

**Addison Hangars, LLC**  
**Summary of Salient Ground Lease Terms**

1. **Tenant:** Addison Hangars, LLC, a Delaware limited liability company.
2. **Leased/Demised Premises:** Airport land consisting of approximately 6.054+/- acres (263,712 gross square feet) located at 4505 Claire Chennault Drive at the Airport.
3. **Lease Term:** Term Commences when a Certificate of Occupancy is issued for any portion of the New Building Improvements and continues for 40-years (480 months).
4. **Rent:** If Commencement Date occurs during the calendar year 2023, the rate shall be the product of \$.72 times the gross square feet of the leased premises or, \$189.872 annually / \$15,822 monthly.
  - A. If during calendar year 2024, the rate is \$.7344 per SFL
  - B. If during calendar year 2025, the rate is \$.7491 per SFL
  - C. If any time after calendar year 2025, the Base Rent shall be determined by a third-party licensed appraiser.
5. **Adjustment of Rent** – Biennial adjustment beginning with second anniversary of the Commencement Date over the Term based upon the percentage of change in the local Consumer Price Index (CPI) published by the U.S. Dept. of Labor.
6. **Permitted and Restricted Use of Premises:** The Leased Premises shall be used and occupied by Tenant or its subtenants only for the following purpose:
  - A. 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
    - i. Hangar Doors minimum 28' high
    - ii. Aircraft Design Group (ADG) III (100,000 lbs. dual wheel aircraft)
    - iii. Taxiway Design Group 2 connections
  - B. Standard airport restrictions provisions apply, without exception.
    - i. No third-party maintenance, flight schools, retail services
    - ii. No non-aeronautical uses
    - iii. No discrimination
    - iv. Services provided are to be fair and equitable
7. **Building Improvements and Construction of New Improvements:**
  - A. Existing Building Improvements – Lease Addendum #2
    - i. Tenant to remediate Hazardous Materials on behalf of City, City to reimburse Tenant for actual expense. Estimated cost is \$37,500.
    - ii. Remediation Plan and costs subject to City prior approval
    - iii. City responsible for disconnecting utilities and evacuating HVAC of gases.
  - B. Tenant responsible for demolition of building at its sole costs, expense and risk.
  - C. New Building Improvements – Lease Addendum #3

- i. Minimum Construction Value (separate from design costs) \$10M.
      - ii. Design Plan to be delivered w/in 6 mos. of Effective Date
      - iii. Construction to commence w/in 18 months of Effective Date
      - iv. Substantial Completion is to be w/in 24 months of Construction Start Date
        - a. Delay Penalty is \$400/day
      - v. Tenant to provide Performance and Payment Bond, with Town as beneficiary, during period of construction.
    - D. Future Building Improvements - must have LL's prior written consent, to be performed similar to New Building Improvements provisions.
- 8. **Assignment, Subletting & Leasehold Mortgage of Leasehold.**
  - A. Assignment: Tenant has right to assign to an entity it may merge or consolidate with or, which is a parent or subsidiary of Tenant.
  - B. Subletting: Right to sublet subject to terms of Master Landlord Sublease Consent Rider (Exhibit 7)
  - C. Mortgaging of Leasehold: generally consistent with city lease standards subject to Lease Addendum #4 (see 11 below).
- 9. **Maintenance and Repair of Demised Premises:** Lease standard provisions including Lease Addendum #1 - Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices.
- 10. **Title to all Building Improvements:** Tenant shall own all existing and future building improvements made to the premises for the duration of Term, ownership reverts to the Town at end of Term;
- 11. All other terms and conditions are consistent with Town's current lease standards.
- 12. **Lease Addendum #4:** The Tenant intends to finance the design, construction and operation of the building improvements constructed on the lease premises using loan proceeds originating from Public Activity Bonds (also referred to as private activity bonds, "PABs") issued through the Public Finance Authority.
  - A. In August 2021, Sky Harbour Group secured \$166.34 million in financing through the sale of Series 2021 private activity tax -exempt senior bonds through municipal conduit issuer, Private Finance Authority ("PFA")
  - B. Addison Hangars, LLC will be included among a group of other subsidiaries of Sky Harbour ("Obligated Group"), which the leasehold improvements and revenue from the properties will be used to repay and secure the bonds.
  - C. Public/Private Activity Bonds **do not** constitute a:
    - i. Debt, loan of credit or, a pledge of the full faith and credit or taxing power of PFA, the Town or, the State of Texas; or
    - ii. Monetary liability of PFA, the Town or, State of Texas; or
    - iii. Contingent liability or obligation, charge directly or indirectly against the general credit of PFA, the Town or, the State of Texas

- D. The bond issuer has the same rights and remedies as any other leasehold mortgagee at the Airport (e.g., right to cure tenant lease default, take possession of the leasehold in event of loan default).
- E. As the host jurisdiction, the City is required to hold a public hearing and approve the issuance of the PABs to finance or refinance the project in satisfaction of Section 147(f) of the Internal Revenue Code and Section 66.0304(11)(a) of the Wisconsin Statutes, where PFA is authorized to issue the bonds.