

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

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING THE GROUND LEASE BETWEEN THE TOWN OF ADDISON AND ADDISON HANGARS, LLC FOR COMMERCIAL AERONAUTICAL USE ON APPROXIMATELY 6.054 ACRES OF IMPROVED LAND LOCATED AT THE ADDISON AIRPORT; AUTHORIZING THE REMEDIATION AND DEMOLITION OF THE EXISTING BUILDING AND STRUCTURES ON THE FOREGOING PROPERTY; AUTHORIZING THE CITY MANAGER TO EXECUTE THE GROUND LEASE AND SUCH OTHER AGREEMENTS AS MAY BE NECESSARY TO EFFECTUATE THE FOREGOING; AND PROVIDING AN EFFECTIVE DATE ACCORDINGLY.**

**WHEREAS**, Addison Hangars, LLC desires to enter into a ground lease to redevelop approximately 6.054 acres of improved land (the “Subject Property”) located at the Addison Airport for commercial aviation use (the “Ground Lease”); and

**WHEREAS**, upon execution of the Ground Lease, Addison Hangars, LLC intends to perform remediation and demolition of the existing buildings and structures on Subject Property in accordance with the terms and conditions of the Ground Lease; and

**WHEREAS**, the City Council herein desires to authorize the City Manager to execute the Ground Lease and such other documents as may be necessary to complete the remediation and demolition of the existing buildings on the Subject Property in conformance the Ground Lease.

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

**SECTION 1.** The Ground Lease between the Town of Addison and Addison Hangars, LLC for commercial aeronautical use on the Subject Property, a copy of which is attached to this Resolution as **Exhibit A**, is hereby approved. The City Manager is hereby authorized to execute the Ground Lease and such other documents as may be necessary to complete the remediation and demolition of the existing buildings on the Subject Property in conformance therewith.

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

**DULY RESOLVED AND ADOPTED** by the City Council of the Town of Addison, Texas, on this the **28<sup>th</sup>** day of **JUNE** 2022.

**TOWN OF ADDISON, TEXAS**

\_\_\_\_\_  
Joe Chow, Mayor

**ATTEST:**

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Irma Parker, City Secretary

EXHIBIT A

STATE OF TEXAS §
COUNTY OF DALLAS §

- Summary of Exhibits
Exhibit 1: Legal Description of Addison Airport
Exhibit 2: Survey of Demised Premises
Exhibit 3: Legal Description of Demised Premises
Exhibit 4: Description of Building Improvements and Approved Site Plan
Exhibit 5-A: Form of Memorandum of Ground Lease - Effective Date
Exhibit 5-B: Form of Memorandum of Ground Lease - Commencement Date
Exhibit 6: Master Landlord Sublease Consent Form
Lease Addendum #1- Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices
Lease Addendum #2 - Demolition of Existing Improvements
Lease Addendum #3 - Construction of Building Improvements
Lease Addendum #4 - Leasehold Mortgagee Provisions

GROUND LEASE AGREEMENT

This Ground Lease Agreement ("Lease") is made and entered into as of \_\_\_\_\_, 202\_ (the "Effective Date"), by and among the Town of Addison, Texas, a Texas home-rule municipality (hereinafter referred to as "Landlord") and Addison Hangars LLC, a Delaware Limited Liability Company (hereinafter referred to as "Tenant") (Landlord and Tenant may be each referred to herein individually as a "party" and together as the "parties").

WITNESSETH:

WHEREAS, Landlord is the record title owner of the Addison Airport in Dallas County, Texas, a description of which is set forth in Exhibit 1 attached hereto and incorporated herein (the "Airport"); and

WHEREAS, Landlord is operator and manager of the Airport, and any person or entity appointed or authorized by Landlord from time to time to manage or operate the Airport on behalf of the Landlord (severally and/or collectively hereinafter referred to as "Airport Manager" or "Manager"); and

WHEREAS, the Town of Addison, as a home-rule municipality, operates under a municipal charter that has been adopted or amended as authorized by Article XI, Section 5, of the Texas Constitution. The Town of Addison, as a municipality, from time to time establishes and enforces federal, state and local ordinances, codes and regulations, which in doing so is acting in its governmental capacity, which may be the same or separate as its capacity as Landlord and Manager provided for herein.

WHEREAS, Tenant desires to lease from Landlord, and Landlord desires to lease to Tenant, a portion of the Airport generally described and hereinafter referred to as two specific parcels of improved and unimproved airport land collectively consisting of approximately 6.05 acres (263,124 gross square feet) located where commonly known as 4505 Claire Chennault Drive within the Airport as shown in the ALTA/NSPS Land Title Survey prepared by Commercial Due Diligence Services dated as of January 5, 2022 and as illustrated in Exhibit 2 and more particularly described in Exhibit 3 attached hereto and incorporated herein (collectively the "Property Survey"), together with the non-

exclusive right to use the Common Facilities as defined in Section 17 hereinbelow (referred to herein as the "Demised Premises") according to the terms and conditions set forth in this Lease. The Property Survey was prepared by a licensed surveyor in the state of Texas and provides a legal description by metes and bounds and establishes the gross square feet of land area contained within the Demised Premises used as the multiplier to calculate Base Rent identified in Section 3 hereinbelow.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

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

In consideration of and subject to the terms, covenants and conditions set forth in this Lease, Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the Demised Premises. This Lease is given and entered into subject to the Laws (as defined in Section 8 herein) and Tenant's compliance thereof as set forth in Section 8, and the Airport Governing Documents (as defined in Section 18 herein) and/or as elsewhere expressly provided for in this Lease. The parties shall execute a short form Memorandum of Ground Lease substantially in the form of Exhibit 5-A to be recorded in the Dallas County Official Public Records affirming this Lease and its Effective Date.

**Section 2. Term:**

A. Subject to the termination and all other provisions of this Lease, the term hereof (the "Term") shall commence on the date that a Certificate of Occupancy is issued by Landlord (temporary or permanent) for any part of the Building Improvements (as defined in Lease Addendum #3 of this Lease, incorporated herein by reference) constructed upon the Demised Premises (the "Commencement Date"), and shall end the last day of the Four Hundred and Eightieth (480th) full calendar month following the Commencement Date (including the month of the Commencement Date) (the "Expiration Date"). For the purposes herein a Certificate of Occupancy is a document issued by the Town of Addison's building department evidencing the Building Improvement's (as defined in Section 6) class of construction, suitability for occupancy and compliance to applicable building codes and ordinances at the time of issuance. The period beginning upon the Effective Date given above and ending upon the Commencement Date is herein referred to as the "Preliminary Period". Any entry upon and/or use of occupancy of the Demised Premises by Tenant during the Preliminary Period shall be subject to all terms and conditions of this Lease.

B. Contemporaneously with the Commencement Date of this Lease, the parties shall execute a short form Memorandum of Ground Lease to be substantially in the form of Exhibit 5-B herein incorporated and made a part herein by reference to be recorded in the Dallas County Official Public Records evidencing this Lease, which shall include but shall not be limited to, the legal description of the Demised Premises, the full name and notice address for each party, and the Term of this Lease.

**Section 3. Rent; Security Deposit**

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



1. **Base Rent:** Tenant agrees to and shall pay Landlord annual rent for the Demised Premises as follows (hereinafter "Base Rent"):

a. If the Commencement Date occurs during the calendar year 2023, the rate shall be the product of \$.7200 times the gross square feet of the Demised Premises as determined by the Property Survey (e. g.  $$.720 \times 267,894$  gross square feet = \$192,883.68).

b. If the Commencement Date occurs during the calendar year 2024, the rate shall be the product of \$.7344 times the gross square feet of the Demised Premises as determined by the Property Survey.

c. If the Commencement Date occurs during the calendar year 2025, the rate shall be the product of \$.7491 times the gross square feet of the Demised Premises as determined by the Property Survey.

d. If the Commencement Date occurs any time after calendar year 2025, the Base Rent shall be the prevailing fair market unimproved ground lease rate for the Airport as determined by a third-party licensed appraiser acceptable to the parties, which cost of said appraisal shall be shared equally and payable by the parties.

Base Rent, as determined above, shall be paid by Tenant in twelve equal monthly payments in advance of or before the first day of each calendar month, with the first monthly payment of Base Rent due and payable on or before the Commencement Date. Thereafter, Base Rent is subject to periodic adjustment over the Term as set forth in Section 4 below. All Rent is due on the first of each month and is delinquent after the tenth (10<sup>th</sup>) day of each month and subject to the provisions of Section 39.

2. In the event the Commencement Date is a date other than the first day of a calendar month, the first monthly payment for the portion of Base Rent shall be prorated on a per diem basis, which shall equal the product of the Base Rent multiplied by a fraction, the numerator of which is the number of days remaining in the partial month (beginning with the Commencement Date and ending with the last day of the partial month) and the denominator of which is the number of days in such full calendar month.

3. For purposes of this Lease, the term "Rent" means Base Rent, additional rent, and all other sums that Tenant may owe to Landlord or otherwise be required to pay under this Lease. Landlord shall have the same rights and remedies for nonpayment of any Rent as for non-payment of Base Rent.

#### **Section 4. Adjustment of Base Rent:**

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

1. Base Rent shall be adjusted to reflect changes in the Consumers' Price Index - All Items for Dallas, Texas Metropolitan Area (hereinafter referred to as the "Consumer Price Index"), as quoted in the publication *Consumer Price Index for All Urban Consumers (CPI-U)* for the Dallas-

Fort Worth Consolidated Metropolitan Statistical Area which is issued by the U.S. Department of Labor, Bureau of Labor Statistics. The basic index ("Basic Index") is the Consumer Price Index existing as of the Commencement Date. The current index ("Current Index") is the Consumer Price Index on the first day of the calendar month preceding the then applicable Adjustment Date.

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

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

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

During the Term the Demised Premises shall be used and occupied by Tenant as set forth hereinbelow:

**A. Permitted Uses:**

1. Constructing, owning, operating an executive aircraft hangar campus with office, parking, passenger lounge, administrative and shop space which may be sublet to aircraft owners and operators; and

2. Aircraft hangars are to be no less than eight thousand (8,000) useable square feet, excluding office, passenger terminal, and shop space; and

3. Aircraft hangar doors shall have a height no less than twenty-eight feet (28') high; and

4. Aircraft parking apron designed to meet aircraft wingtip clearance standards for Aircraft Design Group III with taxilane connectors to Taxiway Alpha and/or Taxilane Tango meeting Taxiway Design Group 2 (TDG-2) standards, designed to be capable of supporting movements of aircraft up to 115,000 pounds (dual wheel main gear) and 5,000-gallon capacity refueler trucks; and

5. Office or administrative spaces that will be used in support of aeronautical operations or services, namely corporate flight operations offices and/or charter and corporate aircraft management services; and incidental support, services, and materials in connection with aircraft stored or based at the Demised Premises, including routine maintenance and repair provided to Tenant's or Tenant's sub-tenant's aircraft or aircraft in Tenant or Tenant's sub-tenant's care, custody and control. Tenant or Tenant's sub-tenant shall also be permitted to obtain a Part 145 Repair Station License as provided under 14 CFR 145 to provide maintenance service to aircraft explicitly under Tenant's or Tenant sub-tenant's care, custody and control; and

6. Any use consistent with the Addison Airport Minimum Standards and Requirements for Commercial Aeronautical Service Providers to the extent authorized or otherwise permitted by this Lease; and

7. Any other uses authorized in advance and in writing by Landlord.

**B. Prohibited or Restricted Use of Demised Premises:** The following uses are expressly prohibited without Landlord's prior written consent:

1. Third-party aircraft maintenance and repair, including, but not limited to, airframe, power plant and avionics except as provided for in sub-paragraph A.5 above; and

2. Ground transportation for rent or hire; and

3. Retail services including food sales, barber and valet services, alcoholic beverage sales, sales of pilot supplies, newsstands, and gifts; and

4. No portion of the Demised Premises shall be used for anything other than aeronautical operations and services or, in the support thereof (e. g. Tenant may not use or sublet office/shop space to a third party with no need, use or requirement of aeronautical operations or services based on the Demised Premises); and

5. Any portion of the Demised Premises designed and constructed for aircraft storage may not be used for any purpose not conforming with the FAA Policy *Non-Aeronautical Use of Airport Hangars (81 FR 38906)* as may be amended or, modified from time to time; and

6. Any illegal purpose or any other activity (under any federal, state, county and/or municipal law, rule, regulation, standard, or policy) that, in Landlord's reasonable opinion, would create a nuisance, unreasonably disturb other tenants of the Airport, or which may cause an increase in Landlord's insurance costs, whether such increased costs are actually incurred; and

7. Aviation fueling operations of any kind without a valid fuel dispensing permit issued by the Town of Addison.

The Tenant shall in good faith continuously throughout the Term of this Lease conduct and carry on in the entire Demised Premises the type of business for which the Demised Premises are leased (in conformance with Section 5.A., above), except during periods in which the Demised Premises may not be occupied as a result of fire or other casualty, or reasonable periods for construction, repairs and alterations of the Building Improvements (as defined herein in Lease Addendum #3) to the Demised Premises, all such repairs and alterations to be diligently pursued to completion.

C. The Tenant for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that to the extent that the



Demised Premises are used for commercial purposes that (i) no person shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities on the basis of race, creed, color, national origin, sex, age or handicap; (ii) that in the construction of any improvements on, over or under the Demised Premises and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities on the basis of race, creed, color, national origin, sex, age or handicap; (iii) that the Tenant shall use the Demised Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964 and as said regulations may be amended.

**D.** To the extent the Demised Premises is used for commercial purposes, Tenant agrees to furnish all services on a fair, equal, and non-unjustly discriminatory basis to all users thereof and to charge fair, reasonable, and not unjustly discriminatory prices for such services, provided that the Tenant may be allowed to make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

**Section 6. Building Improvements and Construction of New Building Improvements:**

In connection with the use and occupancy of the Demised Premises by Tenant, Tenant will cause to be constructed on the Demised Premises throughout the Term, buildings and other improvements at Tenant's sole cost, expense and risk (except as may be otherwise agreed to in writing by Landlord and Tenant), which are to be approved in advanced by Landlord. For purposes herein, the term "Building Improvements" shall mean, without limitation, the "Existing Building Improvements" defined in Lease Addendum #2, "New Building Improvements" as defined in Lease Addendum #3, and any other future building or improvements made to, constructed, installed, located or placed upon the Demised Premises during the Term, as the Term may be extended or modified. Except as provided for by this Lease (including Lease Addendum #2 and Lease Addendum #3), Tenant may not construct, locate, install, place or erect any other improvements upon the Demised Premises without the prior written consent of Landlord.

**A. Existing Improvements; Demolition and Site Preparation:** See Lease Addendum #2 attached hereto and incorporated herein by reference.

**B. Construction of New Building Improvements:** See Lease Addendum #3 attached hereto and incorporated herein by reference.

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

TENANT ACKNOWLEDGES THAT TENANT HAS FULLY INSPECTED THE DEMISED PREMISES AND ACCEPTS THE DEMISED PREMISES AND THAT THE DEMISED PREMISES ARE LEASED TO TENANT "AS IS, WHERE IS, AND WITH ALL FAULTS AND PATENT AND LATENT DEFECTS", AND LANDLORD HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY DISCLAIMS, ANY REPRESENTATION, PROMISE,

COVENANT, AGREEMENT, GUARANTY OR WARRANTY OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, AS TO THE QUANTITY, QUALITY, CONDITION, SUITABILITY, HABITABILITY, OR FITNESS OF THE PROPERTY INCLUDING, WITHOUT LIMITATION, THE DEMISED PREMISES AND THE IMPROVEMENTS THEREON, FOR ANY PURPOSE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION REGARDING SOIL CONDITIONS, AVAILABILITY OF UTILITIES [SUBJECT TO SECTION 16], DRAINAGE, ZONING LAWS, ENVIRONMENTAL LAWS, OR ANY OTHER FEDERAL, STATE OR LOCAL STATUTES, CODES, REGULATIONS OR ORDINANCES. TENANT ALSO ACKNOWLEDGES AND AGREES THAT TENANT'S INSPECTION AND INVESTIGATION OF THE DEMISED PREMISES HAVE BEEN (OR WILL BE) ADEQUATE TO ENABLE TENANT TO MAKE TENANT'S OWN DETERMINATION WITH RESPECT TO THE SUITABILITY OR FITNESS OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO SOIL CONDITIONS, AVAILABILITY OF UTILITIES [SUBJECT TO SECTION 16], DRAINAGE, ZONING LAWS, ENVIRONMENTAL LAWS, AND ANY OTHER FEDERAL, STATE OR LOCAL STATUTES, CODES, REGULATIONS OR ORDINANCES. TENANT ACKNOWLEDGES THAT THE DISCLAIMERS, AGREEMENTS AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH ARE AN INTEGRAL PORTION OF THIS LEASE AND THAT LANDLORD WOULD NOT AGREE TO LEASE THE DEMISED PREMISES TO TENANT AS SET FORTH HEREIN WITHOUT THE DISCLAIMERS, AGREEMENTS AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH. TENANT FURTHER ACKNOWLEDGES THAT TENANT IS NOT IN A DISPARATE BARGAINING POSITION WITH RESPECT TO LANDLORD. TENANT ACKNOWLEDGES AND AGREES FURTHER THAT THIS LEASE IS SUBJECT TO ANY AND ALL CURRENTLY EXISTING TITLE EXCEPTIONS OR OTHER MATTERS OF RECORD OR ANY MATTER OR ITEM VISIBLE OR APPARENT FROM AN INSPECTION AFFECTING THE DEMISED PREMISES. TENANT WAIVES ANY EXPRESS OR IMPLIED WARRANTIES OF SUITABILITY, HABITABILITY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND FURTHER WAIVES ALL CLAIMS BASED ON ANY DEFECT IN THE DEMISED PREMISES WHETHER OR NOT SUCH DEFECT COULD HAVE BEEN DISCOVERED BY TENANT'S REASONABLE INSPECTION. TENANT, AT ITS COST, SHALL BE ENTITLED TO PERFORM A PHASE I ENVIRONMENTAL STUDY, PROVIDING A COPY THEREOF TO LANDLORD, ALL AS MAY BE SPECIFIED IN MORE DETAIL IN SECTION 22.D. BELOW. WITHOUT LIMITING THE FOREGOING, THERE IS NO WARRANTY, EXPRESS OR IMPLIED, OF SUITABILITY, MERCHANTABILITY, HABITABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE GIVEN IN CONNECTION WITH THIS LEASE.

Notwithstanding anything in this Section 7 to the contrary, the Parties agree and acknowledge that the Tenant has identified portions of the Demised Premises which require asbestos and lead paint remediation. Tenant is accepting the Demised Premises subject to that condition and an agreement detailed in Lease Addendum #2 for the condition to be remedied at the Landlord's sole cost and expenses.

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



**Section 8. Laws; Compliance with Laws:**

A. This Lease is subject to and Tenant shall comply with all federal, state, and local laws, statutes, constitutional provisions, charters, ordinances, codes, rules, regulations, directives, policies, permits, standards, and orders (including, without limitation, court orders) of any governmental authority, entity, or agency (including, without limitation, the Town of Addison, Texas, the State of Texas, the Federal Aviation Administration ("FAA"), Texas Department of Transportation ("TxDOT"), the United States Environmental Protection Agency ("EPA"), and the Texas Commission on Environmental Quality ("TCEQ") whether applicable or related to, whether directly or indirectly the use and occupancy of the Demised Premises and whether in existence or hereafter enacted, adopted or imposed, and including, without limitation, any and all grant agreements or grant assurances for which Landlord, at its sole absolute discretion accepts and becomes obliged (collectively "Laws").

B. 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.

C. Tenant acknowledges that Landlord is bound by the terms and conditions of all FAA, TxDOT, and other grant agreements, grant assurances and regulations regarding the Airport, and the terms of any grant, loan, regulation, or agreement under Section 22.055 of the Texas Transportation Code, as amended or superseded, whether now existing or made in the future. Tenant agrees not to knowingly take any action or refrain from taking any action in relation to the Demised Premises that would cause Landlord to be in violation of such regulations or standards.

**Section 9. Assignment, Subletting and Mortgaging of Demised Premises; Stored Aircraft Information:**

**A. Assignment:**

1. Without the prior written consent of Landlord (which consent will not be unreasonably delayed, conditioned or withheld), Tenant shall have no power to and shall not either voluntary or involuntary, by operation of law or otherwise, assign, sell, pledge, encumber, license, transfer, or otherwise convey in any manner whatsoever, including by merger, consolidation, operation of law, or otherwise, (together, "assign" or "assignment," and the person or entity to whom an assignment is made being an "assignee"), this Lease or any rights, duties, or obligations of Tenant hereunder (except to a "Tenant Affiliate", or "Leasehold Mortgagee", as each are herein defined below in accordance with and subject to all of the terms and conditions of this Lease) nor sublet (except as provided for in Section 9(B) below) in whole or in part any portion 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) an event of default under Section 23 of this Lease. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of Section 5 pertaining to the use of the Demised Premises. In the event of any Landlord-approved assignment or subletting, Tenant shall not assign Tenant's rights, duties, or obligations hereunder nor 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 rights and remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or sublessee all rents becoming due under such assignment or subletting and apply such rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder. Landlord's consent to any assignment or subletting will not act as a waiver of any rights or remedies granted to or retained by Landlord under this Lease and shall not act as an election of remedies nor shall it prohibit Landlord from exercising its rights and remedies with respect to any other actual or proposed assignment or subletting, and Landlord's consent to any assignment shall not relieve Tenant or any guarantor of any liability to Landlord under this Lease or otherwise.

2. If consent by Landlord to an assignment is required hereunder, Tenant shall deliver a written request to Landlord for Landlord's consent to the proposed assignment, which shall include, in addition to any other information or materials that Landlord may request: (i) the full legal name of the proposed assignee, including the name and title the person directly or indirectly holding a controlling ownership interest in the proposed assignee (if an entity); (ii) the nature and character of the assignee's business; (iii) all material terms of the proposed assignment; and (iv) financial statements prepared or reviewed by an independent CPA, or other evidence of the proposed assignee to perform its obligations under this Lease.

3. For purposes hereof, an assignment will be deemed to occur if the person or persons who own or have voting control of more than 50% of Tenant on the Effective Date cease to own or have voting control of more than 50% 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 confirming that no such assignment has occurred without Landlord's consent, if such consent is required hereunder. 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.

4. Tenant shall have the right to assign this Lease, or sublet the Demised Premises or any portion thereof, without the consent of Landlord, to any entity (a) with which Tenant may merge or consolidate, or (b) which is a parent or subsidiary of Tenant (collectively "Tenant Affiliate"). Tenant, or its successor in interest shall give Landlord written notice of any such assignment of this Lease to a Tenant Affiliate within thirty (30) days of said assignment, which said notice shall affirm the Tenant Affiliate information required by Section 48 below.

5. 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 the Airport as determined by Landlord; or

- 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 Lease at the time when the consent is requested; or
- c. the proposed assignee's intended use of the Demised Premises as defined in the Lease is inconsistent with the Lease; or
- 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 Airport is subject (including, without limitation, any grant agreements or grant assurances of the FAA or any other governmental entity or agency); or
- e. if at any time consent is requested or at any time prior to the granting of consent, Tenant is in default under the Lease or would be in default under the Lease but for the pendency of a grace or cure period; or
- f. the proposed assignee does not intend to occupy the entire Demised Premises as described in the Lease and conduct its business therefrom for a substantial portion of the then remaining term of the Lease.

6. For purposes herein 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 forty-five (45) days pursuant to Section 51 after the receipt by Landlord of all information requested by Landlord regarding or in connection with the proposed assignment and the proposed assignee.

**B. Subletting:**

1. Notwithstanding the foregoing, Landlord hereby acknowledges and consents to Tenant's subletting of the Demised Premises for the purpose of renting hangars for aircraft storage (including ancillary office space and maintenance space), provided that each sublease is evidenced by written agreement, signed and duly executed by Tenant and each and every sublessee, which is made subject to the "Master Landlord Sublease Consent", substantially in the form attached hereto and incorporated herein by reference as Exhibit 6 to this Lease and which fairly states:

- a. Each sublessee agrees to be bound by the terms and provisions of this Lease; and/or
- b. Any such sublease is to automatically terminate upon termination of this Lease notwithstanding any other provision of the sublease to the contrary; Landlord shall have no responsibility or obligation for the performance by Tenant of its obligations under any sublease.

2. Neither this consent, the exercise by Landlord of its rights and remedies hereunder, nor the sublease or any other instrument shall give sublessee any rights directly or indirectly against Landlord or create or impose any obligation, duty, responsibility, or liability of Landlord in favor of or for the benefit of sublessee.



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

4. Upon request by Landlord, Tenant shall provide to Landlord a complete and accurate roster of any subtenants which shall include, but not be limited to, name, mailing address, email address, daytime telephone number, 24-hour emergency contact information, together with the make, model, aircraft type and "N" number of any aircraft regularly stored or located on or in the Demised Premises. Tenant's failure to provide said information as prescribed constitutes a default of this Lease, subject to notice and cure as provided in Section 23.

5. Landlord, or its designated representative shall consider and give consent to each Master Landlord Sublease Consent request, which shall not be unreasonably delayed, conditioned or withheld.

**C. Mortgaging of Leasehold Estate:**

1. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan or private activity bond for the purpose of (i) obtaining funds for the construction of the Building Improvements described in Section 6, or to reimburse Tenant for funds advanced by Tenant for such purpose or to refinance any such loan, or (ii) other construction upon the Demised Premises approved from time to time by Landlord in writing, or (iii) for any other purpose which may be approved from time to time by Landlord in writing which should not be unreasonably delayed, conditioned, or withheld. If Tenant borrows money for any purpose provided for above, and the lender requires a mortgage, deed of trust or some other form of security interest (a "Mortgage") to secure the loan, then Tenant may, without Landlord's further consent, enter into a Mortgage with a bank, lender (or, if the bank's or lender's interest have been assigned by or on behalf of a mortgage beneficiary) herein referred to as a "Leasehold Mortgagee"). The Leasehold Mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said Leasehold 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 Leasehold 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 Rent due hereunder and otherwise fully perform the terms and conditions of this Lease.

2. A Mortgage is not an assignment of this Lease or of Tenant's interest in this Lease, and a Mortgage does not and shall not be construed to make Landlord a principal or surety on the loan or any other financial obligation secured by the deed of trust or similar security. Any Mortgage

affecting Tenant's leasehold estate shall contain provisions (i) requiring the Leasehold Mortgagee to give Landlord at least fifteen (15) business days written notice prior to accelerating the debt of Tenant to such Leasehold Mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) business 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 Mortgage.

3. Landlord agrees, if and so long as the Tenant's leasehold estate is encumbered by a Mortgage and written notice to such effect has been given to Landlord to give the 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 Mortgage shall have the right, for a period of thirty (30) days after its receipt of 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. If the default cannot objectively be cured within the cure period, and if the Leasehold Mortgagee proceeds diligently and in good faith to cure the default, then the Leasehold Mortgagee will be entitled a reasonable additional period of time to cure the default but, not to exceed six (6) months from the date of the Leasehold Mortgagee's notice.

4. No provision of this Section 9.C may be construed to impose upon the Leasehold Mortgagee the duty to perform any Tenant obligation under this Lease or to remedy any Lease default by Tenant. Landlord shall accept the Leasehold Mortgagee's performance of any Tenant covenant, condition or agreement under this Lease with the same force and effect as through performed by Tenant, and when accepted, the Lease will remain in full force an effect between Landlord and the Leasehold Mortgagee.

5. If a Tenant default under this Lease cannot be cured, the Leasehold Mortgagee may direct a trustee to exercise or directly exercise the power of sale under the Mortgage as provided by law. Before exercising the power of sale, the trustee or Leasehold Mortgagee shall first offer to Landlord the right to purchase all right, title, and interest in the leasehold encumbered by the Mortgage directly from the trustee and without public sale for the then outstanding balance due on the note or notes secured by the deed of trust, plus trustee's fees and costs of sale. The trustee or Leasehold Mortgagee's offer to Landlord must be made no later than ten (10) business days following the recording of the trustee's notice of default, and Landlord may exercise the option to purchase within sixty (60) business days following the recording. Any foreclosure of the deed of trust will not affect Landlord's right, title, or interest in or to the Demised Premises or this Lease.

6. If Landlord elects not to purchase the Leasehold Mortgagee's interest pursuant to subparagraph 5 above, the Leasehold Mortgagee may:



a. Pursuant to the Mortgage and as provided by law, cause Tenant's interest in this Lease to be transferred at foreclosure sale, to be judicially foreclosed, or to be conveyed by deed in lieu of foreclosure; or

b. Upon Landlord's prior approval, which approval may not be unreasonably withheld, conditioned or delayed, cause Tenant's interest in this Lease to be transferred or assigned to a federal- or state-chartered bank, savings-and-loan association, or insurance company. Landlord's prior approval is not required to assign or transfer the Lease to a financial institution acting as a bond trustee if the institution possess at least \$500,000,000 in assets and if the institution is regulated, supervised, and controlled by an agency or department of the United States or an agency or department of the State of Texas having jurisdiction over banks, savings-and-and loan associations, or similar financial institutions (the "Bond Trustee").

7. If the Leasehold Mortgagee forecloses the Mortgage, or if Tenant executes and delivers a deed in lieu of foreclosure, then Landlord may deem the purchaser at the foreclosure sale or the grantee under the deed in lieu of foreclosure as an assignee of this Lease, and Landlord may permit the purchaser or grantee to assume Tenant's duties and obligations under this Lease as Tenant's successor from the date Landlord approves the purchaser or grantee as assignee of this Lease. The foreclosure will not affect Landlord's rights, title, or interest in or to the Demised Premises or this Lease.

8. 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 Leasehold Mortgagee 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 Leasehold Mortgagee performs all of the obligations of Tenant hereunder and is not in default; provided, however, that notwithstanding the foregoing or any other provision of this Lease, such Leasehold Mortgagee or its successors and assigns after foreclosure or transfer in lieu of foreclosure shall not and does not have the right and shall not and does not have the power to assign (as defined in subsection A. of this Section above) this Lease, or any right, interest, obligation, or liability hereunder, or any part of the Demised Premises, without the prior written approval of Landlord, and any such assignment shall be null and a cause for immediate termination of this Lease by Landlord, it being the intent of this provision that such Leasehold Mortgagee shall have no greater right to assign or sublet this Lease, or any right, interest, obligation, or liability hereunder, or any part of the Demised Premises, than the Tenant has as set forth in this Section. Landlord also agrees to consider the execution and delivery to such proposed Leasehold Mortgagee any other documents which such proposed Leasehold Mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the Demised Premises to the Mortgage of such proposed Leasehold Mortgagee. If the Leasehold Mortgagee succeeds to Tenant's interest under this Lease, the Leasehold Mortgagee shall attorn to Landlord as if it were the Tenant under this Lease. The Leasehold Mortgagee's duty to so attorn to Landlord arises immediately upon the Leasehold Mortgagee succeeding to Tenant's interest under this Lease, and the duty to attorn is self-executing, requiring no formal writing or further action by Landlord or the Leasehold Mortgagee.

9. Additional Leasehold Mortgage Protections are set forth in Lease Addendum #4 to this Lease.

10. Tenant's present and future Leasehold Mortgagee and any present and future mortgagees or similar beneficiaries are intended third party beneficiaries to this Section 9 and Lease Addendum #4 of the Lease. As third-party beneficiaries, they are entitled to the applicable rights under and may enforce the provisions of this Section 9 and Lease Addendum #4 (as amended, supplemented or replaced from time to time) of the Lease as if they were parties thereto.

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

Following the Commencement Date, Tenant shall pay, before they become delinquent, any and all property taxes or assessments, and any other governmental charges, fees or expenses (collectively, the "Taxes"), levied or assessed on any improvements on the Demised Premises, the personal property and fixtures on the Demised Premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord "paid receipts" or other written evidence that all such Taxes have been paid by Tenant. In the event Tenant shall fail to pay any such Taxes, assessments, or charges prior to delinquency, Landlord shall have the right to pay (but not the obligation) or may cause all Taxes to be paid and the reasonable costs thereof expended by Landlord plus interest thereon as provided in Section 39 of this Lease shall be paid by Tenant on demand. Subject to the payment of any outstanding Taxes, Tenant may protest, appeal or institute other formal proceedings to affect a reduction or abatement of real estate taxes and assessments with respect to real estate taxes and assessments levied against the improvements on the Demised Premises and/or the Tenant's leasehold interest in 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 only in the name of Tenant. To this end and at Tenant's expense, Tenant shall give Landlord written notice of any such protest or appeal and resolution thereof. Notwithstanding the foregoing, Tenant shall not contest the determination that the buildings and/or improvements are subject to taxation. If a final (non-appealable) determination is rendered by Dallas Central Appraisal District or a court of appropriate and competent jurisdiction that any such buildings or other improvements are not subject to property taxation, the Rent (as the same may be adjusted) for the year in which such final determination becomes effective shall be increased by an amount equal to the property tax revenue from such buildings and improvements that Tenant would have paid to Landlord in that year but for such final determination (and such initial increased amount shall be paid to Landlord on or before December 31 of such year, unless otherwise agreed to by Landlord); thereafter, Rent (as the same may be adjusted) as so increased shall continue, subject to adjustment as set forth in this Lease.

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

A. Tenant shall, throughout the Term hereof, maintain in good repair and in a first class condition (as defined in Lease Addendum #1) (in accordance with any construction and/or maintenance standards and specifications established by Landlord or Airport Manager from time to time and all applicable ordinances, codes, rules and regulations of or adopted by the Town of Addison) all the Demised Premises and all buildings, improvements, fixtures, equipment and personal property

(excluding aircraft stored in the Building Improvements) 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 (in accordance with any construction and/or maintenance standards and specifications established by Landlord or Airport Manager from time to time and all applicable ordinances, codes, rules and regulations of or adopted by the Town of Addison), with all fixtures and equipment situated in the Demised Premises in good working order, reasonable wear and tear excepted.

B. Notwithstanding the foregoing, set forth as Lease Addendum #1 attached hereto and incorporated herein by reference and made a part hereof, are "Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices," which are intended as maintenance and repair standards and practices Landlord expects of Tenant. Tenant (and any of its successors or assigns) hereby agrees to meet or exceed the Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices throughout the Term. Notwithstanding the foregoing, as provided in Section 18 below, Landlord reserves the right, in its sole discretion, to introduce and adopt other regulations deemed appropriate and necessary by Landlord for the purpose, among other things, protection of the property of Landlord. In the event Landlord should formally adopt similar leasehold maintenance and repair standards governing such practices of all ground leaseholds at the Airport ("Replacement Maintenance Standards"), such encompassing regulations and practices shall supersede and replace Lease Addendum #1 in its entirety upon the effective date of such Replacement Maintenance Standards for the duration of the Term or until otherwise modified, repealed, or revised by Landlord.

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

After completion of the Building Improvements described in Section 6, Tenant shall not create any openings in the roof or exterior walls or make any other structural changes to the Demised Premises or any improvements without the prior written consent of Landlord or Airport Manager which shall not be unreasonably conditioned, delayed or withheld. Consent of Landlord is not required to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided Tenant complies with all applicable governmental laws, ordinances and regulations (including, without limitation and as may be required by law, obtaining a building permit).

All alterations, modifications, additions and improvements in and to the Demised Premises shall be performed in a first class, workmanlike manner, shall comply with all the standards and requirements set out above and in Lease Addendum #3 (including applicable indemnity obligations) and Section 8, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages (including incidental, special, and consequential damages), liens and any and all other liabilities and obligations which arise in connection therewith (and shall defend, indemnify, and hold harmless Landlord and Airport Manager, and their respective officials, officers, employees, and agents, from and against any and all such costs, expenses, claims, liens, liabilities, and obligations as set forth in Section 6).

#### **Section 13. Insurance:**

A. Unless otherwise specified herein, at all times in connection with this Lease and during the Term hereof, Tenant shall purchase and maintain at Tenant's sole cost and expense and in



a company or companies lawfully authorized to do business in Texas such insurance coverages relating to the Demised Premises as follows:

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

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

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

4. If applicable, boiler and pressure vessel insurance on all steam boilers and air compressors, 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 for damage to or destruction of property resulting from such perils.

5. In connection with the design and construction of any improvements on the Demised Premises, architects, engineers, and construction managers, including design/build contractors used by Tenant, shall carry professional liability insurance at minimum limits of \$250,000; this coverage must be maintained for at least two (2) years after the improvements are completed, and if coverage is written on a claims-made basis, a policy retroactive date equivalent to the inception date of this Lease (or earlier) must be maintained.

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

7. During the Term, 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). Policy shall include non-owned aircraft liability with a minimum of \$1,000,000 and medical expense coverage with a limit of \$5,000 for any one person.

8. Business Automobile Liability insurance for all Tenant owned and non-owned vehicles being operated on the Airport with a minimum combined single limit of \$1,000,000 for bodily injury and property damage.

9. If Tenant is fueling aircraft at the Airport pursuant to a fueling permit or license issued by Landlord, Tenant shall maintain a minimum of \$1,000,000 in Pollution Liability Insurance coverage, which may be satisfied through sudden and accidental pollution coverage under Tenant's commercial general liability policy.

10. Such other insurance in such amounts and against such other insurable hazards, which at the time are commonly obtained and commercially reasonable within the aeronautical industry for similar types of building improvements and other improvements that may be located on the Demised Premises and Tenant's permitted use of the Demised Premises.

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

1. Landlord, and the Airport Manager and their respective past and present officials, officers, employees and agents shall be named as additional insureds, or loss payees as the case may be, except with respect to the professional liability policies and workers compensation insurance;

2. All insurance policies which name Landlord and the Airport Manager (and their respective past and present officials, officers, employees and agents) as additional insureds must be endorsed to read as primary coverage and non-contributory regardless of the application of other insurance;

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

4. All insurance policies shall be endorsed to the effect that Landlord and the Airport Manager will receive at least thirty (30) business days written notice prior to cancellation or non-renewal of the insurance (except that if such insurance is canceled for non-payment of premium, such notice shall be ten (10) business days);

5. All insurance policies shall be endorsed to require the insurer to immediately notify Landlord and the Airport Manager of any material change in the insurance coverages;

6. All liability policies shall contain no cross-liability exclusions or insured versus insured restrictions applicable to the claims of Landlord or the Airport Manager;

7. Tenant may maintain reasonable and customary deductibles, subject to approval by Landlord; and



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

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

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

2. Specifically set forth the notice-of-cancellation or termination provisions to Landlord and the Airport Manager.

D. 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.

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

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

B. In case of any damage to or destruction of any building, structure, equipment, or other improvements (including the Building Improvements) on or at the Demised Premises, or any part thereof, except when said damage or destruction is a direct result of Landlord's, gross negligence or willful misconduct, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly and diligently commence and complete the restoration, repair and replacement of said building, structure, equipment, or other improvements as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction and with at least as good workmanship and quality as such building, structure, equipment, or other improvements on or at the Demised Premises being repaired or replaced, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration"). All Restoration plans (whether design, architectural, or otherwise) shall be approved in writing by Landlord prior to the commencement of construction. All such design and construction shall comply with other Sections of this Lease concerning the design and construction of buildings and other improvements on or at the Demised Premises, including without limitation Sections 6 (including Lease Addendum #3), 8, and 13 hereof.

C. All insurance proceeds, if any, payable on account of such damage to or destruction of the buildings, structures and equipment on the Demised Premises shall be held by Landlord. Landlord shall be protected, and fully indemnified in accordance with Sections 6 and 21 hereof and

other relevant provisions of this Lease, in acting upon any certificate believed by Landlord to be genuine and to have been executed by the proper party and shall receive such certificate as conclusive evidence of any fact or as to any matter therein set forth. Such certificate shall be full warranty, authority and protection to Landlord in acting thereon and Landlord shall be under no duty to take any action other than as set forth in this Section 14.

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

**1.** Net Insurance Proceeds as defined above 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.

**2.** Upon receipt by Landlord of the certificate and opinion 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 Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same shall be an Event of Default by Tenant pursuant to notice and cure in Section 23 of this Lease. Landlord shall have the right, but not the obligation, to commence or complete Restoration as described hereinafter. Landlord's right to commence or complete Restoration shall begin after Landlord has given Tenant at least thirty (30) business days written notice requesting (i) the commencement of Restoration, or (ii) that Tenant diligently proceed to the completion of Restoration, and Tenant during such thirty (30) business day period fails to commence or fails to proceed to diligently complete Restoration. In such event, Landlord shall be entitled to obtain the insurance proceeds, and Tenant shall promptly pay any deficiency if such proceeds are not sufficient for Restoration.

**F.** In the event of termination of this Lease by Landlord as a result of Tenant's failure to commence or complete (as the case may be) the Restoration as required by Section 14(E) above, this Lease shall terminate and come to an end upon Landlord's termination as aforesaid as though the date of such termination by Landlord were the date of expiration of the Term of this Lease. All insurance proceeds, if any are remaining and/or available subject to another secured interest on the property, shall be paid to the Landlord.

**Section 15. Condemnation:**

A. If during the Term hereof, any part of the Demised Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the Demised Premises in Tenant's sole discretion is not susceptible to efficient and economic occupation and operation by Tenant, Tenant shall have the right to terminate this Lease as of the date that said condemning authority takes possession of the Demised Premises, and Landlord shall refund to Tenant any prepaid but unaccrued Rent less any sum then owing by Tenant to Landlord. In the event of the termination of this Lease as a result of any such taking, each of Landlord and Tenant shall be entitled to make and pursue or to settle, compromise and adjust and to receive any award or proceeds payable on account of its own separate claim for the value of the rights and interests so taken as if this Lease would have remained in effect for the full Term but for such taking.

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

C. If this Lease is not terminated pursuant to Section 15.A., above, Tenant shall promptly restore any building and any other improvements on the Demised Premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the Demised Premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant. If this Lease is terminated pursuant to Section 15.A., condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant. Each of Landlord and Tenant shall be entitled to make and pursue or to settle, compromise and adjust its own separate claim for the value of the rights and interests so taken as if this Lease would have remained in effect as to the portion of the property so taken for the full Term but for such taking. Landlord shall be entitled to retain any amount awarded for the taking of any right, title or interest of Landlord free of any right or claim of Tenant or any Leasehold Mortgagee. Tenant shall be entitled to retain any amount awarded for the taking of any right, title or interest of Tenant hereunder, subject to the provisions of this Section and subject to the rights of any Leasehold Mortgagee.

D. Landlord and Tenant shall both have the right, at each's own expense, to appear in any condemnation proceeding and participate in any and all hearings, trials and appeals therein.



E. In the event that either Landlord or Tenant shall receive notice of any proposed or pending condemnation proceedings affecting the Demised Premises or any part thereof, the party receiving such notice shall promptly notify the other party of such notice and contents thereof.

**Section 16. Utilities:**

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

**Section 17. Common Facilities:**

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

**Section 18. Airport Governing Documents:**

Landlord, in its sole and absolute discretion, shall have the right from time to time to adopt, amend, modify, alter, and terminate in a reasonable manner certain rules and regulations, standards of operations, policies, procedures and practices deemed necessary and appropriate for the purpose of assuring the safety, welfare, fairness and equality without unjust discrimination, convenience and protection of property of Landlord, Tenant, other tenants and users of the Airport, their customers, and the general public (herein collectively referred to as the "Airport Governing Documents." ) Tenant hereby agrees to comply fully at all times with these Airport Governing Documents.

As of the Effective Date of this Lease such Airport Governing Documents include, without limitation:

1. *Addison Airport Minimum Standards and Requirements for Commercial Aeronautical Service Providers* vr. 2004 (also commonly referred to as the "Minimum Standards" or "Airport Minimum Standards"); and
2. *Addison Airport Rules and Regulations* vr. 2010 (also commonly referred to as the "Rules and Regulations" or "Airport Rules and Regulations"), which shall govern Tenant's use of the Demised Premises and all Common Facilities of the Airport; and

3. *Addison Airport Rates and Charges* – a schedule of the current rates, fees and charges assessed by the Airport for various services and facilities, which are generally approved in connection with the Airport’s annual budgetary process but may be amended from time to time as deemed reasonable and appropriate.

4. Landlord has also adopted the National Business Aviation Association (NBAA) Noise Abatement Program (<https://nbaa.org/aircraft-operations/environment/noise-abatement-program/>) revised in 2015. Unless Landlord adopts a noise abatement program of its own, Tenant and Tenant’s subtenants and their aeronautical guest and invitees are required to comply with NBAA’s recommended noise abatement procedures, which are suitable for any aircraft type and airport operating environment.

**Section 19. Signs and Equipment:**

After first securing Landlord’s approval, Tenant shall have the right from time to time to install and operate signs depicting Tenant’s name and operate radio, communications, meteorological, aerial navigation and other equipment and facilities in or on the Demised Premises that may be reasonably necessary for the operation of Tenant’s business, provided such signs and equipment are installed and maintained in compliance with all applicable governmental laws, rules, and regulations, including the Town of Addison 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 FAA).

**Section 20. Landlord’s Right of Entry:**

Landlord and Landlord’s authorized representatives shall have the right, during normal business hours and upon reasonable notice to Tenant, 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) during the final one hundred eighty (180) days of the Term 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, Landlord and Landlord’s authorized representatives shall have the right to erect and maintain on or about the Demised Premises customary signs advertising the Demised Premises for lease.

**Section 21. Indemnity and Exculpation:**

**A. Exculpation.**

Landlord and all other Addison Persons and the Manager Persons (for purposes of this subparagraph A, as the terms “Addison Persons” and “Manager Persons” are defined in subparagraph B below), shall not be liable to Tenant or to any Tenant Persons (for purposes of this subparagraph A, as the term “Tenant Persons” is defined in subparagraph B below), or to any other person whomsoever, for any death or injury to persons or damage to or destruction of property or any other harm on or about the Demised Premises or any adjacent area owned by Landlord caused by or



resulting from any act or omission of Tenant or any Tenant Persons or any other person entering the Demised Premises under express or implied invitation of Tenant or any Tenant Persons, or arising out of the use or occupation of the Premises by Tenant or by any Tenant Persons, in the performance of Tenant's obligations hereunder.

**B. Tenant's Indemnity Obligation.**

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

1. Any condition of the Demised Premises caused in whole or in part by Tenant or by any of Tenant's owners, directors, shareholders, partners, managers, officers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, subtenants, licensees, invitees, patrons, concessionaires, or any other person or entity for whom Tenant is legally responsible, and their respective owners, directors, shareholders, partners, officers, managers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, and concessionaires, or any other person acting by or under the authority or with the permission of Tenant, Tenant's subtenants, or any other person entering the Demised Premises under express or implied invitation of Tenant during the Term (collectively, "Tenant Persons"); and

2. Any construction on or repair to the Demised Premises, or the Demised Premises becoming out of repair due to the fault of Tenant or any Tenant Persons, for any reason including by failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the Premises, regardless of the source, or by dampness or by fire, explosion, falling plaster or ceiling; and

3. Representations or warranties by Tenant under this Lease; and/or

4. Any act or omission of Tenant or any Tenant Persons under, in connection with, or in the performance of, this Lease.

SUCH DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SHALL AND DOES INCLUDE DAMAGES ALLEGED OR FOUND TO HAVE BEEN CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OF LANDLORD, ANY OTHER ADDISON PERSON,

THE AIRPORT MANAGER, OR ANY OTHER MANAGER PERSON, OR BY ANY ACT OR OMISSION BY LANDLORD, ANY OTHER ADDISON PERSON, THE AIRPORT MANAGER, OR ANY OTHER MANAGER PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.

However, Tenant's liability under this clause shall be reduced by that portion of the total amount of the Damages (excluding defense fees and costs) equal to the Addison Person or Addison Persons', or Manager Person or Manager Persons', (as the case may be) proportionate share of the negligence or conduct that would give rise to strict liability of any kind, that caused the loss. Likewise, Tenant's liability for any Addison Person's or any Manager Person's defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to Addison Person or Addison Persons', or Manager Person or Manager Persons', (as the case may be) proportionate share of the negligence or conduct that would give rise to strict liability of any kind, that caused the loss.

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

C. Release.

Tenant hereby releases the Town of Addison, Texas and all other Addison Persons and Airport Manager and all other Manager Persons from, and agrees that the Town of Addison, Texas and all other Addison Persons, and Airport Manager and all other Manager Persons, shall not be liable to Tenant or any Tenant Persons for (i) any death or injury to any person or persons or damage to or destruction of property of any kind resulting from the Demised Premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the Demised Premises, regardless of the source, or by dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever, and for (ii) any loss or damage that may result from or be occasioned by or through the acts or omissions of Tenant or its subtenants, officers, employees, contractors, subcontractors or invitees relating to the demolition of the existing facilities, construction of the Improvements on the Demised Premises, or construction of any private, public, or quasi-public work, INCLUDING, WITHOUT LIMITATION, ANY AND ALL CLAIMS WHICH ARISE FROM, OR ARE ALLEGED OR FOUND TO HAVE BEEN CAUSED BY, IN WHOLE OR IN PART, THE NEGLIGENCE [BUT EXCLUDING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT] OF ANY OF THE INDEMNIFIED PERSONS, OR CONDUCT BY ANY OF THE INDEMNIFIED PERSONS THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND. Nothing herein shall release the Landlord from (1) the obligation to deliver the Demised Premises vacant, free and clear of Hazardous Materials subject to the Remediation Plan; and (2) the obligation to hold harmless the Tenant for any claims arising out of the Tenant's remediation of the Demised Premises pursuant to the Landlord approved Remediation Plan (as defined in Lease Addendum #2), unless such claims



are alleged or found to have been caused by, in whole or in part, the negligence or willful misconduct of Tenant or its subtenants, officers, employees, contractors, subcontractors or invitees.

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

**Section 22. Environmental Compliance :**

A. No Storage or Disposal: Tenant shall not install, store, use, treat, transport, discharge or dispose (or permit or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by Tenant, its directors, officers, shareholders, members, partners, agents, employees, invitees, contractors, subcontractors, independent contractors, or subtenants) on the Demised Premises or any portion of the Common Facilities, any: (a) asbestos in any form; (b) urea formaldehyde foam insulation; (c) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; or (d) any other chemical, material, air pollutant, toxic pollutant, waste, or substance which is regulated as toxic or hazardous or exposure to which is prohibited, limited or regulated by the Resource Conservation Recovery Act (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 laws, rules, orders, standards, policies, or regulations, or which, even if not so regulated may or could pose a hazard to the health and safety of the occupants of the Demised Premises and/or any portions of the Common Facilities, and which is either: (i) in amounts in excess of that permitted or deemed safe under any applicable law, rule, order, standard, policy, or regulation or (ii) in any manner prohibited or deemed unsafe under applicable law, rule, order, standard, policy, or regulation. (The substances referred to in (a), (b), (c) or (d) are collectively referred to hereinafter as "Hazardous Materials").

B. Cleanup Laws: Tenant shall, at Tenant's own expense, comply with any presently existing or hereafter enacted laws relating to Hazardous Materials (collectively, "Cleanup Laws"); provided, however that Tenant shall not be responsible for correcting any violation of the Cleanup Laws under this Section that existed prior to the Effective Date. 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, by Tenant, its directors, shareholders, members, partners, officers, agents, employees, invitees, independent contractors, contractors, subcontractors, licensees, subtenants, any other person entering the Demised Premises under express or implied invitation of Tenant, or any person directly or indirectly employed by or acting under Tenant, during the Term of this Lease, Tenant shall, at Tenant's own 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' S FURTHER INDEMNITY OBLIGATION.** Tenant shall indemnify, defend, save and hold harmless landlord and all other Addison Persons, and Airport Manager from and against, and reimburse Landlord and all other Addison Persons, and Airport Manager and all other Manager Persons, for, any and all obligations, damages, injunctions, fines, penalties, demands, claims, costs, fees, charges, expenses, actions, causes of action, judgments, liabilities, suits, proceedings and losses of whatever kind or nature (including, without limitation, attorneys' fees and court costs), and all cleanup or removal costs (collectively for purposes of this subsection, damages) and all actions of any kind arising out of or in any way connected with, (i) the Tenant' s generation, installation, storage, use, treatment, transporting, disposal or discharge of Hazardous Materials in or on the Demised Premises and/or any portion of the Airport, including the common facilities, or any property adjacent to the Airport, by Tenant or any Tenant Persons, and (ii) all fines, suits, procedures, claims and actions of any kind arising out of Tenants failure to provide all information, make all submissions and take all steps required by the authority under the cleanup laws or any other environmental law, rule, standard, regulation, or policy. Such defense, indemnity, and hold harmless obligation shall and does include damages alleged or found to have been caused, in whole or in part, by the negligence [but not the gross negligence or willful misconduct] of the Landlord, any other Landlord Person, Airport Manager, or any other Manager Person, or by any act or omission of Landlord, any other Landlord Person, Airport Manager, or any other Manager Person that may give rise to strict liability of any kind. However, to the extent gross negligence and/or willful misconduct are alleged simultaneously with claims requiring defense and indemnity herein, Tenant shall defend all claims alleged against the Landlord, and any other Landlord Person, and Airport Manager, and any other Manager Person. Tenant' s liability under this indemnity obligation shall be reduced by that portion of the total amount of the damages (excluding defense fees and costs) equal to the indemnified persons or indemnified persons proportionate share of the negligence or conduct that would give rise to strict liability of any kind, that caused the loss. Likewise, Tenant' s liability for indemnified persons' or indemnified persons' defense costs and attorneys' fees shall be reduced by a portion of the defense costs and attorneys' fees equal to the indemnified person' s or indemnified persons' proportionate share of the negligence or conduct that would give rise to strict liability of any kind, that caused the loss. In addition to and not in limitation of Landlord' s other rights and remedies, Tenant' s failure to abide by the terms of this Section shall be restrainable by injunction.

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

**D.** Any time during the Term should Tenant or Landlord have cause to procure an independent environmental investigative report, Tenant or Landlord shall promptly provide the other a complete copy of the final report.

**Section 23. Default by Tenant:**

Each of the following events, inclusive of those events of default otherwise referenced herein, shall be deemed to be an "Event of Default" (herein so called) by Tenant under this Lease:

A. Failure of Tenant to make any payment of Rent payable to Landlord or any other sum payable to Landlord hereunder, on the date that same is due, and such failure shall continue thereafter for a period of ten (10) business days (the "10-day Grace Period") and such failure shall not be cured within ten (10) business days after written notice thereof (the "Cure Period") to Tenant (which Cure Period may overlap, in whole or in part, the 10-day Grace Period).

B. Failure to pay or cause to be paid Taxes (to the extent Tenant is obligated to pay or cause same to be paid), utilities, or insurance premiums, or any other payment which Tenant is obligated to pay under the Lease and such failure shall continue for a period of thirty (30) business days after written notice thereof to Tenant.

C. 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 payments Tenant is to make under this Lease, as set forth in Subsection A and B of this Section 23) and such failure shall not be cured within thirty (30) business days after written notice thereof to Tenant setting forth such default; provided, however, in the event such failure is not susceptible of cure within such thirty (30) business day period, then Tenant shall advise Landlord in writing of the same, and such thirty (30) business day period shall be extended for an additional period of time (not to exceed an additional sixty (60) business days except in the case of Force Majeure (as defined in Section 42), in which event the Force Majeure provisions shall apply) so long as Tenant has provided Landlord written notice of the curative measures Tenant proposes to undertake and has commenced to cure such failure within the initial thirty (30) business day period and thereafter diligently pursues such cure.

D. Insolvency or the making of a transfer in fraud of creditors as determined by a court of law with jurisdiction over Tenant, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

E. Filing of a petition under any section or chapter of the Bankruptcy Code, as amended, or under any similar law or statute of the United States or any state thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor that is not dismissed within ninety (90) business days.

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

G. Abandonment or cessation of use of the Demised Premises or any substantial portion thereof for the purpose leased by Tenant for a period of ninety (90) consecutive days.

H. Tenant is in default of any other lease or agreement with Landlord after notice and opportunity to cure, if applicable, or, provided Tenant is the holder of a valid aviation fuel dispensing

permit or license issued by Landlord, is in default of said fuel dispensing permit or license after notice and opportunity to cure, if applicable.

**Section 24. Remedies of Landlord:**

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

1. Terminate this Lease or any of Tenant's rights under this Lease, with or without reentering or repossessing the Demised Premises, and terminate any other lease or agreement at the Airport between Landlord and Tenant and any fuel license or permit granted to Tenant.
2. Terminate Tenant's right to occupy or possess all or any part of the Demised Premises without terminating this Lease and with or without reentering or repossessing the Demised Premises.
3. Recover unpaid Rent and any Damages (as defined below).
4. Sue for eviction, specific enforcement, equitable relief, Rent, Damages (as defined below), or any other available remedy.
5. Cure Tenant's default, and if Landlord does so, Tenant must reimburse Landlord within thirty (30) business days after Landlord delivers an invoice for any actual, out-of-pocket expenses Landlord incurred effecting compliance with Tenant's obligations.
6. Withhold or suspend any payment that this Lease would otherwise require Landlord to make.
7. Charge interest on any amount not paid when due from the due date through the date of its payment at the Default Rate, which is the lesser of 18% per annum or the highest rate permitted by applicable law.
8. Exercise all other remedies available to Landlord at law or in equity (including, without limitation, injunctive and other extraordinary remedies).

**B.** For purpose of this Section, "Damages" includes, without limitation, all actual damages, incidental, and or consequential damages, court costs, interest, and attorneys' fees incurred by Landlord and arising from Tenant's breach of this Lease, including, without limitation, the cost of (i) recovering possession of the Demised Premises, (ii) reasonable efforts to re-let the Demised Premises, including, without limitation, the costs of brokerage commissions, cleaning, make-ready, or repairing the Demised Premises for a substitute tenant or tenants for the remainder of the Term, (iii) collecting any money owed by Tenant, (iv) repairing any damage caused by any Tenant Persons,



(v) performing any obligation of Tenant under the Lease, and (vi) any other loss or cost reasonably incurred by Landlord as a result of, or arising from, Tenant's breach of the Lease or Landlord's exercise of its rights and remedies for such breach.

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

D. Pursuit of any of the foregoing rights or remedies by Landlord shall not preclude Landlord's pursuit of any of the other rights or remedies herein provided or any other rights or remedies provided by law, in equity, or otherwise, nor shall pursuit of any right or remedy herein provided constitute a forfeiture or waiver of any Rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, conditions and covenants herein contained.

**Section 25. Default by Landlord:**

No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the Demised Premises or render Landlord liable for damages (including consequential damages) or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay Rent) or grant Tenant any right of deduction, abatement, set-off or recovery or entitle Tenant to take any action whatsoever with regard to the Demised Premises or Landlord until thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right as its sole and exclusive remedy to:

A. Proceed to cure such default (provided such cure occurs entirely within the Demised Premises) and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding Rent payments due by Tenant to Landlord hereunder; or

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

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

**Section 26. Mitigation of Damages:**

A. In conjunction with any obligation imposed by law on Landlord to mitigate damages arising from Tenant's abandonment of the Demised Premises in breach of this Lease, Landlord, beginning not more than ninety (90) days after Tenant physically vacates the Demised Premises and continuing until the Demised Premises have been relet (but subject to the provisions of this subsection set forth below), will undertake commercially reasonable efforts to market the Demised Premises for lease, and Tenant will remain liable for all Rent and for Damages incurred by Landlord.

B. Landlord and Tenant agree to the following criteria in connection with Landlord's obligation (if any) to mitigate damages as described above:

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

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

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

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

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

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

7. No Rent collected from a substitute tenant for any month in excess of the Rent due under the Lease for that month will be credited or offset against unpaid Rent for any other month or any other Damages. Tenant stipulates that the mitigation requirements expressed in this Section are objectively reasonable

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

**Section 27. Waiver of Subrogation:**

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

**Section 28. Title to Improvements:**

A. Any and all improvements constructed, erected or otherwise made to the Demised Premises by or for Tenant, shall be owned by Tenant during the Term of this Lease as it may be amended or modified. The term "improvements" shall include, without limitation, the Building Improvements as defined in Section 6.

B. Upon the termination of this Lease, whether by expiration of the Term (as it may be amended or modified) or, by reason of default on the part of Tenant, or for any other reason whatsoever, the improvements (including, without limitation, the Building Improvements), and all parts thereof, shall merge with the title of the Demised Premises, free and clear of any claim of Tenant and all persons or entities claiming under or through Tenant (including, without limitation, any holder of a leasehold mortgage), and shall become the property of Landlord. In such event (i) Tenant shall deliver up to Landlord the Demised Premises clean and free of trash and in good repair and condition in accordance to the prevailing *Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices*, as amended or modified, with all fixtures situated in the Demised Premises delivered in good working order, reasonable wear and tear excepted, and (ii) unless Tenant is in default at the time, Tenant shall have the right to remove all personal property (including aircraft stored in the Building Improvements) 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.

C. Upon the expiration or early termination of this Lease, Tenant shall, at Landlord's request, execute a recordable instrument evidencing the termination of this Lease and giving the effective date of said termination or expiration date.



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

Tenant agrees to defend, indemnify and hold harmless to the full extent as provided in this Lease, the indemnified persons from and against all liability arising out of the filing of any mechanics' or materialmen's liens against the Demised Premises by reason of any act or omission of Tenant or anyone claiming under Tenant (including, without limitation, any Tenant Persons), and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in Section 39 as additional rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) business days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) business day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the Demised Premises, unless a shorter period of time is dictated by applicable law.

**Section 30. [INTENTIONALLY OMITTED]**

**Section 31. Quiet Enjoyment and Subordination:**

Landlord represents that Tenant, upon payment of the Rent 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. 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 hereafter placed on the Demised Premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien hereafter placed on the Demised Premises; provided, however, any such subordination shall be upon the express condition that the lienholder executes a commercially reasonable subordination non-disturbance attornment ("SNDA") in which it is acknowledged 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 Landlord. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust or other lien and specifically providing that this Lease shall survive the foreclosure of such Mortgage, deed of trust or other lien.

**Section 32. Rent on Net Return Basis:**

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

**Section 33. Holding Over:**

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

**Section 34. Waiver of Default:**

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

**Section 35. Release of Landlord Upon Transfer:**

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

**Section 36. Attorneys' Fees:**

If, on account of any breach or default by either party to this Lease, it shall become necessary for either party to employ an attorney to enforce or defend any of its rights or remedies hereunder, with the result that a judicial proceeding shall be filed, then the prevailing party in such judicial proceeding shall be entitled, in addition to any other rights it may have, in law or equity, to collect reasonable attorneys' fees and costs incurred.

**Section 37. Financial Information:**

Tenant agrees that Tenant will from time to time upon the written request of Landlord during the Term of this Lease furnish to Landlord such credit and banking references as Landlord may reasonably request.

**Section 38. Estoppel Certificates**

Landlord and Tenant agree that from time to time, upon not less than ten (10) business days' prior written request by the other, it will deliver to the other an estoppel certificate stating:

- i. That this Lease is in full force and effect and is unmodified except as set forth in said estoppel certificate.
- ii. A true and correct and complete copy of the Lease with all amendments, assignments and modifications to the Lease are attached thereto (if so requested).
- iii. There are no other agreements except as stated therein between Landlord and Tenant concerning the Demised Premises or otherwise affecting the Lease.
- iv. Affirming the Commencement Date and scheduled Expiration Date, unless earlier terminated.
- v. The amount and status of the Rent and other amounts due under this Lease as of the date of certification.
- vi. Whether this Lease has been modified or amended and, if so, describing with specificity the modifications or amendments.
- vii. Schedule of all subleases then in effect and a true and correct copy of each sublease, if so requested.
- viii. Any Mortgage in effect encumbering the Demised Premises
- ix. That to the party's current knowledge, there is no default or breach of this Lease or any matter exists that, with the passage of time, will result in a default or breach, and describing with specificity the nature of the default or breach.
- x. Amount of any Security Deposit, Tenant has on account with Landlord, if any.
- xi. Tenant has not paid Rent more than one (1) year in advance.

**Section 39. Interest on Tenant's Obligations and Manner of Payment:**

All monetary obligations of Tenant to Landlord under this Lease remaining unpaid ten (10) business 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 in writing) shall bear interest at the rate of ten percent (10%) per annum (or the maximum interest rate permitted by law, whichever is lower) from and after said tenth (10th) business 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. Notwithstanding the foregoing, Tenant's failure to pay any monetary amount due payable is a monetary default of this Lease.

**Section 40. Special Events:**



Landlord may sponsor certain special events, including, but not limited to, air shows, to be conducted on portions of the Airport, which may limit or obstruct access to the Premises and/or to the Airport ("Special Events") and Tenant agrees and consents to the same. As a material inducement to Landlord to enter into this Lease, and notwithstanding anything to the contrary contained herein, Tenant, on behalf of Tenant and on behalf of all directors, officers, shareholders, partners, principals, employees, agents, contractors, subtenants, licensees or concessionaires of Tenant and on behalf of any other party claiming any right to use the Demised Premises by, through or under Tenant, hereby (i) agrees that Landlord has the right to sponsor any or all Special Events and to allow use of portions of the Airport therefor even if the same limits or obstruct access to the Demised Premises and/or to the Airport; (ii) releases, waives and discharges Landlord and Airport Manager, and Landlord Persons and Manager Persons, 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 Airport Manager, or any of the Landlord Persons and Manager Persons, for any Released Claims; (iv) agrees that the terms contained in this Section are intended and shall be construed to be as broad and inclusive as possible under the laws of the State of Texas; and (v) agrees that if any portion of this Section is held to be invalid or unenforceable, the remainder of this Section shall not be affected thereby but shall continue in full force and effect.

**Section 41. Independent Contractor:**

It is understood and agreed that in leasing, using, occupying, and operating the Demised Premises, Tenant is acting as an independent contractor and is not acting as agent, partner, joint venturer or employee of Landlord or Airport Manager.

**Section 42. Force Majeure:**

Neither party shall be deemed in default of this Lease for any delay or failure to perform any obligation hereunder (other than a payment obligation) so long as and to the extent to which any delay or failure in the performance of such obligation is prevented, frustrated, hindered or delayed as a consequence of a Force Majeure Event (defined below); provided that the party prevented or delayed in performing an obligation under this Lease due to a Force Majeure Event shall promptly notify the other party (to be confirmed in writing within seventy-two (72) hours of the inception of the delay) of the occurrence of a Force Majeure Event and shall describe, in reasonable detail, the circumstances constituting the Force Majeure Event and the obligation and/or performance thereby delayed or prevented. The party claiming that a Force Majeure Event has occurred shall continue to use commercially reasonable efforts to mitigate the impact or consequence of the event on the other party and to recommence performance whenever and to whatever extent possible without unreasonable delay. The party affected by the event shall provide the other party with daily updates (and more frequent updates if requested) as to the status of its efforts to recommence performance and written notice upon conclusion of the Force Majeure Event. A "Force Majeure Event" occurs when either party is unable, other than as may arise from its own negligence or willful misconduct, to perform its obligations under the terms of this Lease (excluding Tenant's timely payment of Rent or any other payment obligation to Landlord hereunder) because of acts of God, military war, invasion,

insurrection, riot, strike, lockout, inability to obtain labor or materials or reasonable substitutes therefore, or a government restriction, quarantine or mandatory closure order enacted in response to a pandemic or other public health crises (only in such cases and solely to the extent that the party's performance is frustrated as a direct result of the same), or other cause reasonably beyond its control.

**Section 43. Exhibits:**

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

**Section 44. Use of Language:**

Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires. The terms "day", "week", "month", "year" or any plural form of said terms shall be construed to mean on a calendar basis unless expressly stated otherwise. For the purposes herein, the term "business day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of Texas are authorized or required by law or other governmental action to close.

**Section 45. Captions:**

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

**Section 46. Successors; No Third-Party Beneficiaries; No Waiver of Immunity; No Tax Representation:**

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.

Except as otherwise set forth in this Lease (e.g., provisions relating to the Airport Manager and Manager Persons), this Lease and all 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.

Notwithstanding any other provision of this Lease, nothing in this Lease 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 Landlord, its officials, officers, employees, representatives, and agents, or Airport Manager, its owners, officers, employee, representatives, and agents, are or may be entitled, including, without limitation, any waiver of immunity to suit.

Notwithstanding any provision of this Lease, Landlord makes no representation that this Lease or any provision hereof will entitle or allow Tenant to receive any federal income or other federal tax benefit whatsoever.

**Section 47. Severability:**

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

**Section 48. Notices:**

Any notice or document required to be delivered or given hereunder in writing shall be delivered or given (i) in person, (ii) by United States mail, postage prepaid, registered or certified mail, return receipt requested, (iii) by Federal Express Corporation or other nationally recognized carrier to be delivered on the next business day, or (iv) by email. Such notice or document shall be deemed to be delivered or given, whether actually received or not, (a) when received if delivered or given in person, (b) if sent by United States mail, three (3) business days after being deposited in the United States mail as set forth above, (c) on the next business day after the day the notice or document is provided to Federal Express Corporation or other nationally recognized carrier to be delivered as set forth above, or (d) if sent by email, the next business day. A confirmation of delivery report which reflects the time that the email was delivered to the recipient's last notified email address is prima facie evidence of its receipt by the recipient, unless the sender receives a delivery failure notification, indicating that the email has not been delivered to the recipient. Addresses for the delivery or giving of any such notice or document are as follows:

**TO LANDLORD:**

Town of Addison, Texas  
c/o City Manager  
P.O. Box 9010  
Addison, Texas 75001  
Email: [wpierson@addisontx.gov](mailto:wpierson@addisontx.gov)

and

Town of Addison, Texas  
c/o Addison Airport Manager

**TO TENANT:**

Addison Hangars LLC  
c/o Alex Saltzman  
Chief Operating Officer  
136 Tower Road, Suite 205  
Westchester County Airport  
White Plains, NY 10604  
Email: [asaltzman@skyharbour.group](mailto:asaltzman@skyharbour.group)

and

Addison Hangars LLC  
c/o General Counsel



4545 Jimmy Doolittle Road, Suite 200  
Addison, Texas 75001  
Attn: Real Estate Manager  
Email: [bill.dyer@addisonairport.net](mailto:bill.dyer@addisonairport.net)

136 Tower Road, Suite 205  
Westchester County Airport  
White Plains, NY 10604

and

and

Town of Addison, Texas  
City Attorney  
P.O. Box 9010  
Addison, Texas 75001

Alison L. Squicciarro, Esq.  
Law Offices of Paul A. Lange, LLC  
80 Ferry Blvd.  
Stratford, CT 06611  
Email: [als@lopal.com](mailto:als@lopal.com)

**Section 49. Fees or Commissions:**

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

**Section 50. Counterparts:**

This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. This Lease may be executed and delivered by electronic signature by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

**Section 51. Consent; "Includes" and "Including"; Recitals:**

Where Landlord consent or approval is required in this Lease, such consent or approval may be given by the City Council of the Town of Addison, Texas or by the City Manager of the Town of Addison. For purposes hereof and any applicable law, and without limitation as to other grounds for Landlord delaying consent, it shall be deemed reasonable for Landlord to delay its consent for a period of thirty (30) business days after the receipt by Landlord of request of Landlord's consent under this Lease.

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

**Section 52. Governing Law and Venue:**

This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, without regard to "choice of laws" rules of any jurisdiction. All suits, actions or legal proceedings relating to this Lease shall be maintained in the state or federal courts of Dallas County, Texas, which courts shall have exclusive jurisdiction for such purpose. Each of the parties submits to the exclusive jurisdiction of such courts for purposes of any such suit, action, or legal proceeding hereunder, and waives any objection or claim that any such suit, action, or legal proceeding has been brought in an inconvenient forum or that the venue of that suit, action, or legal proceeding is improper.

**Section 53. Survivability of Rights and Remedies:**

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. NOTWITHSTANDING ANYTHING TO THE CONTRARY, THE PARTIES OBLIGATIONS AND LIABILITIES OF THE PARTIES PURSUANT SECTIONS 6, 21, 22, 28 SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE AS DEEMED NECESSARY FOR THE ENFORCEMENT OF THE PARTIES RIGHTS AND OBLIGATIONS THEREUNDER.

**Section 54. Entire Agreement and Amendments; Authorized Persons:**

This Lease, consisting of fifty-four (54) Sections and Exhibits 1, 2, 3, 4, 5, and 6 together with Lease Addendum #1, #2, #3 and #4 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 on behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY –  
SIGNATURES ON FOLLOWING PAGE(S)]

The undersigned representatives of the parties hereto are the properly authorized persons and have the necessary authority to execute this Lease on behalf of the respective parties hereto.

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

TENANT:

LANDLORD:

**Addison Hangars, LLC**

**TOWN OF ADDISON, TEXAS**

By: *Alex Saltzman*

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

Printed Name: *ALEX SALTZMAN* Manager  
Its: Authorized Signor

Wesley S. Pierson, City Manager

**ACKNOWLEDGEMENTS**

STATE OF TEXAS  
COUNTY OF DALLAS

This instrument was acknowledged before me on \_\_\_\_\_, 202\_, by Wesley S. Pierson, City Manager of the Town of Addison, Texas, a home-rule municipality, on behalf of the said municipality.

**GIVEN UNDER MY HAND AND SEAL OF OFFICE**, this the \_\_\_\_ day of \_\_\_\_\_, 202\_.

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

This instrument was acknowledged before me on 20th June, 202\_, by Personally, Alex Saltzman of Addison Hangars, LLC a Delaware limited liability company, on behalf of the said company.

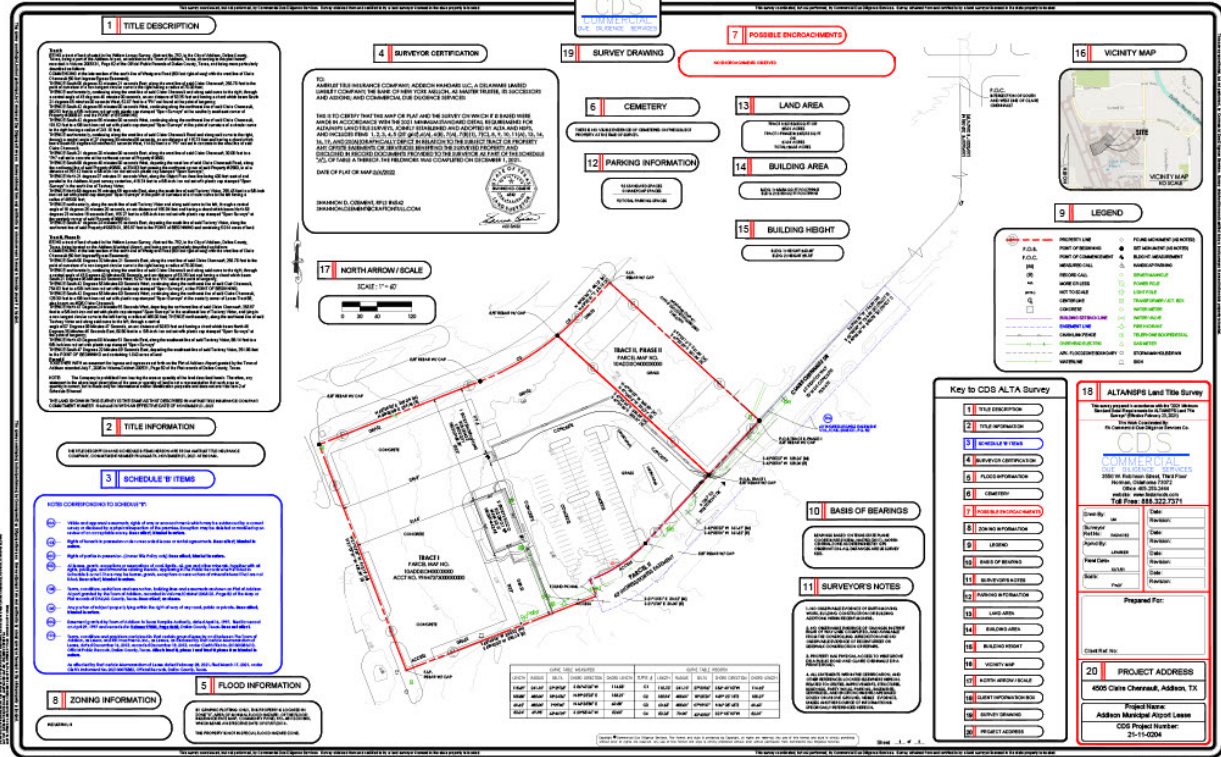
**GIVEN UNDER MY HAND AND SEAL OF OFFICE**, this the 20th day of June, 2022.

*Janette Licastro*  
Notary Public  
JANETTE LICASTRINO  
Notary Public No. 01L15017519  
Qualified in Putnam County  
My Commission Expires 9/1/25





Exhibit 2 - Survey of "Demised Premises"



**Exhibit 3**

**Legal Description of the "Demised Premises"**

**Tract I:**

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, in the City of Addison, Dallas County, Texas, being a part of the Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Official Public Records of Dallas County, Texas, and being more particularly described as follows:

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

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

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

THENCE South 42 degrees 55 minutes 00 seconds West, continuing along the northwest line of said Claire Chennault, 882.93 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the southerly southeast corner of Property # 068B-01 and the POINT of BEGINNING;

THENCE South 42 degrees 55 minutes 00 seconds West, continuing along the northwest line of said Claire Chennault, 161.52 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of curvature of a circular curve to the right having a radius of 241.10 feet;

THENCE southwesterly, continuing along the west line of said Claire Chennault Road and along said curve to the right, through a central angle of 27 degrees 30 minutes 06 seconds, an arc distance of 115.73 feet and having a chord which bears South 56 degrees 40 minutes 03 seconds West, 114.62 feet to a "PK" nail set in concrete in the west line of said Claire Chennault;

THENCE South 21 degrees 20 minutes 00 seconds East, along the west line of said Claire Chennault, 30.00 feet to a "PK" nail set in concrete at the northeast corner of Property # 0560;

THENCE South 68 degrees 40 minutes 00 seconds West, departing the west line of said Claire Chennault Road, along the northwest line of said Property # 0560, at 334.83 feet passing the northwest corner of said Property # 0560, in all a distance of 353.12 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";



THENCE North 21 degrees 07 minutes 31 seconds West, along the Object Free Area line being 400 feet east of and parallel to the Addison Airport runway centerline, 418.34 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the south line of Taxiway Victor;

THENCE North 68 degrees 35 minutes 58 seconds East, along the south line of said Taxiway Victor, 299.45 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of curvature of a circular curve to the left having a radius of 485.00 feet;

THENCE northeasterly, along the south line of said Taxiway Victor and along said curve to the left, through a central angle of 18 degrees 25 minutes 20 seconds, an arc distance of 155.94 feet and having a chord which bears North 59 degrees 23 minutes 18 seconds East, 155.27 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the westerly corner of said Property # 068B-01;

THENCE South 47 degrees 24 minutes 55 seconds East, departing the south line of said Taxiway Victor, along the southwest line of said Property # 068B-01, 355.97 feet to the POINT of BEGINNING and containing 5.014 acres of land.

**Tract II, Phase II:**

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

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

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

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

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

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

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

curve to the left having a radius of 485.00 feet; THENCE northeasterly, along the southeast line of said Taxiway Victor and along said curve to the left, through a central angle of 07 Degrees 09 Minutes 47 Seconds, an arc distance of 60.63 feet and having a chord which bears North 46 Degrees 35 Minutes 45 Seconds East, 60.60 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of tangency;

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

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

**Parcel II**

TOGETHER WITH an easement for ingress and egress as set forth on the Plat of Addison Airport granted by the Town of Addison recorded July 7, 2005, in Volume/Cabinet 200531, Page 82 of the Plat records of Dallas County, Texas.

## Exhibit 4

### Description of New Building Improvements to Be Constructed



*Note: Artist's rendering of proposed improvements, subject to permitting and approvals*

Subject to site plan, design, and permitting approval, Sky Harbour intends to build the following:

- A total of ~101,000 vertical hangar and office space and adjacent apron, including:
  - Five (5) ~14,200 square foot (SF) SH-16 Hangars (~71,000 SF total)
  - ~12,000 SF of hangar space (per hangar)
  - ~2,200 SF of private office/lounge/storage space with restrooms (per hangar)
  - High-quality finishes and advanced hangar features
  - Climate and humidity control
  - Smart controls through Sky Harbour Smart Hangar smartphone app
  - Indoor vehicle parking and, if economically feasible, PV and EV charging
- One (1) ~30,000 SF SH-30 Semi-private Hangar
  - ~26,500 SF of hangar space
  - ~3,500 SF of private office/lounge/storage space with restrooms
  - Administration/Ground Support Equipment storage
- Pavement for vehicle access and parking
  - 63 landside parking stalls
  - 13 airside parking spaces
- Native and drought-tolerant landscaping throughout the property (where possible)
- Airside gates with access control





*Note: Artist's rendering of proposed improvements, subject to permitting and approvals*

This Exhibit 4 hereby includes by reference the complete set of Design Plans approved by the Town of Addison for the New Building Improvements including, but not limited to, all architectural, civil, mechanical, and electrical and landscape drawings and specifications, together with all change orders and as-built modifications, warranties and guaranties procured by Tenant.

**Exhibit 5-A**

**Form of Memorandum of Ground Lease – Effective Date**

**AFTER RECORDING RETURN TO:**

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

**MEMORANDUM OF LEASES**

This Memorandum of Lease is dated as of \_\_\_\_\_, 2022, and executed by and between the Town of Addison, Texas, a home-rule municipality ("Landlord") and Addison Hangars, LLC, a Delaware limited liability company ("Tenant").

**WITNESSETH THAT:**

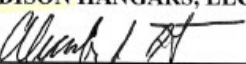
In consideration of the premises and of the mutual covenants and agreements set forth in that certain Ground Lease Agreement dated and made Effective as of \_\_\_\_\_, 20\_\_\_\_ (the "Ground Lease"), by and between Landlord and Tenant, Landlord has leased to Tenant, and Tenant has leased from Landlord, a certain parcel of land located at and within Addison Airport ("Airport") that is more particularly described in Exhibit A attached hereto and made a part hereof, for a term of four hundred eighty (480) months following the Commencement Date (as defined in the Ground Lease), subject to all of the terms, provisions and conditions of the Ground Lease.

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. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Ground Lease, the provisions of the Ground Lease shall govern. Reference should be made to the Ground Lease for the full description of the rights and duties of Landlord and Tenant, and this Memorandum of Lease shall in no way affect the terms and conditions of the Ground Lease or the interpretation of the rights and duties of Landlord and Tenant thereunder.

Upon the expiration or earlier termination of the above-described Ground Lease, Landlord and Tenant agree that they shall execute and record a termination of this Memorandum of Lease.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Memorandum of Lease to be executed the day and year first above written.

IN WITNESS WHEREOF, the undersigned parties execute this Memorandum of Lease this \_\_\_\_ day of \_\_\_\_\_, 2022.

<b>TENANT:</b> <b>ADDISON HANGARS, LLC</b> By: <u></u> <u>ALEX SAIZEMAN</u> Manager	<b>LANDLORD:</b> <b>TOWN OF ADDISON, TEXAS</b> By: _____ Wesley S. Pierson, City Manager
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**ACKNOWLEDGEMENTS**

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§

This instrument was acknowledged before me on the 20th day of June, 2022, by Alex Saltzman, Manager, of Addison Hangars, LLC, a Delaware limited liability company, on behalf of said corporation.

Notary Public, State of New York

Janette Licastro  
Notary's Printed Name

My Commission Expires: 9/7/2025



STATE OF TEXAS §  
COUNTY OF DALLAS §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2022, by Wesley S. Pierson, City Manager of the Town of Addison, Texas, a home-rule municipality, on behalf of the said municipality.

Notary Public, State of Texas

\_\_\_\_\_  
Notary's Printed Name

My Commission Expires: \_\_\_\_\_

**EXHIBIT A**

**PROPERTY SURVEY AND LEGAL DESCRIPTION  
OF DEMISED PREMISES**

**Tract I:**

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, in the City of Addison, Dallas County, Texas, being a part of the Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Official Public Records of Dallas County, Texas, and being more particularly described as follows:

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

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

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

THENCE South 42 degrees 55 minutes 00 seconds West, continuing along the northwest line of said Claire Chennault, 882.93 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the southerly southeast corner of Property # 068B-01 and the POINT of BEGINNING;

THENCE South 42 degrees 55 minutes 00 seconds West, continuing along the northwest line of said Claire Chennault, 161.52 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of curvature of a circular curve to the right having a radius of 241.10 feet;

THENCE southwesterly, continuing along the west line of said Claire Chennault Road and along said curve to the right, through a central angle of 27 degrees 30 minutes 06 seconds, an arc distance of 115.73 feet and having a chord which bears South 56 degrees 40 minutes 03 seconds West, 114.62 feet to a "PK" nail set in concrete in the west line of said Claire Chennault;

THENCE South 21 degrees 20 minutes 00 seconds East, along the west line of said Claire Chennault, 30.00 feet to a "PK" nail set in concrete at the northeast corner of Property # 0560;

THENCE South 68 degrees 40 minutes 00 seconds West, departing the west line of said Claire Chennault Road, along the northwest line of said Property # 0560, at 334.83 feet passing the northwest corner of said Property # 0560, in all a distance of 353.12 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

THENCE North 21 degrees 07 minutes 31 seconds West, along the Object Free Area line being 400 feet east of and parallel to the Addison Airport runway centerline, 418.34 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the south line of Taxiway Victor;

THENCE North 68 degrees 35 minutes 58 seconds East, along the south line of said Taxiway Victor, 299.45 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of curvature of a circular curve to the left having a radius of 485.00 feet;

THENCE northeasterly, along the south line of said Taxiway Victor and along said curve to the left, through a central angle of 18 degrees 25 minutes 20 seconds, an arc distance of 155.94 feet and having a chord which bears North 59 degrees 23 minutes 18 seconds East, 155.27 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the westerly corner of said Property # 068B-01;

THENCE South 47 degrees 24 minutes 55 seconds East, departing the south line of said Taxiway Victor, along the southwest line of said Property # 068B-01, 355.97 feet to the POINT of BEGINNING and containing 5.014 acres of land.

**Tract II, Phase II:**

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

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

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

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

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

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

THENCE North 47 Degrees 24 Minutes 55 Seconds West, departing the northwest line of said Claire Chennault, 355.97 feet to a 5/8-inch iron rod set with plastic cap stamped



“Sparr Surveys” in the southeast line of Taxiway Victor, and lying in a non-tangent circular curve to the left having a radius of 485.00 feet; THENCE northeasterly, along the southeast line of said Taxiway Victor and along said curve to the left, through a central angle of 07 Degrees 09 Minutes 47 Seconds, an arc distance of 60.63 feet and having a chord which bears North 46 Degrees 35 Minutes 45 Seconds East, 60.60 feet to a 5/8-inch iron rod set with plastic cap stamped “Sparr Surveys” at the point of tangency;

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

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

**Parcel II**

TOGETHER WITH an easement for ingress and egress as set forth on the Plat of Addison Airport granted by the Town of Addison recorded July 7, 2005, in Volume/Cabinet 200531, Page 82 of the Plat records of Dallas County, Texas.

**Exhibit 5-B**

**Form of Memorandum of Ground Lease – Commencement Date**

**AFTER RECORDING RETURN TO:**

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

**MEMORANDUM OF LEASE**

This Memorandum of Lease is dated as of \_\_\_\_\_, 20\_\_, and executed by and between the Town of Addison, Texas, a home-rule municipality ("Landlord") and Addison Hangars, LLC, a Delaware limited liability company ("Tenant").

**WITNESSETH THAT:**

**WHEREAS**, a Ground Lease was executed and made Effective on \_\_\_\_\_, 2022 (the "Ground Lease"), between the Landlord and Tenant as evidenced by that Memorandum of Lease filed and recorded in the Dallas County Official Records ("OPR") as Instrument # \_\_\_\_\_.

Now let it be known \_\_\_\_\_, 20\_\_, is hereby the Commencement Date and the Ground Lease Term shall end the last day of the Four Hundred and Eightieth (480th) full calendar month following the Commencement Date (including the month of the Commencement Date), or \_\_\_\_\_, 20\_\_, subject to all of the terms, provisions and conditions of the Ground Lease.

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. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Ground Lease, the provisions of the Ground Lease shall govern. Reference should be made to the Ground Lease for the full description of the rights and duties of Landlord and Tenant, and this Memorandum of Lease shall in no way affect the terms and conditions of the Ground Lease or the interpretation of the rights and duties of Landlord and Tenant thereunder.

Upon the expiration or earlier termination of the above-described Ground Lease, Landlord and Tenant agree that they shall execute and record a termination of this Memorandum of Lease.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Memorandum of Lease to be executed the day and year first above written.

IN WITNESS WHEREOF, the undersigned parties execute this Memorandum of Lease this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

<b>TENANT:</b>  <b>ADDISON HANGARS, LLC</b>  By: _____ _____, Manager	<b>LANDLORD:</b>  <b>TOWN OF ADDISON, TEXAS</b>  By: _____ _____, City Manager
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**ACKNOWLEDGEMENTS**

STATE OF TEXAS     §  
                                  §  
COUNTY OF DALLAS §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, Manager, of Addison Hangars, LLC, a Delaware limited liability company, on behalf of said corporation.

**Notary Public, State of** \_\_\_\_\_

\_\_\_\_\_  
**Notary's Printed Name**

**My Commission Expires:** \_\_\_\_\_

STATE OF TEXAS     §  
                                  §  
COUNTY OF DALLAS §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, City Manager of the Town of Addison, Texas, a home-rule municipality, on behalf of the said municipality.

**Notary Public, State of Texas**

\_\_\_\_\_  
**Notary's Printed Name**

**My Commission Expires:** \_\_\_\_\_

**EXHIBIT A**

**PROPERTY SURVEY AND LEGAL DESCRIPTION  
OF DEMISED PREMISES**

**Tract I:**

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, in the City of Addison, Dallas County, Texas, being a part of the Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Official Public Records of Dallas County, Texas, and being more particularly described as follows:

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

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

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

THENCE South 42 degrees 55 minutes 00 seconds West, continuing along the northwest line of said Claire Chennault, 882.93 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the southerly southeast corner of Property # 068B-01 and the POINT of BEGINNING;

THENCE South 42 degrees 55 minutes 00 seconds West, continuing along the northwest line of said Claire Chennault, 161.52 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of curvature of a circular curve to the right having a radius of 241.10 feet;

THENCE southwesterly, continuing along the west line of said Claire Chennault Road and along said curve to the right, through a central angle of 27 degrees 30 minutes 06 seconds, an arc distance of 115.73 feet and having a chord which bears South 56 degrees 40 minutes 03 seconds West, 114.62 feet to a "PK" nail set in concrete in the west line of said Claire Chennault;

THENCE South 21 degrees 20 minutes 00 seconds East, along the west line of said Claire Chennault, 30.00 feet to a "PK" nail set in concrete at the northeast corner of Property # 0560;

THENCE South 68 degrees 40 minutes 00 seconds West, departing the west line of said Claire Chennault Road, along the northwest line of said Property # 0560, at 334.83 feet passing the northwest corner of said Property # 0560, in all a distance of 353.12 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

THENCE North 21 degrees 07 minutes 31 seconds West, along the Object Free Area line being 400 feet east of and parallel to the Addison Airport runway centerline, 418.34 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the south line of Taxiway Victor;

THENCE North 68 degrees 35 minutes 58 seconds East, along the south line of said Taxiway Victor, 299.45 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of curvature of a circular curve to the left having a radius of 485.00 feet;

THENCE northeasterly, along the south line of said Taxiway Victor and along said curve to the left, through a central angle of 18 degrees 25 minutes 20 seconds, an arc distance of 155.94 feet and having a chord which bears North 59 degrees 23 minutes 18 seconds East, 155.27 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the westerly corner of said Property # 068B-01;

THENCE South 47 degrees 24 minutes 55 seconds East, departing the south line of said Taxiway Victor, along the southwest line of said Property # 068B-01, 355.97 feet to the POINT of BEGINNING and containing 5.014 acres of land.

**Tract II, Phase II:**

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

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

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

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

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

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

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



curve to the left having a radius of 485.00 feet; THENCE northeasterly, along the southeast line of said Taxiway Victor and along said curve to the left, through a central angle of 07 Degrees 09 Minutes 47 Seconds, an arc distance of 60.63 feet and having a chord which bears North 46 Degrees 35 Minutes 45 Seconds East, 60.60 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of tangency;

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

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

**Parcel II**

TOGETHER WITH an easement for ingress and egress as set forth on the Plat of Addison Airport granted by the Town of Addison recorded July 7, 2005, in Volume/Cabinet 200531, Page 82 of the Plat records of Dallas County, Texas.

**Exhibit 6**

**Master Landlord Sublease Consent Form**

**MASTER LANDLORD'S CONSENT TO SUBLEASE**

**Rider to Sublease Agreement**

**GROUND LEASE TENANT & MASTER LEASE INFORMATION**

Name of Tenant as "Tenant"		
Primary Contact		
Legal Notice Address:		
Telephone:		Ground Lease No: _____
E-mail Address:		Effective Date of Ground Lease: _____ <i>("Master Lease Effective Date")</i>

**SUBLEASE AGREEMENT (the "Sublease")**

<b><u>Sublease Agreement Date:</u></b>	<b><u>Commencement Date :</u></b>	<b><u>Expiration Date :</u></b>
<b>Address of Subleased Premises:</b>		
<b>Describe Renewal Options (if applicable):</b>		

Subtenant Name: as "Subtenant"		"State" of Registration (if applicable)
Entity Type		
DBA:		
Primary Contact:		Title:
Legal Notice Address:		
Telephone:		E-mail:
Website:		

**ON-SITE CONTACT INFORMATION**

Name:		Title:
Telephone:		E-mail

**EMERGENCY / AFTER HOURS CONTACT INFORMATION**

Name:		Title:
Telephone:		E-mail

**BASED AIRCRAFT REGISTRATION (use an additional sheet if needed)**

N #	Make	Model	Year

(Underlined terms are defined as first given above)

The Town of Addison, Texas (the "Master Landlord") is the sole Landlord under that certain Ground Lease/Lease Agreement dated as of the Master Lease Effective Date wherein by way of any assignment, amendment, modification or other act, the above-named Tenant is the "Tenant" of the Ground Lease/Lease Agreement described above. Together with any and all assignments, modifications and amendments thereto, if any, the Ground Lease/Lease Agreement is hereinafter referred to as the "Master Lease," by the terms of which Tenant leased from Master Landlord certain property referred to as the "Demised Premises," "Leased Premises," or "Premises" (or such similar term) in the Master Lease (referred to herein as the "Demised Premises") located at Addison Airport within the Town of Addison, Texas, said property being more particularly described in said Master Lease. Tenant is hereby seeking Master Landlord's consent to the sublease ("Consent to Sublease") by Tenant of all or a part of the Demised Premises, which part is described in the Sublease, to the Subtenant so named above, pursuant to that Sublease Agreement described above (the "Sublease"), on the following terms and conditions:

Based on Tenant's representations, Master Landlord hereby consents to the Sublease on the following terms and conditions:

1. Tenant shall remain fully liable for the performance of each and every term, provision, covenant, duty and obligation of the Tenant under the Master Lease including, without limitation, the duty to make any and all payments of rent. This Consent to Sublease shall in no way release Tenant from any of its covenants, agreements, liabilities and duties under the Master Lease. Upon written demand by Master Landlord, Tenant and/or Subtenant shall deliver a true and correct copy of the Sublease as it may be amended or modified from time to time. This Consent to Sublease does not constitute approval by Master Landlord of the terms of the Sublease. Nothing herein contained shall be deemed a waiver or release of any of the Master Landlord's rights under the Master Lease.



2. Subtenant's use and occupancy of the Demised Premises shall be subject to all of the terms and conditions of the Master Lease to the extent applicable, Subtenant agrees to be bound by the terms and provisions of the Master Lease and in the event of any conflict between the terms of the Master Lease and the terms of the Sublease, the terms of the Master Lease shall control (and, without limiting the foregoing, the Demised Premises shall never be used for any purpose other than as permitted by the Master Lease, and this Consent to Sublease does not constitute and is not consent to any use on or within the Demised Premises which is not permitted by the Master Lease).

3. Subtenant shall be obligated to obtain Master Landlord's consent to any action as to which Tenant is obligated to obtain such consent under the Master Lease.

4. Tenant shall be fully liable for any violation by Subtenant of any of the terms and conditions of the Master Lease.

5. Master Landlord shall have no obligation for the performance by Tenant of its obligations under the Sublease. Neither this Consent to Sublease, the exercise by Master Landlord of its rights hereunder, nor the Sublease or any other instrument shall give Subtenant any rights directly or indirectly against Master Landlord or create or impose any obligation, duty, responsibility, or liability of Master Landlord in favor of or for the benefit of Subtenant.

6. In the event of the occurrence of an event of default under the Master Lease by Tenant while the Sublease is in effect, Master Landlord, in addition to any other rights or remedies provided in the Master Lease or by law, in equity, or otherwise, may at Master Landlord's option, collect directly from the Subtenant all rents becoming due under the Sublease and apply such rent against any sums due to Master Landlord. No direct collection by Master Landlord from Subtenant shall release Tenant from the payment or performance of Tenant's obligations under the Master Lease; provided that if Master Landlord collects any rents directly from Subtenant pursuant to this paragraph, Subtenant shall be released from its obligations to pay such rents to Tenant.

7. Tenant and Subtenant each hereby represent and warrant to Master Landlord that other than the Sublease, there are no agreements or understandings, whether written or oral between Tenant and Subtenant with respect to Subtenant's use and occupancy of the Demised Premises or any property of Tenant located therein.

8. Tenant and Subtenant each hereby covenants and agrees with Master Landlord that Tenant and Subtenant shall **defend, indemnify and hold harmless** Master Landlord, its elected officials, its officers, employees, representatives and agents from and against any and all claims, liabilities and obligations to any broker or agent in connection with the Sublease, including, without limitation, any reasonable attorneys' fees and costs incurred by Master Landlord in connection therewith.

9. If Subtenant is to operate as a commercial aeronautical service provider pursuant to the Sublease Agreement, Tenant hereby warrants and represents to Master Landlord that Tenant has delivered to Subtenant a complete copy of the prevailing *Addison Airport Minimum Standards and Requirements for Commercial Aeronautical Service Providers* and the *Addison Airport Rules and Regulations*, each of which may be amended and, or modified by the Master Landlord from time to time, and Subtenant hereby acknowledges and warrants and represents to Master Landlord that Subtenant has received the same and shall comply with the requirements set forth therein.

10. Tenant and Subtenant attest, warrant and represent to Master Landlord that all information given herein is true and correct.

This Master Landlord's Consent to Sublease may be executed in multiple counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement; the signatures of all the parties need not appear on the same counterpart, and delivery of an executed counterpart signature page by facsimile (e.g., telecopier, scanned PDF by email, or electronic signature) is as effective as executing and delivering this Agreement in the presence of the other parties to this Agreement.

ACKNOWLEDGED AND AGREED TO this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**Tenant:**

By: \_\_\_\_\_  
\_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
(Printed Name)  
Title: \_\_\_\_\_  
\_\_\_\_\_  
Date: \_\_\_\_\_  
\_\_\_\_\_

**Subtenant:**

By: \_\_\_\_\_  
\_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
(Printed Name)  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Master Landlord  
Town of Addison, Texas**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Authorized Officer on Behalf of Master Landlord  
Date: \_\_\_\_\_

## LEASE ADDENDUM #1

### Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices

*Note: Capitalized terms used herein are the same as defined in the Lease or any Addendum attached and made a part of the Lease unless otherwise expressly provided for. This Lease Addendum #1 is made a part of and hereby incorporated into the Lease by reference.*

**I. Purpose:** Pursuant to Section 11 (or elsewhere as provided for) of the Lease<sup>1</sup> the Tenant is required to maintain the Demised Premises and all improvements, fixtures, equipment and personal property thereto in "good repair and in a first class condition" and in accordance with all applicable ordinances, codes, rules and regulations of or adopted by the Town of Addison or any regulating agency with oversight of any or all portions of the Demised Premises throughout the Term as it may be extended or otherwise amended.

Additionally, Section 28 titled Title to Improvements provides that, among other things, Tenant shall own and hold title to any Buildings Improvements constructed on the Demised Premises by or for Tenant, shall be owned by Tenant for the duration of the Term, as the Term may be amended or modified. Upon the expiration or early termination of the Lease Term, the ownership of said Building Improvements, said Building Improvements shall merge with the title of the Demised Premises and become the property of the Landlord.

Therefore, these Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices ("Maintenance Standards") hereby set forth in general the minimum level of standard of maintenance and repair or practice the Landlord expects of Tenant and Tenant (or any of its successors and or assigns) agrees to be obliged in order to comply with the terms and conditions of the Lease.

**II. Governing Standard or Practice:** Section 8.A. of the Lease states the Tenant agrees to comply with all laws, ordinances, rules, regulations, directives, permits, policies or standards of any governmental authority, entity, or agency affecting the use of the Demised Premises; and any "Construction/Maintenance Standards and Specifications" published by Landlord or its Airport Manager governing such matters at the Airport. Section 11.B. of the Lease states "Should there ever arise a conflict between the degree of standard or duty to practice any such standard or practice between [these Maintenance Standards] and any new construction and maintenance and repair standard so adopted by the Landlord, the standard and/or practice representing the higher or greater degree of standard and/or practice shall prevail as if such higher degree of standard and/or practice is incorporated into and made a part of these [Maintenance Standards]."

**III. Terminology Used:** Unless otherwise provided herein, the definition and/or the description of certain terms used or referred to below shall be the same as defined in the

<sup>1</sup> All capitalized terms used in these Tenant's Minimum Leasehold Maintenance Standards and Procedures are as used and defined in the underlying Lease unless otherwise defined herein.

Lease or ASTM International Standard E2018-15<sup>2</sup> (as it may be amended or modified from time to time or its equivalence as generally accepted by the United States commercial real estate industry at the time).

For the purpose herein the standard being in “*good repair and in first-class condition*” generally means when the building component or system is serving its designed function, is of working condition and operating well, shows evidence of being well taken care of and does not require immediate or short-term repairs above its *de minimis* threshold or does not evidence a material physical deficiency.

*Building System* – Interacting or independent components or assemblies, which form single integrated units that comprise a building and its site work, such as pavement and flatwork, structural frame, roofing, exterior walls, plumbing, HVAC, electrical, etc. (ASTM E2018-15).

*Component* – A portion of a building system, piece of equipment, or building element (ASTM E2018-15).

*Deferred Maintenance* – Physical deficiencies that could have been remedied with routine maintenance, normal operating maintenance, etc., excluding *de minimis* conditions that generally do not present a material physical deficiency to the subject property (ASTM E2018-15).

*Effective Age* – The estimated age of a building component that considers actual age as affected by maintenance history, location, weather conditions, and other factors. Effective Age may be more or less than actual age (ASTM E2018-15).

*Engineer*: Designation reserved by law for a person professionally qualified, examined, and licensed by the appropriate governmental board having jurisdiction, to perform engineering services (ASTM E2018-15).

*Expected Useful Life* – The average amount of time in years that an item, component or system is estimated to function without material repair when installed new and assuming routine maintenance is practiced (ASTM E2018-15).

*Fair Condition* – To be found in working condition but may require immediate or short-term repairs above the *de minimis* threshold of not evidencing a material physical deficiency (ASTM E2018-15).

*Normal Wear and Tear* - Defined as deterioration that results from the intended use of the commercial premises, including breakage or malfunction due to age or deteriorated condition, but the term does not include deterioration that results from negligence, carelessness, accident or abuse of the premises, equipment or chattels by the Tenant, by a guest or invitee of the Tenant (Section 93.006[b]); Chapter 93 of the Texas Property Code entitled “*Commercial Tenancies*”

*Physical Deficiency (ies)* – The presence of a conspicuous defect or defects and/or material deferred maintenance of a subject property’s material systems, components, or equipment as observed. Specifically excludes deficiencies that may be remedied with routine

<sup>2</sup> ASTM Designation E2018-15; November 2015 ASTM International, 100 Barr Harbor Drive, PO Box C700, West Conshohocken PA 19428-2929, United States



maintenance, miscellaneous minor repairs, normal operating maintenance, etc. (ASTM E2018-15).

Poor Condition – Found not to be in working condition or requires immediate or short-term repairs substantially above the *de minimis* threshold of not evidencing a material physical deficiency (ASTM E2018-15).

Routine Maintenance - Repair that does not require specialized equipment, professional services, or licensed contractors but, rather can be corrected within the budget and skill set of typical property maintenance staff (ASTM E2018-15).

**IV. Baseline Property Condition Assessment:** Beginning on or about the tenth (10<sup>th</sup>) anniversary but no later than the twelfth (12<sup>th</sup>) anniversary of the Term, Tenant shall procure, at the sole cost of Tenant, a Property Condition Assessment baseline report (“PCA”) to be prepared, written and signed by a licensed professional engineer qualified to assess the condition of the Demised Premises and all Building Improvements, fixtures and equipment made a part thereto pursuant to the then-operative version of ASTM International Standard Designation E2018 as of the date the PCA is performed. If at that time, for any reason, ASTM International no longer publishes standards for conducting property condition assessments for commercial real estate in the United States, Landlord and Tenant shall mutually agree to adopt another similar standard of practice to be performed by qualified third parties recognized and accepted by the commercial real estate industry in the United States.

For any portion of the Demised Premises designed and constructed with the intent to be used for the storage and movement of aircraft, the PCA shall also include an aircraft pavement condition assessment performed for such areas in accordance with FAA Advisory Circular 150/5380-7A “*Airport Pavement Management Program*” and ASTM Standard Designation D5340 “*Standard Test Method for Airport Pavement Condition Index Surveys*” (or their respective operative standard in effect at the time of the PCA report date) (the “Pavement Standards”). If no such standard exists at the time, the pavement condition assessment shall be performed based on prevailing industry standards as of the date of the assessment.

A. Within thirty (30) calendar days of the published date of the PCA report Tenant shall deliver to Landlord a complete signed original copy of the PCA report together with the aircraft pavement condition assessment, if any, together with:

(1) “Tenant’s Remedy Plan”, a written plan prepared by Tenant itemizing and given in sufficient detail Tenant’s plan to remedy and cure, at Tenant’s sole cost and expense, any and all physical deficiencies and, or Deferred Maintenance matters identified and communicated in the PCA report. Tenant’s Remedy Plan shall indicate, among other things, that all work will be completed in a good and workman like condition pursuant to all local building codes and ordinances as required by the Lease within one hundred and eighty (180) calendar days from the date of the PCA’s published report date (the “Remedy Period”) unless otherwise agreed to in writing by Landlord.

(a.) If the pavement condition index (“PCI”), as defined in the Pavement Standards, reflects a score less than 70 (or its equivalence) the Tenant’s Remedy Plan shall set forth in

sufficient detail Tenant's intended remedy and cost estimate necessary to increase the aircraft pavement PCI score to a minimum of 70 within the Remedy Period.

(b.) In the event the PCA recommends supplemental testing or evaluation of any building component including, but not limited to, structural, building envelope, roofing, HVAC, plumbing, electrical, fire alarm and suppression, elevator, hangar door and/or door operators, environmental, pavement and ADA, Tenant's Remedy Plan shall reflect Tenant's plan to complete such supplemental investigations as recommended within the Remedy Period.

(2.) "Tenant's Facility Maintenance and Repair Plan" (or "Maintenance Plan") which sets forth in sufficient detail Tenant's stated itemized objectives to maintain and keep all building components and systems, pavement and landscaped areas in good condition and repair together with any planned capital repairs, including those cited in the PCA report and any capital improvements planned within the next ten (10) years following the PCA published report date. Additionally, the Maintenance Plan should include but not be limited to the following:

(a.) Tenant's schedule and checklist for periodic self-inspection of all major building components and systems on annualized basis.

(b.) Tenant shall periodically update the Maintenance Plan to reflect scheduled repairs made together with itemized repair costs given, new conditions found as a result of Tenant's periodic self-inspections and Tenant's plan to maintain or repair said condition.

**B.** If Tenant fails to deliver to Landlord a complete signed original Baseline PCA Report, Tenant's Remedy Plan and Tenant's Facility Maintenance and Repair Plan as required herein. Landlord may provide written notice thereof to Tenant. Tenant shall have sixty (60) business days after receipt of such notice to provide such report or plan. Tenant's failure to provide the documentation required herein shall be considered an event of default of the Lease. Tenant's failure to promptly remedy any physical deficiency (ies) identified and communicated in any PCA report as required herein is also considered an event of default under the Lease. In the event of such default(s), in addition to all other rights and remedies available to Landlord under the Lease and by law, Landlord may, but not be obligated to, cause such reports and plans to be prepared and implemented as deemed commercially reasonable; and all reasonable costs therefore expended by Landlord plus interest thereon as provided for in Section 39 of the Lease shall be paid by Tenant upon demand.

**V. Requirement for Subsequent Baseline Property Condition Report Updates, Tenant Remedy Plan Updates and Tenant's Facility Maintenance and Repair Plan Updates:**

**A.** Upon each ten (10) year anniversary of the Term (but not later than two (2) years after each 10-year anniversary) Tenant shall procure, at its sole cost and expense, a PCA update (including aircraft pavement condition assessment) with the subsequent PCA report being of similar form and scope as the initial baseline PCA outlined above. Consideration should be given to the age of all building components and whether any special assessments might be warranted. Within thirty (30) business days of the published date of the subsequent PCA report, Tenant shall deliver to Landlord a complete signed original of the subsequent

PCA report together with the aircraft pavement condition assessment findings. Simultaneously, Tenant shall deliver to Landlord its Tenant Remedy Plan setting forth Tenant's itemized and detailed plan for remedying and curing all physical deficiencies and/or Deferred Maintenance matters identified and communicated in the subsequent PCA report. Similarly, Tenant shall also deliver to Landlord Tenant's Facility Maintenance and Repair Plan updated to reflect the most recent subsequent PCA report findings and recommendations.

B. With no less sixty (60) months remaining until the Lease Expiration, Tenant will procure, at Tenant's sole cost and expense, a final PCA report (including aircraft pavement condition assessment) with the final PCA report being of similar form and scope as the initial baseline PCA outlined above (the "Final PCA Report"). Consideration should be given to the age of all building components and whether any special assessments might be warranted. Within thirty (30) business days of the published date of the Final PCA Report, Tenant shall deliver to Landlord a complete signed original of the Final PCA Report together with the aircraft pavement condition assessment findings. Simultaneously, Tenant shall deliver to Landlord its Tenant Remedy Plan setting forth Tenant's itemized and detailed plan for remedying and curing all Physical Deficiencies and/or Deferred Maintenance matters identified and communicated in the Final PCA Report. Similarly, Tenant shall also deliver to Landlord Tenant's Facility Maintenance and Repair Plan updated to reflect the Final PCA Report findings and recommendations which are to be implemented through the Lease Expiration Date.

**VI. Qualification of Property Condition Reviewer:** The qualifications of a third-party consultant performing or overseeing the PCA shall be:

1. Licensed in the state of Texas as a professional architecture or engineer;
2. Demonstrated experience working with general aviation type properties;
3. Having working knowledge of relevant FAA Advisory Circulars and ASTM Standards relating to facility and pavement maintenance and survey standards affecting the subject property type and scope (size and complexity, etc.); and
4. Experience preparing property condition reports.

**VII. Record Retention:** Throughout the Term Tenant shall diligently gather and retain in an orderly manner all documentation affecting and relating to the Building Improvements and any fixtures or equipment made a part of the Demised Premises. To the extent possible the Tenant shall retain digital copies of all such documentation, which can be easily reviewed, inspected and sourced. All such documents are to be made available to each consultant assigned to perform the property condition assessment and pavement condition analyses.

Such documents to be retained should include but not be limited to:

1. Site plan – updated as necessary.
2. Property Survey – updated as necessary to reflect any changes to the leased premises.



3. Construction and "as-built" drawings together with written building specifications.
4. Certificate of Occupancy and building permits.
5. Building Owner's Manual received from the General Contractor.
6. Pavement Condition Assessment Reports (aircraft apron and other).
7. Insurance casualty claims and adjustment reports affecting the Building Improvements.
8. Description of future/planned material improvement or repairs.
9. Outstanding notices and citations for building, fire, and zoning code and ADA violations.
10. Previously prepared, if any, Property Condition Assessment reports or engineering testing and surveys pertaining to any aspect of the subject property's physical condition.
11. Lease listing literature, listing for sale, marketing/promotional literature such as photographs, descriptive information, reduced floor plans, etc.
12. Periodic inspection reports (self or third-party) and supporting documentation.
13. Irrigation plans updated as needed.
14. Operating manuals, instructions, parts lists.

**VIII. Reversionary Process (at Lease Expiration or Early Termination):** Pursuant to the terms and conditions of the Lease, unless otherwise amended or modified the Lease is due to expire on the Lease Expiration Date at which time any and all Building Improvements and any subsequent improvements and alterations made thereto as defined in the Lease revert and become under the ownership of the Landlord. If Tenant is not then in default of the Lease, Tenant shall have the right to remove all personal property and trade fixtures owned by the Tenant from the Demised Premises, but Tenant shall be required to repair any damage to the Demised Premises caused by such removal, which work shall be conducted in a good and workmanlike manner and at Tenant's sole cost and expense.

Accordingly, in order to facilitate an orderly transfer of all the ownership interests of the Demised Premises, Tenant shall deliver or cause to be delivered to Landlord all of the following on or before the Expiration Date, or earlier termination of the Lease:

Tenant's Representations: Tenant shall certify and attest in writing, in a form acceptable to Landlord:

1. Tenant conveys to Landlord in good and indefeasible title all the Building Improvements free and clear of any and all liens, assessments, easements, security interests and other encumbrances; and
2. There are no lessees or sub-lessees in possession of any portion of the Building Improvements, tenants at sufferance or trespassers; and



3. There are no mechanic's liens, Uniform Commercial Code liens or unrecorded liens against the Building Improvements, and all obligations of Tenant arising from the ownership and operation of the Demised Premises and any business operated on the Building Improvements including but not limited to taxes, leasing commissions, salaries, contracts, and similar agreements, have been paid or will be paid before the Expiration Date; and
4. There is no pending or threatened litigation, condemnation, or assessment affecting the Building Improvements; and
5. Tenant has disclosed to Landlord any and all known conditions of a material nature with respect to the Building Improvements which may affect the health or safety of any occupant of the Demised Premises. Except as disclosed in writing by Landlord or Tenant, the Building Improvements have no known latent structural defects or construction defects of a material nature, and none of the improvements has been constructed with materials known to be a potential health hazard to occupants of the Building Improvements; and
6. Except as otherwise disclosed in writing by Tenant to Landlord, the Building Improvements do not contain any Hazardous Materials other than lawful quantities properly stored in containers in compliance with applicable laws. For the purpose herein, "Hazardous Materials" means any pollutants, toxic substances, oils, hazardous wastes, hazardous materials or hazardous substances as defined in or pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Clean Water Act, as amended, or any other federal, state or local environmental law, ordinance, rule, or regulation, whether existing or subsequently enacted during the Term; and
7. Any Rent and monies due under the Lease unless paid in full; and
8. A Bill of Sale conveying personal property remaining or left on the Demised Premises, if any, free and clear of liens, security interest and encumbrances; and
9. All plans, drawings and specifications respecting the Building Improvements, including as-built plans and specifications, landscape plans, building system plans (HVAC, Telecom/Data, Security System, plumbing) air-conditioning in Tenant's possession or control; and
10. Inventory with corresponding descriptions and identification of all keys, lock combinations, access codes and other such devices or means to access every securable portion, compartment, cabinet, panel, closet, gate or point of entry within the Demised Premises; and
11. All soil reports, engineering and architectural studies, grading plans, topographical maps, feasibility studies and similar information in Tenant's possession or control relating to the Demised Premises; and
12. A list and complete copies of all current service contracts, maintenance contracts, management contracts, warranties, licenses, permits, operating agreements, reciprocal easement agreements, maps, if any, applicable to the Demised Premises, certificate of occupancy, building inspection approvals and covenants, and conditions and restrictions respecting the Demised Premises; and

13. Copies of all utility bills (electric, water/sewer and gas) and similar records respecting the Building Improvements for the past three (3) months; and
14. A schedule of all service contracts, agreements and other documents not expressly referenced herein relating to the Demised Premises.

~End~

**LEASE ADDENDUM #2**

**DEMOLITION OF EXISTING IMPROVEMENTS**

*Note: Capitalized terms used herein are the same as defined in the Lease or any Addendum other attached and made a part of the Lease unless otherwise expressly provided for. This Lease Addendum #2 is made a part of and hereby incorporated into the Lease by reference.*

1. As of the Effective Date of this Lease there are certain building improvements already existing upon the Demised Premises in there as-is, where-is condition subject to the Remediation Plan (defined below), including but not limited to a two-story steel framed atrium office building of approximately 11,000 square feet, approximately 80,000 square feet of concrete aircraft apron, 100+/- off-road passenger vehicle concrete parking spaces with driveway, and treed landscaping hereinafter referred to the "Existing Building Improvements".
2. Within five (5) days of the Effective Date, Tenant shall provide Landlord with a proposed Remediation Plan (inclusive of a hazardous materials survey and an estimate of the cost to remediate) herein after "Remediation Plan". Upon approval by Landlord of the Remediation Plan, Tenant shall arrange for the work contemplated by the Remediation Plan to be accomplished. The Remediation Plan shall be completed under the terms set forth herein. Landlord hereby agrees to reimburse Tenant for all costs associated with the work performed pursuant to the Landlord approved Remediation Plan. Such costs shall include, but are not limited to, costs of the contractors, consultants, insurance, analytical and laboratory fees, and any other additional costs as may be incurred by Tenant in carrying out the Remediation Plan. Additionally, Landlord agrees to hold harmless the Tenant for any claims arising out of the Tenant's remediation of the Demised Premises pursuant to the Remediation Plan, unless such claims are alleged or found to have been caused by, in whole or in part, the negligence or willful misconduct of Tenant or its subtenants, officers, employees, contractors, subcontractors or invitees.
3. Landlord shall deliver and Tenant shall accept the Demised Premises vacant, free and clear of Hazardous Materials subject to the Remediation Plan, any lease, sublease, or any other encumbrance, in a generally clean and uncluttered condition with all public utilities and services terminated and disconnected (unless otherwise requested by Tenant), air conditioning systems vacated of coolant gases or liquids where the Existing Building Improvements are rendered to a condition commercially ready and acceptable for demolition ("Landlord's Delivery of the Demised Premises"). Upon Landlord's Delivery of the Demised Premises to Tenant, Tenant shall not be entitled to occupy the Existing Building Improvements and no certificate of occupancy shall be granted by the Town of Addison for the same.
4. Upon Tenant's taking actual physical possession of the Demised Premises pursuant to #3 above, Tenant shall then, at Tenant's sole cost and expense, demolish or cause



to be demolished all the Existing Building Improvements required by the Design Plan (as defined in Lease Addendum #3) in accordance with a Demolition Plan (as defined hereunder), which shall be (i) prepared by a licensed engineer; (ii) approved in advance and in writing by the Landlord; and (iii) determined by the Town of Addison's building official to be complete and approved for use for the issuance of all Town of Addison permits necessary for the demolition and removal of the Existing Building Improvements (the "Demolition Plan"). Except for instances of delays covered by Force Majeure in conformance with Section 42 of the Lease or those delays caused by Landlord, Tenant's failure to cause substantial completion of the approved Demolition Plan within six (6) full calendar months following Landlord's Delivery of the Demised Premises shall be a Default of Tenant pursuant to Section 23 of the Lease. For the purposes of this Lease Addendum #2, 'substantial completion' shall mean that: (i) substantial completion of the Demolition Plan has occurred; and (ii) the Town of Addison has conducted and completed a final inspection of the completed demolition work.

**5. Construction Insurance, Payment and Performance Bond:**

- a. During any period of demolition, Tenant or Tenant's General Contractor shall obtain at Tenant's or Tenant's General Contractor's sole cost and expense and keep in full force and effect:
  - (i) Commercial General Liability insurance in conformance with Section 13 of the Lease; and
  - (ii) Statutory limits of worker's compensation insurance in conformance with Section 13 of the Lease; and

6. Tenant shall provide the following bonds to Landlord before construction or installation of any Tenant Improvement begins:
  - a. Tenant shall cause its contractors to provide a payment bond in an amount equal to the construction costs of the Tenant Improvements ("Payment Bond") to ensure that materials and labor are paid for. Upon completion of the work, Tenant shall record a release of the Payment Bond and provide Landlord with a copy.
  - b. Tenant shall cause its contractors to provide a performance bond in an amount equal to the total cost of the Tenant Improvements ("Performance Bond") to ensure that the work is completed according to the Construction Documents approved by Landlord. Upon completion of the work, Tenant shall record a release of the Performance Bond and provide Landlord with a copy.
  - c. Tenant shall provide copies of the Payment Bond and Performance Bond to Landlord prior to the start of any work. Each Bond shall name Tenant and Landlord as "obliges".

d. The surety company providing the Payment Bond and the Performance Bond shall have an A.M. Best rating of B+ VI or better for the past four (4) calendar quarters.

All contracts for the construction or installation of the Tenant Improvements shall include provisions of insurance and suretyship satisfactory to Landlord for the protection of Landlord; Tenant's laborers, suppliers and subcontractors; and the public.

7. Should Tenant be in default of the Lease after any applicable cure period pursuant to Section 23 of the Lease prior to substantial completion of the Demolition Plan, Landlord shall, in addition to and without waiving any other remedies available to Landlord under Section 24 of the Lease, be entitled to the following:
  - a. If Tenant has commenced work on the approved Demolition Plan but has not achieved substantial completion at the time Landlord delivers its written notice of such default under Section 23 of the Lease, Landlord shall have the right to re-enter the Demised Premises to complete or cause the completion of the demolition work in accordance with the approved Demolition Plan, which said costs of completion by Landlord shall be at Tenant's sole costs and expense. Tenant shall promptly reimburse Landlord within thirty (30) days of Tenant's receipt of Landlord's final invoice for said demolition work. Provided Tenant timely reimburses Landlord for the remainder of the demolition work, the Lease shall be declared null and void with no further obligation of one party to the other except where the Survivability of Rights and Remedies are provided for in Section 53 of the Lease.
  - b. Tenant's failure to timely reimburse Landlord under Paragraph 7(a) above shall be a default under the Lease and shall be eligible, without exception, for recovery by Landlord under the Payment and Performance Bonds required of Tenant under Paragraph 5 above.
  - c. In the event Tenant is required to surrender possession of the Demised Premises under this Paragraph 7, Tenant shall deliver the Demised Premises to Landlord in a commercially reasonable and safe condition. Notwithstanding the foregoing, in the event Tenant does not deliver the Demised Premises in a commercially reasonable or safe condition, Landlord shall provide Tenant written notice allowing Tenant fourteen (14) days to restore the Demised Premises to a commercially reasonable safe and clean condition. If Tenant fails to restore the premises to a commercially reasonable and safe condition, Landlord may without waiving any other of its rights and remedies available to it under the Lease and restore the Demised Premises to a commercially reasonable safe and clean condition at Tenant's sole cost and expense. Tenant shall promptly reimburse Landlord within thirty (30) days of Tenant's receipt of Landlord's final invoice for said demolition work. Provided Tenant vacates the Demised Premises as required herein and timely reimburses Landlord for the demolition work, this Lease shall be declared null

and void with no further obligation of one party to the other except where the Survivability of Rights and Remedies are provided for in Section 53 of the Lease.

8. The parties hereby agree and acknowledge time is of the essence with respect to the obligations of the parties under this Lease Amendment #2. Landlord and Tenant agree to collectively cooperate and coordinate with one another as necessary in order to facilitate the remediation and demolition work contemplated herein. The parties acknowledge that, due to the nature of the work contemplated in this Lease Addendum #2, unknown circumstances may arise that result in a material effect upon the timelines set forth herein that may not constitute an Event of Force Majeure under Section 43 of the Lease. In the event of such a circumstances and provided each party is diligently pursuing their respective duties and obligations herein, the parties may, upon mutual written agreement, amend or modify the timeline(s) to better suit the overall objective and outcome of the affected work.

~ End ~

## LEASE ADDENDUM #3

### CONSTRUCTION OF NEW BUILDING IMPROVEMENTS

*Note: Capitalized terms used herein are the same as defined in the Lease or any other Addendum attached and made a part of the Lease unless otherwise expressly provided for. This Lease Addendum #3 is made a part of and hereby incorporated into the Lease by reference.*

#### A. New Building Improvements.

1. As a condition for Landlord to lease the Demised Premises to Tenant pursuant subject to the terms and conditions of the Lease, Tenant shall construct or cause to be constructed on the Demised Premises, at Tenant's sole cost, expense and risk, certain buildings and other improvements more fully described in Exhibit 4 of the Lease, which is incorporated herein by reference (the "New Building Improvements").

a. The New Building Improvements are to be constructed in accordance with plans and specifications prepared by a state licensed architect and/or engineer retained by Tenant (the "Design Plan"), which said Design Plan shall be submitted to Landlord for approval evidenced by the issuance of a building permit necessary to construct the New Building Improvements. Landlord agrees its review of the Design Plan shall not be unreasonably withheld, conditioned or delayed.

b. The construction cost or value (separate and apart from the cost of design) of the New Building Improvements shall exceed Ten Million Dollars (\$10,000,000) (the "Construction Value"), and Tenant shall submit to Landlord upon request all commercially reasonable evidence of such Construction Value in a form acceptable to Landlord (the "Construction Value Evidence"). For the purposes herein reasonable evidence of Construction Value would substantially be in the form of the American Institute of Architects (AIA) G702 Application for Payment certified by the owner, architect or engineer and, general contractor to be true and correct to their best knowledge.

c. If Tenant fails to submit the Design Plan to the Landlord and a completed application for the valid building permit to construct the New Building Improvements within six (6) full calendar months following the Effective Date of the Lease shall constitute a default of the Lease, Landlord may, among its other remedies and at its sole discretion, terminate the Lease by giving written notice to Tenant pursuant to the Pre-Construction Termination provision in subsection "f" below.

d. Construction of the New Building Improvements shall commence on or before the earlier of (i) the last day of the third full calendar month following the date the building permit for construction of the New Building Improvements is issued by Landlord, or



(ii) eighteen (18) months following the Effective Date of the Lease ("Construction Commencement Deadline").

e. Construction of the New Building Improvements shall be deemed to have commenced after each of the following events have occurred ("Commencement of Construction"):

(i) Approval of the Design Plan by Landlord which shall not be unreasonably conditioned, delayed or withheld;

(ii) Tenant has been issued the required building permit(s) or licenses necessary to construct the New Building Improvements on the Demised Premises;

(iii) Tenant shall have received (and shall have provided a true and correct copy to the Landlord) the FAA's determination to Tenant's filing of Form 7460 *Notice of Proposed Construction or Alteration*;

(iv) Execution of a contract with a qualified general contractor, including proof of the required Builder's Risk Insurance Policy and the Payment and Performance Bonds required under Section 13 of the Lease, and

(v) The initiation of actual mobilization of construction equipment on the Demised Premises; and

(vi) Tenant has delivered to Landlord written notice confirming that each of the foregoing items has occurred in a form reasonably satisfactory to Landlord.

f. If Tenant fails to cause Commencement of Construction by the Construction Commencement Deadline, then Landlord may, at its sole discretion, terminate the Lease by giving written notice to Tenant and the Lease shall become null and void with no further obligation of one party to the other ("Pre-Construction Termination") except where the Survivability of Rights and Remedies are provided for in Section 53 of the Lease, except:

(i) Prior to vacating the Demised Premises, Tenant shall, at Tenant's sole cost and expense, leave the Demised Premises in a commercially reasonable safe and clean condition, including without limitation, the removal of all construction tools, equipment, vehicles and construction trailers. The Demised Premises is to be cleared of all construction debris and left in a level, graded condition, with no excavations, holes, hollows, hills or humps. Should Tenant fail to leave the Demised Premises in such condition, Landlord shall provide Tenant with fourteen (14) days' notice that the condition is not commercially reasonable safe and clean and provide Tenant with the opportunity to return the Demised Premises to the condition described in this subsection. Thereafter, Landlord has the right to restore or cause to restore the Demised Premises to a commercially reasonable clean and safe condition as called for herein, the costs of which shall be at Tenant's sole cost and expense. Tenant shall promptly reimburse Landlord within thirty (30) days of Tenant's receipt of Landlord's final invoice for said work. Provided Tenant vacates the Demised Premises as required herein and timely reimburses Landlord as set forth in this subsection, the Lease shall be declared null and void

with no further obligation of one party to the other except where the Survivability of Rights and Remedies are provided for in Section 53 of the Lease.

2. Any architect or engineer engaged by Tenant shall be duly licensed to practice architecture or engineering in the State of Texas. Such construction shall be performed in a first class, workmanlike manner and in compliance with all applicable building codes, standards and ordinances, as set out in more detail, below. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages (including incidental, special damages and consequential damages) or injury (including, without limitation, claims for personal injury or death, or property damage, destruction or economic loss), liens and any and all other liabilities and obligations which arise in connection with such construction or violation of the Lease with respect thereto, and TENANT SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS LANDLORD AND MANAGER, AND THEIR RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (IN BOTH THEIR OFFICIAL AND PRIVATE CAPACITIES) (THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL SUCH COSTS, EXPENSES, CLAIMS, DAMAGES, PENALTIES, FINES, LIENS LIABILITIES, AND OBLIGATIONS DESCRIBED IN THE PRECEDING SENTENCE (TOGETHER, FOR PURPOSES OF THIS SUBSECTION, THE "DAMAGES") ARISING OUT OF TENANT'S USE OF THE DEMISED PREMISES. THIS INDEMNIFICATION SHALL SURVIVE THE TERMINATION OF THE LEASE. It is expressly understood and agreed that Tenant's construction of the New Building Improvements shall include the finish-out in accordance with the plans and specifications for the finish-out of the New Building Improvements as submitted by Tenant to Landlord in the approved Design Plan.

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

4. Following Commencement of Construction Tenant shall complete construction of the New Building Improvements with reasonable diligence, in conformance with the Design Plan. Any material deviation from the Design Plan shall be subject to the prior review and written approval of Landlord. Tenant shall achieve Substantial Completion (as defined in subsection 9. below) on or before the expiration of twenty-four (24) full calendar months following Commencement of Construction ("Substantial Completion Deadline"). Furthermore, Tenant shall achieve Final Completion (as defined in subsection J. below) within three (3) full calendar months following the Substantial Completion Deadline.

a. If Tenant fails to achieve Substantial Completion on or before the Substantial Completion Deadline, Tenant shall then pay Landlord upon written demand Four Hundred Dollars (\$400.00) as additional rent for each calendar day thereafter until Tenant achieves Substantial Completion, which the parties agree represents a reasonable estimation of the actual costs that would be incurred by Landlord in the event of such delay.

b. If Substantial Completion has not occurred within thirty-six (36) calendar months after the Commencement of Construction, subject to events of Force Majeure, such failure shall constitute an event of default of the Lease pursuant to Section 23. In such event, Landlord shall have the right to exercise any and all remedies available to it pursuant to Section 24 of the Lease, including without limitation the right to (i) recover accrued unpaid rent and damages, and (ii) achieve Substantial Completion at Tenant's sole cost and expense. Should Landlord elect to terminate the Lease hereunder, Section 53 of the Lease shall survive any such early termination of the Lease.

c. If Final Completion has not occurred as required herein, Tenant shall pay Landlord One Hundred Dollars (\$100.00) as additional rent for each calendar day thereafter until Tenant achieves actual Final Completion, which the parties agree represents a reasonable estimation of the actual costs that would be incurred by Landlord in the event of such delay.

d. If upon Final Completion, the Construction Value fails to equal or exceed Ten Million Dollars (\$10,000,000.00), for each and every One-hundred and Twenty-Five Thousand Dollars \$125,000.00 shortfall in total Construction Value, the Term shall be reduced by twelve months (for example, if the total Construction Value totals \$9,655,000 or \$345,000 less than the contractual amount, the term shall be reduced by 33 calendar months [ $\$345,000/\$125,000 = 2.76 \times 12 \text{ months} = 33.12 \text{ months}$  rounded to the nearest whole calendar month] for a total adjusted Term of 447 calendar months or 37.25 years.). In such event, the parties shall execute a short form Memorandum of Ground Lease substantially in the form of Exhibit 6 to be recorded in the Dallas County Official Public Records affirming the true and correct Term as hereby adjusted.

e. Tenant's failure to promptly reimburse Landlord for any cost or expense in conformance with this Lease Addendum #3 shall be an event of a default under the Lease and such cost or expense shall be immediately eligible, without exception, for recovery by Landlord under the Payment and Performance Bonds required of Tenant under Section B of this Lease Addendum #3.

5. Tenant agrees that any construction or modification of the Building Improvements or any other improvements which may be authorized in writing by Landlord on or within the Demised Premises shall be performed in strict compliance with all Laws. Tenant recognizes that construction/maintenance standards and specifications, the Town of Addison's building and related codes and zoning requirements, and all applicable state and federal standards (including, without limitation, Title III of the Americans With Disabilities Act of 1990, any state laws governing handicapped access or architectural barriers, and all rules, regulations, and guidelines promulgated under such laws, as amended from time to time) 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 after the initial construction of the Building Improvements pursuant to the approved Design Plan.



6. With respect to Title III of the Americans With Disabilities Act of 1990, Tenant acknowledges and agrees it shall remain fully responsible and obligated over the Term to construct, alter and maintain the Building Improvements in accordance with the prevailing ADA Act. Furthermore, Tenant shall ensure no person or groups of persons shall, on the grounds of race, color, sex, religion, national origin, age, disability, retaliation or genetic information, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the ADA Act. Tenant shall give Landlord written notice within ten (10) days of Tenant having knowledge or written notice of any ADA Act violation or claim of violation from any governmental entity with authority on such matters or from any third party.

7. Tenant will properly and timely submit to the FAA, the TxDOT, and any other governmental authority, entity or agency having jurisdiction regarding the Airport, a Notice of Proposed Construction or Alteration, when and as required, and such other forms and information as may be required by the FAA, TxDOT, or other governmental entity or agency having jurisdiction over the Airport.

8. 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, during normal business hours, 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. Landlord shall coordinate access with Tenant's designated personnel prior to a site visit. Tenant reserves the right to deny access to Landlord if OSHA safety requirements aren't followed.

9. "Substantial Completion of the Building Improvements" or "Substantial Completion" shall be deemed to have occurred upon the issuance by Landlord of a final certificate of occupancy for all portions of the Building Improvements for which a certificate of occupancy is required. "Final Completion" of the construction of the Building Improvements shall be deemed to occur upon the issuance by Tenant's architect who designed the Building Improvements of such documentation as may be necessary to establish the final completion (closeout) of the construction of the Building Improvements and the delivery by Tenant to Landlord of comprehensive As-Built drawings and documentation reviewed by Tenant's architect reflecting all approved changes and modifications to the originally approved Design Plan.

**B. Construction Insurance, Payment and Performance Bond:**

1. During any period of construction, Tenant or Tenant's General Contractor shall obtain at Tenant's or Tenant's General Contractor's sole cost and expense and keep in full force and effect:



- a. a Commercial General Liability insurance in conformance with Section 13 of the Lease; and
- b. Statutory limits of worker's compensation insurance in conformance with Section 13 of the Lease;
- c. a Builder's Risk Completed Value policy with an all-risks endorsement in an amount equal to the greater of the full-completed value or the amount of the construction contract including any amendments or change orders thereto. The policy shall provide "All Risk" Builder's Risk Insurance (extended to include the perils of wind, collapse, vandalism/malicious mischief, and theft, including theft of materials whether or not attached to any structure). The deductible shall not exceed \$10,000 or deductibles imposed by carrier due to state market conditions; and
- d. Tenant shall provide the following bonds to Landlord before construction or installation of any Tenant Improvement begins:

- i. Tenant shall cause its contractors to provide a payment bond in an amount equal to the construction costs of the Tenant Improvements ("Payment Bond") to ensure that materials and labor are paid for. Upon completion of the work, Tenant shall record a release of the Payment Bond and provide Landlord with a copy.

- ii. Tenant shall cause its contractors to provide a performance bond in an amount equal to the total cost of the Tenant Improvements ("Performance Bond") to ensure that the work is completed according to the Construction Documents approved by Landlord. Upon completion of the work, Tenant shall record a release of the Performance Bond and provide Landlord with a copy.

- iii. Tenant shall provide copies of the Payment Bond and Performance Bond to Landlord prior to the start of any work. Each Bond shall name Tenant and Landlord as "obliges".

- iv. The surety company providing the Payment Bond and the Performance Bond shall have an A.M. Best rating of B+ VI or better for the past four (4) calendar quarters.

All contracts for the construction or installation of the Tenant Improvements shall include provisions of insurance and suretyship satisfactory to Landlord for the protection of Landlord; Tenant's laborers, suppliers and subcontractors; and the public.

~ End ~

**LEASE ADDENDUM # 4**

**ADDITIONAL MORTGAGEE PROTECTIONS REQUIRED BY PUBLIC  
ACTIVITY BOND FINANCING PROGRAM**

1. If this Lease is terminated for Tenant's breach before the end of the Term, for any reason other than a default that has not been cured by Tenant or Leasehold Mortgagee within the period specified in Section 9(C)(3), including, without limitation, as a result of a rejection or disaffirmation of the Lease in a bankruptcy, insolvency or other proceeding affecting creditor's rights then Landlord shall provide a copy of the termination notice to the Leasehold Mortgagee. Upon the written request of Leasehold Mortgagee made any time within thirty (30) days after the receipt of such notice from Landlord, Landlord shall agree to enter into a new lease of the Demised Premises with Leasehold Mortgagee for the remainder of the Term of the Lease upon the same covenants, conditions, limitations and agreements contain in the Lease, except for such provisions which must be modified to reflect any such termination, rejection or disaffirmance and the passage of time, provided, that, in the event of any such termination, rejection or disaffirmance, Leasehold Mortgagee (or such successor or assign) (A) shall pay to Landlord, simultaneously with the delivery of such new lease, all unpaid amounts due under the Lease up to and including the date of the commencement of the term of such new lease and all reasonable and substantiated expenses incurred by Landlord to prepare such new lease, and (B) otherwise shall cure all other defaults under the Lease promptly and with due diligence after the delivery of such new lease. If Landlord does not enter into a new lease with the Leasehold Mortgagee, then the Leasehold Mortgagee shall immediately remove all trade fixtures and other personal property from the Premises and repair to Landlord's reasonable satisfaction, any damage caused to the Demised Premises by the removal. The Leasehold Mortgagee shall not remove or tamper with any Building Improvement on the Demised Premises.

2. Tenant shall be permitted to finance the design, construction and operation of the Building Improvements through a Private Activity Bond ("PAB") provided such PAB is consistent with the terms and conditions of this Lease. Landlord shall provide customary consents and all related approvals required in connection with a PAB issuance and Mortgage as part of the PAB financing program, which will be provided at Tenant's sole cost and expense. Any lien created to secure such financing or any other debt undertaken by Tenant shall be secured by Tenant's leasehold interest in the Lease and the Building Improvements and shall not be secured by the fee interest in the Demised Premises. IT IS UNDERSTOOD AND AGREED THAT TENANT'S FINANCING OF THE BUILDING IMPROVEMENTS THROUGH PAB IS SOLELY THE DEBT OF TENANT AND SHALL NOT RESULT IN ANY FINANCIAL BURDEN OR OBLIGATION OF THE LANDLORD IN ANY MANNER, INCLUDING ANY COST OR EXPENSE ASSOCIATED WITH THE TEFRA HEARING OR ANY OTHER CONSENT OR APPROVAL REQUIRED TO BE PROVIDED BY LANDLORD. Lienholders through PAB financing described herein shall be included within the definition of Leasehold Mortgagee as that term is used throughout the Lease.

~ End ~

