

Sky Square, LLC
Summary of Salient Ground Lease Terms

1. **Tenant:** Sky Square, LLC, a Texas limited liability company.
2. **Leased/Demised Premises:** Airport land consisting of approximately 2.12-acres (92,347 gross square feet) located at 4485 Eddie Rickenbacker Drive at the Airport.
3. **Lease Commencement Date:** Being the earlier of the date Substantial Completion is achieved or the 48th full calendar month after the Effective Date.
4. **Term:** 40-years (480 months).
5. **Base Rent:** Annual Rent \$66,521 payable in twelve equal monthly installments over the term, or \$5,543.46 per month.
6. **Adjustment of Rent** – Beginning with the second anniversary of the Commencement Date, the Base Rent is subject to a biennial adjustment over the Term tied to the percentage of change in the Department of Labor’s local Consumer Price Index.
7. **Permitted and Restricted Use of Premises:**
 - A. Permitted Uses - Same as Sky B&B, limited generally to FAA Part 135 aircraft charter management, corporate flight operations, aircraft storage, office administration in support of aeronautical operations.
 - B. Restricted Uses -
 - i. No third-party aircraft maintenance, brokerage, flight school and retail services.
 - ii. Generally, all other standard use restrictions apply.
8. **Building Improvements and Construction of New Improvements:**
 - A. Existing Building Improvements – Lease Addendum #2
 - i. Tenant responsible for demolition of existing conditions as required by Design Plan at its sole costs, expense and risk.
 - B. New Building Improvements – Lease Addendum #3
 - i. Minimum Construction Value (separate from design costs) \$4.5M.
 - ii. Design Plan to be delivered w/in 6 mos. of Effective Date or LL may terminate Lease.
 - iii. Construction to commence w/in 120 following Design Plan approval (issuance of Building Permits). If construction does not commence within 24-months after the Effective Date, LL may terminate Lease subject to cure provisions.
 - iv. Substantial Completion is to be w/in 24 months of Construction Start Date.

- a. If construction of New Building Improvements is 75% or more complete, Substantial Completion Date is to be extended additional 6 months.
 - b. Substantial Completion Delay Penalty is \$100/day until achieved.
 - v. Final Completion Date is 90 days following Substantial Completion.
 - vi. Use of Letter of Credit as construction security in amount of 100% of construction costs during periods of construction.
- C. Future Building Improvements - must have Landlord's prior written consent, like New Building Improvements.
- D. Landlord's Obligation for Certain Airport Infrastructure Repairs or Replacement:
 - i. **Eddie Rickenbacker Drive:** Landlord, at its sole cost and expense, is to reconstruct approximately 270 feet of Eddie Rickenbacker Drive, which is to be completed within 1-year of Tenant's Final Completion Date.
 - ii. **Airport Service Vehicle Road Segment:** Landlord, at its sole cost and expense, is to reconstruct, that portion of the Airport Vehicle Service Road directly fronting and adjacent to Tenant's entire west boundary of the Demised Premises up to where the Service Road joins the Taxiway Alpha and Sierra intersection. Said reconstruction shall be completed within 18 months of Tenant's Construction Commencement Date.
 - iii. **Developer's Participation Agreement:** Landlord and Tenant agree to consider but not obligated to execute a Developer's Participation Agreement pursuant to Section 212.071 Subchapter C of the Texas Local Government Code ("Code") whereby the Tenant would construct or cause to reconstruct one or both of the two above-described common area infrastructure repair and the City would participate in the cost of repair or reconstruction pursuant to the Code.

9. **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: consistent with city lease standards. Tenant does not intend to require a Leasehold Mortgagee at this time.

10. **Property Tax and Assessments** – As in Sky B&B Leased, if Tenant conveys title of building improvements to LL and DCAD thereafter assess ad valorem property taxes, Landlord will credit rent or reimburse Tenant of city portion of property tax assessed. This provision continues for the first 10-years from when the City Tax is first levied.

11. **Maintenance and Repair of Demised Premises:** Lease standard provisions including Lease Addendum #1 - Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices.

12. **Title to all Building Improvements:** Tenant shall own all existing and future building improvements made to the premises for the duration of Term

- A. Ownership reverts to the Town at end of Term;
- B. Delivery of the improvements at end of Term per Lease Addendum #1;

13. All other terms and conditions are consistent with Town's current lease standards.

Regarding Sky B&B Ground Lease: Separate Letter Agreement between Town and Sky B&B to amend Sky B&B Ground Lease as follows:

- A. Delete Section 54 – Notice of Proposal
- B. Add Lease Addendum #1 – Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices
- C. Should the actual total Construction Value evidenced by Tenant exceed the total Construction Value of \$4.5M, for every \$112,500 in excess of the stipulated Construction Value, the Sky B&B Ground Lease shall be amended to extend the remaining Term one additional year, not to exceed 480 full calendar months.