, (iii) in all liability policies, provide that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of activities conducted hereunder, (iv) contain a waiver of subrogation endorsement in favor of the Town of Addison, Texas, and (v) provide for at least thirty (30) days written notice to the Town of Addison, Texas prior to cancellation, non-renewal or material modification which affects this Lease. Certificates of insurance (together with the declaration page of such policies, along with the endorsement naming the Town of Addison, Texas and the Manager as an additional insured), satisfactory to Landlord, evidencing all coverage above, shall be promptly delivered to Landlord and updated as may be appropriate, with complete copies of such policies furnished to the Landlord upon request. Landlord reserves the right to review the insurance requirements contained herein and to reasonably adjust coverages and limits when deemed necessary and prudent by Landlord.

K. Amendment to Paragraph 18. Paragraph 18 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

18. Airport Minimum Standards and Rules and Regulations:

A. Landlord has adopted Minimum Standards for all operators at the Airport (hereinafter referred to as the "Minimum Standards"), which shall govern Tenant in the use of the Demised Premises and all common facilities, a copy of which has been furnished to Tenant. The Minimum Standards are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Minimum Standards. Landlord shall have the right to amend, modify and alter the Minimum Standards from time to time for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport.

B. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations"), which shall govern Tenant in the use of the Demised Premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, modify and alter the Rules and Regulations from time to time for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport.

L. Amendment to Paragraph 19. Paragraph 19 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

> 19. Signs and Equipment. After first securing Landlord's approval, which approval shall not be unreasonably withheld, 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 Demised Premises that may be reasonably necessary for the operation of Tenant's business, provided such signs and equipment are installed and maintained in compliance with all applicable governmental laws, rules, and regulations, including without limitation the Town of Addison's sign ordinance, and do not interfere with the operation of any navigation facilities or Airport communications (including, without limitation, navigation facilities or Airport communications used or operated by the Federal Aviation Administration).

M. Amendment to Paragraph 21. Paragraph 21 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

> 21. Indemnity and Exculpation.
>
> **A. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL NOT BE LIABLE TO TENANT OR TO TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR TO ANY OTHER PERSON WHOMSOEVER, FOR ANY DEATH OR INJURY TO PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY OR ANY OTHER HARM ON OR ABOUT THE DEMISED PREMISES OR ANY ADJACENT AREA OWNED BY LANDLORD CAUSED BY OR RESULTING FROM ANY ACT OR OMISSION OF TENANT, TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT, OR ARISING OUT OF THE USE OR OCCUPATION OF THE DEMISED PREMISES BY TENANT, ITS EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, OR SUBCONTRACTORS AND/OR THE CONDUCT OF TENANT'S BUSINESS THEREON, OR ARISING OUT OF ANY BREACH OR DEFAULT BY TENANT IN THE PERFORMANCE OF TENANT'S OBLIGATIONS HEREUNDER; AND TENANT HEREBY AGREES TO AND SHALL DEFEND AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE**

OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS AGAINST, AND HOLD LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL LIABILITY, DAMAGES, COSTS, PENALTIES, LOSS, EXPENSE OR CLAIMS ARISING OUT OF SUCH DAMAGE, DESTRUCTION, INJURY, DEATH OR HARM.

B. TENANT AGREES TO AND SHALL DEFEND (WITH COUNSEL ACCEPTABLE TO LANDLORD) AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) (TOGETHER, FOR PURPOSES OF THIS SUBPARAGRAPH, "INDEMNIFIED PERSONS") AGAINST, AND HOLD THE INDEMNIFIED PERSONS HARMLESS FROM, ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, LOSSES, HARM, DAMAGES, PENALTIES, LIABILITY, EXPENSES, LAWSUITS, JUDGMENTS, COSTS, AND FEES (INCLUDING REASONABLE ATTORNEY FEES AND COURT COSTS) ("DAMAGES"), ASSERTED BY ANY PERSON OR ENTITY ON ACCOUNT OF OR FOR ANY INJURY TO OR THE DEATH OF ANY PERSON, OR ANY DAMAGE TO OR DESTRUCTION OF ANY PROPERTY, OR ANY OTHER HARM FOR WHICH DAMAGES OR ANY OTHER FORM OF RECOVERY IS SOUGHT (WHETHER AT LAW OR IN EQUITY), RESULTING FROM, BASED UPON, OR ARISING OUT OF, IN WHOLE OR IN PART, ANY CONDITION OF THE DEMISED PREMISES OR ANY ACT OR OMISSION OF TENANT, ITS OFFICERS, EMPLOYEES, AGENTS, ENGINEERS, CONSULTANTS, CONTRACTORS, SUBCONTRACTORS, INVITEES, OR ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY EMPLOYED BY OR ACTING UNDER TENANT, UNDER, IN CONNECTION WITH, OR IN THE PERFORMANCE OF, THIS LEASE, INCLUDING ALL DAMAGES CAUSED BY THE INDEMNIFIED PERSON'S OWN NEGLIGENCE, OR CONDUCT THAT MAY OR DOES EXPOSE AN INDEMNITEE TO STRICT LIABILITY UNDER ANY LEGAL THEORY.

C. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL BE DEFENDED, INDEMNIFIED AND HELD HARMLESS BY AND NOT BE LIABLE TO TENANT FOR ANY DEATH OR INJURY TO ANY PERSON OR PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY OF ANY KIND RESULTING FROM THE DEMISED PREMISES BECOMING OUT OF REPAIR OR BY DEFECT IN OR FAILURE OF EQUIPMENT,

PIPES, OR WIRING, OR BROKEN GLASS, OR BY THE BACKING UP OF DRAINS, OR BY GAS, WATER, STEAM, ELECTRICITY OR OIL LEAKING, ESCAPING OR FLOWING INTO THE DEMISED PREMISES, REGARDLESS OF THE SOURCE, OR BY DAMPNESS OR BY FIRE, EXPLOSION, FALLING PLASTER OR CEILING OR FOR ANY OTHER REASON WHATSOEVER. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES, SHALL NOT BE LIABLE TO TENANT FOR ANY LOSS OR DAMAGE THAT MAY BE OCCASIONED BY OR THROUGH THE ACTS OR OMISSIONS OF OTHER TENANTS OF LANDLORD OR CAUSED BY OPERATIONS IN CONSTRUCTION OF ANY PRIVATE, PUBLIC OR QUASI-PUBLIC WORK.

D. THE PROVISIONS OF THIS SECTION 21 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE.

N. Addition of Paragraph 21.1. A new Paragraph 21.1 is hereby inserted and made a part of the Ground Lease to read as follows:

Section 21.1. Environmental Compliance :

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

B. TENANT SHALL, AT TENANT'S OWN EXPENSE, COMPLY WITH ANY PRESENTLY EXISTING OR HEREAFTER ENACTED LAWS, RULES, REGULATIONS, STANDARDS, DIRECTIVES, PERMITS, OR NOTICES RELATING TO HAZARDOUS MATERIALS (COLLECTIVELY, "CLEANUP LAWS"). IN FURTHERANCE AND NOT IN LIMITATION OF THE FOREGOING, TENANT SHALL, AT TENANT'S OWN EXPENSE, MAKE ALL SUBMISSIONS TO, PROVIDE ALL INFORMATION TO, AND COMPLY WITH ALL REQUIREMENTS OF THE APPROPRIATE GOVERNMENTAL AUTHORITY (THE "AUTHORITY") UNDER THE CLEANUP LAWS. SHOULD ANY AUTHORITY REQUIRE THAT A CLEANUP PLAN BE PREPARED AND THAT A CLEANUP BE UNDERTAKEN BECAUSE OF THE EXISTENCE OF HAZARDOUS MATERIALS WHICH WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED ON THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES (AS DESCRIBED IN PARAGRAPH 17) BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE TERM OF THIS LEASE, TENANT SHALL, AT TENANT'S OWN COST AND EXPENSE, PREPARE AND SUBMIT THE REQUIRED PLANS AND FINANCIAL ASSURANCES AND CARRY OUT THE APPROVED PLANS IN ACCORDANCE WITH SUCH CLEANUP LAWS AND TO LANDLORD'S SATISFACTION. AT NO EXPENSE TO LANDLORD, TENANT SHALL PROMPTLY PROVIDE ALL INFORMATION REQUESTED BY LANDLORD FOR PREPARATION OF AFFIDAVITS OR OTHER DOCUMENTS REQUIRED BY LANDLORD TO DETERMINE THE APPLICABILITY OF THE CLEANUP LAWS TO THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES, AS THE CASE MAY BE, AND SHALL SIGN THE AFFIDAVITS PROMPTLY WHEN REQUESTED TO DO SO BY LANDLORD. TENANT SHALL INDEMNIFY, DEFEND, SAVE AND HOLD HARMLESS LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) FROM AND AGAINST, AND REIMBURSE LANDLORD FOR, ANY AND ALL OBLIGATIONS, DAMAGES, INJUNCTIONS, FINES, PENALTIES, DEMANDS, CLAIMS, COSTS, EXPENSES, ACTIONS, LIABILITIES, SUITS, PROCEEDINGS AND LOSSES OF WHATEVER NATURE

(INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS), AND ALL CLEANUP OR REMOVAL COSTS AND ALL ACTIONS OF ANY KIND ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTING, DISPOSAL OR DISCHARGE OF HAZARDOUS MATERIALS IN OR ON THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE LEASE TERM; AND FROM ALL FINES, SUITS, PROCEDURES, CLAIMS AND ACTIONS OF ANY KIND ARISING OUT OF TENANT'S (OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT) FAILURE TO PROVIDE ALL INFORMATION, MAKE ALL SUBMISSIONS AND TAKE ALL STEPS REQUIRED BY THE AUTHORITY UNDER THE CLEANUP LAWS OR ANY OTHER LAW (ENVIRONMENTAL OR OTHERWISE). TENANT'S OBLIGATIONS AND LIABILITIES UNDER THIS SUBPARAGRAPH SHALL CONTINUE (AND SURVIVE THE TERMINATION OR EXPIRATION OF THIS LEASE) SO LONG AS THERE MAY BE HAZARDOUS MATERIALS AT THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES, THAT WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED DURING THE LEASE TERM BY TENANT, OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT. IN ADDITION TO AND NOT IN LIMITATION OF LANDLORD'S OTHER RIGHTS AND REMEDIES, TENANT'S FAILURE TO ABIDE BY THE TERMS OF THIS SECTION SHALL BE RESTRAINABLE BY INJUNCTION.

C. Tenant shall promptly supply Landlord 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, or any other local, state or federal authority that requires submission of any information concerning environmental matters or Hazardous Materials.

D. Tenant's obligations and liability pursuant to the terms of this Paragraph 21.1 shall survive the expiration or earlier termination of this Lease."

O. Amendment to Paragraph 22. Paragraph 22 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

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

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

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or the payment of taxes, utilities or insurance premiums, or other payment Tenants is to make under this Lease, as set forth in subparagraph A. of this Paragraph 22, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant (and if such failure cannot reasonably be cured with the said thirty (30) period, Tenant may, with Landlord's prior written consent (which consent shall not be unreasonably withheld), have such additional reasonable time (as agreed upon by Landlord and Tenant) to cure such default, provided that Tenant pursues such cure with all due diligence).

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

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

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

F. Abandonment by Tenant for a period of six (6) consecutive months of any substantial portion of the Demised Premises or cessation of use of the Demised Premises for the purpose leased.

P. Amendment to Paragraph 26. Paragraph 26 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

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

Q. Amendment to Paragraph 27. Paragraph 27 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

27. Mechanics' and Materialmen's Liens; Landlord's Lien:

A. **TENANT AGREES TO INDEMNIFY AND HOLD LANDLORD HARMLESS OF AND FROM ALL LIABILITY ARISING OUT OF THE FILING OF ANY MECHANICS' OR MATERIALMEN'S LIENS AGAINST THE DEMISED PREMISES BY REASON OF ANY ACT OR OMISSION OF TENANT OR ANYONE CLAIMING UNDER TENANT, AND LANDLORD, AT LANDLORD'S OPTION, MAY SATISFY SUCH LIENS AND COLLECT THE AMOUNT EXPENDED FROM TENANT**

TOGETHER WITH INTEREST THEREON AS PROVIDED IN PARAGRAPH 37 AS ADDITIONAL RENT; PROVIDED, HOWEVER, THAT LANDLORD SHALL NOT SO SATISFY SUCH LIENS UNTIL FIFTEEN (15) DAYS AFTER WRITTEN NOTIFICATION TO TENANT OF LANDLORD'S INTENTION TO DO SO AND TENANT'S FAILURE DURING SUCH FIFTEEN (15) DAY PERIOD TO BOND SUCH LIENS OR ESCROW FUNDS WITH APPROPRIATE PARTIES TO PROTECT LANDLORD'S INTEREST IN THE DEMISED PREMISES.

B. TENANT HEREBY GRANTS TO LANDLORD A CONTINUING SECURITY INTEREST TO SECURE PAYMENT OF ALL RENT AND OTHER SUMS OF MONEY COMING DUE HEREUNDER FROM TENANT, AND TO SECURE PAYMENT OF ANY DAMAGES OR LOSS WHICH LANDLORD MAY SUFFER BY REASON OF THE BREACH BY TENANT OF ANY COVENANT, AGREEMENT, OR CONDITION CONTAINED HEREIN, UPON ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT PRESENTLY OR WHICH MAY HEREAFTER BE SITUATED ON THE LEASED PREMISES, AND ALL PROCEEDS THEREFROM ("COLLATERAL"). TENANT WILL NOT REMOVE, OR ALLOW OTHERS TO REMOVE, ANY OF SUCH COLLATERAL FROM THE LEASED PREMISES WITHOUT LANDLORD'S PRIOR WRITTEN CONSENT; BUT TENANT MAY REMOVE COLLATERAL IN THE ORDINARY COURSE OF BUSINESS BEFORE A DEFAULT. IF A DEFAULT OCCURS, LANDLORD WILL BE ENTITLED TO EXERCISE ANY OR ALL RIGHTS AND REMEDIES UNDER THE UNIFORM COMMERCIAL CODE OR OTHERWISE PROVIDED IN THIS LEASE OR BY LAW. IN ADDITION TO ANY OTHER REMEDIES PROVIDED IN THIS LEASE OR BY LAW OR EQUITY, IN THE EVENT OF DEFAULT, LANDLORD MAY ENTER THE LEASED PREMISES AND TAKE POSSESSION OF ANY AND ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT SITUATED UPON THE LEASED PREMISES WITHOUT LIABILITY FOR TRESPASS OR CONVERSION. LANDLORD MAY SELL THE SAME AT A PUBLIC OR PRIVATE SALE, WITH OR WITHOUT HAVING SUCH PROPERTY AT THE SALE, AFTER GIVING TENANT REASONABLE NOTICE AS TO THE TIME AND PLACE OF THE SALE. AT SUCH SALE, LANDLORD OR ITS ASSIGNS MAY PURCHASE THE PROPERTY UNLESS SUCH PURCHASE IS OTHERWISE PROHIBITED BY LAW. UNLESS OTHERWISE PROVIDED BY LAW, THE REQUIREMENT OF REASONABLE NOTICE SHALL BE MET IF SUCH NOTICE IS GIVEN TO TENANT AT THE ADDRESS

HEREAFTER PRESCRIBED AT LEAST FIFTEEN (15) DAYS PRIOR TO THE TIME OF THE SALE. THE PROCEEDS OF ANY SUCH DISPOSITION, LESS ALL EXPENSES CONNECTED WITH THE TAKING OF POSSESSION AND SALE OF THE PROPERTY, INCLUDING A REASONABLE ATTORNEY'S FEE, SHALL BE APPLIED AS A CREDIT AGAINST THE INDEBTEDNESS SECURED BY THE SECURITY INTEREST GRANTED IN THIS PARAGRAPH. ANY SURPLUS SHALL BE PAID TO TENANT AND TENANT SHALL PAY ANY DEFICIENCIES UPON DEMAND. UPON REQUEST BY LANDLORD, TENANT WILL EXECUTE AND DELIVER TO LANDLORD A FINANCING STATEMENT IN A FORM SUFFICIENT TO PERFECT THE SECURITY INTEREST OF THE LANDLORD IN THE AFOREMENTIONED PROPERTY AND THE PROCEEDS THEREOF UNDER THE PROVISION OF THE UNIFORM COMMERCIAL CODE IN FORCE IN THE STATE OF TEXAS, AND TENANT IRREVOCABLY APPOINTS LANDLORD AS TENANT'S ATTORNEY-IN-FACT TO SIGN AND DELIVER A FINANCING STATEMENT TO LANDLORD IF TENANT FAILS OR REFUSES TO DO SO. THIS POWER-OF-ATTORNEY IS COUPLED WITH AN INTEREST. ANY STATUTORY LIEN FOR RENT IS NOT WAIVED; THE SECURITY INTEREST HEREIN GRANTED IS IN ADDITION AND SUPPLEMENTARY THERETO."

C. Notwithstanding anything to the contrary, in exercising Landlord's rights under this Paragraph 27, Landlord shall not be entitled to take possession of or withhold Tenant's right to possess Tenant's business records, books, written or printed material, and computers, or to violate the quality control concerning aircraft parts and aircraft records which are located in a clearly marked secured area.

R. Amendment to Paragraph 28. Paragraph 28 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

28. Title: Tenant accepts the Demised Premises subject to: (i) the Base Lease; (ii) Minimum Standards; (iii) the Rules and Regulations; (iv) easements and rights-of-way and (v) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the Demised Premises (including, without limitation, the Town of Addison, the Federal Aviation Administration, and the Texas Department of Transportation), and (vi) any and all grant agreements or assurances regarding the Airport whether now in effect or hereafter agreed to or imposed.

S. Amendment to Paragraph 29. Paragraph 29 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

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

T. Addition of Paragraph 37.1. A new Paragraph 37.1 is hereby inserted and made a part of the Ground Lease to read as follows:

37.1. Special Events: Landlord may sponsor certain special events, including, but not limited to, air shows, to be conducted on portions of the Airport, which may limit or obstruct access to the Demised 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 invitees, or concessionaires of Tenant and on behalf of any other party claiming any right to use the Demised Premises by, through or under Tenant, hereby: (i) agrees that Landlord has the right to sponsor any or all Special Events and to allow use of portions of the Airport therefor even if the same limit or obstruct access to the Demised Premises and/or to the Airport (and such use for Special Events may preclude Tenant's use of all Airport facilities, except that Tenant will continue to have vehicular (excluding any aircraft) access to the Demised Premises from roadways outside of the Airport); (ii) releases, waives and discharges Landlord and Manager, and their respective officials, officers, employees and agents, from all liability for any loss, damage, cost, expense or claim arising or resulting from or pertaining to the limitation or

obstruction of access to the Demised Premises and/or to the Airport from the conduct of Special Events and/or activities relating or pertaining thereto, including, without limitation, death, injury to person or property or loss of business or revenue (the "Released Claims"); (iii) covenants not to sue the Landlord or Manager or their respective officials, officers, employees and agents (whether in their official or private capacities) for any Released Claims; (iv) agrees that the terms contained in this Section are intended and shall be construed to be as broad and inclusive as possible under the laws of the State of Texas; and (v) agrees that if any portion of this Section is held to be invalid or unenforceable, the remainder of this Paragraph shall not be affected thereby but shall continue in full force and effect.

U. Amendment to Paragraph 48. Paragraph 48 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

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

V. Amendment to Paragraph 49. Paragraph 49 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

49. Entire Agreement and Amendments. This Lease, consisting of the above and foregoing through this Paragraph 49 and Exhibits A through F attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

Section 3. No Other Amendments. Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

Section 4. **Applicable Law; Venue.** This Amendment shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the parties created by this Amendment are performable in Dallas County, Texas. Venue for any action under this Amendment shall be in Dallas County, Texas.

Section 5. **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 Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

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IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 15 day of September, 2006

LANDLORD:	**TENANT:**
TOWN OF ADDISON, TEXAS	**KEY DEVELOPMENT, LLC**
By: _____	By: _____
Ron Whitehead, City Manager	Typed Name: _____
ATTEST:	Title: _____
By: _____	
Carmen Moran, City Secretary	
Mario Canizares	

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 14th day of September, 2006

LANDLORD:	**TENANT:**
TOWN OF ADDISON, TEXAS	**KEY DEVELOPMENT, LLC**
By:_____	By:_____
Ron Whitehead, City Manager	Typed Name: James W. Keyes
ATTEST:	Title: President
By:_____	
Carmen Moran, City Secretary	

EXHIBIT A

THE STATE OF TEXAS

COUNTY OF DALLAS

GROUND LEASE

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of March 2, 19 84, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and LAWSON RIDGEWAY and/or assigns to majority owned partnership or corporation (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor at AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of April 1, 19 84, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of SIXTEEN HUNDRED SIXTY-THREE AND 58/100---- per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

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

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

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

6. **Use of Demised Premises and Construction of Improvements.** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

1 - Metal hangar approximately 140' wide by 80' long with attached office building. Office building will have ongrade underbuilding parking and two floors of office totaling 31,000 square feet. Also, associated aircraft ramp and vehicle parking.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises.** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law.** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. **Assignment, Subletting and Mortgaging of Leasehold Estate:**

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised 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 Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, 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.

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

C. All mortgages or deeds of t[illegible] whereby Tenant mortgages the leasehold esta[illegible] Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

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

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgage.

10. Property Taxes and Assessments: Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. Alterations, Additions and Improvement. After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed in a first class, workmenlike 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.

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

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than $500,000.00 with respect to any one person, $1,000,000.00 with respect to any one accident and not less than $200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of $100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: $200,000.00 per aircraft and $400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. Casualty Damage or Destruction:

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

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

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

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

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

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

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

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

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

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

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

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meterological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

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

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

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

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

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

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

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

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

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

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

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

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

demand from time to time any deficiency that may arise by reason of any such relet' . In determining the amount of such deficiency, brokerage commissions, attorneys s, remodeling expenses and other costs of t ing shall be subtracted from the amount of rent received under such reletting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

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

24. Default by Landlord. No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages 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 demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

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

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

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

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

26. Title to Improvements. Any and all improvements on the demised premises 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 and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. Mechanics' and Materialman's Liens. Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. Title. Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

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

30. Rent on Net Return Basis. Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, 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 demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. Holding Over. Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. 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.

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

34. 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.

35. 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.

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

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

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

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

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being ...lished to Landlord's mortgagee and Landlord ...ortgagee fails to cure such default within the curative period allowed Landlord under this Lease.

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

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

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

C. 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.

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

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

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

40. **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.

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

42. **Captions.** The captions of 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.

43. **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.

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

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

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P O Box 144

Addison, Texas 75001

TENANT:

Lawson Ridgeway
13601 Preston Road, Suite C-13
Dallas, Texas 75240

46. **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.

47. **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.

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

49. **Entire Agreement and Amendments.** This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: _____

Its: _____

CITY OF ADDISON, TEXAS

By: _____

Its: _____

TENANT:

By: Lawson Ridgeway

Its: _____

5

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Sidney Stuart known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 11 day of March, 19 84.

Dorothy L. James
Notary Public
Dallas
County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerry Riddle known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12th day of April, 19 84.

Irene Sharp
Notary Public
Dallas
County, Texas

NOTARY PUBLIC
COUNTY OF DALLAS

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Lauron Ridgeway known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Sue Grosbaud
Notary Public
Dallas
County, Texas

AGREEMENT FOR

OPERATION OF THE ADDISON AIRPORT

BETWEEN

THE CITY OF ADDISON, TEXAS

AND

ADDISON AIRPORT, INC.

THE STATE OF TEXAS

COUNTY OF DALLAS

KNOW ALL MEN BY THESE PRESENTS:

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

WITNESSETH:

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas, it being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto.

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof, and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

(i) the land described in Exhibit "1" as the Property and the improvements thereon owned by the City;

(ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and

(iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand ($800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

Section 1. Definitions

(a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;

(b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereto on the Leased Premises.

(c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely effect the Gross Receipts shall first require the approval of the City.

Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

Section 5. Rent

(a) Company shall pay the City, on demand, the sum of $100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise be liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City $5,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment all levies, fees, water and sewer rents or other rents, rates and charges, permit fees, inspection fees and other charges, if any, in each case whether general and special, ordinary and extraordinary, which are lawfully imposed, whether or not the same were within the contemplation of the parties

hereto, together with any interest and penalt thereon, which imposed or levied upon or assessed against or in respect to this Agreement, or which may be a lien upon the Le d Premises. The Company shall pay all of the sonal property taxes assessed by the City for the year 1976.

Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

(i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;

(ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;

(iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;

(iv) For the storage of fuel and for the fueling of aircraft;

(v) For the charter and leasing of aircraft;

(vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;

(vii) For the storage, parking, maintenance, servicing and fueling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;

(viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;

(ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and

(x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extend available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherence of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be effected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than $500,000.00 with respect to any one accident, and not less than $200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploring, in the minimum amount of $100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements.

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: $200,000.00 per aircraft and $400,000.00 per occurence on property damage to aircraft in the care, custody or control of the Company.

Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (i) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

Section 12. Delivery of Evidence of Insurance

Company shall deliver to the City at the execution and delivery of this Agreement the original or duplicate policies or satisfactory

evidence of insurance or insurance certificates insurance required in Section 10 hereof. The Company shall within ten days prior to the expiration of any such insurance, deliver in the piece of expired policies other original or dup e policies or other certificates of the insurers endorsed as in above provided in Section 10 hereof evidencing renewal of such insurance.

Section 13. Casualty

If any improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the improvements, at its expense in conformity with the requirements of Section 14, in such manner as to to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and improvements or any part thereof. In order to keep and maintain the Leased Premises and improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event by liability for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

Section 16. Alterations , Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvements, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

(a) The Leased Premises or any part thereof,

(b) City's ownership interest, or

(c) the Rent or other sums payable by Company under this Agreement.

The existance of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lian, or any right in respect thereof shall not constitue a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lian(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to subleases such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be unreasonably withheld.

(c) The Company shall not enter into any sublease unless the term of such sublease, including any renewal or option provisions, expires and terminates on or before twenty years after the effective date of this Agreement, without the prior written consent of the City.

(d) Upon request by the Company, from time to time, that a sublease is entered into by the Company, the City shall deliver to any such sublenant its estoppel certificate, certifying unto the sublenant that this Agreement is in full force and effect.

Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy of any part thereof.

Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgements of any nature whatsoever, arising from:

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leases Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 30 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublessee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other amounts payable by the Company hereunder.

(b) The City may terminate this Agreement.

(c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient, in order to entitle the City to exercise any remedy reserved to it in this Section. It shall not be necessary to give any notice, unless such notice is herein expressly required by law.

Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require activity over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, at its then fair market value, any personal property which the City deems essential.

Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company,

(i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,

(ii) until Company has paid all other sums due under this Agreement.

Section 38. Quiet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

Section 47. Covenant by Company

It is understood and agreed by the parties hereto, that the Company will not make any improvements, changes, alterations, modifications, or removals at the Airport, which will effectively destroy the ability of the Airport to render first-class service to its customers and for the maximization of revenues.

Section 48. Record Keeping

The Company shall maintain in accordance with accepted accounting practice and make a...ble to an authorized representative of the City for consideration records, books and its annual audit prepared by an Independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably convenient to the Company.

Section 49. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed if to the City — The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company — Addison Airport, Inc., P. O. Box 34057, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

CITY OF ADDISON, TEXAS

ATTEST:

Joyce V Dewers
SECRETARY

BY: Jerry Redding

APPROVED AS TO FORM:

Robert L. Wallace
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:

Margaret E. Burd
SECRETARY

BY:

FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 60 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 176.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 58" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 283.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 25" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 69° 19' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.81 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 15' W. a distance of 1595.29 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 69° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 748.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50', a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2081.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 89° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 283.11 feet to a point;

THENCE S. 65° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 65° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.26 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

THENCE S. 75° 46' 25" W. a distance of 448.95 feet to a point;

THENCE N. 89° 56' 35" W. a distance of 658.53 feet to a point;

THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;

THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;

THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;

THENCE N. 75° 48' 25" E. a distance of 408.35 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° ~~39~~ 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;

THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;

THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;

THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;

THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;

THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 385.340 acres of land, more or less, save and except the following 1 acre tract:

Beginning at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 56° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;

THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;

THENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;

THENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;

THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.

Easements of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977
Date

W. J. Wischmeyer
Registered Professional Engineer

STATE OF TEXAS
WILLIAM J. WISCHMEYER
9255
REGISTERED
PROFESSIONAL ENGINEER

EXHIBIT "A"
PROPERTY MAP
ADDISON MUNICIPAL AIRPORT
ADDISON, TEXAS

Riewe & Wischmeyer, Inc.
CONSULTING ENGINEERS
DALLAS TEXAS
DECEMBER 1976

EXHIBIT B

.00 CF No. S-200000 WLT

COUNTY CLERK'S MEMO
PORTIONS OF THIS
DOCUMENT NOT
REPRODUCIBLE
WHEN RECORDED

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 23 day of October, 1985, at Addison, Texas, between LAWSON RIDGEWAY, hereinafter called "Assignor", and GREAT SOUTHWEST HOMES, INC. A ~~7391~~ 0 49.00 DEED 2 08/29/86 hereinafter called "Assignee".

WHEREAS, a lease executed on March 2, 1984, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of his right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

ASSIGNEE:

President, Great Southwest Homes, Inc.

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By

ADDISON AIRPORT OF TEXAS, INC.

By

THE STATE OF TEXAS I

COUNTY OF DALLAS I

This instrument was acknowledged and sworn and subscribed to before me on this the 23rd day of October, 1985.

Notary Public, State of Texas

EXHIBIT C

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 31st day of May, 1988, at Addison, Texas, between GREAT SOUTHWEST HOMES, INC., a Texas corporation, hereinafter called "Assignor", and TARFIVE, INC., a Texas corporation, hereinafter called "Assignee".

WHEREAS, a lease executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit "A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benfit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

GREAT SOUTHWEST HOMES, INC., a Texas corporation

ASSIGNEE:

TARFIVE, INC., a Texas corporation

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By:

ADDISON AIRPORT OF TEXAS, INC.

By:

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared LAWSON RISCHNAU known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 31st day of MAY, 1988.

Diana Saucier
Notary Public DIANA SAUCIER

Dallas County, Texas

Notary Public, State of Texas
My Commission Expires 9-25-89

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerre Hutson known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9th day of June, 1988

Diana Saucier
Notary Public Diana Saucier

County, Texas

DIANA SAUCIER
COMMISSION EXPIRES
SEPTEMBER 25, 1989

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared D. LYNN SPRUILL known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22 day of AUGUST, 1988

Gregory L Dunham
Notary Public
Dallas
County, Texas

GREGORY L DUNHAM
Notary Public, State of Texas
My Commission Expires Mar. 13, 1990

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Sam Stuart known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 25th day of July, 1988

Wilburn Harris
Notary Public
Dallas
County, Texas
Commission Expires 8/1/89

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lawson Ridgeway and/or Assigns, Lessee, dated __-__-__, recorded in Volume 86022, Page 0124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

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

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 feet to a point in the West right-of-way line of Claire Chennault (60-foot R.O.W.); said point being the Point of Beginning;

THENCE, South 0 deg. 07 min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.55 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.554 acres of land, more or less.

GSW Center

EXHIBIT D

When recorded, return to:

Kathryn Nicholson
Winstead, McGuire, Sechrest & Minick
5100 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270

COUNTY CLERK'S MEMO
PORTIONS OF THIS
DOCUMENT NOT
REPRODUCIBLE
WHEN RECEIVED

STATE OF TEXAS §
§
COUNTY OF DALLAS §

SUBSTITUTE TRUSTEE'S DEED

This SUBSTITUTE TRUSTEE'S DEED ("Deed") is executed as of the 7th day of September, 1988, by the Substitute Trustee.

W I T N E S S E T H :

WHEREAS, GREAT SOUTHWEST HOMES, INC., a Texas corporation ("Grantor"), executed and delivered to DAVID T. ONDERFELL, as trustee ("Trustee"), for the benefit of HBANK DALLAS, NATIONAL ASSOCIATION ("HBank"), a Deed of Trust, Security Agreement and Assignment of Rents (as same may have been heretofore amended, the "Deed of Trust"), dated December 1, 1985, filed of record in Volume 86007, Page 0906 of the Deed of Trust Records of Dallas County, Texas, to secure those certain $3,700,000.00 Industrial Development Revenue Bonds (Great Southwest Homes, Inc. Center I Project) Series 1985 issued by Addison Airport Improvement Authorities, Inc., a Texas non-profit corporation (as same may have been heretofore amended, the "Note"); and

WHEREAS, the Deed of Trust conveyed to the said Trustee, in trust, the entire leasehold estate and interest of the lessee under the Ground Lease dated March 2, 1984, by and among the City of Addison, Texas, Addison Airport of Texas, Inc. and Lawson Ridgeway, which Ground Lease was assigned by Lawson Ridgeway, as lessee thereunder, to Grantor, covering certain land located in Dallas County, Texas, which is as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference for all purposes, together with all improvements thereon and appurtenances thereto (such land, improvements and appurtenances being hereinafter referred to as the "Real Property") and certain personal property ("Personal Property") situated on or related to the Real Property, which is more particularly described on Exhibit "B" attached hereto and incorporated herein by reference for all purposes, subject, however, to any and all exceptions, encumbrances or other matters affecting title to which the lien of the Deed of Trust is subordinate, whether by operation of law or otherwise (the Real Property, the Personal Property and any and all of Grantor's rights, titles and interests in any other property, whether real or personal, as described or otherwise included as collateral under the Deed of Trust are hereinafter, collectively, referred to as the "Mortgaged Property"); and

WHEREAS, the Note and the liens securing the same have been assigned to HCORP MANAGEMENT SOLUTIONS, INC. ("Beneficiary"), by that certain Assignment of Loan Documents, Liens and Security Interests executed by HBank and dated as of January 1, 1988; and

WHEREAS, default has occurred under the terms of the Note and Deed of Trust and Beneficiary, as the current owner and holder of the Note and the Beneficiary under the Deed of Trust, in accordance with the terms of the Deed of Trust, removed the Trustee, and the undersigned (the "Substitute Trustee"), was duly appointed as a substitute trustee of the trust created by the Deed

9/13/88 75

88178 1420

88178/1420

of Trust, pursuant to that certain Removal of Trustee and Appointment of Substitute Trustee, dated May 17, 1988, pursuant to which the Beneficiary authorized and directed the Substitute Trustee to sell the Mortgaged Property under the provisions of the Deed of Trust; and

WHEREAS, pursuant to said authorization and direction and fully in accordance with the terms of the Deed of Trust, the Substitute Trustee sold the Mortgaged Property at public auction at the Courthouse door of Dallas County, Texas between the hours of 10:00 a.m. and three (3) hours after such time, on Tuesday, the 5th day of September, 1989, after having given written notice pursuant to Notice of Substitute Trustee's Sale (the "Notice") of the time, place and terms of such proposed sale as prescribed by law and by the terms of the Deed of Trust, by means of (i) having posted or having caused to be posted the Notice for at least twenty-one (21) days preceding the date of sale at the Courthouse door of Dallas County, Texas, (ii) having filed or having caused to be filed the Notice with the Clerk of Dallas County, Texas at least twenty-one (21) days preceding the date of sale, and (iii) having served or having caused to be served a copy of the Notice by certified mail, return receipt requested, on each debtor obligated to pay the debt evidenced by the Note and Deed of Trust at the address for each such debtor according to the current records of Beneficiary, all in accordance with Tex. Prop. Code Ann. §51.002, as heretofore amended; and

WHEREAS, at such sale the Mortgaged Property was sold by the Substitute Trustee to Beneficiary (hereinafter referred to as the "Grantee") at the hour of 10:30 a.m. for and in consideration of the sum of THREE MILLION NINE HUNDRED TWENTY THOUSAND SEVEN HUNDRED TWENTY-THREE AND 80/100 DOLLARS ($3,920,723.80), the Grantee being the best and highest bidder therefor, and said consideration being the best and highest bid therefor.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Substitute Trustee, by virtue of the powers granted to the Substitute Trustee by the Deed of Trust and the aforesaid Removal of Trustee and Appointment of Substitute Trustee and in consideration of the foregoing premises and of the value expressed above given to the Substitute Trustee, by the said Grantee, the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, SOLD and CONVEYED and by these presents does GRANT, SELL and CONVEY the Mortgaged Property unto the said Grantee.

TO HAVE AND TO HOLD the Mortgaged Property, together with all and singular, the rights and appurtenances thereto and in any wise belonging, to the said Grantee, its successors and assigns, forever; and for and on behalf of the said Grantor, and the successors and assigns of said Grantor, the Substitute Trustee does hereby bind the said Grantor, and the successors and assigns of said Grantor, to WARRANT and FOREVER DEFEND, all and singular, the Mortgaged Property, insofar as authorized by said Deed of Trust, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESS MY HAND this 7th day of September, 1989.

SUBSTITUTE TRUSTEE:

Kathryn Nicholson
KATHRYN NICHOLSON

STATE OF TEXAS §
§
COUNTY OF DALLAS §

The foregoing instrument was ACKNOWLEDGED on the 7th day of September, 1988, by KATHRYN NICHOLSON, the Substitute Trustee.

[S E A L]

My Commission Expires:

Notary Public, State of Texas

CATHERINE MCGUIRE
COMMISSION EXPIRES
MAY 21, 1990

ADDRESS OF GRANTEE
FOR TAX STATEMENTS:

Management Solutions, Inc.
P.O. Box 224259
Dallas, Texas 75222-4259
ATTN: Ms. Kathy Rainy

420:00906888.90
090788CMG1

EXHIBIT "A"

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:
COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;
THENCE, West along the South right-of-way line of Westgrove Road a distance of 750.39 ft. to a point in the West right-of-way of Claire Chennault (a 80 ft. ROW); said point being the Point of Beginning;

THENCE, S 0° 07' 30" E, along the said West right-of-way a distance of 260.0 ft. to a point;
THENCE West a distance of 260.53 ft. to a point;
THENCE North a distance of 260.00 ft. to a point on the South right-of-way of Westgrove Road;
THENCE East along the said South right of way a distance of 260.00 ft. to the Point of Beginning, containing 1.554 acres (67,670.8984 sq. ft.) of land, more or less.

Being the same real property conveyed by Lease dated March 2, 1984 referenced in Deed of Trust, Security Agreement and Assignment of Rents recorded in Volume 84130, Page 4784, Deed of Trust Records, Dallas County, Texas.

EXHIBIT "B"

Personal Property

1. All materials, supplies, equipment, apparatus and other items attached to, installed in or used (temporarily or permanently) in connection with any of the Real Property (as herein defined) at any time from and after the date of the Deed of Trust through and including the date of foreclosure of the lien of the Deed of Trust, and all renewals, replacements, and substitutions thereof and additions thereto, including but not limited to any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, generators, fans, blowers, vents, switchboards, elevators, mail conveyors, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, swimming pools, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas and electric equipment, disposal, dishwashers, washers, dryers, refrigerators and ranges, cafeteria equipment, and recreational equipment and facilities of all kinds.

2. All of the right, title and interest of Grantor in and to all personal property (other than fixtures) of any kind as defined in Chapter 9 of the Texas Uniform Commercial Code, including but not limited to all furniture, furnishings, equipment, machinery, goods, general intangibles, money, accounts, contract rights, and inventory, now or hereafter located upon, within or about the Real Property, together with all accessories, replacements and substitutions therefor and the proceeds thereof.

420:0090688B.90

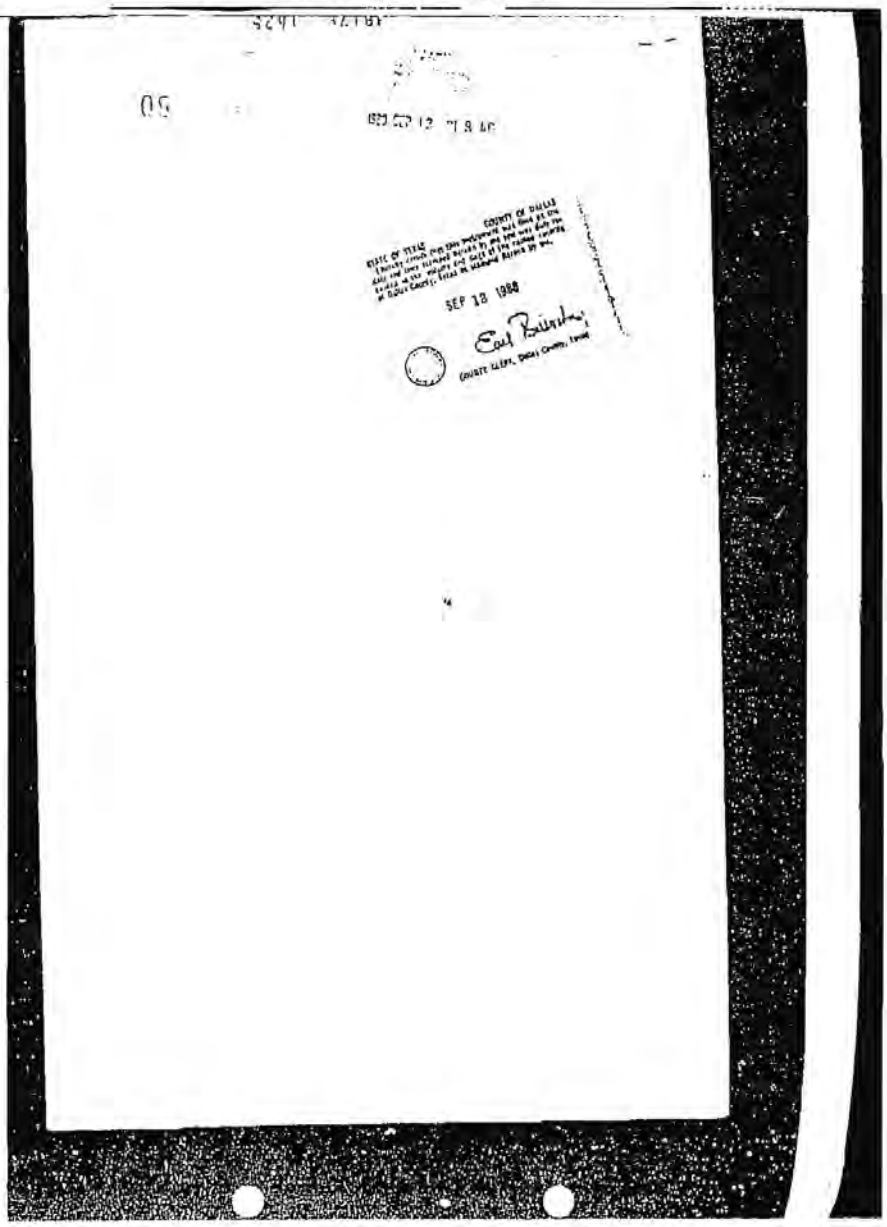


EXHIBIT E

ASSIGNMENT OF LEASE

THIS AGREEMENT is made as of this the 2nd day of September, 1988, at Addison, Texas, between MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation, hereinafter called "Assignor", and REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignee."

WHEREAS, a lease was executed on March 7, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Torfive, Inc., as Lessee upon the terms and conditions provided therein; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Torfive, Inc. was transferred to Assignor; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described covering the property more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants,

89004/577 1/18/89

39001 0577

conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

HCORP MANAGEMENT SOLUTIONS, INC.,
a Texas corporation

By: _____
Name: _____
Title: _____

ASSIGNEE:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership
By: Texas Associated Realty, Inc.,
Its General Partner

By: _____
Jorge Hutson Vice President

STATE OF TEXAS
COUNTY OF Dallas

This instrument was acknowledged before me on 11-18-89 by Kathy Baird Vice Pres. of HCorp Management Solutions, Inc. a Texas corporation, on behalf of said corporation.

Notary Public Signature
Jo Ellen S. Klein
Notary Public Printed or Typed Name
My commission expires: 9-21-91

STATE OF TEXAS
COUNTY OF Dallas

This instrument was acknowledged before me on 11-18-89 by Jorge Hutson Vice Pres. of Texas Associated Realty, Inc. a Texas corporation, on behalf of said corporation.

Notary Public Signature
Jo Ellen S. Klein
Notary Public Printed or Typed Name
My commission expires: 9-21-91

257:D0924BB.00
092188jdx1

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lawson Ridgeway and/or Assigns, Lessee, dated 10-23-85, recorded in Volume 86072, Page 0124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

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

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 739.59 feet to a point in the West right-of-way line of Claire Chennault 160-foot R.O.W.; said point being the Point of Beginning;

THENCE, South 0 deg. 07 Min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.55 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.554 acres of land, more or less.

GSW Center

Return to:
Kathryn K Henriksen
Winstead, McGuire, Sechrest, & Minick
2400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270

89004 0579

DEPT OF XEROX 1018C0810 (917) 2-21-80 ; 8:40AM ; WINSTEAD MCGUIRE 2142A824T8[illegible]

JAN 0 1981

89 JAN -6 AM 8:09

EXHIBIT F

ASSIGNMENT OF GROUND LEASE

THIS AGREEMENT is made as of this the 15th day of March, 1990, at Addison, Texas, between REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignor", and ITALIX ACQUISITION CORPORATION, a Texas corporation, hereinafter called "Assignee."

WHEREAS, a lease (the "Lease") was executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarfive, Inc., as Lessee upon the terms and conditions provided therein;

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarfive, Inc. was transferred to MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation ("MSI");

WHEREAS, an Assignment of Lease was executed on September 8, 1988, by MSI and Assignor, as Lessee, upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the Lease to Assignee, and the Assignee desires to accept the assignment thereof.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the Lease hereinbefore described covering the property

more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said Lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership

By: Pine Valley Resources Corporation, an Ohio corporation, its sole general partner

By: _____
Name: _____
Title: _____

ASSIGNEE:

ITALIX ACQUISITION CORPORATION,
a Texas corporation

By: _____
Name: Richard D. Wheeler
Title: Director

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: _____
Name: LYNN SPRUILL
Title: MAYOR

ADDISON AIRPORT OF TEXAS, INC.

By: _____
Name: SAM STUART
Title: PRESIDENT

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____, _____ of PINE VALLEY RESOURCES CORPORATION, an Ohio corporation, sole general partner in REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 20th day of _____, 1990.

_____
Notary Public - State of Texas

_____
Printed/Typed Name of Notary Public

My Commission Expires:

1-22-94

ANITA E. SAUNDERS
Notary Public State of Texas
My Commission Expires 1-22-94

STATE OF TEXAS §
§
COUNTY OF ~~DALLAS~~ TARRANT §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Richard O. Wheeler of ITALIX ACQUISITION CORPORATION, a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of February, 1990.

PEGGY WEATHERRED
NOTARY PUBLIC
STATE OF TEXAS
My Commission Expires
1-20-93

Peggy Weatherred
Notary Public - State of Texas
Peggy Weatherred
Printed/Typed Name of Notary Public

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Lynn Lasswell of the CITY OF ADDISON, a municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 15th day of February, 1990.

Gretchen S. Acevedo
Notary Public - State of Texas
GRETCHEN S. ACEVEDO
Printed/Typed Name of Notary Public

My Commission Expires:
September 26, 1993

GRETCHEN S. ACEVEDO
Notary Public, State of Texas
My Commission Expires Sept. 26, 1993

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Leon Stuart, of ADDISON AIRPORT OF TEXAS, INC., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 23rd day of February, 1990.

Willene Faris
Notary Public - State of Texas

My Commission Expires:
05/16/92

WILLENE FARIS
Printed/Typed Name of Notary Public

257:0890410ZZZ.00
022090/1pl

EXHIBIT G

ASSIGNMENT OF GROUND LEASE

STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of March 31, 1999, at Addison, Texas, between ITALIX ACQUISITION CORPORATION ("Assignor") and AIR 276 I, L.P., a Texas limited partnership ("Assignee").

WHEREAS, Assignor is the Lessee under that certain GROUND LEASE as described and defined on Exhibit "A" attached hereto and made a part hereof for all purposes; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

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

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and No/100 ($450.00) to Landlord.

3. Assignee hereby agrees to be bound by and to comply with the terms of this Ground Lease.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

ITALIX ACQUISITION CORPORATION

By: _____
James D. Pratt, President

ASSIGNEE:

AIR 276 I, L.P., a Texas limited partnership

By: Air 276, Inc., a Texas corporation

By: _____
Gary B. Crouch, President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by JAMES D. PRATT, President of ITALIX ACQUISITION CORP., a Texas corporation on behalf of said corporation.

SHARON R. CLAXTON
Notary Public, State of Texas
My Commission Exp. 10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

My Commission Expires:
10-21-2002

SHARON R CLAXTON
(Printed or Typed Name of Notary)

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, general partner of AIR 276 I, LTD., a Texas limited partnership on behalf of said partnership.

SHARON R. CLAXTON
Notary Public, State of Texas
My Commission Exp. 10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

My Commission Expires:
10-21-2002

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

ASSIGNOR

RW

LESSOR:

CITY OF ADDISON

By: _____
Name: RON WHITEHEAD
Title: CITY MANAGER

ADDISON AIRPORT OF TEXAS, INC.

By: _____
Name: SAM STUART
Title: President

STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged and sworn and subscribed to by RON WHITEHEAD, CITY MANAGER of the CITY OF ADDISON, TEXAS before me on this 30 day of March, 1999.

BILL J. SHIPP, JR.
MY COMMISSION EXPIRES
May 11, 2002

_____
Notary Public, State of Texas

STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged and sworn and subscribed to by SAM STUART, President of the ADDISON AIRPORT OF TEXAS before me on this 31st day of March, 1999.

_____
Notary Public, State of Texas

DARLENE REID
Notary Public, State of Texas
My Commission Expires
DEC. 18, 2001

EXHIBIT "A"

LEGAL DESCRIPTION

Being a Leasehold Estate in and to the real property described below as created by that certain Ground Lease Agreement (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, collectively as Landlord and Lawson Ridgeway and/or assigns ("Lawson"), as Tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 I, L.P., by Assignment of Ground Lease dated March 30, 1999 and filed in the Deed Records of Dallas County, Texas.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right of way line of Claire Chennault (60-feet wide, undedicated right-of-way at this point) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "X" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING;

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

EXHIBIT H

ASSIGNMENT OF GROUND LEASE
(Air 276 I, L.P. and Fortune Capital, Inc. to ADS Air 2000, L.P.)

THE STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership, and FORTUNE CAPITAL, INC., a Texas corporation (collectively, "Assignor") and ADS AIR 2000, L.P., a Texas limited partnership ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSI"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italix Acquisition Corporation ("Italix") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italix as assignor to Air 276 I, L.P.; and

WHEREAS, by Assignment of Ground Lease dated of even date herewith an undivided fifty percent (50%) interest in and to the above described Ground Lease was assigned by Air 276 I, L.P., a Texas limited partnership, to Fortune Capital, Inc., a Texas corporation; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

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

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars ($450.00) to Landlord.

3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 I, L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: _____
Gary B. Crouch, President

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: _____
Yong Gang Shen, Vice President

ASSIGNEE:

ADS AIR 2000, L.P.,
a Texas Limited Partnership

By: ADS 2000, Inc.
a Texas Corporation
Sole General Partner

By: _____
Tom Bijou, President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of April, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.

DONNA THOMAS
NOTARY PUBLIC STATE OF TEXAS
Commission Expires:
JUNE 11, 2002

_____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of April, 2000, by YONG GANG SHEN, Vice President of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.

_____
Notary Public, State of Texas

DONNA THOMAS
NOTARY PUBLIC STATE OF TEXAS
Commission Expires:
JUNE 11, 2002

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 7th day of July, 2000, by TOM BIJOU, President of ADS 2000, Inc., a Texas corporation, Sole General Partner of ADS AIR 2000, L.P., a Texas limited partnership, on behalf of said limited partnership.

Notary Public, State of Texas

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Assignor or the Assignee.

LESSOR:

TOWN OF ADDISON

By: Ron Whitehead
Name: Ron Whitehead
Title: City Manager

ADDISON AIRPORT OF TEXAS, INC.

By: Sam Stuart
Name: Sam Stuart
Title: President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29th day of June, 2000, by Ron Whitehead, City Manager of the ~~TOWN OF ADDISON, TEXAS~~.

BILL J. SHIPP, JR.
MY COMMISSION EXPIRES
May 11, 2002

Bill J. Shipp Jr.
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 28 day of June, 2000, by Sam Stuart, President of the ADDISON AIRPORT OF TEXAS.

APRIL L CANNON
NOTARY PUBLIC
State of Texas
Comm. Exp. 06-07-2003

April L Cannon
Notary Public, State of Texas

EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 I, L.P., by Assignment of Ground Lease dated March ____, 1999 and filed in the Deed Records of Dallas County, Texas.

Said Ground Lease covers a portion of the property encumbered by that certain lease entitled Agreement for the Operation of the Addison Airport (the "Operating Agreement") between the City of Addison and Addison Airport, Inc. dated December 30, 1976, as amended, filed October 22, 1997, recorded in Volume 97206, Page 5413, Deed Records of Dallas County, Texas. The terms of the Operating Agreement as they relate to premises covered by the Ground Lease (other than the payment of rent) are incorporated into the Ground Lease during the term of the Operating Agreement, and the interest of Addison Airport, Inc. has been assigned to Addison Airport of Texas, Inc.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a ½-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chennault (60-feet wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-feet right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a ½-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a ½-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING;

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

ADDISON

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

July 26, 2000

Darlene Reid
Comptroller
Addison Airport
4505 Claire Chennault
Addison, TX 75001

Dear Ms. Reid:

Reference my earlier letter of July 13, 2000, and your letter of June 29, 2000, Item (4), I have enclosed copies for your records of the following on Air 276 I, L.P./Fortune Capital, Inc./ADS Air 2000, L.P.:

1. Assignment of Ground Lease (Air 276 I, L.P. and Fortune Capital, Inc. to ADS Air 2000, L.P.)
2. Assignment of Ground Lease (Air 276 I, L.P., a Texas limited partnership, to Fortune Capital, Inc. as to a 50% Interest)
3. Estoppel letter

If you have any questions, please do not hesitate to call me at (972) 450-7017.

Sincerely,

Bill Shipp
Administrative Assistant
Development Services

cc: Chris Terry

ASSIGNMENT OF GROUND LEASE
(Air 276 I, L.P., a Texas limited partnership to Fortune Capital, Inc. as to a 50% Interest)

THE STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership ("Assignor"), and FORTUNE CAPITAL, INC., a Texas corporation ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSI"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italix Acquisition Corporation ("Italix") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italix as assignor to Air 276 I, L.P.; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign an undivided fifty percent (50%) interest in and to the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

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

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, an undivided fifty percent (50%) interest in and to all of Assignor's rights, title and interest in and to the Ground Lease.

2. Prior to the effective date of this Assignment, Assignor agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars ($450.00) to Landlord.

3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 I, L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: _____
Gary B. Crouch, President

ASSIGNEE:

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: _____
Yong Gang Shen, Vice President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.

DONNA THOMAS
NOTARY PUBLIC STATE OF TEXAS
Commission Expires:
JUNE 11, 2002

_____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by YONG GANG SHEN, Vice Presdient of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.

_____
Notary Public, State of Texas

DONNA THOMAS
NOTARY PUBLIC STATE OF TEXAS
Commission Expires:
JUNE 11, 2002

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Assignor or the Assignee.

LESSOR:

TOWN OF ADDISON

By: _____
Name: Ron Whitehead
Title: City Manager

ADDISON AIRPORT OF TEXAS, INC.

By: _____
Name: Sam Stuart
Title: President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29th day of June, 2000, by Ron Whitehead, City Manager of the TOWN OF ADDISON, TEXAS.

BILL J. SHIPP, JR.
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
May 11, 2002

_____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 28 day of June, 2000, by Sam Stuart, President of the ADDISON AIRPORT OF TEXAS.

_____
Notary Public, State of Texas

APRIL L CANNON
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-07-2003

EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 L L.P., by Assignment of Ground Lease dated March ____, 1999 and filed in the Deed Records of Dallas County, Texas.

Said Ground Lease covers a portion of the property encumbered by that certain lease entitled Agreement for the Operation of the Addison Airport (the "Operating Agreement") between the City of Addison and Addison Airport, Inc. dated December 30, 1976, as amended, filed October 22, 1997, recorded in Volume 97206, Page 5413, Deed Records of Dallas County, Texas. The terms of the Operating Agreement as they relate to premises covered by the Ground Lease (other than the payment of rent) are incorporated into the Ground Lease during the term of the Operating Agreement, and the interest of Addison Airport, Inc. has been assigned to Addison Airport of Texas, Inc.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a ½-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chennault (60-feet wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-feet right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a ½-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a ½-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING;

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

EXHIBIT I

(Executed Assignment to Key Development to be inserted)

STATE OF TEXAS §
§ **ASSIGNMENT OF GROUND LEASE**
COUNTY OF DALLAS §

This **ASSIGNMENT OF GROUND LEASE** (the "Assignment") is entered into and effective as of Sept 15 2006, at Addison, Texas, by and between **ADS AIR 2000, L.P.**, a Texas limited partnership (herein referred to as "Assignor") and KEY DEVELOPMENT, LLC, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease together with the Addendum To Ground Lease was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc., as Landlord, and Lawson Ridgeway, as Tenant, recorded in Volume 86022, Page 0124-0133 of the Deed Records of Dallas, County, Texas (the "Ground Lease", a true and correct copy of which Ground Lease is attached hereto as Exhibit A), by the terms of which certain real property now commonly referred to as 4444 Westgrove Dr. at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169 Page 5724-5748 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from Lawson Ridgeway, as assignor, to Great Southwest Homes, Inc., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613 Volume 88189 Page 1182-1201 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit C), the Ground Lease was assigned from Great Southwest Homes, as assignor, to TARFIVE, Inc., as assignee; and

WHEREAS, by that Substitute Trustee's Deed, recorded as Instrument #198801897613 Volume 88178 Page 1420-1425 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit D), the Ground Lease was assigned to the beneficiary, MCORP MANAGMEMENT SOLUTIONS, INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 Volume 89004 Page 577-580 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit E), the Ground Lease was assigned from MCORP MANAGMEMENT SOLUTIONS, INC., a Texas Corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., A Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 Volume 90054 Page 1648-1687 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit F), the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas Corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 Volume 99063 Page 1763-1767 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit G), the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 Volume 2000132 Page 07549-07556 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit H), the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and

WHEREAS, by virtue of such assignments, Assignor is the Tenant under the Ground Lease; and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

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

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

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

AGREEMENT

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

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 ($450.00) to Landlord.

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

Key Development, LLC
5907 Gladeside Court
Dallas, Texas 75248

with a copy sent to:

Ms. Terry Thornton, Esq.
Godwin Pappas Langley Ronquillo, LLP
1201 Elm Street, Suite 1700
Dallas, Texas 75270-2041

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein and in that certain First Amendment To Ground Lease dated 9/15, 2006 which is attached hereto as Exhibit I.

5. Upon execution, this Assignment shall be publicly recorded in the Deed Records of Dallas County, Texas as required by the Town of Addison.

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

7. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment 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.

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

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

ASSIGNOR:

ADS AIR 2000, L.P.

By: THOMAS F. BUSH

ASSIGNEE:

KEY DEVELOPMENT, LLC

By:

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

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

GIVEN under my hand and seal of office this 14th day of September, 2006.

[SEAL]

LORI SUSAN SPENCER NOTARY PUBLIC STATE OF TEXAS EXPIRES 09-23-2006

Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

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

GIVEN under my hand and seal of office this _____ day of _____, 2006.

[SEAL]

_____
Notary Public, State of Texas

7. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment 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.

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

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

ASSIGNOR:

ADS AIR 2000, L.P.

_____

By: _____

ASSIGNEE:

KEY DEVELOPMENT, LLC

_____

By: President

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keys, President of Key Development, LLC known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 19th day of September, 2006.

[SEAL]

TERRY LYNN THORNTON
NOTARY PUBLIC
STATE OF TEXAS
Comm. Expires 10-16-2007

Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

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

GIVEN under my hand and seal of office this _____ day of _____, 2006.

[SEAL]

_____
Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the above and foregoing Assignment. In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding the foregoing, Landlord does not release Assignor from its obligations under the Ground Lease. In addition, notwithstanding any provision of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

EXHIBIT J

EXHIBIT J

Building Maintenance Reserve

1) **Purpose of Reserve Fund:** Tenant, for itself and its successors and assigns, shall maintain a building maintenance reserve fund ("Reserve Fund") solely for the purpose of paying for unexpected and scheduled repairs and expenses, or for capital improvements to the Demised Premises, as the same may be needed or required from time to time pursuant to Paragraph 11 of the Ground Lease, as amended and modified from time to time.

2) **Beginning Reserve Fund Balance**: Landlord and Tenant mutually agree that Tenant will commence funding the Reserve Fund within thirty (30) days from the Effective Date of this Agreement so that the Reserve Fund will have the beginning balance of EIGHTY THOUSAND DOLLARS ($80,000.00).

3) **Calculation of Required Reserve Fund**: Commencing on April 1, 2008 (with said date being the same as the adjustment of rental provided for in Paragraph 5 of the Ground Lease, as amended and modified) and on every bi-annual anniversary thereafter and in conjunction with its normal budgetary process, Tenant shall prepare for Landlord's benefit a capital repair and replacement plan (the "Maintenance Plan") documenting (i) qualified repairs and replacements funded from the Reserve Fund previously consented to by Landlord and having been completed, (ii) a schedule of capital improvements, repairs or replacements expected to be completed over the next two (2) years, and (iii) reconciliation and adjustment to the Maintenance Plan funding requirements for the subsequent two year plan covered by the Maintenance Plan. Such review procedures shall calculate the estimated remaining useful life of the major building components including but not limited to roofing, heating, ventilation and air conditioning (HVAC), landscaping, elevator systems, electrical and lighting systems, hangar door systems, painting (exterior/interior), carpet and floor covering, plumbing and, the estimated cost of replacement or repair for each. Based upon this calculation, Tenant shall then adjust and/or maintain a reasonable balance in the Reserve Fund in an amount sufficient to enable Tenant to make said repairs or replacements by or before the expiration of the respective component's useful life.

4) **Maintenance of the Reserve Fund**: The Reserve Fund account and all funds in it shall be the property of the Tenant at all times. The Reserve Funds shall be kept in one or more cash, or cash equivalent, interest bearing accounts in a federally insured banking institution. Although Tenant may maintain other funds in these same accounts, Tenant must be able to reconcile and clearly account to Landlord the Reserve Fund balances at all times. In the event Tenant is in default or the Ground Lease is otherwise terminated before the expiration of the Term, as modified, the Reserve Fund shall become due and payable to Landlord as a monetary obligation of Tenant to Landlord under Paragraph 37 of the Ground Lease, as amended or modified.

5) **Authorized Expenditures from the Reserve Fund**: Landlord must give its prior written consent to any expenditure reducing the Tenant's Reserve Fund balance except in the event of a bona fide emergency where said expenditures are necessary for the protection of the Demised Premises. In the event of such emergencies, Tenant will give Landlord

prompt written notice thereof as required under Paragraph 14 of the Ground Lease. Landlord's acceptance or consent of planned expenditures from the Reserve Fund may be by way of accepting Tenant's Maintenance Plan, provided Landlord does not give written objection to Tenant's plan within thirty (30) days of its receipt by Landlord. Landlord is not required to give credit (unless otherwise elected at its sole discretion) to any expenditure from the fund reducing the Reserve Fund balance without Landlord's prior written consent, except for where provided for herein.

6) **Tenant's Failure to Fund or Properly Give Account For The Reserve Funds**: Tenant's failure to routinely fund or account for the Reserve Fund as required herein, shall constitute as a non-monetary default where in the event such failure continues and not cured within thirty (30) days after written notice thereof is given to Tenant as provided for in Paragraph 22 of the Ground Lease.

EXHIBIT K

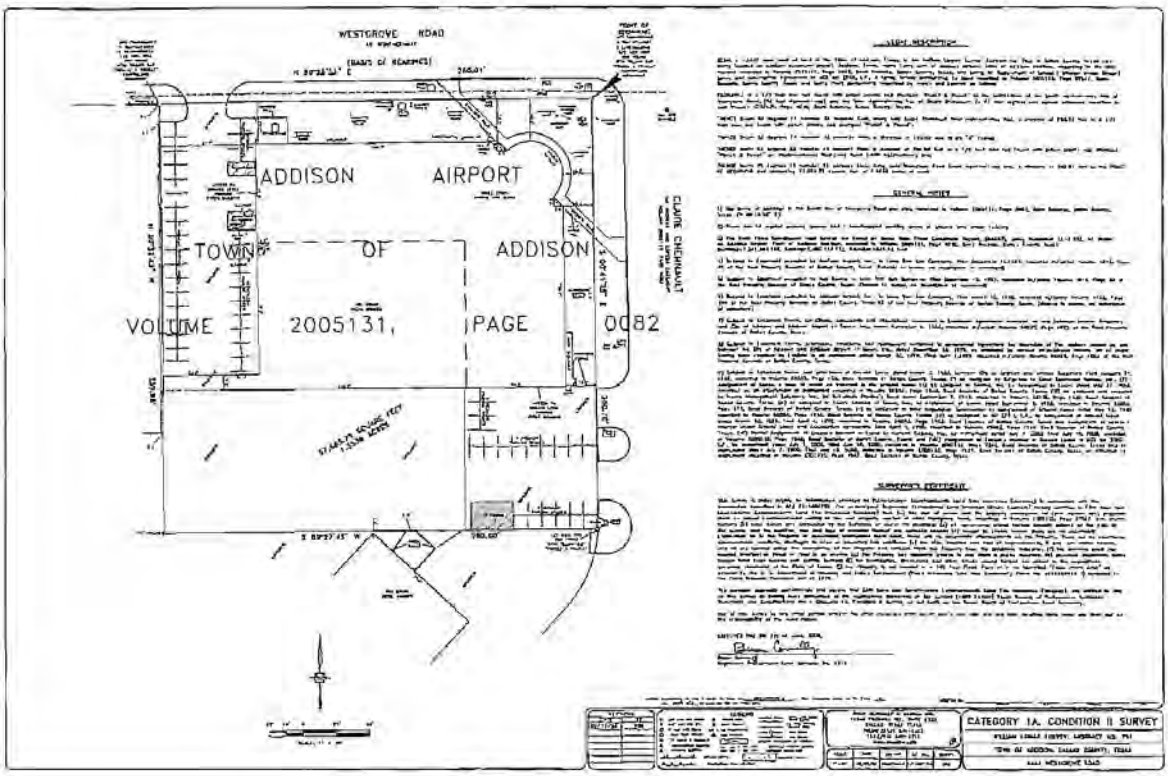

WESTGROVE ROAD
ADDISON AIRPORT
TOWN OF ADDISON
VOLUME 2005131, PAGE 0082
CATEGORY 1A, CONDITION II SURVEY

EXHIBIT "B"

BUILDING IMPROVEMENTS

Exhibit B - Building Improvements

	Description of Building Improvement	Estimated Improvement Cost
1	Replace 50 ton HVAC unit with 60 ton	$96,889
2	Upgrade and improve elevator	
	a) Replace Motor and all electrical components	$55,857
	b) Upgrade cab interior	$25,777
3	Replace Roof	$50,000
4	1st floor lobby atrium	
	a) Improve the 3 sets of lobby doors	$27,670
	b) Polish granite floors, repair broken granite, repair cracks in glass block and seal exterior, improve and replace landscape	$10,578
	c) Re-lamp with energy efficient light bulbs and paint atrium ceilings	$3,089
5	Hangar lobby - update restrooms and renovate lobby	$4,110
6	Hangar - Repair drywall, install new base, repair damaged insulation, seal floor, paint gate and repair door tracks	$8,955
7	Install new ceiling grid	
	a) New ceiling grid and tiles at 2nd and 3rd floor hallways	$19,337
	b) New ceiling grid and modern tiles in all suites	$60,000
8	New window treatments in all suites	$33,000
	Total Estimated Improvement Cost	**$395,262**

EXHIBIT "C"

MEMORANDUM OF LEASE

EXHIBIT C

MEMORANDUM OF LEASE

This Memorandum of Lease is dated as of _____, 2016, and executed by and between the Town of Addison, Texas ("Landlord" or "City") and Key Development, LLC, a Texas limited liability company ("Tenant").

WHEREAS, a Ground Lease, together with the Addendum to Ground Lease, was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI") as Landlord, and Lawson Ridgeway as Tenant, recorded in Volume 86022, Pages 0124-0133 of the Deed Records of Dallas County, Texas; and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway as Granter and the City and AATI as Grantee, recorded as Instrument #198601697396 in Volume 861969, Pages 5742-5748 in the Deed Records of Dallas County, Texas, comprising the Ground Lease, as amended or modified, hereinafter referred to as the "Ground Lease" and described in that certain boundary survey dated June 6, 2006 by the terms of which certain real property now commonly referred to as 4500 Westgrove Drive at Addison Airport within the Town of Addison, Texas and owned by the City; and thereafter the Ground Lease:

- the Ground Lease was assigned October 23, 1985, recorded in Volume 86169, Pages 5724-5748 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and thereafter

- the Ground Lease was assigned May 31, 1988, recorded as Instrument #198801897613, in Volume 88189, Pages 1182-1201 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE, Inc., as assignee; and thereafter

- by that Substitute Trustee's Deed, dated September 7, 1988 recorded as Instrument #198801897613 in Volume 88178, Pages 1420-1425 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned to the beneficiary, MCORP MANAGEMENT SOLUTIONS, INC.; and thereafter

- the Ground Lease was assigned September 8, 1988, recorded as Instrument #198900044704 in Volume 89004, Pages 577-580 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, as assignee; and thereafter

- the Ground Lease was assigned March 15, 1990, recorded as Instrument #199000545456 in Volume 90054, Pages 1648-1687 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from REALTY ALLIANCE OF

TEXAS, LTD., a Texas corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and thereafter

- the Ground Lease was assigned March 31, 1999, recorded as Instrument #199900523035 in Volume 99063, Pages 1763-1767 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and thereafter

- the Ground Lease was assigned July 7, 2000, recorded as Instrument #200001054648 in Volume 2000132, Pages 07549-07556 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and thereafter

- the Ground Lease was assigned September 15, 2006, recorded as Instrument #200600346255 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development LLC., a Texas limited liability company, as assignee; and thereafter

- the lease was modified by that "First Amendment" to Ground Lease made and entered into September 15, 2006, recorded as Instrument #200600346256 of the Deed Records of Dallas County, Texas; and thereafter

- by that certified letter dated September 17, 2008 confirming the lease extension in accordance with the First Amendment so that the Term of the Ground Lease shall end on March 31, 2039, still subject to the termination provisions of the Ground Lease as amended or modified; and

Now let it be known, the said Ground Lease is further amended by that Second Amendment to Ground Lease, entered into and made effective _____, 2015, which, among other things, extends the Term so the Ground Lease shall [Note: strike non-applicable of] a) continue to expire on March 31, 2039 OR b) now expire March 31, 2047 unless otherwise earlier terminated.

This Memorandum of Lease is solely for recording and notice purposes and shall not be construed to alter, modify, expand, diminish or supplement the provisions of the Ground Lease, as amended. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Ground Lease (as amended), the provisions of the Ground Lease, as amended, shall govern. Reference should be made to the Ground Lease (and all amendments thereto) for the full description of the rights and duties of Landlord and Tenant thereunder, and this Memorandum of Lease shall in no way affect the terms and conditions of the Ground Lease (including all amendments thereto) or the interpretation of the rights and duties of Landlord and Tenant thereunder.

Upon the expiration or earlier termination of the Ground Lease, Landlord and Tenant agree that they shall execute and record a termination of this Memorandum of Lease.

IN WITNESS WHEREOF, the undersigned parties execute this Memorandum of Lease this _____ day of _____, 2016.

LANDLORD:

TOWN OF ADDISON, TEXAS

By:_____

_____, City Manager

ATTEST:

By:_____

TENANT:

KEY DEVELOPMENT, LLC

By:_____
James W. Keyes, President

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keyes, president of Key Development, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2016.

[SEAL]

By:_____
Notary Public, State of Texas

My commission expires:_____

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, city manager of the Town of Addison, a home-rule municipality, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated

GIVEN under my hand and seal of office this _____ day of _____, 2016.

[SEAL]

By:_____
Notary Public, State of Texas

My commission expires:_____

EXHIBIT A
to Memorandum of Lease

LEGAL DESCRIPTION OF DEMISED PREMISES

BEING a 1.5538 acre tract of land in the Town of Addison, Texas, in the William Lomax Survey, Abstract No. 792, in Dallas County, Texas and being located on Addison Municipal Airport, Addison, Texas, same being part of Addison Airport, Town of Addison Addition, according to the plat thereof recorded in Volume 2005131, Page 0082, Deed Records, Dallas County, Texas, and being an Assignment of Lessee's Interest Under Ground Lease and Assumption Agreement to ADS Air 2000, L.P., a Texas limited partnership by deed recorded in Volume 2000132, Page 07557, Deed Records, Dallas County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell" at the intersection of the South right-of-way line of Westgrove Road, (60 foot right-of-way) and the West right-of-way line of Claire Chennault, (a 60 foot ingress and egress easement recorded in said Volume 2005131, Page 0082, Deed Records, Dallas County, Texas;

THENCE South 00 degrees 41 minutes 28 seconds East, along said Claire Chennault West right-of-way line, a distance of 260.10 feet to a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell";

THENCE South 89 degrees 27 minutes 43 seconds West, a distance of 260.60 feet to an "X" found;

THENCE North 00 degrees 33 minutes 43 seconds West, a distance of 259.96 feet to a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell" on aforementioned Westgrove Road South right-of-way line;

THENCE North 89 degrees 25 minutes 55 seconds East, along said Westgrove Road South right-of-way line, a distance of 260.01 feet to the POINT OF BEGINNING and containing 67,685.79 square feet or 1.5538 acres of land.

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

Main: 972-392-4850
Direct: 972-392-4856
Fax: 972-788-9334
bill.dyer@addisonairport.net

- M E M O R A N D U M -

To: Lisa Pyles, Director of Infrastructure & Development Services

From: Bill Dyer, Airport Real Estate Manager

CC: Joel Jenkinson, Airport Director

Date: October 26, 2015

Re: A Request for the Town of Addison's Consideration and Consent to Amend Ground Lease 0710-55 (commonly known as 4500 Westgrove Drive) at Addison Airport, Key Development, LLC, as Tenant.

Requested Action:
Key Development, LLC is requesting the Town Council's consideration and consent for the Town to enter into and execute an amendment to the above referenced Ground Lease, thereby extending the remaining lease term by an additional eight (8) years provided the Tenant completes a minimum of $378,000 of qualifying capital improvements and repairs within one (1) year of the effective date of the proposed amendment.



Airport Management is recommending the Town give its consent for the City Manager to enter into and execute the proposed Second Amendment to Ground Lease (to be substantially in the form attached hereto) subject to the City Attorney's review and acceptance of the agreement's final form (the "Amendment").

Background Information:

Key Development, LLC acquired and took assignment of the leasehold interest and building improvements located at 4500 Westgrove Drive at Addison Airport in 2006. At that time, the Town agreed to amend the assigned ground lease, extending the lease term an additional fifteen (15) years in consideration for a 37% rental increase (from $.54/SFL to $.74/SFL) effective as of the amendment date. The ground lease, which first originated in 1984, is now due to expire in Year 2039 (24 years remaining).

Property Description	
Date of Report	10/15/2015
Property Number	0710
Property Address	4500 Westgrove Drive
Ramp Address	V-16
Property Type	Ground Lease
Land Area (SFL)	67,686
Hangar Area (BSF)	10,000
Office/Shop Area (BSF)	29,626
Total Building Area (BAF)	39,626
Year Built	1985
Est. Economic Life	60
End of Proj. Eco. Life	2045
% Obsolescent	50%
Aircraft Apron Area (SFL)	15,215

Ground Lease Information	
Lease #	0710-5502
Tenant Name	Key Development, LLC
Doing Business As	Key Development, LLC
Primary Contact:	James W. Keyes
Lease Commencement Date	6/30/1982
Lease Expiration Date	3/31/2039
Years Remaining in Term	24
Current Monthly Rent	$4,786.25
Current Annual Rent	$57,435.00
Annual Rent /SF Land	$0.85
Est. Remaining Contract Rent	$1,663,073
Next Rent Adjustment Date	04/01/16 - CPI every 2 years
Permitted Use:	Multi-tenant office w/ attached aircraft hangar; sale & storage of aircraft & aircraft parts; flight training, charter, repairs and rentals

Consideration of Key Development's Proposal

In connection with the ground Tenant's request of a lease extension, Key Development provided airport management an itemized schedule of proposed capital improvements and repairs for which the Tenant intends and agrees to complete within one (1) year of the effective date of the Amendment (see Exhibit "B" to the Amendment).

Application of the Town's current lease guidelines when considering ground lease term extensions: Although not obligated to, the Town may grant a ground lease term extension in exchange for the Tenant agreeing to complete qualifying capital improvements or repairs to the existing building improvements designed to enhance the property's fair market value and/or its useful life proportionate to the desired extended term.[1]

Economic Consideration of Ground Lease Term Extensions: When the Town grants a lease term extension it is deferring taking title of the building improvements and its

[1] Sometimes increased ground rental can also be considered a means to "buy-down" a lease term in-lieu of capital improvements provided the extended term does not significantly exceed the projected remaining useful life (physical or functional) of the building improvements.

opportunity to realize a higher revenue stream in the form of commercial rental in-lieu of continued ground rent over the extended term. Using commercially reasonable assumptions, the Town's estimated opportunity cost for extending the Key Development ground lease term in today's dollars (NPV) is:

a. 5-year extension $266,000
b. 8-year extension $378,000
c. 10-year extension $439,000

Extent and Nature of Proposed Capital Improvements: Capital Improvements and capital repairs are typically regarded as the owner's investment in the real property not recoverable from other sources and excludes costs relating to "general maintenance and repairs." They generally fall into three categories: capital improvements (additions or "betterments"), capital replacements (replacement of existing capital assets), and capital repairs (significant repairs that rise to the equivalent of capital replacements). The latter two often affect (extends) the property's useful life and are typically regarded as long-term assets eligible for depreciation treatment for tax purposes (vs. being expensed) and not directly recoverable through tenant/sub-tenant rentals. Examples: roof replacement (20-yr. useful life), mechanical system replacements (elevators, HVAC systems, boilers 15/30-yr. useful life), common area finishes (lobby, restrooms, corridors 10-yr. useful life).

Key Development, LLC proposes to make certain capital improvements and repairs, as itemized in Exhibit "B" to the Amendment, which must meet or exceed the completed construction value of $378,000 (in the aggregate) to the Landlord's satisfaction and within one (1) year of the effective date of the proposed Amendment. Upon completion of the improvements as agreed, and provided the Tenant is not in default at the time, the extended lease term would then become effective, which shall be evidenced by a recorded Memorandum of Ground Lease, substantially in the form of Exhibit "C" to the Amendment. In the event the Tenant fails to complete the capital improvements and repairs as agreed, the eight (8) year extension would not be made effective, causing the existing lease expiration date of 3/31/2039 to remain unchanged, which shall be affirmed accordingly by a recorded Memorandum of Ground Lease, substantially in the form of Exhibit "C" to the Amendment.

Conclusion and Recommendation:

Based upon the foregoing, Key Development, LLC has been a tenant in good standing with the Town and Addison Airport since 2006. They have successfully managed, operated and maintained the leased premises to a high standard ever since taking ownership of the building improvements. The Tenant proposes and agrees to complete certain qualifying capital improvements and repairs to the existing improvements, which are expected to enhance the property's market valuation and extend the facility's remaining useful life. The estimated construction value of the proposed improvements are to meet or exceed the aggregate sum of $378,000 which entitles the Tenant to an eight (8) year term extension to the existing Ground Lease term. Upon completion of making the improvements to the leased premises to the Landlord's satisfaction, the Ground Lease

term will be scheduled to expire 3/31/2047, or in 32 years. The proposed extended lease term is not too dissimilar to other adjacent properties' lease terms and would not conflict or interfere with any long-term redevelopment or strategic plans for the Airport.

Key Development's proposal is consistent with the 2013 Addison Airport Strategic Plan by (i) enhancing the overall value of the Airport and surrounding community; and (ii) represents upgrades and improvements to an existing Airport facility. With respect to the pending FAA Addison Airport Master Plan Update, this plan does not contemplate any significant land-use change or use for this portion of the Airport.

Airport Management is recommending the Town give its consent for the City Manager to enter into and execute on behalf of the Town the proposed Second Amendment to Ground Lease subject to the City Attorney's review and oversight of execution.

Exhibit 1

PROPOSED AMENDMENT TO GROUND LEASE

STATE OF TEXAS §
§ **SECOND AMENDMENT TO GROUND LEASE**
COUNTY OF DALLAS §

This Second Amendment to Ground Lease (hereinafter referred to as the "Second Amendment") is entered into and made effective as of _____ 2015, (the "Effective Date") at Addison, Texas, by and between the Town of Addison, Texas, a home-rule municipality (hereinafter sometimes referred to as the "Landlord" or the "City"), and Key Development, LLC, a Texas limited liability company ("Tenant") (Landlord and Tenant are sometimes referred to as the "parties" or "party").

WHEREAS, a Ground Lease, together with the Addendum to Ground Lease, was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI") as Landlord, and Lawson Ridgeway as Tenant, recorded in Volume 86022, Pages 0124-0133 of the Deed Records of Dallas County, Texas; and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway as Granter and the City and AATI as Grantee, recorded as Instrument #198601697396 in Volume 861969, Pages 5742-5748 in the Deed Records of Dallas County, Texas, comprising the Ground Lease, as amended or modified, hereinafter referred to as the "Ground Lease" and described in that certain boundary survey dated June 6, 2006 by the terms of which certain real property now commonly referred to as 4500 Westgrove Drive at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, the Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and AATI), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Lease; and

WHEREAS, the said Base Lease has expired and the City alone is the Landlord under the Lease; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Vo1ume 86169, Pages 5724-5748 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613, in Volume 88189, Pages 1182-1201 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE. Inc., as assignee; and

WHEREAS, by that Substitute Trustee's Deed, dated September 7, 1988 recorded as Instrument #198801897613 in Volume 88178, Pages 1420-1425 of the Deed Records of Dallas

County, Texas, the Ground Lease was assigned to the beneficiary, MCORP MANAGEMENT SOLUTIONS. INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 in Volume 89004, Pages 577-580 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation, as assignor, to REALTY ALLIANCE OF TEXAS. LTD., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 in Volume 90054, Pages 1648-1687 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS. LTD., a Texas corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 in Volume 99063, Pages 1763-1767 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 in Volume 2000132, Pages 07549-07556 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated September 15, 2006, recorded as Instrument #200600346255 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development LLC., a Texas limited liability company, as assignee; and

WHEREAS, by virtue of such assignments, Key Development, LLC, a Texas limited liability company, is the Tenant under the Ground Lease, as amended or modified as of the effective date given above for this Second Amendment; and

WHEREAS, the Lease was modified by that "First Amendment" to Ground Lease made and entered into September 15, 2006, recorded as Instrument #200600346256 of the Deed Records of Dallas County, Texas, modifying, among other things, the term of the agreement by adding 240 months, (ending 3/31/2044) provided within 18 months of the effective date of the First Amendment tenant completed the remodeling and renovation of approximately 10,000 sf. of office space and the construction of at least 5,000 sf of additional hangar space (conditions detailed in the Amendment Section 2, Paragraph A).]

WHEREAS, by that certified letter dated September 17, 2008 confirming the lease extension in accordance with the First Amendment, Tenant elected not to complete the Improvements as defined in Section 2, Paragraph A of the First Amendment and did not elect either of the alternate options as defined in Subparagraph (vii) of Section 2, Paragraph A of the First Amendment. Therefore, the Term of the Ground Lease was extended by one hundred eighty

(180) months so that the Term of the Ground Lease shall end on March 31, 2039, still subject to the termination provisions of the Ground Lease as amended or modified; and

WHEREAS, a true and correct copy of the Ground Lease as amended or modified as set forth above is attached hereto and incorporated herein by reference as **Exhibit "A"**

WHEREAS, Tenant has proposed to construct certain additional improvements on the Demised Premises as described herein, and in connection therewith and as consideration therefore Landlord and Tenant desire to amend the Ground Lease in the manner set forth below, contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars ($10.00), and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Town of Addison, Texas and Key Development, LLC, a Texas limited liability company, do hereby agree as follows:

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

Section 2. Amendments and Modifications to Ground Lease. The Ground Lease, as described in the above and foregoing recitals, is hereby amended and modified as follows:

A**.** Amendment to Term. The term of the Ground Lease may be modified in accordance with the following:

1. The Term of the Ground Lease, currently scheduled to end on March 31, 2039, shall be extended for an additional **96 months** so it shall end on March 31, 2047 (the "Second Lease Extension Period"), subject to the termination provisions of the Ground Lease. Provided, however, notwithstanding the foregoing, the Second Lease Extension Period shall not become effective unless and until Tenant has complied with and fully satisfied each of the following terms and conditions:

(i) Within one year immediately following the Effective Date of this Second Amendment (the "Repair and Improvement Period"), Tenant shall have completed upon the Demised Premises to Landlord's satisfaction the construction, remodeling and renovation of improvements to the existing building improvements as generally described in **Exhibit "B"** attached hereto and incorporated herein (the "Building Improvements");

(ii) Tenant agrees that it will contribute no less than Three Hundred Seventy-Eight Thousand and No/100 Dollars ($378,000.00) to the cost of the construction of the Building Improvements. If Landlord requests, Tenant shall provide Landlord with reasonable evidence of the costs and expenses contributed by Tenant to the construction and completion of the Building Improvements;

(iii) All construction of the Building Improvements and any other facilities or improvements shall be in a first-class, workmanlike manner and in accordance with and subject to the provisions of the Ground Lease. The design and construction of the Building Improvements shall be in accordance and comply with all applicable federal, state, and local laws, statutes, ordinances, codes, rules, regulations, orders, and standards. Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations that arise in connection with any such construction;

(iv) At the time of the issuance of the letter described in subparagraph 2 below, Tenant shall not then be in default of any provision of the Ground Lease beyond any applicable cure period;

2. Upon Landlord's determination that Tenant has fully, finally and timely complied with, to Landlord's satisfaction, each of the terms and conditions set forth in Section 2.A.1, above, Landlord will notify Tenant of the same in writing and the Second Lease Extension Period shall thereafter be in effect.

3. If, however, Landlord determines that Tenant has failed to fully, finally and timely comply with, to Landlord's satisfaction, all of the conditions and provisions of Section 2.A.1., above, Landlord shall deliver to Tenant written notice of Tenant's failure to comply with and satisfy all the conditions and provisions of Section 2.A.1; and if said conditions and provisions remain unresolved and not so complied with or so satisfied, in the sole discretion of Landlord, for more than thirty (30) days after said notice, the Second Lease Extension Period shall not be granted and shall not take effect, and the Term of the Ground Lease shall end on March 31, 2039 (subject to the termination provisions of the Ground Lease).

4. Upon the eventual conclusion of either Subparagraph 2 or 3 above, Landlord and Tenant hereby agree to execute and cause to be recorded in the Official Public Records of Dallas County, Texas a Memorandum of Lease substantially in the form of **Exhibit "C"** attached hereto and incorporated herein by reference which shall, among other things, affirm the true and correct expiration date of the Ground Lease resulting from this Second Amendment to Ground Lease.

Section 3. No Other Amendments. Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

Section 4. Applicable Law; Venue. In the event of any action under this Second Amendment, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the state of Texas shall govern and apply to the interpretation, validity and enforcement of this Second Amendment; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and

enforcement of this Second Amendment. All obligations of the parties created by this Second Amendment are performable in Dallas County, Texas.

Section 5. **No Third Party Beneficiaries.** This Second Amendment 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.

Section 6. **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 Second Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this _____ day of _____, 2015.

LANDLORD:	**TENANT:**
TOWN OF ADDISON, TEXAS	**KEY DEVELOPMENT, LLC**
By:_____	By:_____
Charles Daniels, City Manager	James W. Keyes, President

ATTEST:

By:_____

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keyes, president of Key Development, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2015.

[SEAL]

_____
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Charles Daniels, city manager of the Town of Addison, a home-rule municipality, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____day of _____, 2015.

[SEAL]

_____
Notary Public, State of Texas

EXHIBIT "A"

TRUE AND CORRECT COPY OF GROUND LEASE AS AMENDED AND MODIFIED

STATE OF TEXAS §
§
COUNTY OF DALLAS §

FIRST AMENDMENT TO GROUND LEASE

Schedule of Exhibits

Exhibit A:	Copy of Ground Lease dated
Exhibit B:	Assignment of Lease Dated 10/23/1985 to Great Southwest Homes, Inc.
Exhibit C:	Assignment of Lease Dated May 31, 1988 to Tarfive, Inc.
Exhibit D:	Substitute Trustee's Deed to MCORP Management Solutions, Inc.
Exhibit E:	Assignment of Lease Dated September 8, 1988 to Realty Alliance of Texas, Ltd.
Exhibit F:	Assignment of Ground Lease Dated March 15, 1990 to Intlix Acquisition Corporation
Exhibit G:	Assignment of Ground Lease Dated March 31, 1999 to AIR 276 I, L.P.
Exhibit H:	Assignment of Ground Lease Dated July 7, 2000 to ADS AIR 2000, L.P.
Exhibit I	Assignment of Ground Lease Dated Sept 15, 2006 to Key Development, LLC
Exhibit J	Building Maintenance Reserve
Exhibit K	Survey Dated 06/05/2006 Doug Connally & Assoc., Inc.

This FIRST AMENDMENT TO GROUND LEASE (hereinafter referred to as the "First Amendment to Ground Lease" or "Amendment") is entered into and effective as of Sept 15, 2006 **(the "Effective Date")** between the Town of Addison, Texas a Texas home-rule municipality (hereinafter sometimes referred to as "Addison" or the "Landlord"), and **Key Development, LLC, a Texas limited liability company** ("Tenant").

WHEREAS, a Ground Lease together with the Addendum To Ground Lease was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI"), as Landlord, and Lawson Ridgeway, as Tenant, recorded in Volume 86022, Page 0124-0133[1] of the Deed Records of Dallas County, Texas; and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway, as Grantor and the City and AATI recorded as Instrument #198601697396 in Volume 861969 Page 5742-5748 in the Deed of Records of Dallas County, Texas comprising the Ground Lease, as amended or modified and hereinafter referred to as the "Ground Lease," (a true and correct copy is attached hereto as Exhibit A) and described in that certain boundary survey dated June 6, 2006 (a true and correct copy is attached hereto as Exhibit K), by the terms of which certain real property now commonly referred to as 4444 Westgrove Dr. at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169 Page 5724-5748 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613 Volume 88189 Page 1182-1201 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit C), the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE, Inc., as assignee; and

[1] Appears to be first public recording of the Ground Lease, which includes the Assignment of Lease dated March 2, 1984 to Great Southwest Homes, Inc. which does not reflect the Landlord's consent.

WHEREAS, by that Substitute Trustee's Deed, dated September 7, 1988 recorded as Instrument #198801897613 Volume 88178 Page 1420-1425 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit D), the Ground Lease was assigned to the beneficiary, MCORP MANAGMEMENT SOLUTIONS, INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 Volume 89004 Page 577-580 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit E), the Ground Lease was assigned from MCORP MANAGMEMENT SOLUTIONS, INC., a Texas Corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 Volume 90054 Page 1648-1687 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit F), the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas Corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 Volume 99063 Page 1763-1767 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit G), the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 Volume 2000132 Page 07549-07556 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit H), the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated Sept 15, 2006, as consented to by Landlord (a true and correct copy of which is attached hereto as Exhibit I), the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development, LLC., a Texas limited liability company, as assignee; and

WHEREAS, by virtue of such assignments, Key Development, LLC, a Texas limited liability company, is the Tenant under the Ground Lease, as amended and modified, as of the effective date given above for this Agreement; and

WHEREAS, Tenant has proposed to construct certain additional improvements on the Demised Premises as described herein, and in connection therewith and as consideration therefore Landlord and Tenant desire to amend the Ground Lease in the manner set forth below, contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars ($10.00), the terms and conditions of this Amendment, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

AGREEMENT

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

Section 2. **Amendments and Modifications to Ground Lease.** Notwithstanding anything in the Lease (as amended) to the contrary, Tenant and its successors and assigns and Landlord agree as follows with respect to the Lease:

A. Term Adjustment. The Term of the Lease, currently scheduled to end on March 31, 2024, shall hereby be extended an additional **240 months** so it shall now end on March 31, 2044 ("the First Lease Extension Period") but still subject to the termination provisions of the Ground Lease. The First Lease Extension Period shall become effective, provided Tenant first complies with each of the following terms and conditions:

(i) Within eighteen (18) months of the Effective Date (the "Improvement Period"), Tenant shall have completed the remodeling and renovation of approximately 10,000 square feet of existing building area and, the construction upon the Demised Premises of at least 5,000 square feet of additional hangar area (the "Improvements");

(ii) Tenant shall, prior to the construction of the Improvements or any other facilities or improvements on the Demised Premises, present to Landlord for Landlord's review and consideration of approval, the plans and specifications for the construction of the Improvements or any other improvements or facilities (the "Plans and Specifications"). For purposes of this subparagraph (ii), Plans and Specifications shall be approved by Landlord or by the Town of Addison City Manager's designee, and all such approvals shall not be unreasonably withheld or delayed in any manner. All construction of the Improvements and any other facilities or improvements shall be substantially in accordance with the approved Plans and Specifications, and such construction shall be in a first class, workmanlike manner. Tenant shall promptly pay and discharge (or provide adequate bond or escrow funds with regard to any disputed amounts) all costs, expenses, claims for damages, liens and any and all other liabilities and obligations that arise in connection with any such construction;

(iii) For the purpose herein, the Improvements shall be deemed completed upon the issuance by the Town of Addison, Texas of a Certificate of Occupancy for such Improvements, and the certification by Tenant's architect that the Improvements have been completed in substantial conformance with the Plans and Specifications;

(iv) Tenant agrees that it will contribute no less than $250,000.00 to the cost of the construction of the Improvements. If Landlord requests, Tenant shall provide Landlord with reasonable evidence of the costs and expenses contributed by Tenant to the construction and completion of the Improvements up the completion of the Improvements;

(v) Tenant shall not, at the time of the issuance of the letter described in subparagraph (ix) below, then be in default of any provisions of the Ground Lease beyond any applicable cure period;

(vi) Upon the final completion of the Improvements as defined in this Section 2 and, if requested, the presentation of evidence satisfactory to Landlord of the cost of the completed Improvements, the terms and conditions prerequisite to the First Lease Extension Period as stated above shall be deemed to have been fulfilled, and the Lease Extension Period shall thereafter be in effect;

(vii) If for any reason beyond the control of Tenant, the Plans and Specifications are not approved by the Landlord (or by any other regulating authority required of Tenant under Paragraph 8 of the Ground Lease and as amended herein) and cannot be constructed by Tenant in accordance with the Plans and Specifications, or completed in accordance herewith, Tenant shall at Tenant's sole discretion elect to either;

(a) propose an alternate to the Plans and Specifications for the Improvements acceptable to Landlord (and the other regulatory authorities) of comparable value and like-kind benefit to the Demised Premises. If Tenant elects to construct said Improvements under this option, the Improvement Period is hereby extended but not to exceed beyond twenty-four (24) months from the Effective Date of this Agreement unless otherwise mutually agreed to in writing by both parties, or

(b) elect to pay Landlord the cash sum of TWO HUNDRED AND THIRTY-FIVE THOUSAND dollars and no cents ($235,000.00 US) on or before the expiration of the Improvement Period set forth in Section 2A(i).

Tenant's election of any one of the above options in this sub-paragraph must be delivered to Landlord in writing on or before the expiration of the Improvement Period set forth in Section 2A(i);

(viii) Tenant's failure to complete the Improvements within the Improvement Period or, fail to exercise and fulfill either of the two options provided for in sub-paragraph (vii) of this Section 2 shall cause, without further action or notice by Landlord, the Term of the Lease to be extended by **180 months** so that the Term of the Ground Lease shall end on March 31, 2039 but still subject to the termination provisions of the Ground Lease as amended or modified; and

(ix) Landlord or Tenant agree to execute and deliver a confirmation of the Lease Extension Period if requested by the other party, which may be filed in the deed records accordingly.

B. Amendment to Paragraph 4. Paragraph 4 is hereby amended so that it shall hereafter read as follows:

4. **Rental**: Subject to adjustments as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the Demised Premises at the rate of FOUR THOUSAND ONE-HUNDRED EIGHTY FOUR and 88/100 Dollars ($4,184.88) per month in advance (the "Amended Rental)". The first of such monthly installments shall be due and payable on or before the first day of the calendar month following the Effective date of this Amendment and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof, subject to adjustment as provided for in Section 5 of the Ground Lease.

C. Amendment to Paragraph 5. Paragraph 5 is hereby amended so that it shall hereafter read as follows:

5. Adjustment of Rental: Commencing on April 1, 2008 and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

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

(ii). Beginning with the first full month following the then applicable Adjustment Date, the monthly rent shall be adjusted so that it equals the product of the Base Amount multiplied by a fraction, the numerator of which is the Current Index and the denominator of which is the Basic Index (the "Adjusted Rental"), but in no event shall such monthly rent ever be decreased below the Base Rental set forth in Paragraph 4, as amended.

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

D. Amendment to Paragraph 6. Paragraph 6 is hereby amended so that it shall hereafter read as follows:

6. Use of Demised Premises: The Demised Premises shall be used and occupied by Tenant (or Tenant's sub-tenants provided for in Paragraph 9A and the Addendum To Ground Lease dated March 2, 1984 attached to and made a part of the Ground Lease) only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair, aircraft storage; aircraft training; aircraft charter; aircraft rentals; general office uses and not otherwise without the prior written consent of Landlord.

E. Amendment to Paragraph 7. Paragraph 7 is hereby amended so that it shall hereafter read as follows:

7. Acceptance of Demised Premises: Tenant acknowledges that Tenant has fully inspected the Demised Premises and accepts the Demised Premises as suitable for the purpose for which the same are leased in their present condition "**AS IS, WHERE IS**" and with all faults and defects, whether known or unknown to either Landlord or Tenant and without representation or warranty of any kind from Landlord as to the status or condition thereof, and further the Ground Lease is subject to any and all currently existing title exceptions or other matters of record or visible or apparent from an inspection affecting the Demised Premises. Without limiting the foregoing, THERE IS NO WARRANTY, EXPRESS OR IMPLIED, OF SUITABILITY, MERCHANTABILITY, and HABITABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE GIVEN IN CONNECTION WITH THIS LEASE.

F. Amendment to Paragraph 8. Paragraph 8 is hereby amended so that it shall hereafter read as follows:

8. Securing Governmental Approvals and Compliance with Law:

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

Tenant agrees that any construction or modification of improvements on the Demised Premises will comply with all standards and rules published by the Landlord or by any person or entity authorized by Landlord to manage and/or operate the Airport ("Airport Manager"), including, but not limited to, the Airport's published "Construction/Maintenance Standards and Specifications," will comply with the Town of Addison building codes and zoning requirements or any other laws, ordinances, permits, rules, regulations, or policies of the Town of Addison, Texas, and will meet or exceed all applicable state and federal standards, permits, laws, rules, or regulations. Tenant recognizes that the referenced

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

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

G. Amendments to Paragraph 9. Paragraph 9, subparagraphs A., B., and E. of the Ground Lease are hereby amended so that they shall hereafter read as follows:

A. Without the prior written consent of Landlord, Tenant shall have no power to and may not assign, sell, pledge, encumber, transfer, or otherwise convey (together, "assign" or "assignment") this Lease or any rights or obligations of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided and in accordance with all of the terms and conditions of this Lease) or sublet the whole or any part of the Demised Premises, and any such assignment or any subletting shall be null and void and may be deemed by Landlord (in Landlord's sole discretion) a default under Paragraph 22.B of this Lease. An assignment will be deemed to occur if the person or persons who own or have voting control of 51% or more of Tenant on the date of the First Amendment to Ground Lease cease to own or have voting control of 51% or more of Tenant at any time during the Term; Tenant shall provide to Landlord from time to time, as requested by Landlord and in a form acceptable to Landlord, a written certification as to the ownership of voting securities or voting control of Tenant. For purposes hereof, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities or partnership interests, by contract, or otherwise. Any assignment or any subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions

of Paragraph 6 pertaining to the use of the Demised Premises. In the event of any assignment or any subletting, Tenant shall not assign Tenant's rights hereunder or sublet the Demised 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 Lease (and Tenant shall provide a copy of such written agreement to Landlord). No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the Demised Premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee, transferee, pledgee, or person or entity to whom this Lease is otherwise conveyed or to such subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder. 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 Demised Premises.

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

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder; provided, however, that notwithstanding the foregoing or any other provision of this Lease, such mortgagee shall not and does not have the right and shall not and does not

have the power to assign, sell, transfer, pledge, encumber, license, or otherwise convey this Lease, or any right, interest, obligation, or liability hereunder, or sublet the whole or any part of the Demised Premises without the prior written approval of the Landlord, and any such assignment, sale, transfer, pledge, encumbrance, license, or other conveyance and any such subletting without the prior written consent of Landlord shall be null and void and may be deemed a default under Paragraph 22.B. of this Lease, it being the intent of this provision that such mortgagee shall have no greater right than Tenant to assign, sell, transfer, pledge, encumber, license, or otherwise convey this Lease (or any right, interest, obligation, or liability hereunder), or to sublet the Demised Premises (or any portion thereof), or to use the Demised Premises. Landlord also agrees to reasonably consider the execution and delivery to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the Demised Premises to the mortgagee of such proposed leasehold mortgage.

H. Amendment to Paragraph 10. Paragraph 10 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

10. 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 any improvements on the Demised Premises, the personal property and fixtures on the Demised Premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord "paid receipts" or other written evidence that all such taxes has been paid by Tenant. In the event Tenant shall fail to pay any such taxes, assessments, or charges prior to delinquency, Landlord shall have the right to pay (but not the obligation) to cause all taxes, assessments, or charges to be paid and the reasonable costs thereof expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand. Tenant may protest, appeal or institute other formal proceedings to effect a reduction or abatement of real estate taxes and assessments with respect to real estate taxes and assessments levied against the Improvements and/or the Lease for any tax fiscal year that ends after the Commencement Date of this Lease. Such protest, appeal or other proceedings may be conducted in the name of Landlord or Tenant, as Tenant may consider appropriate. To this end and at Tenant's expense, Tenant shall give Landlord written notice of any such protest or appeal and Landlord shall cooperate with Tenant and furnish to Tenant appropriate documents and information. If the protest, appeal or other proceedings are successful and any real estate taxes and assessments are refunded, Tenant is entitled to any such refund for which Tenant actually incurred the expense.

I. Amendment to Paragraph 11. Paragraph 11 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and in a first class condition (in accordance with, all applicable ordinances, rules, regulations, standards, and permits of the Town of Addison, Texas) all the Demised Premises and all the fixtures, equipment and personal property on the Demised Premises and keep them free from waste or nuisance. Tenant shall be fully responsible, at its expense, for all repair, maintenance and management services other than those, which are expressly assumed by Landlord.

B. Tenant, for itself and its successors and assigns, shall maintain a building maintenance reserve fund ("Reserve Fund") solely for the purpose of paying for unexpected and scheduled repairs and expenses, or for capital improvements to the Demised Premises, as they same may be needed or required from time to time pursuant to Exhibit J attached hereto and incorporated herein. Tenant's failure to routinely fund or properly account for the Reserve Fund as required herein, shall constitute a non-monetary default where in the event such failure continues without being cured within thirty (30) days after written notice thereof is given to Tenant in accordance with Paragraph 22 of this Ground Lease.—Upon the reasonable written request of Landlord, Tenant shall provide Landlord reasonable evidence of Tenant's access to such available funds for these purposes.

C. In the event Tenant shall fail to so maintain the Demised Premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in Paragraph 37 shall be paid by Tenant on demand.

D. At the expiration or termination of this Lease, Tenant shall deliver up the Demised Premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the Demised Premises in working order, reasonable wear and tear excepted.

J. Amendment to Paragraph 13. Paragraph 13 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

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

(i) Insurance against loss or damage to improvements by fire, lightning, and all other risks from time to time included under standard extended

coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than one hundred percent (100%) of the full insurable value of the Demised Premises and any and all improvements thereon. The term "full insurable value" as used herein means actual replacement value at the time of such loss.

(ii) Commercial General Liability insurance against claims for bodily injury, death or property damage or destruction occurring on, in or about the Demised Premises, with limits of liability of not less than $1,000,000.00 for each occurrence for coverage A (Bodily Injury and Property Damage) and coverage B (Personal and Advertising Injury) which policy shall contain the following provisions: independent Contractors Coverage; Blanket contractual liability coverage for liability assumed under the Lease; medical expense coverage with a limit of $5,000 for any one person.

(iii) Statutory limits of workers compensation insurance and employer's liability, if required by law, with limits of liability of not less than $1,000,000.00.

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

(v) Such other insurance on improvements in such amounts and against such other insurable hazard, which at the time are commonly obtained in the case of property similar to such improvements.

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

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

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

$1,000,000 for Personal and Advertising Injury, including contractual liability coverage for liability assumed under the Lease.

All such policies of insurance shall (i) be issued by insurance companies acceptable to Landlord and authorized to do business in Texas and in the standard form approved by the Texas Department of Insurance, (ii) name the Town of Addison, Texas, and Manager and their respective officials, officers, employees and agents as additional insureds or loss payees, as the case may be, (iii) in all liability policies, provide that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of activities conducted hereunder, (iv) contain a waiver of subrogation endorsement in favor of the Town of Addison, Texas, and (v) provide for at least thirty (30) days written notice to the Town of Addison, Texas prior to cancellation, non-renewal or material modification which affects this Lease. Certificates of insurance (together with the declaration page of such policies, along with the endorsement naming the Town of Addison, Texas and the Manager as an additional insured), satisfactory to Landlord, evidencing all coverage above, shall be promptly delivered to Landlord and updated as may be appropriate, with complete copies of such policies furnished to the Landlord upon request. Landlord reserves the right to review the insurance requirements contained herein and to reasonably adjust coverages and limits when deemed necessary and prudent by Landlord.

K. Amendment to Paragraph 18. Paragraph 18 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

18. Airport Minimum Standards and Rules and Regulations:

A. Landlord has adopted Minimum Standards for all operators at the Airport (hereinafter referred to as the "Minimum Standards"), which shall govern Tenant in the use of the Demised Premises and all common facilities, a copy of which has been furnished to Tenant. The Minimum Standards are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Minimum Standards. Landlord shall have the right to amend, modify and alter the Minimum Standards from time to time for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport.

B. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations"), which shall govern Tenant in the use of the Demised Premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, modify and alter the Rules and Regulations from time to time for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport.

L. Amendment to Paragraph 19. Paragraph 19 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

> 19. Signs and Equipment. After first securing Landlord's approval, which approval shall not be unreasonably withheld, 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 Demised Premises that may be reasonably necessary for the operation of Tenant's business, provided such signs and equipment are installed and maintained in compliance with all applicable governmental laws, rules, and regulations, including without limitation the Town of Addison's sign ordinance, and do not interfere with the operation of any navigation facilities or Airport communications (including, without limitation, navigation facilities or Airport communications used or operated by the Federal Aviation Administration).

M. Amendment to Paragraph 21. Paragraph 21 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

> 21. Indemnity and Exculpation.
>
> **A. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL NOT BE LIABLE TO TENANT OR TO TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR TO ANY OTHER PERSON WHOMSOEVER, FOR ANY DEATH OR INJURY TO PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY OR ANY OTHER HARM ON OR ABOUT THE DEMISED PREMISES OR ANY ADJACENT AREA OWNED BY LANDLORD CAUSED BY OR RESULTING FROM ANY ACT OR OMISSION OF TENANT, TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT, OR ARISING OUT OF THE USE OR OCCUPATION OF THE DEMISED PREMISES BY TENANT, ITS EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, OR SUBCONTRACTORS AND/OR THE CONDUCT OF TENANT'S BUSINESS THEREON, OR ARISING OUT OF ANY BREACH OR DEFAULT BY TENANT IN THE PERFORMANCE OF TENANT'S OBLIGATIONS HEREUNDER; AND TENANT HEREBY AGREES TO AND SHALL DEFEND AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE**

OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS AGAINST, AND HOLD LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL LIABILITY, DAMAGES, COSTS, PENALTIES, LOSS, EXPENSE OR CLAIMS ARISING OUT OF SUCH DAMAGE, DESTRUCTION, INJURY, DEATH OR HARM.

B. TENANT AGREES TO AND SHALL DEFEND (WITH COUNSEL ACCEPTABLE TO LANDLORD) AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) (TOGETHER, FOR PURPOSES OF THIS SUBPARAGRAPH, "INDEMNIFIED PERSONS") AGAINST, AND HOLD THE INDEMNIFIED PERSONS HARMLESS FROM, ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, LOSSES, HARM, DAMAGES, PENALTIES, LIABILITY, EXPENSES, LAWSUITS, JUDGMENTS, COSTS, AND FEES (INCLUDING REASONABLE ATTORNEY FEES AND COURT COSTS) ("DAMAGES"), ASSERTED BY ANY PERSON OR ENTITY ON ACCOUNT OF OR FOR ANY INJURY TO OR THE DEATH OF ANY PERSON, OR ANY DAMAGE TO OR DESTRUCTION OF ANY PROPERTY, OR ANY OTHER HARM FOR WHICH DAMAGES OR ANY OTHER FORM OF RECOVERY IS SOUGHT (WHETHER AT LAW OR IN EQUITY), RESULTING FROM, BASED UPON, OR ARISING OUT OF, IN WHOLE OR IN PART, ANY CONDITION OF THE DEMISED PREMISES OR ANY ACT OR OMISSION OF TENANT, ITS OFFICERS, EMPLOYEES, AGENTS, ENGINEERS, CONSULTANTS, CONTRACTORS, SUBCONTRACTORS, INVITEES, OR ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY EMPLOYED BY OR ACTING UNDER TENANT, UNDER, IN CONNECTION WITH, OR IN THE PERFORMANCE OF, THIS LEASE, INCLUDING ALL DAMAGES CAUSED BY THE INDEMNIFIED PERSON'S OWN NEGLIGENCE, OR CONDUCT THAT MAY OR DOES EXPOSE AN INDEMNITEE TO STRICT LIABILITY UNDER ANY LEGAL THEORY.

C. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL BE DEFENDED, INDEMNIFIED AND HELD HARMLESS BY AND NOT BE LIABLE TO TENANT FOR ANY DEATH OR INJURY TO ANY PERSON OR PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY OF ANY KIND RESULTING FROM THE DEMISED PREMISES BECOMING OUT OF REPAIR OR BY DEFECT IN OR FAILURE OF EQUIPMENT,

PIPES, OR WIRING, OR BROKEN GLASS, OR BY THE BACKING UP OF DRAINS, OR BY GAS, WATER, STEAM, ELECTRICITY OR OIL LEAKING, ESCAPING OR FLOWING INTO THE DEMISED PREMISES, REGARDLESS OF THE SOURCE, OR BY DAMPNESS OR BY FIRE, EXPLOSION, FALLING PLASTER OR CEILING OR FOR ANY OTHER REASON WHATSOEVER. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES, SHALL NOT BE LIABLE TO TENANT FOR ANY LOSS OR DAMAGE THAT MAY BE OCCASIONED BY OR THROUGH THE ACTS OR OMISSIONS OF OTHER TENANTS OF LANDLORD OR CAUSED BY OPERATIONS IN CONSTRUCTION OF ANY PRIVATE, PUBLIC OR QUASI-PUBLIC WORK.

D. THE PROVISIONS OF THIS SECTION 21 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE.

N. Addition of Paragraph 21.1. A new Paragraph 21.1 is hereby inserted and made a part of the Ground Lease to read as follows:

Section 21.1. Environmental Compliance :

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

B. TENANT SHALL, AT TENANT'S OWN EXPENSE, COMPLY WITH ANY PRESENTLY EXISTING OR HEREAFTER ENACTED LAWS, RULES, REGULATIONS, STANDARDS, DIRECTIVES, PERMITS, OR NOTICES RELATING TO HAZARDOUS MATERIALS (COLLECTIVELY, "CLEANUP LAWS"). IN FURTHERANCE AND NOT IN LIMITATION OF THE FOREGOING, TENANT SHALL, AT TENANT'S OWN EXPENSE, MAKE ALL SUBMISSIONS TO, PROVIDE ALL INFORMATION TO, AND COMPLY WITH ALL REQUIREMENTS OF THE APPROPRIATE GOVERNMENTAL AUTHORITY (THE "AUTHORITY") UNDER THE CLEANUP LAWS. SHOULD ANY AUTHORITY REQUIRE THAT A CLEANUP PLAN BE PREPARED AND THAT A CLEANUP BE UNDERTAKEN BECAUSE OF THE EXISTENCE OF HAZARDOUS MATERIALS WHICH WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED ON THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES (AS DESCRIBED IN PARAGRAPH 17) BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE TERM OF THIS LEASE, TENANT SHALL, AT TENANT'S OWN COST AND EXPENSE, PREPARE AND SUBMIT THE REQUIRED PLANS AND FINANCIAL ASSURANCES AND CARRY OUT THE APPROVED PLANS IN ACCORDANCE WITH SUCH CLEANUP LAWS AND TO LANDLORD'S SATISFACTION. AT NO EXPENSE TO LANDLORD, TENANT SHALL PROMPTLY PROVIDE ALL INFORMATION REQUESTED BY LANDLORD FOR PREPARATION OF AFFIDAVITS OR OTHER DOCUMENTS REQUIRED BY LANDLORD TO DETERMINE THE APPLICABILITY OF THE CLEANUP LAWS TO THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES, AS THE CASE MAY BE, AND SHALL SIGN THE AFFIDAVITS PROMPTLY WHEN REQUESTED TO DO SO BY LANDLORD. TENANT SHALL INDEMNIFY, DEFEND, SAVE AND HOLD HARMLESS LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) FROM AND AGAINST, AND REIMBURSE LANDLORD FOR, ANY AND ALL OBLIGATIONS, DAMAGES, INJUNCTIONS, FINES, PENALTIES, DEMANDS, CLAIMS, COSTS, EXPENSES, ACTIONS, LIABILITIES, SUITS, PROCEEDINGS AND LOSSES OF WHATEVER NATURE

(INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS), AND ALL CLEANUP OR REMOVAL COSTS AND ALL ACTIONS OF ANY KIND ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTING, DISPOSAL OR DISCHARGE OF HAZARDOUS MATERIALS IN OR ON THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE LEASE TERM; AND FROM ALL FINES, SUITS, PROCEDURES, CLAIMS AND ACTIONS OF ANY KIND ARISING OUT OF TENANT'S (OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT) FAILURE TO PROVIDE ALL INFORMATION, MAKE ALL SUBMISSIONS AND TAKE ALL STEPS REQUIRED BY THE AUTHORITY UNDER THE CLEANUP LAWS OR ANY OTHER LAW (ENVIRONMENTAL OR OTHERWISE). TENANT'S OBLIGATIONS AND LIABILITIES UNDER THIS SUBPARAGRAPH SHALL CONTINUE (AND SURVIVE THE TERMINATION OR EXPIRATION OF THIS LEASE) SO LONG AS THERE MAY BE HAZARDOUS MATERIALS AT THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES, THAT WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED DURING THE LEASE TERM BY TENANT, OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT. IN ADDITION TO AND NOT IN LIMITATION OF LANDLORD'S OTHER RIGHTS AND REMEDIES, TENANT'S FAILURE TO ABIDE BY THE TERMS OF THIS SECTION SHALL BE RESTRAINABLE BY INJUNCTION.

C. Tenant shall promptly supply Landlord 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, or any other local, state or federal authority that requires submission of any information concerning environmental matters or Hazardous Materials.

D. Tenant's obligations and liability pursuant to the terms of this Paragraph 21.1 shall survive the expiration or earlier termination of this Lease."

O. Amendment to Paragraph 22. Paragraph 22 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

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

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

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or the payment of taxes, utilities or insurance premiums, or other payment Tenants is to make under this Lease, as set forth in subparagraph A. of this Paragraph 22, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant (and if such failure cannot reasonably be cured with the said thirty (30) period, Tenant may, with Landlord's prior written consent (which consent shall not be unreasonably withheld), have such additional reasonable time (as agreed upon by Landlord and Tenant) to cure such default, provided that Tenant pursues such cure with all due diligence).

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

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

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

F. Abandonment by Tenant for a period of six (6) consecutive months of any substantial portion of the Demised Premises or cessation of use of the Demised Premises for the purpose leased.

P. Amendment to Paragraph 26. Paragraph 26 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

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

Q. Amendment to Paragraph 27. Paragraph 27 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

27. Mechanics' and Materialmen's Liens; Landlord's Lien:

A. **TENANT AGREES TO INDEMNIFY AND HOLD LANDLORD HARMLESS OF AND FROM ALL LIABILITY ARISING OUT OF THE FILING OF ANY MECHANICS' OR MATERIALMEN'S LIENS AGAINST THE DEMISED PREMISES BY REASON OF ANY ACT OR OMISSION OF TENANT OR ANYONE CLAIMING UNDER TENANT, AND LANDLORD, AT LANDLORD'S OPTION, MAY SATISFY SUCH LIENS AND COLLECT THE AMOUNT EXPENDED FROM TENANT**

TOGETHER WITH INTEREST THEREON AS PROVIDED IN PARAGRAPH 37 AS ADDITIONAL RENT; PROVIDED, HOWEVER, THAT LANDLORD SHALL NOT SO SATISFY SUCH LIENS UNTIL FIFTEEN (15) DAYS AFTER WRITTEN NOTIFICATION TO TENANT OF LANDLORD'S INTENTION TO DO SO AND TENANT'S FAILURE DURING SUCH FIFTEEN (15) DAY PERIOD TO BOND SUCH LIENS OR ESCROW FUNDS WITH APPROPRIATE PARTIES TO PROTECT LANDLORD'S INTEREST IN THE DEMISED PREMISES.

B. TENANT HEREBY GRANTS TO LANDLORD A CONTINUING SECURITY INTEREST TO SECURE PAYMENT OF ALL RENT AND OTHER SUMS OF MONEY COMING DUE HEREUNDER FROM TENANT, AND TO SECURE PAYMENT OF ANY DAMAGES OR LOSS WHICH LANDLORD MAY SUFFER BY REASON OF THE BREACH BY TENANT OF ANY COVENANT, AGREEMENT, OR CONDITION CONTAINED HEREIN, UPON ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT PRESENTLY OR WHICH MAY HEREAFTER BE SITUATED ON THE LEASED PREMISES, AND ALL PROCEEDS THEREFROM ("COLLATERAL"). TENANT WILL NOT REMOVE, OR ALLOW OTHERS TO REMOVE, ANY OF SUCH COLLATERAL FROM THE LEASED PREMISES WITHOUT LANDLORD'S PRIOR WRITTEN CONSENT; BUT TENANT MAY REMOVE COLLATERAL IN THE ORDINARY COURSE OF BUSINESS BEFORE A DEFAULT. IF A DEFAULT OCCURS, LANDLORD WILL BE ENTITLED TO EXERCISE ANY OR ALL RIGHTS AND REMEDIES UNDER THE UNIFORM COMMERCIAL CODE OR OTHERWISE PROVIDED IN THIS LEASE OR BY LAW. IN ADDITION TO ANY OTHER REMEDIES PROVIDED IN THIS LEASE OR BY LAW OR EQUITY, IN THE EVENT OF DEFAULT, LANDLORD MAY ENTER THE LEASED PREMISES AND TAKE POSSESSION OF ANY AND ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT SITUATED UPON THE LEASED PREMISES WITHOUT LIABILITY FOR TRESPASS OR CONVERSION. LANDLORD MAY SELL THE SAME AT A PUBLIC OR PRIVATE SALE, WITH OR WITHOUT HAVING SUCH PROPERTY AT THE SALE, AFTER GIVING TENANT REASONABLE NOTICE AS TO THE TIME AND PLACE OF THE SALE. AT SUCH SALE, LANDLORD OR ITS ASSIGNS MAY PURCHASE THE PROPERTY UNLESS SUCH PURCHASE IS OTHERWISE PROHIBITED BY LAW. UNLESS OTHERWISE PROVIDED BY LAW, THE REQUIREMENT OF REASONABLE NOTICE SHALL BE MET IF SUCH NOTICE IS GIVEN TO TENANT AT THE ADDRESS

HEREAFTER PRESCRIBED AT LEAST FIFTEEN (15) DAYS PRIOR TO THE TIME OF THE SALE. THE PROCEEDS OF ANY SUCH DISPOSITION, LESS ALL EXPENSES CONNECTED WITH THE TAKING OF POSSESSION AND SALE OF THE PROPERTY, INCLUDING A REASONABLE ATTORNEY'S FEE, SHALL BE APPLIED AS A CREDIT AGAINST THE INDEBTEDNESS SECURED BY THE SECURITY INTEREST GRANTED IN THIS PARAGRAPH. ANY SURPLUS SHALL BE PAID TO TENANT AND TENANT SHALL PAY ANY DEFICIENCIES UPON DEMAND. UPON REQUEST BY LANDLORD, TENANT WILL EXECUTE AND DELIVER TO LANDLORD A FINANCING STATEMENT IN A FORM SUFFICIENT TO PERFECT THE SECURITY INTEREST OF THE LANDLORD IN THE AFOREMENTIONED PROPERTY AND THE PROCEEDS THEREOF UNDER THE PROVISION OF THE UNIFORM COMMERCIAL CODE IN FORCE IN THE STATE OF TEXAS, AND TENANT IRREVOCABLY APPOINTS LANDLORD AS TENANT'S ATTORNEY-IN-FACT TO SIGN AND DELIVER A FINANCING STATEMENT TO LANDLORD IF TENANT FAILS OR REFUSES TO DO SO. THIS POWER-OF-ATTORNEY IS COUPLED WITH AN INTEREST. ANY STATUTORY LIEN FOR RENT IS NOT WAIVED; THE SECURITY INTEREST HEREIN GRANTED IS IN ADDITION AND SUPPLEMENTARY THERETO."

C. Notwithstanding anything to the contrary, in exercising Landlord's rights under this Paragraph 27, Landlord shall not be entitled to take possession of or withhold Tenant's right to possess Tenant's business records, books, written or printed material, and computers, or to violate the quality control concerning aircraft parts and aircraft records which are located in a clearly marked secured area.

R. Amendment to Paragraph 28. Paragraph 28 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

28. Title: Tenant accepts the Demised Premises subject to: (i) the Base Lease; (ii) Minimum Standards; (iii) the Rules and Regulations; (iv) easements and rights-of-way and (v) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the Demised Premises (including, without limitation, the Town of Addison, the Federal Aviation Administration, and the Texas Department of Transportation), and (vi) any and all grant agreements or assurances regarding the Airport whether now in effect or hereafter agreed to or imposed.

S. Amendment to Paragraph 29. Paragraph 29 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

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

T. Addition of Paragraph 37.1. A new Paragraph 37.1 is hereby inserted and made a part of the Ground Lease to read as follows:

37.1. Special Events: Landlord may sponsor certain special events, including, but not limited to, air shows, to be conducted on portions of the Airport, which may limit or obstruct access to the Demised 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 invitees, or concessionaires of Tenant and on behalf of any other party claiming any right to use the Demised Premises by, through or under Tenant, hereby: (i) agrees that Landlord has the right to sponsor any or all Special Events and to allow use of portions of the Airport therefor even if the same limit or obstruct access to the Demised Premises and/or to the Airport (and such use for Special Events may preclude Tenant's use of all Airport facilities, except that Tenant will continue to have vehicular (excluding any aircraft) access to the Demised Premises from roadways outside of the Airport); (ii) releases, waives and discharges Landlord and Manager, and their respective officials, officers, employees and agents, from all liability for any loss, damage, cost, expense or claim arising or resulting from or pertaining to the limitation or

obstruction of access to the Demised Premises and/or to the Airport from the conduct of Special Events and/or activities relating or pertaining thereto, including, without limitation, death, injury to person or property or loss of business or revenue (the "Released Claims"); (iii) covenants not to sue the Landlord or Manager or their respective officials, officers, employees and agents (whether in their official or private capacities) for any Released Claims; (iv) agrees that the terms contained in this Section are intended and shall be construed to be as broad and inclusive as possible under the laws of the State of Texas; and (v) agrees that if any portion of this Section is held to be invalid or unenforceable, the remainder of this Paragraph shall not be affected thereby but shall continue in full force and effect.

U. Amendment to Paragraph 48. Paragraph 48 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

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

V. Amendment to Paragraph 49. Paragraph 49 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

49. Entire Agreement and Amendments. This Lease, consisting of the above and foregoing through this Paragraph 49 and Exhibits A through F attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

Section 3. No Other Amendments. Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

Section 4. **Applicable Law; Venue.** This Amendment shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the parties created by this Amendment are performable in Dallas County, Texas. Venue for any action under this Amendment shall be in Dallas County, Texas.

Section 5. **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 Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

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IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 15 day of September, 2006

LANDLORD:	**TENANT:**
TOWN OF ADDISON, TEXAS	**KEY DEVELOPMENT, LLC**
By: _____ Ron Whitehead, City Manager	By: _____
	Typed Name: _____
ATTEST:	Title: _____
By: _____ ~~Carmen Moran~~, City Secretary Mario Canizares	

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 14th day of September, 2006

LANDLORD:	**TENANT:**
TOWN OF ADDISON, TEXAS	**KEY DEVELOPMENT, LLC**
By:_____ Ron Whitehead, City Manager	By:_____ Typed Name: James W. Keyes Title: President
ATTEST:	
By:_____ Carmen Moran, City Secretary	

EXHIBIT A

THE STATE OF TEXAS

COUNTY OF DALLAS

GROUND LEASE

This Ground Lease (hereinafter referred to as the "Lease" is made and entered into as of March 2, 19 84, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and LAWSON RIDGEWAY and/or assigns to majority owned partnership or corporation (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor of AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. Base Lease: All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. Definition of Landlord and Effect of Default under the Base Lease: The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. Term: The term hereof shall commence on the earlier of April 1, 19 84, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. Rental: Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of SIXTEEN HUNDRED SIXTY-THREE AND 58/100------ per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. Adjustment of Rental: Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

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

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

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

6. Use of Demised Premises and Construction of Improvements. The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

1 - Metal hangar approximately 140' wide by 80' long with attached office building. Office building will have ongrade underbuilding parking and two floors of office totaling 31,000 square feet. Also, associated aircraft ramp and vehicle parking.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. Acceptance of Demised Premises. Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. Securing Governmental Approvals and Compliance with Law. Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with the demised premises, all at Tenant's sole cost and expense.

9. Assignment, Subletting and Mortgaging of Leasehold Estate:

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised 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 Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein or by law, 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.

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

C. All mortgages or deeds of tr whereby Tenant mortgages the leasehold esta f Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

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

E. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee and its successors and assigns after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the demised premises to the mortgage of such proposed leasehold mortgage.

10. Property Taxes and Assessments: Tenant shall pay any and all property taxes or assessments levied or assessed on the improvements on the demised premises, the personal property and fixtures on the demised premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all fixtures, equipment and personal property on the demised premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the demised premises clean and free of trash and in good repair and condition, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. Alterations, Additions and Improvement. After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed 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.

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

(i) Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the demised premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than $500,000.00 with respect to any one person, $1,000,000.00 with respect to any one accident and not less than $200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of $100,000.00 for damage to property resulting from such perils

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements,

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: $200,000.00 per aircraft and $400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. Casualty Damage or Destruction:

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

B. In case of any damage to or destruction of the buildings, structures and equipment on the demised premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

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

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

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

(ii) Upon receipt by Landlord of evidence of the character required by the foregoing clauses (i)(a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. In the event that Tenant do_ not promptly commence Restoration, or after ..imencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

15. Condemnation:

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

B. If after such taking by or sale to said condemning authority the remainder of the demised premises is susceptible to efficient and economic occupation and operation by Tenant, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly rental installment due hereunder, as adjusted from time to time pursuant to paragraph 5, by a fraction, the numerator of which shall be the number of square feet remaining in the demised premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the demised premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the demised premises.

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

16. Utilities. Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the demised premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

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

18. Rules and Regulations. Landlord has adopted Rules and Regulations (hereinafter referred to as the "Rules and Regulations") which shall govern Tenant in the use of the demised premises and all common facilities, a copy of which has been furnished to Tenant. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. Signs and Equipment. After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and radio, communications, meterological, aerial navigation and other equipment and facilities in or on the demised premises that may be reasonably necessary for the operation of Tenant's business.

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

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

21. Indemnity and Exculpation:

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property resulting from the demised premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the demised premises, regardless of the source, or dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public or quasi-public work, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

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

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

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

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

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

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

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. Remedies of Landlord. Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

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

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

demand from time to time any deficiency that may arise by reason of any such relet[illegible]. In determining the amount of such deficiency, brokerage commissions, attorneys[illegible]s, remodeling expenses and other costs of r[illegible]ing shall be subtracted from the amount of rent received under such relatting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

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

24. Default by Landlord. No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the demised premises or render Landlord liable for damages 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 demised premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

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

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

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

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

26. Title to Improvements. Any and all improvements on the demised premises 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 and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. Mechanics' and Materialmen's Liens. Tenant agrees to indemnify and hold Landlord harmless of and from all liability arising out of the filing of any mechanics' or materialmen's liens against the demised premises by reason of any act or omission of Tenant or anyone claiming under Tenant, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the demised premises.

28. Title. Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

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

30. Rent on Net Return Basis. Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, 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 demised premises, including, without limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

31. Holding Over. Should Tenant, or any of Tenant's successors in interest fail to surrender the demised premises, or any part thereof, on the expiration of the term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. 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.

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

34. 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.

35. 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.

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

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

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

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

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being ... ished to Landlord's mortgagee and Landlord ... ortgagee fails to cure such default within the curative period allowed Landlord under this Lease.

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

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

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

C. 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.

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

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

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

40. **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.

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

42. **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.

43. **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.

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

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

LANDLORD:

Addison Airport of Texas, Inc.
P. O. Box 34067
Dallas, Texas 75234

City of Addison, Texas

P O Box 144

Addison, Texas 75001

TENANT:

Lawson Ridgeway
13601 Preston Road, Suite C-13
Dallas, Texas 75240

46. **Fees or Commisions.** 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.

47. **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.

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

49. **Entire Agreement and Amendments.** This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: _____

Its: _____

CITY OF ADDISON, TEXAS

By: _____

Its: _____

TENANT:

By: Lawson Ridgeway

Its: _____

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Henry Stuart known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Dorothy L. Jamison
Notary Public
Dallas
County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerry Reddell known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12th day of April, 19 84.

Jacque Sharp
Notary Public
Dallas
County, Texas

NOTARY PUBLIC
COUNTY OF DALLAS

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Lauron Rodgers known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16 day of March, 19 84.

Sue Kimbrough
Notary Public
Dallas
County, Texas

AGREEMENT FOR

OPERATION OF THE ADDISON AIRPORT

BETWEEN

THE CITY OF ADDISON, TEXAS

AND

ADDISON AIRPORT, INC.

THE STATE OF TEXAS

COUNTY OF DALLAS

KNOW ALL MEN BY THESE PRESENTS:

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

WITNESSETH:

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas, it being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto.

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof; and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

(i) the land described in Exhibit "1" as the Property and the Improvements thereon owned by the City;

(ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and

(iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand ($800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

Section 1. Definitions

(a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;

(b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereto on the Leased Premises.

(c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely affect the Gross Receipts shall first require the approval of the City.

Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

Section 5. Rent

(a) Company shall pay the City, on demand, the sum of $100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise be liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City $6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the Improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment: all levies, fees, water and sewer rents or other rents, rates and charges, permit fees, inspection fees and other charges, if any, in each case whether general and special, ordinary and extraordinary, which are lawfully imposed, whether or not the same were within the contemplation of the parties

hereto, together with any interest and penalt' thereon, which imposed or levied upon or assessed against or in respect to this Agreement, or which may be a lien upon the Le_ _d Premises. The Company shall pay all of the sonal property taxes assessed by the City for the year 1976.

Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

(i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;

(ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;

(iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;

(iv) For the storage of fuel and for the fueling of aircraft;

(v) For the charter and leasing of aircraft;

(vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;

(vii) For the storage, parking, maintenance, servicing and fueling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;

(viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;

(ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and

(x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extend available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to City, and, thereafter, proper adjustment in the limits of insurance coverage shall be effected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than $500,000.00 with respect to any one accident, and not less than $200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploring, in the minimum amount of $100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: $200,000.00 per aircraft and $400,000.00 per occurence on property damage to aircraft in the care, custody or control of the Company.

Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (i) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to idemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

Section 12. Delivery of Evidence of Insurance

Company shall deliver to the City at the execution and delivery of this Agreement the original or duplicate policies or satisfactory

evidence of insurance or insurance certificates [illegible] insurance required in Section 10 hereof. The Company shall within ten days prior to the expiration of any such insurance, deliver in the place of expired policies other original or dup[illegible]e policies or other certificates of the insurers endorsed as in above provided in Section 10 hereof evidencing renewal of such insurance.

Section 13. Casualty

If any improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the improvements, at its expense in conformity with the requirements of Section 14, in such manner as to to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and improvements or any part thereof, in order to keep and maintain the Leased Premises and improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event by liability for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

Section 16. Alterations , Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

Section 17. Alteration, Construction by City

The City may erect structues, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such improvements, the installtion of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvements, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

(a) The Leased Premises or any part thereof,

(b) City's ownership interest, or

(c) the Rent or other sums payable by Company under this Agreement.

The existance of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lian, or any right in respect thereof shall not constitue a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lian(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to subleases such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be unreasonably withheld.

(c) The Company shall not enter into any sublease unless the term of such sublease, including any renewal or option provisions, expires and terminates on or before twenty years after the effective date of this Agreement, without the prior written consent of the City.

(d) Upon request by the Company, from time to time, that a sublease is entered into by the Company, the City shall deliver to any such subtenant its estoppel certificate, certifying unto the subtenant that this Agreement is in full force and effect.

Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy or any part thereof.

Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgements of any nature whatsoever, arising from:

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the Improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leases Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 30 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a subleasee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such subleasee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other amounts payable by the Company hereunder.

(b) The City may terminate this Agreement.

(c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtained by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require activity over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, at its then fair market value, any personal property which the City deems essential.

Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company,

(i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,

(ii) until Company has paid all other sums due under this Agreement.

Section 38. Quiet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

Section 47. Covenant by Company

It is understood and agreed by the parties hereto, that the Company will not make any improvements, changes, alterations, modifications, or removals at the Airport, which will effectively destroy the ability of the Airport to render firstclass service to its customers and for the maximization of revenues.

Section 48. Record Keeping

The Company shall maintain in accordance with accepted accounting practice and make a[illegible]ble to an authorized representative of the City for consideration records, books and its annual audit prepared by an independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably covenient to the Company.

Section 49. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed if to the City — The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company — Addison Airport, Inc., P. O. Box 34067, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

CITY OF ADDISON, TEXAS

ATTEST:

Joyce N Owens
SECRETARY

BY: Jerry Redding

APPROVED AS TO FORM:

Robert L. McCall
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:

Margaret E. Bunch
SECRETARY

BY:

FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 60 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 69° 19' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.29 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 69° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 480.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 746.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50', a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2081.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 89° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 263.11 feet to a point;

THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.28 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

THENCE S. 75° 48' 25" W. a distance of 448.85 feet to a point;

THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;

THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;

THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;

THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;

THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° ~~39' 35~~" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;

THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;

THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;

THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;

THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;

THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 385.340 acres of land, more or less, save and except the following 1 acre tract;

Beginning at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 56° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;

THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;

THENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;

THENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;

THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.

Easements of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977
Date

W. J. Wischmeyer
Registered Professional Engineer

STATE OF TEXAS
WILLIAM J. WISCHMEYER
9255
REGISTERED
PROFESSIONAL ENGINEER

EXHIBIT "A"
PROPERTY MAP
ADDISON MUNICIPAL AIRPORT
ADDISON, TEXAS

Riewe & Wischmeyer, Inc.
CONSULTING ENGINEERS
DALLAS TEXAS

DECEMBER 1976

EXHIBIT B

.00 GF No. S-200000 SWLT

COUNTY CLERK'S MEMO
PORTIONS OF THIS /
DOCUMENT NOT
REPRODUCIBLE
WHEN RECORDED

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 23 day of October, 1985, at Addison, Texas, between LAWSON RIDGEWAY, hereinafter called "Assignor", and GREAT SOUTHWEST HOMES, INC. A ~~7396~~ D hereinafter called "Assignee".

49.00 DEED
2 08/29/86

WHEREAS, a lease executed on March 2, 1984, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of his right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

36169 5724

EXECUTED the day and year first above written.

ASSIGNOR:

ASSIGNEE:

President, Great Southwest Homes, Inc.

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By

ADDISON AIRPORT OF TEXAS, INC.

By

THE STATE OF TEXAS I

COUNTY OF DALLAS I

This instrument was acknowledged and sworn and subscribed to before me on this the 23rd day of October, 1985.

NOTARY PUBLIC STATE OF TEXAS

Notary Public, State of Texas

EXHIBIT C

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this the 31st day of May, 1988, at Addison, Texas, between GREAT SOUTHWEST HOMES, INC., a Texas corporation, hereinafter called "Assignor", and TARFIVE, INC., a Texas corporation, hereinafter called "Assignee".

WHEREAS, a lease executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and no/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit "A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benfit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above writtn.

ASSIGNOR:

GREAT SOUTHWEST HOMES, INC., a
Texas corporation

ASSIGNEE:

TARFIVE, INC., a Texas corporation

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By:

ADDISON AIRPORT OF TEXAS, INC.

By:

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared LAWSON RIGGINS known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 31st day of May, 1988.

Diana Saucier
Notary Public DIANA SAUCIER

Notary Public, State of Texas
My Commission Expires 9-25-89

County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Jerre Hutson known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 9th day of June, 1988.

DIANA SAUCIER
COMMISSION EXPIRES
SEPTEMBER 25, 1989

Diana Saucier
Notary Public Diana Saucier

County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared D. LYNN SPRUILL known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22 day of AUGUST, 1988.

GREGORY L. DUNHAM
Notary Public, State of Texas
My Commission Expires Mar. 19, 1990

Gregory L Dunham
Notary Public
Dallas
County, Texas

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Sam Stuart known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 20th day of July, 1988

Notary Public
Dallas
County, Texas
Commission Expires 8/16/89

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lawson Ridgeway and/or Assigns, Lessee, dated __-__-__, recorded in Volume 86022, Page 0124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

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

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 feet to a point in the West right-of-way line of Claire Chennault (60-foot R.O.W.); said point being the Point of Beginning;

THENCE, South 0 deg. 07 min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.55 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.554 acres of land, more or less.

EXHIBIT D

When recorded, return to:

Kathryn Nicholson
Winstead, McGuire, Sechrest & Minick
5100 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270

COUNTY CLERK'S STAMP
PORTIONS OF THIS DOCUMENT NOT REPRODUCIBLE WHEN RECORDED

STATE OF TEXAS §
§
COUNTY OF DALLAS §

SUBSTITUTE TRUSTEE'S DEED

This SUBSTITUTE TRUSTEE'S DEED ("Deed") is executed as of the 7th day of September, 1988, by the Substitute Trustee.

W I T N E S S E T H :

WHEREAS, GREAT SOUTHWEST HOMES, INC., a Texas corporation ("Grantor"), executed and delivered to DAVID T. ORGERFELL, as trustee ("Trustee"), for the benefit of MBANK DALLAS, NATIONAL ASSOCIATION ("MBank"), a Deed of Trust, Security Agreement and Assignment of Rents (as same may have been heretofore amended, the "Deed of Trust"), dated December 1, 1985, filed of record in Volume 86007, Page 0906 of the Deed of Trust Records of Dallas County, Texas, to secure those certain $3,700,000.00 Industrial Development Revenue Bonds (Great Southwest Homes, Inc. Center I Project) Series 1985 issued by Addison Airport Improvement Authorities, Inc., a Texas non-profit corporation (as same may have been heretofore amended, the "Note"); and

WHEREAS, the Deed of Trust conveyed to the said Trustee, in trust, the entire leasehold estate and interest of the lessee under the Ground Lease dated March 2, 1984, by and among the City of Addison, Texas, Addison Airport of Texas, Inc. and Lawson Ridgeway, which Ground Lease was assigned by Lawson Ridgeway, as lessee thereunder, to Grantor, covering certain land located in Dallas County, Texas, which is as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference for all purposes, together with all improvements thereon and appurtenances thereto (such land, improvements and appurtenances being hereinafter referred to as the "Real Property") and certain personal property ("Personal Property") situated on or related to the Real Property, which is more particularly described on Exhibit "B" attached hereto and incorporated herein by reference for all purposes, subject, however, to any and all exceptions, encumbrances or other matters affecting title to which the lien of the Deed of Trust is subordinate, whether by operation of law or otherwise (the Real Property, the Personal Property and any and all of Grantor's rights, titles and interests in any other property, whether real or personal, as described or otherwise included as collateral under the Deed of Trust are hereinafter, collectively, referred to as the "Mortgaged Property"); and

WHEREAS, the Note and the liens securing the same have been assigned to MCORP MANAGEMENT SOLUTIONS, INC. ("Beneficiary"), by that certain Assignment of Loan Documents, Liens and Security Interests executed by MBank and dated as of January 1, 1988; and

WHEREAS, default has occurred under the terms of the Note and Deed of Trust and Beneficiary, as the current owner and holder of the Note and the beneficiary under the Deed of Trust, in accordance with the terms of the Deed of Trust, removed the Trustee, and the undersigned (the "Substitute Trustee"), was duly appointed as a substitute trustee of the trust created in the Deed

9/13/88 75

88178 1420

88178/1420

of Trust, pursuant to that certain Removal of Trustee and Appointment of Substitute Trustee, dated May 17, 1988, pursuant to which the Beneficiary authorized and directed the Substitute Trustee to sell the Mortgaged Property under the provisions of the Deed of Trust; and

WHEREAS, pursuant to said authorization and direction and fully in accordance with the terms of the Deed of Trust, the Substitute Trustee sold the Mortgaged Property at public auction at the Courthouse door of Dallas County, Texas between the hours of 10:00 a.m. and three (3) hours after such time, on Tuesday, the 6th day of September, 1988, after having given written notice pursuant to Notice of Substitute Trustee's Sale (the "Notice") of the time, place and terms of such proposed sale as prescribed by law and by the terms of the Deed of Trust, by means of (i) having posted or having caused to be posted the Notice for at least twenty-one (21) days preceding the date of sale at the Courthouse door of Dallas County, Texas, (ii) having filed or having caused to be filed the Notice with the Clerk of Dallas County, Texas at least twenty-one (21) days preceding the date of sale, and (iii) having served or having caused to be served a copy of the Notice by certified mail, return receipt requested, on each debtor obligated to pay the debt evidenced by the Note and Deed of Trust at the address for each such debtor according to the current records of Beneficiary, all in accordance with Tex. Prop. Code Ann. §51.002, as heretofore amended; and

WHEREAS, at such sale the Mortgaged Property was sold by the Substitute Trustee to Beneficiary (hereinafter referred to as the "Grantee") at the hour of 10:30 a.m. for and in consideration of the sum of THREE MILLION NINE HUNDRED TWENTY THOUSAND SEVEN HUNDRED TWENTY-THREE AND 80/100 DOLLARS ($3,920,723.80), the Grantee being the best and highest bidder therefor, and said consideration being the best and highest bid therefor.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Substitute Trustee, by virtue of the powers granted to the Substitute Trustee by the Deed of Trust and the aforesaid Removal of Trustee and Appointment of Substitute Trustee and in consideration of the foregoing premises and of the value expressed above given to the Substitute Trustee, by the said Grantee, the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, SOLD and CONVEYED and by these presents does GRANT, SELL and CONVEY the Mortgaged Property unto the said Grantee.

TO HAVE AND TO HOLD the Mortgaged Property, together with all and singular, the rights and appurtenances thereto and in any wise belonging, to the said Grantee, its successors and assigns, forever; and for and on behalf of the said Grantor, and the successors and assigns of said Grantor, the Substitute Trustee does hereby bind the said Grantor, and the successors and assigns of said Grantor, to WARRANT and FOREVER DEFEND, all and singular, the Mortgaged Property, insofar as authorized by said Deed of Trust, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESS MY HAND this 7th day of September, 1988.

SUBSTITUTE TRUSTEE:

Kathryn Nicholson
KATHRYN NICHOLSON

STATE OF TEXAS §
§
COUNTY OF DALLAS §

The foregoing instrument was ACKNOWLEDGED on the 7th day of September, 1988, by KATHRYN NICHOLSON, the Substitute Trustee.

[S E A L]

Notary Public, State of Texas

My Commission Expires:

CATHERINE MCGEGAX
COMMISSION EXPIRES
MAY 21, 1990

ADDRESS OF GRANTEE
FOR TAX STATEMENTS

Management Solutions, Inc.
P.O. Box 224255
Dallas, Texas 75222-4255
ATTN: Ms. Kathy Rainy

420:D0906888.90
090788CMG1

EXHIBIT "A"

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:
COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;
THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 ft. to a point in the West right-of-way of Claire Chennault (a 60 ft. ROW); said point being the Point of Beginning;

THENCE, S 0° 07' 20" E, along the said West right-of-way a distance of 260.0 ft. to a point;
THENCE West a distance of 260.51 ft. to a point;
THENCE North a distance of 260.00 ft. to a point on the South right-of-way of Westgrove Road;
THENCE East along the said South right of way a distance of 260.00 ft. to the Point of Beginning, containing 1.554 acres (67,670.8984 sq. ft.) of land, more or less.

Being the same real property covered by lease dated March 2, 1984 referenced in Deed of Trust, Security Agreement and Assignment of Rents recorded in Volume 84120, Page 4794, Deed of Trust Records, Dallas County, Texas.

EXHIBIT "B"

Personal Property

1. All materials, supplies, equipment, apparatus and other items attached to, installed in or used (temporarily or permanently) in connection with any of the Real Property (as herein defined) at any time from and after the date of the Deed of Trust through and including the date of foreclosure of the lien of the Deed of Trust, and all renewals, replacements, and substitutions thereof and additions thereto, including but not limited to any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, generators, fans, blowers, vents, switchboards, elevators, mail conveyors, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, swimming pools, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas and electric equipment, disposals, dishwashers, washers, dryers, refrigerators and ranges, cafeteria equipment, and recreational equipment and facilities of all kinds.

2. All of the right, title and interest of Grantor in and to all personal property (other than fixtures) of any kind as defined in Chapter 9 of the Texas Uniform Commercial Code, including but not limited to all furniture, furnishings, equipment, machinery, goods, general intangibles, money, accounts, contract rights, and inventory, now or hereafter located upon, within or about the Real Property, together with all accessories, replacements and substitutions therefor and the proceeds thereof.

420:D0906888.90

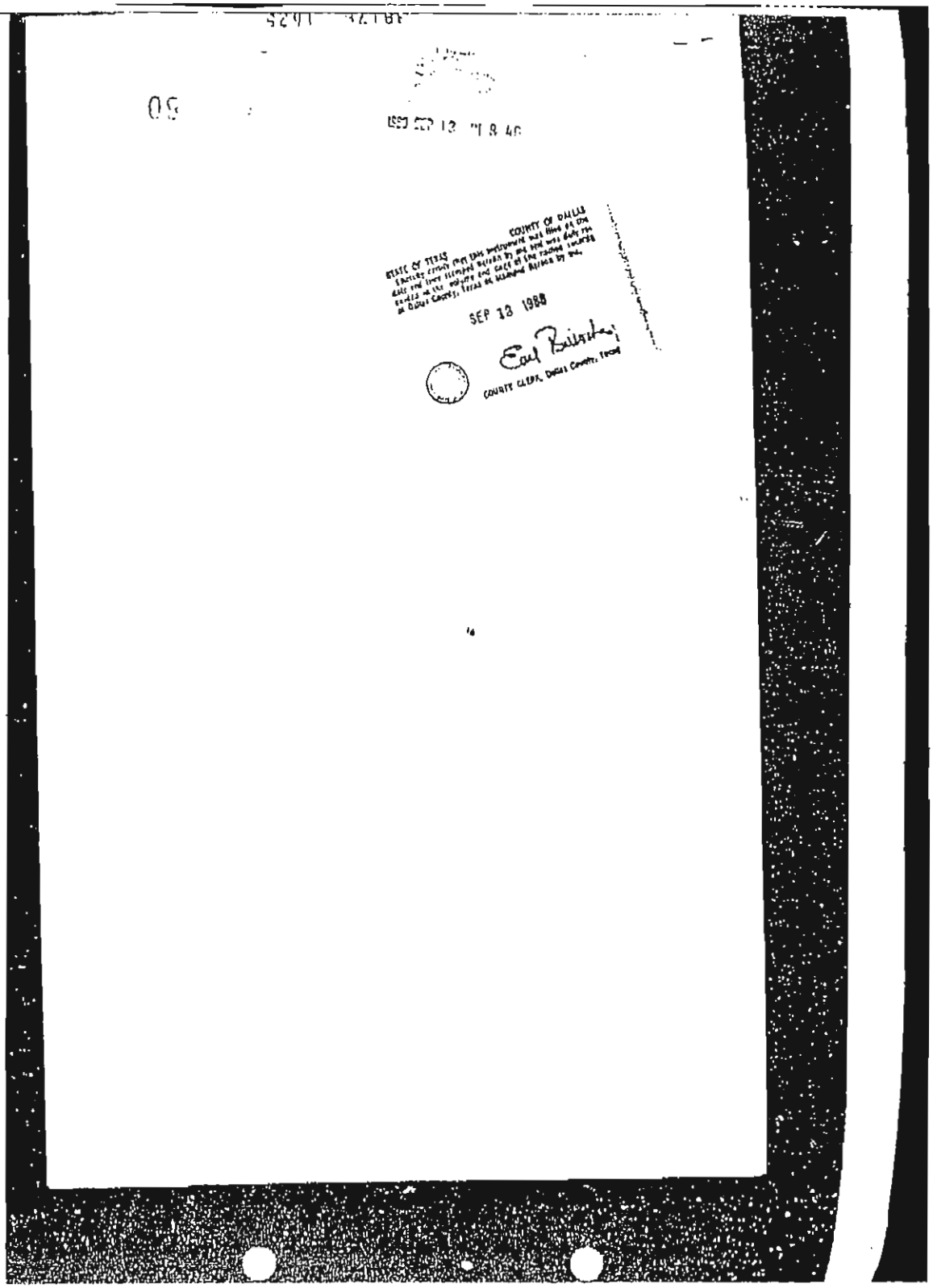


EXHIBIT E

ASSIGNMENT OF LEASE

THIS AGREEMENT is made as of this the 8th day of September, 1988, at Addison, Texas, between MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation, hereinafter called "Assignor", and REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignee."

WHEREAS, a lease was executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein; and

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarfive, Inc., as Lessee upon the terms and conditions provided therein; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarfive, Inc. was transferred to Assignor; and

WHEREAS, the Assignor now desires to assign the lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the lease hereinbefore described covering the property more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants,

89004/577 1/12/89

89004 0577

conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

HCORP MANAGEMENT SOLUTIONS, INC.,
a Texas corporation

By: _____
Name: _____
Title: _____

ASSIGNEE:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership
By: Texas Associated Realty, Inc.,
its General Partner

By: _____
Jerrie Hutson Vice President

STATE OF TEXAS
COUNTY OF Dallas

This instrument was acknowledged before me on 11-18-88 by Kathy Bourey Vice Pres. of HCorp Management Solutions, Inc. a Texas corporation, on behalf of said corporation.

Joellen S. Klein
Notary Public Signature
Joellen S. Klein
Notary Public Printed or Typed Name
My commission expires: 9-21-91

STATE OF TEXAS
COUNTY OF Dallas

This instrument was acknowledged before me on 11-18-88 by Jerrie Hutson Vice Pres. of Texas Associated Realty, Inc. a Texas corporation, on behalf of said corporation.

Joellen S. Klein
Notary Public Signature
Joellen S. Klein
Notary Public Printed or Typed Name
My commission expires: 9-21-91

257:D0924888.00
092788jdk1

EXHIBIT "A"

Being a LEASEHOLD ESTATE in and to the following described property as created by that certain Ground Lease Agreement by and between the City of Addison, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, Lessor and Lawson Ridgeway and/or Assigns, Lessee, dated 10-23-85, recorded in Volume 86022, Page 0124, Deed Records, Dallas County, Texas; as assigned to Great Southwest Homes, Inc. by Assignment of Lease attached to said Lease; and being more particularly described as follows:

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

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 feet to a point in the West right-of-way line of Claire Chennault (60-foot R.O.W.); said point being the Point of Beginning;

THENCE, South 0 deg. 07 Min. 20 sec. East, along the said West right-of-way a distance of 260.00 feet to a point;

THENCE, West a distance of 260.55 feet to a point;

THENCE, North a distance of 260.00 feet to a point on the South right-of-way of Westgrove Road;

THENCE, East along said South right-of-way a distance of 260.00 feet to the Point of Beginning and containing 1.554 acres of land, more or less.

GSW Center

Return to:
Kathryn R Nierstheimer
Winstead, McGuire, Sechrest, & Minick
5400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270

89004 0579

STATE OF TEXAS

JAN 0 1980

COUNTY CLERK, DALLAS COUNTY, TEXAS

89004 0580

EXHIBIT F

ASSIGNMENT OF GROUND LEASE

THIS AGREEMENT is made as of this the 15th day of March, 1990, at Addison, Texas, between REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, hereinafter called "Assignor", and ITALIX ACQUISITION CORPORATION, a Texas corporation, hereinafter called "Assignee."

WHEREAS, a lease (the "Lease") was executed on March 2, 1984 between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC. as Lessor, and LAWSON RIDGEWAY as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on October 23, 1985, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor and GREAT SOUTHWEST HOMES, INC., as Lessee upon the terms and conditions provided therein;

WHEREAS, an Assignment of Lease was executed on May 31, 1988 by and among City of Addison and Addison Airport of Texas, Inc., as the Lessor and Great Southwest Homes, Inc. and Tarfive, Inc., as Lessee upon the terms and conditions provided therein;

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, the interest of Tarfive, Inc. was transferred to MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation ("MSI);

WHEREAS, an Assignment of Lease was executed on September 8, 1988, by MSI and Assignor, as Lessee, upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the Lease to Assignee, and the Assignee desires to accept the assignment thereof.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of its right, title and interest in and to the Lease hereinbefore described covering the property

more particularly described on Exhibit "A" attached hereto and incorporated herein, and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said Lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

REALTY ALLIANCE OF TEXAS, LTD.,
a Texas limited partnership

By: Pine Valley Resources Corporation,
an Ohio corporation, its sole
general partner

By: _____
Name: _____
Title: _____

ASSIGNEE:

ITALIX ACQUISITION CORPORATION,
a Texas corporation

By: _____
Name: Richard D. Wheeler
Title: Director

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee waiving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

CITY OF ADDISON

By: _____
Name: LYNN SPRUILL
Title: MAYOR

ADDISON AIRPORT OF TEXAS, INC.

By: _____
Name: SAM STUART
Title: PRESIDENT

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____, _____ of PINE VALLEY RESOURCES CORPORATION, an Ohio corporation, sole general partner in REALTY ALLIANCE OF TEXAS, LTD., a Texas limited partnership, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 12th day of _____, 1990.

_____
Notary Public - State of Texas

My Commission Expires:

12/22/90

_____
Printed/Typed Name of Notary Public

ANITA E. SAUNDERS
Notary Public State of Texas
My Commission Expires 12-22-90

STATE OF TEXAS §
§
COUNTY OF ~~DALLAS~~ TARRANT §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Richard O. Wheeler, of ITALIX ACQUISITION CORPORATION, a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of February, 1990.

PEGGY WEATHERRED
NOTARY PUBLIC
STATE OF TEXAS
My Commission Expires
1-20-93

Peggy Weatherred
Notary Public - State of Texas
Peggy Weatherred
Printed/Typed Name of Notary Public

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Lynn Lovell, of the CITY OF ADDISON, a municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 15th day of February, 1990.

Gretchen S. Acevedo
Notary Public - State of Texas

My Commission Expires:
September 26, 1993

GRETCHEN S. ACEVEDO
Printed/Typed Name of Notary Public

GRETCHEN S. ACEVEDO
Notary Public, State of Texas
My Commission Expires Sept. 26, 1993

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared James S. Turner, of ADDISON AIRPORT OF TEXAS, INC., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and limited partnership and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 22nd day of February, 1990.

Willene Faris
Notary Public - State of Texas

My Commission Expires:

05/16/93

WILLENE FARIS
Printed/Typed Name of Notary Public

257:D890410ZZZ.00
022090/lpl

EXHIBIT G

ASSIGNMENT OF GROUND LEASE

STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of March 31, 1999, at Addison, Texas, between ITALIX ACQUISITION CORPORATION ("Assignor") and AIR 276 I, L.P., a Texas limited partnership ("Assignee").

WHEREAS, Assignor is the Lessee under that certain GROUND LEASE as described and defined on Exhibit "A" attached hereto and made a part hereof for all purposes; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

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

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and No/100 ($450.00) to Landlord.

3. Assignee hereby agrees to be bound by and to comply with the terms of this Ground Lease.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

ITALIX ACQUISITION CORPORATION

By: James D. Pratt
James D. Pratt, President

ASSIGNEE:

AIR 276 I, L.P., a Texas limited partnership

By: Air 276, Inc., a Texas corporation

By: _____
Gary B. Crouch, President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by JAMES D. PRATT, President of ITALIX ACQUISITION CORP., a Texas corporation on behalf of said corporation.

SHARON R. CLAXTON
Notary Public, State of Texas
My Commission Exp. 10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

My Commission Expires:
10-21-2002

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30 day of March, 1999 by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, general partner of AIR 276 I, LTD., a Texas limited partnership on behalf of said partnership.

SHARON R. CLAXTON
Notary Public, State of Texas
My Commission Exp. 10-21-2002

Sharon R. Claxton
Notary Public, State of Texas

My Commission Expires:
10-21-2002

SHARON R. CLAXTON
(Printed or Typed Name of Notary)

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the ~~Lessee~~ or the Assignee.

ASSIGNOR

RW

LESSOR:

CITY OF ADDISON

By: _____
Name: RON WHITEHEAD
Title: CITY MANAGER

ADDISON AIRPORT OF TEXAS, INC.

By: _____
Name: SAM STUART
Title: President

STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged and sworn and subscribed to by RON WHITEHEAD, CITY MANAGER of the CITY OF ADDISON, TEXAS before me on this 30 day of March, 1999.

BILL J. SHIPP, JR.
MY COMMISSION EXPIRES
May 11, 2002

_____
Notary Public, State of Texas

STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged and sworn and subscribed to by SAM STUART, President of the ADDISON AIRPORT OF TEXAS before me on this 30th day of March, 1999.

_____
Notary Public, State of Texas

DARLENE REID
Notary Public, State of Texas
My Commission Expires
DEC. 18, 2001

EXHIBIT "A"

LEGAL DESCRIPTION

Being a Leasehold Estate in and to the real property described below as created by that certain Ground Lease Agreement (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, collectively as Landlord and Lawson Ridgeway and/or assigns ("Lawson"), as Tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 I, L.P., by Assignment of Ground Lease dated March 30, 1999 and filed in the Deed Records of Dallas County, Texas.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right of way line of Claire Chennault (60-feet wide, undedicated right-of-way at this point) and the South right-of-way line of Westgrove Road (60-foot right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a 1/2-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING;

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

EXHIBIT H

ASSIGNMENT OF GROUND LEASE
(Air 276 I, L.P. and Fortune Capital, Inc. to ADS Air 2000, L.P.)

THE STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership, and FORTUNE CAPITAL, INC., a Texas corporation (collectively, "Assignor") and ADS AIR 2000, L.P., a Texas limited partnership ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSI"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italix Acquisition Corporation ("Italix") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italix as assignor to Air 276 I, L.P.; and

WHEREAS, by Assignment of Ground Lease dated of even date herewith an undivided fifty percent (50%) interest in and to the above described Ground Lease was assigned by Air 276 I, L.P., a Texas limited partnership, to Fortune Capital, Inc., a Texas corporation; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

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

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, all of Assignor's rights, title and interest in and to the Ground Lease.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars ($450.00) to Landlord.

3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 I, L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: _____
Gary B. Crouch, President

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: _____
Yong Gang Shen, Vice President

ASSIGNEE:

ADS AIR 2000, L.P.,
a Texas Limited Partnership

By: ADS 2000, Inc.
a Texas Corporation
Sole General Partner

By: _____
Tom Bijou, President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.

DONNA THOMAS
NOTARY PUBLIC STATE OF TEXAS
Commission Expires:
JUNE 11, 2002

_____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by YONG GANG SHEN, Vice President of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.

_____
Notary Public, State of Texas

DONNA THOMAS
NOTARY PUBLIC STATE OF TEXAS
Commission Expires:
JUNE 11, 2002

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 7th day of July, 2000, by TOM BIJOU, President of ADS 2000, Inc., a Texas crporation, Sole General Partner of ADS AIR 2000, L.P., a Texas limited partnership, on behalf of said limited partnership.

Notary Public, State of Texas

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Assignor or the Assignee.

LESSOR:

TOWN OF ADDISON

By: _____
Name: Ron Whitehead
Title: City Manager

ADDISON AIRPORT OF TEXAS, INC.

By: _____
Name: Sam Stuart
Title: President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29th day of June, 2000, by Ron Whitehead, City Manager of the ~~TOWN OF ADDISON, TEXAS~~.

BILL J. SHIPP, JR.
MY COMMISSION EXPIRES
May 11, 2002

_____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 28 day of June, 2000, by Sam Stuart, President of the ADDISON AIRPORT OF TEXAS.

_____
Notary Public, State of Texas

APRIL L CANNON
NOTARY PUBLIC
State of Texas
Comm. Exp. 06-07-2003

EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 I, L.P., by Assignment of Ground Lease dated March _____, 1999 and filed in the Deed Records of Dallas County, Texas.

Said Ground Lease covers a portion of the property encumbered by that certain lease entitled Agreement for the Operation of the Addison Airport (the "Operating Agreement") between the City of Addison and Addison Airport, Inc. dated December 30, 1976, as amended, filed October 22, 1997, recorded in Volume 97206, Page 5413, Deed Records of Dallas County, Texas. The terms of the Operating Agreement as they relate to premises covered by the Ground Lease (other than the payment of rent) are incorporated into the Ground Lease during the term of the Operating Agreement, and the interest of Addison Airport, Inc. has been assigned to Addison Airport of Texas, Inc.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a ½-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chennault (60-feet wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-feet right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a ½-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a ½-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING;

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

TOWN OF ADDISON

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

July 26, 2000

Darlene Reid
Comptroller
Addison Airport
4505 Claire Chennault
Addison, TX 75001

Dear Ms. Reid:

Reference my earlier letter of July 13, 2000, and your letter of June 29, 2000, Item (4), I have enclosed copies for your records of the following on Air 276 I, L.P./Fortune Capital, Inc./ADS Air 2000, L.P.:

1. Assignment of Ground Lease (Air 276 I, L.P. and Fortune Capital, Inc. to ADS Air 2000, L.P.)
2. Assignment of Ground Lease (Air 276 I, L.P., a Texas limited partnership, to Fortune Capital, Inc. as to a 50% Interest)
3. Estoppel letter

If you have any questions, please do not hesitate to call me at (972) 450-7017.

Sincerely,

Bill Shipp

Bill Shipp
Administrative Assistant
Development Services

cc: Chris Terry

ASSIGNMENT OF GROUND LEASE
(Air 276 I, L.P., a Texas limited partnership to Fortune Capital, Inc. as to a 50% Interest)

THE STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DALLAS §

THIS ASSIGNMENT OF GROUND LEASE (the "Assignment"), is entered into and effective as of July 7, 2000, at Addison, Texas, between AIR 276 I, L.P., a Texas limited partnership ("Assignor"), and FORTUNE CAPITAL, INC., a Texas corporation ("Assignee").

WHEREAS, a Ground Lease was executed on March 2, 1984 between the City of Addison and Addison Airport of Texas as the Landlord and Lawson Ridgeway as the Tenant recorded in Volume 86022, Page 0124, of the Deed Records of Dallas County, Texas, by the terms of which certain real property located on Addison Airport was leased to Lawson Ridgeway; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned from Lawson Ridgeway as assignor to Great Southwest Homes, Inc. as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Great Southwest Homes, Inc. as assignor to Tarfive, Inc. as assignee; and

WHEREAS, by Substitute Trustee's Deed dated September 7, 1988, recorded at Volume 88178, Page 1420 of the Deed Records of Dallas County, Texas, the interest of Tarfive, Inc. was transferred to MCorp Management Solutions, Inc. ("MSI"); and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded at Volume 89004, Page 0577 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by MSI as assignor to Realty Alliance of Texas, Ltd. as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded at Volume 90054, Page 1648 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Realty Alliance of Texas, Ltd., as assignor to Italix Acquisition Corporation ("Italix") as assignee; and

WHEREAS, by that Assignment of Lease dated March 31, 1999, recorded at Volume 99063, Page 1763 of the Deed Records of Dallas County, Texas, the above described Ground Lease was assigned by Italix as assignor to Air 276 I, L.P.; and

WHEREAS, the Ground Lease (herein so called) is more particularly described in the attached Exhibit A; and

WHEREAS, the Assignor now desires to assign an undivided fifty percent (50%) interest in and to the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof; and

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

AGREEMENT

1. Assignor hereby assigns, bargains, sells and conveys to Assignee, effective as of the date above, an undivided fifty percent (50%) interest in and to all of Assignor's rights, title and interest in and to the Ground Lease.

2. Prior to the effective date of this Assignment, Assignor agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars ($450.00) to Landlord.

3. Assignee hereby agrees to be bound by and to comply with the terms of the Ground Lease.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

AIR 276 I, L.P.,
a Texas Limited Partnership

By: Air 276, Inc.,
a Texas Corporation, Sole General Partner

By: _____
Gary B. Crouch, President

ASSIGNEE:

FORTUNE CAPITAL, INC.,
a Texas Corporation

By: _____
Yong Gang Shen, Vice President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by GARY B. CROUCH, President of AIR 276, INC., a Texas corporation, Sole General Partner of 276 AIR I, L.P., a Texas limited partnership, on behalf of said limited partnership.

DONNA THOMAS
NOTARY PUBLIC STATE OF TEXAS
Commission Expires:
JUNE 11, 2002

_____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29 day of June, 2000, by YONG GANG SHEN, Vice Presdient of FORTUNE CAPITAL, INC., a Texas corporation, on behalf of said corporation.

_____
Notary Public, State of Texas

DONNA THOMAS
NOTARY PUBLIC STATE OF TEXAS
Commission Expires:
JUNE 11, 2002

CONSENT OF LESSOR

The undersigned is the Lessor in the Lease described in the foregoing Assignment and hereby consents to the assignment of the Lease to Assignee, waiving none of their rights thereunder as to the Assignor or the Assignee.

LESSOR:

TOWN OF ADDISON

By: Ron Whitehead
Name: Ron Whitehead
Title: City Manager

ADDISON AIRPORT OF TEXAS, INC.

By: Sam Stuart
Name: Sam Stuart
Title: President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 29TH day of June, 2000, by Ron Whitehead, City Manager of the TOWN OF ADDISON, TEXAS.

BILL J. SHIPP, JR.
MY COMMISSION EXPIRES
May 11, 2002

Bill J. Shipp
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

THIS INSTRUMENT was acknowledged before me on the 28 day of June, 2000, by Sam Stuart, President of the ADDISON AIRPORT OF TEXAS.

April L. Cannon
Notary Public, State of Texas

APRIL L CANNON
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-07-2003

EXHIBIT A

Being a leasehold estate in and to the real property described below as created by that certain Ground Lease (the "Ground Lease") by and between the City of Addison, Texas, a municipal corporation, and Addison Airport of Texas, Inc., a Texas corporation, collectively as landlord and Lawson Ridgeway and/or assigns ("Lawson"), as tenant, recorded in Volume 86022, Page 0124 of the Deed Records of Dallas County, Texas, and (i) as assigned to Great Southwest Homes, Inc. ("GSW") by Assignment of Lease (a copy of which was attached to the Ground Lease); (ii) as assigned by GSW to Tarfive, Inc. by Assignment of Lease dated May 31, 1988, recorded as an attachment to instrument recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; (iii) as assigned and acquired by MCorp Management Solutions, Inc. ("MCorp") by Substitute Trustee's Deed dated September 7, 1988 recorded in Volume 88178, Page 1420, Deed Records, Dallas County, Texas following foreclosure of that certain Deed of Trust, Security Agreement and Assignment of Rents dated December 1, 1985, recorded in Volume 86007, Page 0906, Deed of Trust Records, Dallas County, Texas; (iv) as assigned by MCorp to Reality Alliance of Texas, Inc. ("Reality") by Assignment of Lease dated September 8, 1988 recorded in Volume 89004, Page 0577, Deed Records, Dallas County, Texas; (v) as assigned by Reality to Italix Acquisition Corporation by Assignment of Ground Lease dated March 15, 1990, recorded in Volume 90054, Page 1648, Deed Records, Dallas County, Texas; and (vi) as assigned to Air 276 L L.P., by Assignment of Ground Lease dated March _____, 1999 and filed in the Deed Records of Dallas County, Texas.

Said Ground Lease covers a portion of the property encumbered by that certain lease entitled Agreement for the Operation of the Addison Airport (the "Operating Agreement") between the City of Addison and Addison Airport, Inc. dated December 30, 1976, as amended, filed October 22, 1997, recorded in Volume 97206, Page 5413, Deed Records of Dallas County, Texas. The terms of the Operating Agreement as they relate to premises covered by the Ground Lease (other than the payment of rent) are incorporated into the Ground Lease during the term of the Operating Agreement, and the interest of Addison Airport, Inc. has been assigned to Addison Airport of Texas, Inc.

The property covered by the leasehold estate created pursuant to the Ground Lease is as follows:

Description of a 1.5535 acre tract of land in the Town of Addison, Texas, being in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas and being more particularly described as follows:

BEGINNING, at a ½-inch iron rod with "Powell & Powell" cap found for corner at the intersection of the West right-of-way line of Claire Chennault (60-feet wide, undedicated right-of-way) and the South right-of-way line of Westgrove Road (60-feet right-of-way at this point);

THENCE, SOUTH 00 degrees 07 minutes 20 seconds East, with said West line of Claire Chennault, a distance of 260.00 feet to a ½-inch iron rod with "Powell & Powell" cap found for corner;

THENCE, WEST, a distance of 260.55 feet to an "x" cut in concrete found for corner, said point being the Southeast corner of that tract of land described in Ordinance No. 085-049 enacted by the City Council of the Town of Addison on the 13th day of August, 1985, to designate said tract as Planned Development, District "PD";

THENCE, NORTH, with the East line of said Planned Development tract, a distance of 260.00 feet to a ½-inch iron rod with "Powell & Powell" cap found for corner, said point being in said South right-of-way line of Westgrove Road;

THENCE, EAST, with said South line of Westgrove Road, a distance of 260.00 feet to the POINT OF BEGINNING;

CONTAINING, 67,671 square feet or 1.5535 acres of land, more or less.

EXHIBIT I

(Executed Assignment to Key Development to be inserted)

STATE OF TEXAS §
§ **ASSIGNMENT OF GROUND LEASE**
COUNTY OF DALLAS §

This **ASSIGNMENT OF GROUND LEASE** (the "Assignment") is entered into and effective as of Sept 15 2006, at Addison, Texas, by and between **ADS AIR 2000, L.P.**, a Texas limited partnership (herein referred to as "Assignor") and KEY DEVELOPMENT, LLC, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease together with the Addendum To Ground Lease was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc., as Landlord, and Lawson Ridgeway, as Tenant, recorded in Volume 86022, Page 0124-0133 of the Deed Records of Dallas, County, Texas (the "Ground Lease", a true and correct copy of which Ground Lease is attached hereto as Exhibit A), by the terms of which certain real property now commonly referred to as 4444 Westgrove Dr. at Addison Airport within the Town of Addison, Texas and owned by the City; and

WHEREAS, by that Assignment of Lease dated October 23, 1985, recorded in Volume 86169 Page 5724-5748 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from Lawson Ridgeway, as assignor, to Great Southwest Homes, Inc., as assignee; and

WHEREAS, by that Assignment of Lease dated May 31, 1988, recorded as Instrument #198801897613 Volume 88189 Page 1182-1201 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit C), the Ground Lease was assigned from Great Southwest Homes, as assignor, to TARFIVE, Inc., as assignee; and

WHEREAS, by that Substitute Trustee's Deed, recorded as Instrument #198801897613 Volume 88178 Page 1420-1425 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit D), the Ground Lease was assigned to the beneficiary, MCORP MANAGMEMENT SOLUTIONS, INC.; and

WHEREAS, by that Assignment of Lease dated September 8, 1988, recorded as Instrument #198900044704 Volume 89004 Page 577-580 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit E), the Ground Lease was assigned from MCORP MANAGMEMENT SOLUTIONS, INC., a Texas Corporation, as assignor, to REALTY ALLIANCE OF TEXAS, LTD., A Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 15, 1990, recorded as Instrument #199000545456 Volume 90054 Page 1648-1687 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit F), the Ground Lease was assigned from REALTY ALLIANCE OF TEXAS, LTD., a Texas Corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated March 31, 1999, recorded as Instrument #199900523035 Volume 99063 Page 1763-1767 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit G), the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and

WHEREAS, by that Assignment of Ground Lease dated July 7, 2000, recorded as Instrument #200001054648 Volume 2000132 Page 07549-07556 of the Deed Records of Dallas County, Texas, (a true and correct copy of which is attached hereto as Exhibit H), the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and

WHEREAS, by virtue of such assignments, Assignor is the Tenant under the Ground Lease; and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

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

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

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

AGREEMENT

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

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 ($450.00) to Landlord.

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

Key Development, LLC
5907 Gladeside Court
Dallas, Texas 75248

with a copy sent to:

Ms. Terry Thornton, Esq.
Godwin Pappas Langley Ronquillo, LLP
1201 Elm Street, Suite 1700
Dallas, Texas 75270-2041

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein and in that certain First Amendment To Ground Lease dated 9/15, 2006 which is attached hereto as Exhibit I.

5. Upon execution, this Assignment shall be publicly recorded in the Deed Records of Dallas County, Texas as required by the Town of Addison.

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

7. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment 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.

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

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

ASSIGNOR:

ADS AIR 2000, L.P.

By: THOMAS F. BYRON

ASSIGNEE:

KEY DEVELOPMENT, LLC

By: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

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

GIVEN under my hand and seal of office this 14th day of September, 2006.

[SEAL]

LORI SUSAN SPENCER NOTARY PUBLIC STATE OF TEXAS EXPIRES 09-23-2006

Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

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

GIVEN under my hand and seal of office this _____ day of _____, 2006.

[SEAL]

_____
Notary Public, State of Texas

7. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Assignment 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.

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

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

ASSIGNOR:

ADS AIR 2000, L.P.

_____

By: _____

ASSIGNEE:

KEY DEVELOPMENT, LLC

_____

By: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keys, President of Key Development, LLC known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 19th day of September, 2006.

[SEAL]

TERRY LYNN THORNTON
NOTARY PUBLIC
STATE OF TEXAS
My Comm Expires 10-16-2007

Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF DALLAS §

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

GIVEN under my hand and seal of office this _____ day of _____, 2006.

[SEAL]

_____
Notary Public, State of Texas

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the above and foregoing Assignment. In executing this Consent of Landlord, Landlord is relying upon the warranty and representations made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. Notwithstanding the foregoing, Landlord does not release Assignor from its obligations under the Ground Lease. In addition, notwithstanding any provision of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

EXHIBIT J

EXHIBIT J

Building Maintenance Reserve

1) **Purpose of Reserve Fund:** Tenant, for itself and its successors and assigns, shall maintain a building maintenance reserve fund ("Reserve Fund") solely for the purpose of paying for unexpected and scheduled repairs and expenses, or for capital improvements to the Demised Premises, as the same may be needed or required from time to time pursuant to Paragraph 11 of the Ground Lease, as amended and modified from time to time.

2) **Beginning Reserve Fund Balance**: Landlord and Tenant mutually agree that Tenant will commence funding the Reserve Fund within thirty (30) days from the Effective Date of this Agreement so that the Reserve Fund will have the beginning balance of EIGHTY THOUSAND DOLLARS ($80,000.00).

3) **Calculation of Required Reserve Fund**: Commencing on April 1, 2008 (with said date being the same as the adjustment of rental provided for in Paragraph 5 of the Ground Lease, as amended and modified) and on every bi-annual anniversary thereafter and in conjunction with its normal budgetary process, Tenant shall prepare for Landlord's benefit a capital repair and replacement plan (the "Maintenance Plan") documenting (i) qualified repairs and replacements funded from the Reserve Fund previously consented to by Landlord and having been completed, (ii) a schedule of capital improvements, repairs or replacements expected to be completed over the next two (2) years, and (iii) reconciliation and adjustment to the Maintenance Plan funding requirements for the subsequent two year plan covered by the Maintenance Plan. Such review procedures shall calculate the estimated remaining useful life of the major building components including but not limited to roofing, heating, ventilation and air conditioning (HVAC), landscaping, elevator systems, electrical and lighting systems, hangar door systems, painting (exterior/interior), carpet and floor covering, plumbing and, the estimated cost of replacement or repair for each. Based upon this calculation, Tenant shall then adjust and/or maintain a reasonable balance in the Reserve Fund in an amount sufficient to enable Tenant to make said repairs or replacements by or before the expiration of the respective component's useful life.

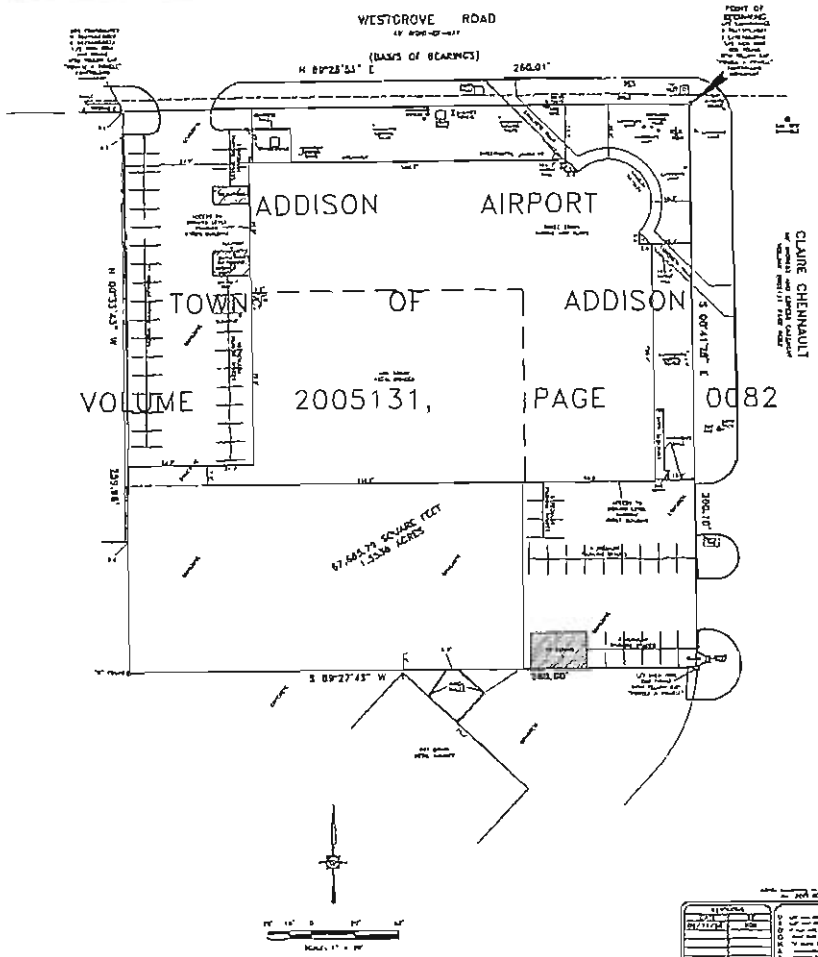
4) **Maintenance of the Reserve Fund**: The Reserve Fund account and all funds in it shall be the property of the Tenant at all times. The Reserve Funds shall be kept in one or more cash, or cash equivalent, interest bearing accounts in a federally insured banking institution. Although Tenant may maintain other funds in these same accounts, Tenant must be able to reconcile and clearly account to Landlord the Reserve Fund balances at all times. In the event Tenant is in default or the Ground Lease is otherwise terminated before the expiration of the Term, as modified, the Reserve Fund shall become due and payable to Landlord as a monetary obligation of Tenant to Landlord under Paragraph 37 of the Ground Lease, as amended or modified.

5) **Authorized Expenditures from the Reserve Fund**: Landlord must give its prior written consent to any expenditure reducing the Tenant's Reserve Fund balance except in the event of a bona fide emergency where said expenditures are necessary for the protection of the Demised Premises. In the event of such emergencies, Tenant will give Landlord

prompt written notice thereof as required under Paragraph 14 of the Ground Lease. Landlord's acceptance or consent of planned expenditures from the Reserve Fund may be by way of accepting Tenant's Maintenance Plan, provided Landlord does not give written objection to Tenant's plan within thirty (30) days of its receipt by Landlord. Landlord is not required to give credit (unless otherwise elected at its sole discretion) to any expenditure from the fund reducing the Reserve Fund balance without Landlord's prior written consent, except for where provided for herein.

6) **Tenant's Failure to Fund or Properly Give Account For The Reserve Funds**: Tenant's failure to routinely fund or account for the Reserve Fund as required herein, shall constitute as a non-monetary default where in the event such failure continues and not cured within thirty (30) days after written notice thereof is given to Tenant as provided for in Paragraph 22 of the Ground Lease.

EXHIBIT K



LEGAL DESCRIPTION

GENERAL NOTES

SURVEYOR'S CERTIFICATE

CATEGORY 1A, CONDITION II SURVEY

WILLIAM LOMAX SURVEY, ABSTRACT NO. 781

TOWN OF ADDISON, DALLAS COUNTY, TEXAS

4441 WESTGROVE ROAD

EXHIBIT "B"

BUILDING IMPROVEMENTS

Exhibit B - Building Improvements

	Description of Building Improvement	Estimated Improvement Cost
1	Replace 50 ton HVAC unit with 60 ton	$96,889
2	Upgrade and improve elevator	
	a) Replace Motor and all electrical components	$55,857
	b) Upgrade cab interior	$25,777
3	Replace Roof	$50,000
4	1st floor lobby atrium	
	a) Improve the 3 sets of lobby doors	$27,670
	b) Polish granite floors, repair broken granite, repair cracks in glass block and seal exterior, improve and replace landscape	$10,578
	c) Re-lamp with energy efficient light bulbs and paint atrium ceilings	$3,089
5	Hangar lobby - update restrooms and renovate lobby	$4,110
6	Hangar - Repair drywall, install new base, repair damaged insulation, seal floor, paint gate and repair door tracks	$8,955
7	Install new ceiling grid	
	a) New ceiling grid and tiles at 2nd and 3rd floor hallways	$19,337
	b) New ceiling grid and modern tiles in all suites	$60,000
8	New window treatments in all suites	$33,000
	Total Estimated Improvement Cost	**$395,262**

EXHIBIT "C"

MEMORANDUM OF LEASE

EXHIBIT C

MEMORANDUM OF LEASE

This Memorandum of Lease is dated as of _____, 2016, and executed by and between the Town of Addison, Texas ("Landlord" or "City") and Key Development, LLC, a Texas limited liability company ("Tenant").

WHEREAS, a Ground Lease, together with the Addendum to Ground Lease, was executed on March 2, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas and sometimes referred to herein as the "City") and Addison Airport of Texas, Inc. ("AATI") as Landlord, and Lawson Ridgeway as Tenant, recorded in Volume 86022, Pages 0124-0133 of the Deed Records of Dallas County, Texas; and the Easement Agreement entered into on or about April 16, 1984 by and between Lawson Ridgeway as Granter and the City and AATI as Grantee, recorded as Instrument #198601697396 in Volume 861969, Pages 5742-5748 in the Deed Records of Dallas County, Texas, comprising the Ground Lease, as amended or modified, hereinafter referred to as the "Ground Lease" and described in that certain boundary survey dated June 6, 2006 by the terms of which certain real property now commonly referred to as 4500 Westgrove Drive at Addison Airport within the Town of Addison, Texas and owned by the City; and thereafter the Ground Lease:

- the Ground Lease was assigned October 23, 1985, recorded in Vo1ume 86169, Pages 5724-5748 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from LAWSON RIDGEWAY, as assignor, to GREAT SOUTHWEST HOMES, INC., as assignee; and thereafter

- the Ground Lease was assigned May 31, 1988, recorded as Instrument #198801897613, in Volume 88189, Pages 1182-1201 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from GREAT SOUTHWEST HOMES, INC., as assignor, to TARFIVE. Inc., as assignee; and thereafter

- by that Substitute Trustee's Deed, dated September 7, 1988 recorded as Instrument #198801897613 in Volume 88178, Pages 1420-1425 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned to the beneficiary, MCORP MANAGEMENT SOLUTIONS. INC.; and thereafter

- the Ground Lease was assigned September 8, 1988, recorded as Instrument #198900044704 in Volume 89004, Pages 577-580 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from MCORP MANAGEMENT SOLUTIONS, INC., a Texas corporation, as assignor, to REALTY ALLIANCE OF TEXAS. LTD., a Texas limited partnership, as assignee; and thereafter

- the Ground Lease was assigned March 15, 1990, recorded as Instrument #199000545456 in Volume 90054, Pages 1648-1687 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from REALTY ALLIANCE OF

TEXAS. LTD., a Texas corporation, as assignor, to ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignee; and thereafter

- the Ground Lease was assigned March 31, 1999, recorded as Instrument #199900523035 in Volume 99063, Pages 1763-1767 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ITALIX ACQUISITION CORPORATION, a Texas corporation, as assignor, to AIR 276 I, L.P., a Texas limited partnership, as assignee; and thereafter

- the Ground Lease was assigned July 7, 2000, recorded as Instrument #200001054648 in Volume 2000132, Pages 07549-07556 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from AIR 276 I, L.P., a Texas limited partnership, as assignor, to ADS AIR 2000, L.P. a Texas limited partnership, as assignee; and thereafter

- the Ground Lease was assigned September 15, 2006, recorded as Instrument #200600346255 of the Deed Records of Dallas County, Texas, the Ground Lease was assigned from ADS AIR 2000, L.P., a Texas limited partnership, as assignor, to Key Development LLC., a Texas limited liability company, as assignee; and thereafter

- the lease was modified by that "First Amendment" to Ground Lease made and entered into September 15, 2006, recorded as Instrument #200600346256 of the Deed Records of Dallas County, Texas; and thereafter

- by that certified letter dated September 17, 2008 confirming the lease extension in accordance with the First Amendment so that the Term of the Ground Lease shall end on March 31, 2039, still subject to the termination provisions of the Ground Lease as amended or modified; and

Now let it be known, the said Ground Lease is further amended by that Second Amendment to Ground Lease, entered into and made effective _____, 2015, which, among other things, extends the Term so the Ground Lease shall [Note: strike non-applicable of] a) continue to expire on March 31, 2039 OR b) now expire March 31, 2047 unless otherwise earlier terminated.

This Memorandum of Lease is solely for recording and notice purposes and shall not be construed to alter, modify, expand, diminish or supplement the provisions of the Ground Lease, as amended. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Ground Lease (as amended), the provisions of the Ground Lease, as amended, shall govern. Reference should be made to the Ground Lease (and all amendments thereto) for the full description of the rights and duties of Landlord and Tenant thereunder, and this Memorandum of Lease shall in no way affect the terms and conditions of the Ground Lease (including all amendments thereto) or the interpretation of the rights and duties of Landlord and Tenant thereunder.

Upon the expiration or earlier termination of the Ground Lease, Landlord and Tenant agree that they shall execute and record a termination of this Memorandum of Lease.

IN WITNESS WHEREOF, the undersigned parties execute this Memorandum of Lease this _____ day of _____, 2016.

LANDLORD:	**TENANT:**
TOWN OF ADDISON, TEXAS	**KEY DEVELOPMENT, LLC**
By:_____	By:_____
	James W. Keyes, President
_____, City Manager	
ATTEST:	
By:_____	

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared James W. Keyes, president of Key Development, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this _____ day of _____, 2016.

[SEAL]

By:_____
Notary Public, State of Texas

My commission expires:_____

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, city manager of the Town of Addison, a home-rule municipality, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated

GIVEN under my hand and seal of office this _____ day of _____, 2016.

[SEAL]

By:_____
Notary Public, State of Texas

My commission expires:_____

EXHIBIT A
to Memorandum of Lease

LEGAL DESCRIPTION OF DEMISED PREMISES

BEING a 1.5538 acre tract of land in the Town of Addison, Texas, in the William Lomax Survey, Abstract No. 792, in Dallas County, Texas and being located on Addison Municipal Airport, Addison, Texas, same being part of Addison Airport, Town of Addison Addition, according to the plat thereof recorded in Volume 2005131, Page 0082, Deed Records, Dallas County, Texas, and being an Assignment of Lessee's Interest Under Ground Lease and Assumption Agreement to ADS Air 2000, L.P., a Texas limited partnership by deed recorded in Volume 2000132, Page 07557, Deed Records, Dallas County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell" at the intersection of the South right-of-way line of Westgrove Road, (60 foot right-of-way) and the West right-of-way line of Claire Chennault, (a 60 foot ingress and egress easement recorded in said Volume 2005131, Page 0082, Deed Records, Dallas County, Texas;

THENCE South 00 degrees 41 minutes 28 seconds East, along said Claire Chennault West right-of-way line, a distance of 260.10 feet to a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell";

THENCE South 89 degrees 27 minutes 43 seconds West, a distance of 260.60 feet to an "X" found;

THENCE North 00 degrees 33 minutes 43 seconds West, a distance of 259.96 feet to a 1/2 inch iron rod found with yellow plastic cap stamped "Powell & Powell" on aforementioned Westgrove Road South right-of-way line;

THENCE North 89 degrees 25 minutes 55 seconds East, along said Westgrove Road South right-of-way line, a distance of 260.01 feet to the POINT OF BEGINNING and containing 67,685.79 square feet or 1.5538 acres of land.

AI-1366 **Item # 30.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Accept A Grant From TXDOT Aviation For A Runway Incursion Mitigation (RIM) Study At Addison Airport** In The Amount Of $48,460.00.

BACKGROUND:

The FAA has notified TxDOT that its' funding a runway incursion mitigation (RIM) grant to study alternatives for incursion prone areas at three airports in Texas. Addison Airport has been selected as one of the airports for the study. The study will look at alternatives at each airport for reducing runway incursions. An incursion is defined as an incident where an unauthorized aircraft, vehicle or person is on a runway. This adversely affects runway safety,as it creates the risk that an airplane taking off or landing will collide with the object.

Over recent years, Addison Airport has taken steps to reduce the number of incursions on the airport. The most recent incursions were related to the reconstruction of Taxiway Alpha and the confusion that the modified traffic patterns can cause. Staff welcomes any recommendations that may come from the study.

The acceptance of the grant requires that the airport sponsor, the Town, commit 10% of the cost of the study for the local match. The local match for this study will be $4,846.00. Sufficient funds are available in the Airport Operating Account.

RECOMMENDATION:

The Administration recommends approval.

Fiscal Impact

Budgeted Yes/No: Yes
Funding Source: Airport
Amount: $4,846.00

Attachments

Certification of Funds
Designation of Sponsor Representative
Resolution

CERTIFICATION OF PROJECT FUNDS

I, _____, _____,
(Name) (Title)
do certify that sufficient funds to meet the _____ share of
(Sponsor Name)
project costs as identified for the project and will be available in accordance with the schedule shown below:

SPONSOR FUNDS

Source	Amount	Date Available

_____, Texas
(Sponsor)

By:_____

Title:_____

Date:_____

DESIGNATION OF SPONSOR'S AUTHORIZED REPRESENTATIVE

I, _____, _____,
(Name) (Title)
with the _____ designates_____
(Sponsor Name) (Name , Title)
as the _____ authorized representative for the _____ project,
(Sponsor Name)
who shall have the authority to make approvals and disapprovals as required on behalf of the_____.
(Sponsor Name)

_____, Texas
(Sponsor)

By:_____
_____
(Signature)

Title:_____
_____

Date:_____

DESIGNATED REPRESENTATIVE

Mailing Address:_____
_____
_____

*Physical/Overnight Address:_____
_____

Telephone Number:_____

Fax Number:_____

E-Mail Address:_____

* ALL GRANT AGREEMENTS ARE SENT BY OVERNIGHT MAIL

TOWN OF ADDISON

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS AUTHORIZING THE CITY MANAGER TO ACCEPT A GRANT FROM THE TEXAS DEPARTMENT OF TRANSPORTATION FOR THE RUNWAY INCURSION MITIGATION PROGRAM IN THE AMOUNT OF $48,460.00 AND EXECUTE SUCH OTHER DOCUMENTS NECESSARY FOR THE RECEIPT OF THE GRANT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town of Addison, Texas ("Town") intends to make certain improvements to Addison Airport ("Project"); and

WHEREAS, the general description of the Project includes: a Runway Incursion Mitigation Program to study airfield geometry that has been identified as a primary contributing factor for runway incursions and develop strategies to help mitigate risk at these locations at an estimated cost of $48,460.00; and

WHEREAS, the Texas Department of Transportation ("TxDOT") advised the Town of an available grant for the improvements associated with the Project; and

WHEREAS, the Town has investigated and determined that it would be beneficial to the Town to accept such a grant; and

WHEREAS, TxDOT shall provide a grant to the Town in the amount of $48,460.00, and the Town agrees to be responsible for ten percent (10%) of the total Project costs currently estimated to be $4,846.00; and

WHEREAS, the Town names TxDOT as its agent for the purposes of applying for, receiving and disbursing the grant funds for the improvements associated with the Project and for the administration of contracts necessary for the implementation of these improvements associated with the Project.

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

Section 1. The City Council of the Town of Addison, Texas does hereby approve a resolution authorizing the City Manager to execute on behalf of the Town, at the appropriate time, and with the appropriate authorizations of this governing body, all contracts and agreements with the State of Texas, represented by TxDOT, and such other parties as shall be necessary and appropriate for the implementation of grant for the improvements associated with the Project at Addison Airport.

Section 2. This resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 10th day of November 2015.

_____
Todd Meier, Mayor

ATTEST:

_____
Laura Bell, City Secretary

AI-1368 **Item # 31.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: Infrastructure- Development Services

AGENDA CAPTION:

Consider And Approve A **Resolution Authorizing The City Manager To Approve A Professional Services Contract With Cobb Fendley & Associates, Inc. For Engineering Services Associated With Development Review** In An Amount No To Exceed $100,000.00.

BACKGROUND:

Establish a master service agreement with Cobb Fendley Associates to perform professional engineering services in conjunction with engineering review of private development plans as they interface with or connect to the public infrastructure. This is one of the most vital review processes within the Town. It allows the Town to ensure that the public infrastructure connected to each development is designed and installed according to the Town and industry standards. Cobb Fendley has been providing these services on an as-needed basis for several years and the staff has been very pleased with their service and responsiveness.

The master services agreement would consist of task orders and this task order would expire on September 30, 2016.

Staff recommends that the agreement be renewed for an amount not to exceed $100,000. The funds for this contract are budgeted for in each of the three respective departments, utilities, streets, and storm water.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution w/ Agreement

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A MASTER AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN THE TOWN OF ADDISON AND COBB, FENDLEY & ASSOCIATES, INC. FOR ENGINEERING REVIEW OF DEVELOPMENT AND ENGINEERING PLANS FOR PUBLIC FACILITIES IN AN AMOUNT NOT TO EXCEED $100,00.00, AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. The Master Agreement to Furnish Consulting Services between the Town of Addison and Cobb, Fendley & Associates, Inc. to provide engineering review of development and engineering plans for the Town's public facilities, a copy of which is attached to this Resolution as **Exhibit A,** is hereby approved. The City Manager is hereby authorized to execute the agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 10th day of November, 2015.

_____
Todd Meier, Mayor

ATTEST:

By: _____
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

CobbFendley

MASTER AGREEMENT TO FURNISH CONSULTING SERVICES TO TOWN OF ADDISON, TEXAS

For consideration hereinafter set forth, Cobb, Fendley & Associates, Inc., (Engineer) a Texas corporation with an office in Frisco, Texas, agrees to provide consulting services to the TOWN OF ADDISON, TEXAS, (Owner), for various projects located within Dallas County, Texas. This Master Agreement to Furnish Consulting Services to the TOWN OF ADDISON, TEXAS, (Agreement) is effective as of _____, 2015 and unless earlier terminated by Owner pursuant to Section 6-2, shall continue through the completion of performance of any Task Order(s) executed by both Parties on the dates designated on the appropriate Task Orders.

ARTICLE 1. SCOPE OF SERVICES

At Owner's request and in Owner's sole discretion, Owner may engage from time to time the Engineer to perform professional engineering Services (as defined in this Article) in connection with a Project (as defined in Section 7-2). Engineer agrees to perform such Services in accordance with the terms and conditions of this Agreement and with any individual Task Order (as defined in this Article). Owner reserves the right, in its sole discretion, to hire other engineers for any reason and for any purpose. In performing its professional engineering Services hereunder and in connection with each Project and Task Order, the Engineer shall follow the degree of professional engineering standard of care and skill set forth in Section 4-3 of this Agreement.

The Services to be provided by the Engineer shall be as mutually agreed to in separate written Task Orders executed by Owner and Engineer (Task Order) in substantially the form attached as Exhibit A. Accordingly, whenever used in this Agreement, the term Services shall mean those services specified in a Task Order and all related work (and including any Subcontracted Services). Each Task Order shall include, directly or by reference, appropriate cost and pricing data and such other documentation as required by the Owner. Each Task Order shall be subject to and integrated into this Agreement, and the terms of this Agreement shall be incorporated into and made a part of each Task Order. All Services shall be performed by the employees of Engineer unless otherwise provided in a Task Order. Engineer shall be wholly and solely responsible for any Services or Subcontracted Services (as defined in Section 2-2) provided by any officer, owner, employee, agent, representative, contractor or subcontractor of Engineer (collectively, Engineer's Personnel).

ARTICLE 2. COMPENSATION

2-1. ENGINEER

Compensation by the Owner to the Engineer for Services shall be on a fixed fee or a time and materials basis as specified in the applicable Task Order. All time shall be billed at the Engineer's then current labor billing rates. Said rates shall be subject to a cost of living adjustment on an annual basis as agreed to between the Parties. Then current billing and labor rates shall be made available to the Owner upon request; billing and labor rates in effect on the effective Date of this Agreement are attached hereto as Exhibit B (and such rates shall remain in effect for a period of one year, after which time they may be adjusted as set forth herein and be in effect for another one year period, and so on, so that rates hereunder (current or as adjusted) will be in effect for a one year period). Owner shall also reimburse Engineer for any Direct Expenses (as defined in Article 7) reasonably and necessarily incurred by Engineer in performing Services, plus any applicable sales, use, or other similar taxes (which shall not include any payroll, withholding or income taxes). This Agreement contemplates that alternate compensation may be proposed by either Party on a Task Order specific basis, including fixed price or time and materials tasks, or negotiated rates which, if applicable, shall be specified in the Task Order.

6801 Gaylord Parkway, Suite 302 | Frisco, Texas 75034 | 972.335.3214 | fax 972.335.3214 | www.cobbfendley.com

CobbFendley

2-2. SUBCONTRACTED SERVICES

When necessary, technical or professional contracted or subcontracted work or services and / or other outside services and facilities (collectively, the Subcontracted Services) shall be procured by the Engineer in connection with the work, subject to Owner's prior written consent. Engineer shall issue subcontracts for Subcontracted Services in its own name. Engineer shall be compensated for its work related to the Subcontracted Services for the actual amount invoiced by the subcontractor times a multiplier or the equivalent staff hourly billing rate, whichever is greater and agreed to by the parties in a Task Order.

Except as set forth above, neither Engineer nor Owner may assign, sublet, transfer, or otherwise convey (together, an Assignment), and neither has the power to assign, sublet, transfer, or otherwise convey, any or all of the rights, duties and obligations or interest in this Agreement without the prior written consent of the other. Unless specifically stated to the contrary in any written consent to an Assignment, no Assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

ARTICLE 3. TERMS OF PAYMENT

3-1. PAYMENT

Engineer shall submit to Owner monthly invoices for Services and any compensation due under Section 2. Each invoice shall be accompanied by such documentation as Owner may reasonably require to verify the accuracy of the invoice, including an itemized statement of reimbursable costs incurred, and the sum of all prior payments under this Agreement in connection with each Task Order. Payment to the Engineer shall be made within 30 days of receipt of such invoices and accompanying documentation, subject to Owner's right to withhold payment pursuant to Section 3-2 of this Agreement. Engineer shall not be entitled to any compensation for any services or work not actually performed or for any lost profits as a result of any abandonment or suspension of any work by the Owner.

Any provision hereof to the contrary notwithstanding, Owner shall not be obligated to make payment to Engineer hereunder if:

1. Engineer is in default of any of its obligations under this Agreement or any Task Order or any other documents in connection with a Project (and payment may be withheld to the extent of any such default);

2. Any part of such payment is attributable to any services of Engineer which are not performed in accordance with this Agreement and/or any Task Order;

3. Engineer has failed to make payment promptly to subcontractors or consultants or other third parties used by Engineer in connection with Engineer's services hereunder for which the Owner has made payment to Engineer; or

4. If Owner, in its good faith judgment and after consultation with Engineer, determines that the portion of the compensation then remaining unpaid will not be sufficient to complete the Services in connection with a Task Order, no additional payments will be due Engineer hereunder unless and until Engineer performs a sufficient portion of the Services so that such portion of the compensation remaining unpaid is determined by Owner to be sufficient to complete the Services.

3-2. DISPUTED BILLING

In the event Owner disputes or contests any invoice, Owner shall nevertheless pay any undisputed amounts in accordance with Section 3-1. The Owner shall not dispute or contest any invoice without a reasonable basis. Owner's dispute or contest shall be submitted to Engineer in writing within 5 business

days following Owner's receipt of such disputed invoice ("business days" being Monday through Friday of each week, excluding any holiday observed by Owner). The parties will seek to resolve any dispute within 5 days of Engineer's receipt of the written dispute or contest.

3-3. BILLING ADDRESS

Engineer shall submit monthly the original invoice and necessary and reasonable accompanying documentation to the following address:

Owner — Town of Addison
Attn: Lisa Pyles
16801 Westgrove Drive
Addison, TX 75001-5190

3-4. ACCOUNTING RECORDS

Engineer shall keep full and detailed accounts and exercise such controls as may be necessary for proper financial management under this Agreement; the accounting and control systems to be reasonably satisfactory to Owner. Owner and Owner's representatives and accountants shall be afforded reasonable access to the Engineer's records, books, correspondence, instructions, drawings, receipts, subcontracts, purchase orders, memoranda, and other data relating to this Agreement and any Task Order during normal business hours at the location where such documents are stored by Engineer, including to audit or inspect the same. Engineer shall preserve all such related documentation for a period of five (5) years after final payment is made of each Task Order.

ARTICLE 4. OBLIGATIONS OF THE ENGINEER

4-1. GENERAL

Engineer shall serve as Owner's professional consultant for all Services in connection with this Agreement and any Task Order between the Parties and shall provide professional consultation and advice and furnish customary services incidental thereto. Engineer shall perform all work hereunder in a manner satisfactory and acceptable to Owner in accordance with the terms and conditions of this Agreement, including the Standard (as defined in Section 4-3). Engineer shall perform all Services in a timely and professional manner, utilizing at all times an economical and expeditious manner for performing such Services consistent with the Standard (as defined in Section 4-3) and shall cause all Subcontracted Services to be similarly undertaken and performed. No less than monthly (and at any other time as Owner may request), Engineer shall keep Owner informed, orally or in writing, as to the status of all Services in process. All oral information shall be subsequently confirmed in writing if requested by Owner. Notwithstanding anything to the contrary in this Agreement, Engineer is not and shall not be deemed to be an agent of Owner for any purpose but shall in all events be an independent contractor exercising control over its work and the manner in which it is performed. Accordingly, except as specifically set forth in this Agreement or a Task Order, (a) nothing in this Agreement or any Task Order shall make Engineer a partner or agent of Owner for any purpose, and Owner shall not be deemed an agent for Engineer, and (b) neither Engineer nor Owner shall have the right or authority to assume, create, or enlarge any obligations or commitment on behalf of the other and shall not represent itself as having the authority to bind the other in any manner. Nothing in this Agreement is intended nor shall be construed to create an employer-employee relationship, a joint venture or joint enterprise relationship, or to allow Owner to exercise discretion or control over the professional manner in which the Engineer performs the Services which are the subject matter of this Agreement or any Task Order; provided always however that the Services to be provided by Engineer shall be provided in a manner consistent with all applicable standards and regulations governing such Services. The method and manner in which Engineer's Services hereunder and under any Task Order shall be performed shall be determined by the Engineer in its sole discretion. The employees, agents, and representatives of, and the methods, equipment and facilities used by, the Engineer shall at all times be under the Engineer's exclusive direction and control.

Upon completion of any documents, drawings, records, plans, reports, designs, specifications, information, or other work product, in whatever form or format (collectively, Work Product), Engineer shall provide to Owner two (2) sets of such Work Product for its review and consideration of approval. Notwithstanding Owner's approval of or payment for any of such Work Product, Engineer attests that such Work Product, and as the same may be amended or supplemented by the Engineer, shall be sufficient and adequate for the Project for which they are prepared. Notwithstanding Owner's approval of or payment for any Work Product, Engineer attests and represents that the same, including as the same may be amended or supplemented by Engineer, per the Standard, shall, to the best of Engineer's knowledge, information and belief as a civil engineer performing the practice of civil engineering in accordance with the standards, duties, and obligations set forth herein, be free from material error, and shall be satisfactory to the Client. In accordance with the Standard, Engineer agrees that if it shall recommend unsuitable materials in connection with any Project or this Agreement or if the design of a Project should be defective in any way, Engineer will assume sole responsibility for any damages, loss, claims, or expenses to the extent caused by Engineer's recommendation of unsuitable materials or defective design. Approval by the Owner of, or payment by Owner for, any Services or any of Engineer's Work Product pursuant to this Agreement shall not constitute nor be deemed a release of the responsibility and liability of Engineer, its owners, employees, subcontractors, agents and consultants for the accuracy and competency of the same, nor shall such approval or payment be deemed to be an assumption of or an indemnification for such responsibility or liability by the Owner for any defect, error or omission in such Documents, it being understood that the Owner at all times is ultimately relying on Engineer's skill and knowledge in providing Services and in preparing Work Product.

All Work Product shall be professionally sealed as may be required by law, rule, code, or regulation.

4-2. AUTHORIZATION TO PROCEED

The Engineer shall not begin work on any Services until the Owner directs Engineer in writing to proceed. Unless otherwise specified in a Task Order, each Task Order shall constitute notice and authorization to proceed in connection with the applicable Services.

4-3. STANDARD OF CARE; REPRESENTATIONS

The standard of care applicable to Engineer, including Engineer's Personnel, in rendering Services or Subcontracted Services shall be the standard of professional ethics and the degree of skill, care and diligence normally employed by professional engineers performing the same or similar Services or Subcontracted Services in the same locality (Dallas County, Texas) in which the work and services hereunder are being provided (collectively, the Standard). The Engineer shall re-perform and otherwise remedy any Services, including Subcontracted Services, not meeting the Standard without additional compensation. Further, Engineer and all subcontractors shall perform all Services in accordance with any applicable law, rule, regulation or order of any federal, state or local agency having jurisdiction over any matter related to this Agreement that is in effect or effective at the time such Services or Subcontracted Services are performed.

Engineer represents that it is authorized to practice civil engineering in the State of Texas and that any necessary licenses, permits or other authorization to practice civil engineering and professional surveying and to provide the Services set forth herein have been heretofore acquired as required by law, rule or regulation. Engineer agrees and acknowledges that Owner is entering into this Agreement in reliance on Engineer's professional abilities with respect to performing the Services set forth herein.

4-4. ENGINEER'S INSURANCE

At all times in connection with this Agreement (including the Services to be provided by Engineer), Engineer shall purchase and maintain in a company or companies lawfully authorized to do business in Texas such insurance coverages as set forth below:

CobbFendley

a) Worker's Compensation as required by the State of Texas, whichever is greater, including coverage under the broad form, all states endorsement, and including Employer's Liability coverage at minimum limits of $1,000,000 each occurrence each accident / $1,000,000 by disease each-occurrence / $1,000,000 by disease aggregate.

b) Commercial automobile and vehicle liability insurance at minimum combined single limits per occurrence for bodily injury and property damage, including owned, non-owned, and hired vehicle coverage.

c) Commercial general liability insurance at minimum combined single limits of $1,000,000.00 per occurrence and $2,000,000 general aggregate for bodily injury and property damage, which coverage shall include products/completed operations ($1,000,000 products/completed operations aggregate) and contractual liability (covering, but not limited to, the liability assumed under the indemnification provisions of this Agreement).

d) Professional Liability insurance to protect from liability arising out of the performance of professional services under this Agreement. Such coverage shall be in the sum of not less than One Million and No/100 Dollars ($1,000,000.00) per claim and Two Million and No/100 Dollars ($2,000,000.00) aggregate. This coverage must be maintained for at least two (2) years after this Agreement and any Project is completed. If coverage is written on a claims-made basis, the retroactive date must not be later than the inception date of this Agreement.

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

(a) The Town of Addison, Texas, its officials, officers, employees, and agents, shall be named as an additional insured with respect to all liability policies (except professional liability).

(b) All liability policies shall contain no cross liability exclusions or insured versus insured restrictions applicable to the claims of the Town of Addison, Texas.

(c) A waiver of subrogation in favor of the Town of Addison, Texas its officers, employees, and agents shall be contained in the Workers Compensation and all liability policies.

(d) All insurance policies shall be endorsed to require the insurer to immediately notify the Town of Addison, Texas of any material change in the insurance coverage.

(e) All insurance policies shall be endorsed to the effect that the Town of Addison, Texas will receive at least sixty (60) days notice prior to cancellation or non-renewal of the insurance.

(f) All insurance policies which name the Town of Addison, Texas as an additional insured, must be endorsed to read as primary coverage regardless of the application of other insurance.

(g) Required limits may be satisfied by any combination of primary and umbrella liability insurances.

(h) Engineer may maintain reasonable and customary deductibles, subject to approval by the Town of Addison, Texas.

(i) Insurance must be purchased from insurers that are financially acceptable to the Town of Addison, Texas and licensed to do business in the State of Texas.

All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Certificates of Insurance, satisfactory to Owner, shall be prepared and executed by the insurance company or its authorized agent, shall be delivered to Owner in connection with each Task Order prior to commencement of Services, and shall:

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

(b) Specifically set forth the notice-of-cancellation or termination provisions to the Town of Addison, Texas.

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

Engineer shall require any person providing Subcontracted Services to carry the same insurance and to comply in all respects with the provisions of this Section 4-4 in connection with each Task Order prior to commencement of Subcontracted Services or site mobilization.

4-5. FEDERAL, STATE AND LOCAL REGULATIONS

Engineer shall comply with federal, state and local laws, standards, rules, and regulations applicable to this Agreement.

4-6. CONFIDENTIALITY

Engineer acknowledges that Owner is a Municipality and must comply with the rules and regulations of the Public Information Act, as the same may be amended or superseded. All Work Product and any other information or materials given to or prepared by, for, or on behalf of Engineer under this Agreement shall be kept confidential by Engineer, except to the extent required by law.

4-7. LIENS - Not applicable for municipal projects

ARTICLE 5. OBLIGATIONS OF THE OWNER

5-1. OWNER-FURNISHED DATA AND ACCESS TO SITE

The Owner shall provide to the Engineer available (i.e., in the Owner's custody and control) technical data that Owner determines to be needed to perform the Services on the Project. Subject to the Standard, Engineer may reasonably rely upon the accuracy, timeliness, and completeness of the information provided by the Owner. Engineer shall be entitled to additional compensation and time to complete the Services to the extent the cost or time to complete the Services are increased due to inaccurate technical data or inaccurate information provided by the Owner.

5-2. PROMPT NOTICE

The Owner shall give prompt written notice to Engineer whenever Owner observes or becomes aware of any development that affects the scope or timing of Services or any Subcontracted Services, or any defect in the Services or Subcontracted Services of the Engineer; provided, however, that Owner's failure to comply with its obligations under this paragraph shall not be construed to adversely affect any liability responsibility or obligation of Engineer to Owner under this Agreement. The Engineer shall give prompt written notice to Owner whenever Engineer observes or becomes aware of any development that affects the scope or timing of Services, or any defect in the Services or Contracted Services of the Engineer, including Engineer's Personnel.

5-3. CHANGES

No changes in the general scope of Services or Subcontracted Services and no amendment may be made to any Task Order (collectively, Changes) unless first agreed to by Owner and Engineer in writing. Engineer's key personnel shall not be permitted to be changed or substituted unless first authorized in writing by the Owner. If any approved Changes affect the Engineer's cost of or time required for

performance of the Services, an equitable adjustment shall be made through a written amendment to this Agreement or Task Order signed by Owner and Engineer within seven (7) days after Change.

ARTICLE 6. GENERAL LEGAL PROVISIONS

6-1. FORCE MAJEURE

Neither Engineer nor Owner is liable one to the other for any damages for delay in performance caused by acts of God, strikes, lockouts, accidents, fire, casualty, labor trouble, failure of power, governmental authority, riots, insurrections, war, acts or threats of terrorism, or other events of a like nature which are beyond the control of the Party obligated to perform hereunder and not avoidable by the diligence of that Party; in such event, the Party obligated to perform shall give the other Party prompt notice of such delay and the performance of this Agreement shall be excused for the period of such delay. If such an event necessitates a change in the time required for performance of the Services or Subcontracted Services or other act under this Agreement, the Parties shall make an equitable adjustment of the schedule and price; provided, however, that the Party obligated to perform shall continue to promptly perform all of its obligations under this Agreement, including the Services, while the Parties are determining the nature and extent of any such adjustments.

6-2. TERMINATION

This Agreement and/or any Task Order may be terminated (Termination for Convenience) by either Party through written notice to the other Party to be effective thirty (30) calendar days after the other Party's receipt of such notice; provided, however, that Owner shall be responsible to pay the Engineer for all authorized Services and Subcontracted Services properly performed in accordance with this Agreement up to the termination date (subject to the terms, conditions and provisions of this Agreement). Upon Engineer's termination of this Agreement or upon Engineer's receipt of notice of termination from Owner, Engineer shall cause to be promptly delivered to Owner's offices a copy of all information and Work Product prepared by, for, or on behalf of Engineer. In the event of a Termination for Convenience by either Party, Engineer shall have no recourse against Owner except as stated in the second sentence of this Section.

Either Party may terminate this Agreement or any Task Order because of default of the other Party, to be effective fifteen (15) days after receipt by the breaching Party of a written notice specifying such default, unless the breaching Party corrects such default or presents a mutually agreeable plan to cure such default within such time.

Notwithstanding any termination of this Agreement, unless otherwise agreed by Owner, Engineer shall complete all Task Orders executed prior to the effective date of termination. Owner shall pay for such work, performed in accordance with this Agreement, in accordance with Article 3. Upon termination of this Agreement for any reason, if Owner has compensated Engineer for Services or any other work not yet performed, Engineer shall promptly return such compensation to Owner.

6-3. SUSPENSION, DELAY, OR INTERRUPTION OF WORK

Upon seven (7) days prior written notice, the Owner may suspend, delay, or interrupt for up to six (6) months the services of the Engineer for the convenience of the Owner. Nothing in this Section 6-3 shall be construed to apply to any such suspension, delay or interruption caused by an event identified in Section 6-1. A suspension may be withdrawn by Owner upon five (5) days written notice to Engineer accompanied by Owner's payment to Engineer of 10% of the sum of all prior Task Orders signed in connection with the Project on which the Task Orders have been issued and that were outstanding (unfinished) as of the date Owner suspended, delayed, or interrupted the services of Engineer (and such payment shall not constitute an additional payment in excess of the cost of a Task Order, but shall be

credited to the payment of such Task Order). Any suspension, delay or interruption that exceeds six (6) months shall be deemed to be a termination by Owner and Engineer shall be compensated by Owner as if this Agreement were a Termination for Convenience.

6-4. INDEMNIFICATION

To the fullest extent permitted by law, the Engineer hereby agrees as follows:

a) With regard to the engineering services performed and to be performed hereunder by or through the Engineer, Engineer agrees, to the fullest extent permitted by law, to DEFEND, INDEMNIFY, and HOLD HARMLESS Owner and Owner's elected and appointed officials, officers, employees, representatives, and agents, individually or collectively, in both their official and private capacities (collectively, "Owner Persons") from and against any and all damages, including but not limited to damages for, related to, or arising out of injuries (including but not limited to death), losses, expenses, liability, penalties, proceedings, judgments, actions, demands, causes of action, suits, harm, and costs (including reasonable attorneys' fees and costs of defense), of any kind or nature whatsoever, made upon or incurred by Owner or any other Owner Persons, whether directly or indirectly, (collectively, "Claims"), that arise out of, result from, or relate to an act of negligence, intentional tort, intellectual property infringement, or failure to pay a subcontractor or supplier committed by the Engineer or by the Engineer's employee, or the Engineer's agent, consultant under contract, or another entity over which the Engineer exercises control (the Engineer's employee, agent, consultant under contract, or such other entity being "Engineer Persons").

SUCH INDEMNITY AND HOLD HARMLESS OBLIGATION SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN PART BY THE NEGLIGENCE OF AN OWNER PERSON. However, when any Claims arise out of the co-negligence of any Owner Persons and the Engineer or any Engineer Persons, Engineer's liability under this clause shall be reduced by that portion of the total amount of such Claims (excluding attorneys' fees and costs incurred in defense of Claims) equal to the Owner Person or Persons' proportionate share of the negligence that caused the loss attributable to such negligence. Likewise, Engineer's liability, if any, for Owner Person's defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to Owner Person or Persons' proportionate share of the negligence that caused the loss attributable to such negligence.

b) Engineer shall promptly advise the Owner in writing of any claim or demand against any Owner Person related to or arising out of Engineer's activities under this Agreement regarding and shall see to the investigation and defense of such claim or demand at Engineer's sole cost and expense. The Owner Persons shall have the right, at the Owner Persons' option and own expense, to participate in such defense without relieving Engineer of any of its obligations hereunder. This defense, indemnity, and hold harmless provision shall survive the termination or expiration of this Agreement.

c) The provisions in the foregoing defense, indemnity and hold harmless provisions are severable, and if any portion, sentence, phrase, clause or word included therein shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, void, or unenforceable in any respect (including, without limitation, for violating Section 271.904(a), Tex. Loc. Gov. Code, or Section 130.002(b), Tex. Civ. Prac. & Rem. Code), such invalidity, illegality, voidness, or unenforceability shall not affect any other provision thereof, and this defense, indemnity and hold harmless provision shall be considered as if such invalid, illegal, void, or unenforceable provision had never been contained in this Agreement.

d) The obligations set forth in this Section 6-4 shall survive the expiration or termination of this Agreement.

CobbFendley

6-5. JURISDICTION

This Agreement will be governed by and construed in accordance with the laws of the State of Texas without regard to its conflict of laws rules or the conflict of law rules of any other jurisdiction. In the event of any action, suit or legal proceeding under or in connection with this Agreement, venue for the same shall lie exclusively in state courts in Dallas County, Texas.

6-6. SEVERABILITY

The articles, sections, subsections, paragraphs, sentences, phrases, words, terms, and all other provisions (collectively, Provisions and each a Provision) of this Agreement are severable, and if any of the Provisions contained in this Agreement are held for any reason to be invalid, illegal, or unenforceable in any respect, such invalid, illegal, or unenforceable Provisions shall not affect any other Provision, and this Agreement shall be construed as if such invalid, illegal, or unenforceable Provisions had never been contained herein; and it is the intention of the Parties that in lieu of each Provision that is found to be illegal, invalid, or unenforceable, the Parties agree to seek to reasonably negotiate a new Provision to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the Provision found to be illegal, invalid or unenforceable.

6-7. ASSIGNMENT

Provisions regarding Assignment are set forth in Section 2-2 of this Agreement.

6-8. SURVIVAL

Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination or expiration of this Agreement shall survive termination or expiration. Without limiting the foregoing, Articles 4 and 6 shall survive termination of this Agreement.

6-9. NO THIRD PARTY RIGHTS

Except as provided in Sections 4-4 and 6-4, this Agreement shall not create any rights or benefits to parties other than Engineer, Owner, and any Owner affiliated entity including, but not limited to, an entity formed for purposes of developing and/or owning the Project.

6-10. USE OF WORK PRODUCT

The Work Product (including all drawings, plans, specifications, reports, documents, records, plans, and designs, in whatever form or format) prepared by the Engineer shall be the sole property of the Owner and may be used by the Owner for the purpose of completing the Project for which the Work Product was prepared for such other purposes or uses as Owner may deem appropriate; provided, however, that should Owner use the same for a purpose not in connection with the Project, Owner does so at its own risk.

6-11. NOTICE

Except as otherwise provided herein, all notices and other communications required or permitted to be given under this Agreement, including Exhibits and Task Orders, shall be in writing, addressed to the Parties at their respective addresses as provided below, and may be delivered in person, sent by overnight express mail or courier service, or by certified mail, postage prepaid, return receipt requested. The addresses of each Party are as follows:

CobbFendley

IF TO OWNER:

Town of Addison
Attention: Lisa Pyles
16801 Westgrove Drive
Addison, TX 75001-5190

IF TO ENGINEER:

Cobb Fendley & Associates
Ted B. Sugg, P.E.
6801 Gaylord Parkway, Suite 302
Frisco, Texas 75034

Each Party may from time to time change its address for receipt of notices by sending notice thereof in the manner provided herein to the other Party. Each notice given by certified mail shall be deemed delivered on the date of delivery as shown on the return receipt, or if delivery is attempted, at the last address specified and the notice is returned, notice shall be deemed delivered on the date the notice was originally sent. Each notice delivered in any other manner shall be deemed delivered as of the time of actual receipt thereof. The Parties acknowledge and agree to provide to the other Party within 72 hours of transmission such documents bearing the original signatures.

6-12. RIGHT OF ENTRY

Owner shall permit Engineer reasonable access to a Project as may be required to permit Engineer to perform the Services; provided, however, Engineer shall coordinate all Services so as not to interfere with any of Owner's operations at a Project site.

6-13. INTERPRETATION AND FAIR CONSTRUCTION OF AGREEMENT

This Agreement has been reviewed and approved by each of the Parties. In the event it should be determined that any provision of this Agreement is uncertain or ambiguous, the language in all parts of this Agreement shall be in all cases construed as a whole according to its fair meaning.

6-14. NON-WAIVER

No term or provision of this Agreement shall be deemed waived or any breached excused unless the waiver or excusing of the breach shall be in writing and signed by the Party claimed to have waived or excused. Further, any consent to or waiver of a breach shall not constitute consent to or waiver of or excuse of any other different or subsequent breach.

Notwithstanding any other provision of this Agreement, nothing in this Agreement shall or may be deemed to be, or shall or may be construed to be, a waiver or relinquishment of any immunity, defense, or tort limitation to which Owner, its officials, officers, employees, representatives, and agents are or may be entitled, including, without limitation, any waiver of immunity to suit.

6-15. OPINIONS OF PROBABLE COST (COST ESTIMATES)

Any opinions provided by the Engineer concerning probable project cost or probable construction cost are made on the basis of information available to Engineer and on the basis of Engineer's experience and qualifications, and represents its judgment as an experienced and qualified professional engineer. However, since Engineer has no control over the cost of labor, materials, equipment or services furnished by others, or over the contractor(s) methods of determining prices, or over competitive bidding or market conditions, Engineer does not guarantee that proposals, bids or actual project or construction cost shall not vary from the opinions of probable cost Engineer prepares. The Engineer shall advise the Owner if it

appears that the construction cost may exceed the latest approved Project budget and make recommendations for corrective action.

6-16. CONSTRUCTION PROCEDURES

Owner may request that Engineer provide construction review services in connection with a Project. If Owner makes such a request, in addition to other provisions of this Agreement, the following provisions of this Section 6-16 shall apply. Such services shall consist of technical, on-site inspection of the materials, structures, equipment and workmanship and methods used by the construction contractor to verify that a Project and any portion thereof is constructed in compliance with all construction documents (including all graphic and written information prepared or assembled in connection with the construction of a project) (Contract Documents).

For construction work on a Project for which Engineer provided Work Product under this Agreement that is contracted directly to or with Owner, Engineer's observation or monitoring portions of the work performed under construction contracts shall not relieve the contractor from its responsibility for performing work in accordance with applicable Contract Documents. Engineer shall not control or have charge of, and shall not be responsible for, construction means, methods, techniques, sequences, procedures of construction, health or safety programs or precautions connected with the construction work and shall not manage, supervise, control or have charge of construction. Further, Engineer shall not be responsible for the acts or omissions of the contractor or other parties on a Project.

Engineer's visits to a Project site (at such intervals as may be agreed by Owner and Engineer) during the construction phase of a Project are to allow Engineer to become generally familiar with and to observe the progress and quality of the construction work, and to determine in general if the work is being performed and is proceeding in a manner indicating that the work, when completed, will be in accordance with the Work Product prepared by or for Engineer hereunder. However, it is understood that the contractor, not Engineer, is solely responsible for the construction of the Project, for safety programs and procedures at the site, and for its own acts or omissions and those of any subcontractor. Engineer shall recommend to Owner that contractor's work be disapproved and rejected while it is in progress if, on the basis of such on-site visits and observations, Engineer believes that such work will not produce a completed Project that conforms generally to the Contract Documents and Work Product or that it will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents and Work Product.

On the basis of on-site visits and observations, Engineer shall keep the Owner informed of the progress and quality of the construction work, and shall endeavor to guard the Owner against defects and deficiencies in the work and to the extent Engineer observes or is made aware of such defects and deficiencies, Engineer will report any such defects and deficiencies to the Owner. Engineer shall require such special inspections or tests of contractor's work as Engineer deems appropriate, and shall receive and review certificates of or other documents regarding inspections, tests and approvals as requested by the Owner and as required by laws, rules, regulations, ordinances, codes, orders or the Contract Documents and Work Product; Engineer's review of such certificates will be for the purpose of determining that the results certified indicate compliance with the same.

Engineer shall promptly correct any defective Work Product or other information furnished by Engineer at no cost to the Owner. The Owner's approval, acceptance, use of or payment for all or any part of Engineer's services hereunder, including, without limitation, the Work Product or any portion thereof, or of the Project itself, shall in no way alter Engineer's obligations or the Owner's rights hereunder. If requested by Owner, Engineer shall review and take appropriate action on the contractor's submittals and application for payment (including, without limitation, certifying any amounts due the contractor based upon Engineer's visits to and observations at the site or other location in connection with a Project), and such certification shall constitute a representation to the Owner, based on Engineer's visits and observations at the site (or other location in connection with a Project) and on the data comprising the Contractor's applications for payment, that, to the best of Engineer's knowledge, information and belief, the work has progressed to the point indicated and the quality of the work is in accordance with the

Contract Documents (and including but not limited to the Work Product). Engineer shall furnish to the contractor such additional details, interpretations, and clarifications as are customary during the Project construction phase. All changes, substitutions, and deviations from the Work Product shall be subject to Owner's review and approval.

Engineer shall review and approve or take other appropriate action upon contractor's submittals such as shop drawings, product data and samples for the purpose of checking such submittals for conformance with, and the design concept expressed in the requirements of, the Contract Documents and Work Product. Engineer's action shall be taken with such reasonable promptness as to cause no delay in the contractor's work or in construction by the Owner's own forces (if any), while allowing sufficient time in Engineer's professional judgment to permit adequate review. Engineer's review shall not constitute approval of safety precautions or, unless otherwise specifically stated by Engineer, of construction means, methods, techniques, sequences or procedures. Engineer's approval of a specific item shall not indicate approval of an assembly of which the item is a component. When professional certification of performance characteristics of materials, systems or equipment is required by the Contract Documents and Work Product, Engineer shall be entitled to rely upon such certification to establish that the materials, systems or equipment will meet the performance criteria required by the Contract Documents and Work Product.

At Owner's request, Engineer shall review or take other appropriate action on construction change orders and construction change directives. Engineer shall also issue necessary clarifications and interpretations (and report the same to Owner) of the Contract Documents and Work Product as appropriate to the orderly completion of the work. Such clarifications and interpretations will be consistent with the intent of and reasonably inferable from the Contract Documents and Work Product.

Based on Engineer's observations and on its review of applications for payment and accompanying supporting documentation from the contractor (if Owner has requested such review), Engineer shall, at Owner's request, determine the amounts that Engineer recommends the contractor be paid. Such recommendations of payment (if requested by Owner) will be in writing and will constitute Engineer's representation to Owner, based on Engineer's observations and review, that, to the best of Engineer's knowledge, information and belief, (i) the contractor's work has progressed to the point indicated, (ii) such work is generally in accordance with the Contract Documents and Work Product (subject to an evaluation of the work as a functioning whole upon substantial completion, to the results of any subsequent tests called for in the Contract Documents and Work Product and to any other qualifications stated in the recommendation), and (iii) the conditions precedent to contractor's being entitled to such payment appear to have been fulfilled in so far as it is Engineer's responsibility to observe contractor's work. In the case of unit price work, Engineer's recommendations of payment will include final determinations of quantities and classifications of contractor's work, based on observations and measurements of quantities provided by the contractor with contractor's pay requests.

Engineer shall secure, review, and transmit to Owner all original or other documents Engineer receives from the contractor, including without limitation any required lien waivers, releases, bonds, affidavits, certificates of inspection, tests and approvals, maintenance and operating instructions, schedules, guarantees, certificates or other evidence of insurance, warranties and similar submittals, and deliver all keys, manuals, record drawings and maintenance books to Owner, as required by the Contract Documents which are to be assembled by contractor in order to obtain final payment.

Promptly after notice from the contractor that the contractor considers the work ready for its intended use, Engineer, accompanied by Owner and the contractor, shall conduct a visit and observation to determine if the work is substantially complete. If after considering any objections of Owner, Engineer considers the work on the Project substantially complete, Engineer shall notify the Owner and contractor and shall issue a certificate of substantial completion to Owner and the contractor. Simultaneous with Engineer's determination that the Project is substantially complete and the issuance of a certificate of substantial completion, Engineer shall, jointly with the contractor, prepare for Owner a list of incomplete or unsatisfactory items and a schedule for their completion (the "punch list"). If requested by Owner, Engineer shall observe and monitor the correction and final completion of the work. Following issuance

of a certificate of substantial completion of the work, if requested by Owner, Engineer shall evaluate the completion of the work of the contractor and make recommendations to Owner when the work is ready for final inspection. Promptly after notice from the contractor that the contractor considers the entire work finally complete and all items on the punch list completed, Engineer, accompanied by Owner and the contractor, shall conduct an inspection of the Project to determine if the work is finally complete.

When the Engineer determines that work of the contractor has been finally completed, is acceptable, and is generally in accordance with the Contract Documents and Work Product, Engineer will recommend, in writing, final payment to the contractor. Accompanying the recommendation for final payment, Engineer shall also provide a written representation and notice to Owner that the work meets the intent of Engineer's design, is acceptable, and is in accordance with the Contract Documents and Work Product to the best of Engineer's knowledge, information, and belief.

Engineer shall assemble and deliver to the Owner (i) one full size bond set, (ii) one half size bond set, and (iii) a CD in AutoCAD format and PDF format, of reproducible Record Construction Drawings as prepared by Engineer showing changes in the construction work during the construction process, including the final location of all buried utilities, based on marked up prints and drawings and other data furnished by the contractor.

Engineer shall advise and consult with the Owner during construction until final payment to the contractor is made and during any maintenance bond period and warranty period by the contractor for a Project.

6-17. HAZARDOUS WASTES

Owner represents to Engineer that, to its actual knowledge, no hazardous wastes (as hereinafter defined) are present at a Project site, except as may be disclosed orally to Engineer or set forth in a Task Order. However, in the event hazardous wastes are known to Owner to be present, Owner represents that it shall disclose to Engineer the existence, including type, quantity and location of such hazardous wastes. In the event Engineer or any other party encounters undisclosed hazardous wastes, Engineer shall have the obligation to notify Owner and, to the extent required by law or regulation, the appropriate governmental officials, and Engineer may, at its option and without liability for consequential or any other damages to Owner, suspend performance of Services on that portion of a Project affected by such hazardous wastes. For purposes of this section, "hazardous wastes" has the same meaning as such term is defined in the Resource Conservation and Recovery Act or any applicable state law, rule or regulation then in effect.

ARTICLE 7. DEFINITIONS; MISCELLANEOUS

7-1. DIRECT EXPENSES

Direct Expenses shall mean those out-of-pocket reasonable costs or expenses directly and necessarily incurred by Engineer, including its employees, for Services including, but not limited to, transportation costs, including current rates for Engineer's vehicles; meals and lodging (however, in order to be reimbursed, any costs associated with out-of-town travel shall receive the prior written approval of Owner), laboratory tests and analysis; and special Owner-requested and Project-related insurance, not including the insurance described in Section 4-4. Direct Expenses shall not include payroll costs and compensation, capital expenses, overhead, or costs incurred as a result of the application of Section 4-3 or Section 6 of the Agreement or otherwise as a result of the negligent act, error or omission or willful misconduct of Engineer or Engineer's Personnel. Reimbursement for Direct Expenses shall be on the basis of actual charges when furnished by commercial sources and, when furnished by Engineer, on the basis of current rates specified in the applicable Task Order.

CobbFendley

7-2. OTHER DEFINITIONS

Whenever used in this Agreement, the term (a) "including" shall mean including without limitation, (b) "Party" shall mean Owner or Engineer, and "Parties" shall mean Owner and Engineer, collectively, and (c) "Project" shall mean the project for which a Task Order has been issued in accordance with Article 1. The article and section headings contained herein are for convenience only and shall not be used in interpretation of this Agreement and are not intended to define or limit the scope of any provision of this Agreement.

7-3. MISCELLANEOUS

All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the parties, pertaining to a period of time following the termination or expiration of this Agreement shall survive termination or expiration.

The undersigned officers and/or agents of the Parties hereto are the properly authorized persons and have the necessary authority to execute this Agreement on behalf of the Parties hereto, and each Party hereby certifies to the other that any necessary motions, resolutions or other act extending such authority have been duly passed and are now in full force and effect.

This Agreement may be only amended or altered by written instrument signed by both of the Parties.

ARTICLE 8. SIGNATURES

This Agreement and the Task Orders, and any Exhibits, constitute the entire Agreement, supersede all prior written or oral understandings, and may only be changed by a written amendment to the Agreement executed by both Parties.

IN WITNESS WHEREOF, the Parties execute below:

Town of Addison, Texas	Cobb Fendley & Associates, Inc.
	Ted B. Sugg, P.E., Principal / Regional Municipal Manager
Date: _____	Date: 10-19-15

CobbFendley

ATTACHMENT A

TASK ORDER

MASTER SERVICE AGREEMENT (MSA), Task Order No. _____

Pursuant and subject to the above captioned MSA dated _____ between _____ and _____. CLIENT hereby requests that CONSULTANT performs the work described below upon the terms set forth:

CLIENT PROVIDED INFORMATION:

Work Site: _____

Work to Be Performed: _____

Drawings, plans, specifications (are) (are not) attached: _____

Date and Time to Commence: _____

Date and Time to Complete: _____

Equipment, vehicles, tools, materials, supplies to be furnished or obtained through third parties by CLIENT (if any): _____

_____

Invoice Mailing Instructions: _____

Other Requirements or Variance from MSA (if any): _____

_____

_____

CONSULTANT PROVIDED INFORMATION:

Compensation: _____

Scope of Work:

_____

_____

_____

_____

ACCEPTANCE:

The foregoing TASK ORDER is accepted on the terms set forth as indicated by the signatures below.

CONSULTANT	**CLIENT**
COBB, FENDLEY & ASSOCIATES, INC.	
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

COBB, FENDLEY & ASSOCIATES, INC.

CobbFendley

2014 ADDISON RATE SCHEDULE
2014-2015

Principal / Chief Engineer	(Professional VIII)*	$260.00/HR
Senior Engineer	(Professional VII)*	$245.00/HR
Senior Project Manager	(Professional VI)*	$210.00/HR
Project Manager	(Professional V)*	$190.00/HR
Senior Hydrologist	(Professional V)*	$190.00/HR
Project Engineer III	(Professional III)*	$150.00/HR
Project Engineer II	(Professional II)*	$130.00/HR
Project Engineer I	(Professional I)*	$110.00/HR
Senior Technician	(Technician IV)*	$125.00/HR
Technician III	(Technician III)*	$110.00/HR
Technician II	(Technician II)*	$100.00/HR
Technician I	(Technician I)*	$80.00/HR
Licensed State Land Surveyor	(Professional VI)*	$210.00/HR
Registered Professional Land Surveyor	(Professional III)*	$150.00/HR
4-Man Survey Crew		$170.00/HR
3-Man Survey Crew		$150.00/HR
2-Man Survey Crew		$130.00/HR
1-Man Survey Crew		$110.00/HR
Utility Specialist	(Professional II)*	$130.00/HR
Right-of-Way Agent		$115.00/HR
Administrative		$95.00/HR
Clerical		$70.00/HR
GPS		$35.00/HR/Receiver

* Category labels "Professional x" etc. are interim designations for 2015 and are to be implemented in lieu of previous position titles in 2016.

REIMBURSABLE EXPENSES

Technology Fee (*)	$3.75/HR
Consultant or Specialty Contractor (Outside Firm)	@ Cost + 10%
Courier, Special Equipment Rental	@ Cost + 10%
Reasonable Out of Town Travel Expenses (Air, Hotel, Rental, etc.)	@ Cost
Mileage (Standard Car or Truck)	IRS Approved Rate
Title Plant Charges	@ Cost + 10%
Other Misc. Expenses Related to the Project	@ Cost + 10%
In-House Reproduction:	
Copies (Up to 11" x 17")	$0.15/Each
Color Prints (Up to 11" x 17")	$1.50/Each
Color Prints (Larger than 11" x 17")	$3.00/Sq. Ft.
Bluelines (All Sizes)	$1.00/Each
Bond Prints (All Sizes)	$2.00/Each
Mylar Prints	$12.00/Each
Vellum Prints	$9.00/Each

(*) Technology charges added to each billable man-ho

AI-1405 **Item # 32.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Present An **Update On Various Capital Improvement Program Projects.**

BACKGROUND:

Quarterly the staff provides an update regarding the status of various capital improvement projects (CIP) for the Town. In addition to the update provided by staff, a new report has been developed to provide a comprehensive summary as to the progress of the on-going CIP projects as well as highlight the various stages and monetary condition of each project. The following capital improvement projects are currently included in the update:

Belt Line Road Undergrounding Utilities
Addison Road Rehabilitation
Vitruvian Phase V
Les Lacs Pond Improvements
Winnwood Pond Dredging
Midway Road Revitalization
Taxiway Victor
Airport Pavement Project

The information provided in the report will include the following fields:
Project Name, Start Date, Estimated End Date, Budget, Spent to Date, Comments/Notes, Project Status

RECOMMENDATION:

N/A

Attachments

CIP Spreadsheet

Project Name	Start Date	End Date	Budget	Spent to Date
Belt Line Road Undergrounding Utilities	12/6/14	9/14/16	$17,133,134	$9,211,513
Addison Road	7/30/15	11/11/15	$2,274,473	$726,535
Vitruvian Phase V Design	TBD	TBD	$311,065	N/A
Les Lacs Pond Improvements	mid Jan 2016	mid-July	$1,000,000	$50,821
Winnwood Pond Dredging	est. April 2016	TBD	$1,400,000	N/A
Midway Road Revitalization (Design)	10/15/14	TBD	$16,000,000	$964,109
Taxiway Victor Reconstruction	7/27/15	1/15/15	$2,154,207	$885,000
Airport Pavements	9/8/15	4/1/16	$468,741	$82,698

On schedule within budget
Behind Schedule
Over budget

Comments/Notes	Status
All utility agreements in place; 5 segments of out 8 complete for central mainline duct	Project is behind schedule due to weather.
Pavement markings and misc. concrete pad replacements are continuing	Project is on schedule and within budget
Pre-design activities have begun	Project has not begun yet
Design is nearly complete; to be posted for bids in mid-November	Project is on schedule and within budget
Project to be re-bid in spring 2016; to be completed in summer 2016	Project has not begun yet
Design is 40% complete; construction planned mid-2017	Project is on schedule and within budget
Currently in Phase 3 of 5. Phase 4 taxilane closure is occuring on 11/09/15	Project is on schedule and within budget
Currently working on Phase 2 of the S4 apron reconstruction	Project is on schedule and within budget

AI-1409 **Item # 33.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Discuss And Take Needed Action Regarding **City Manager Welcome Event Council Subcommittee Report**.

BACKGROUND:

n/a

RECOMMENDATION:

n/a

AI-1428 **10.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

Closed (executive) session of the Addison City Council pursuant to:

Section 551.071, Tex. Gov. Code, to conduct a private consultation with its attorney(s) on a mater in which the duty of the attorney(s) to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Tex. Gov. Code, pertaining to

- **Town of Addison v. Landmark Structures I, L.P. and Urban Green Energy Cause No. DC-15-0761 44th Judicial District Court, Dallas County, Texas**
- **The ponds or lakes at Vitruvian Park, located within the vicinity and east of the intersection of Vitruvian Way and Ponte Ave, and Farmers Branch Creek**
- **Automotive Use Issues- 15600 Midway Road**

Section 551.072, Tex. Gov. Code, to deliberate the purchase, exchange, lease or value of real property

- **Duke's Icehouse**

Section 551.087, Tex. Gov. Code, to deliberate commercial or financial information that was received from a business prospect that seeks to locate, stay, or expand in or near the territory of the governmental body, and with which the governmental body is conducting economic development negotiations.

- **Former Sam's Club Property**

BACKGROUND:

n/a

RECOMMENDATION:

n/a

AI-1429 **11.**

Work Session and Regular Meeting

Meeting Date: 11/10/2015

Department: City Manager

AGENDA CAPTION:

RECONVENE INTO REGULAR SESSION: In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matter discussed in Executive Session.

BACKGROUND:

N/A

RECOMMENDATION:

N/A
